Press release | 04.11.2009

Emissions Trading Scheme

EU industry set for carbon cash-in, as EP environment committee majority raises no objection on 'carbon leakage' sectors

A majority of European Parliament environment committee MEPs today voted against a proposed objection (1) to a draft European Commission decision, which would lead to serious exemptions for non-power sector industries under the EU emissions trading scheme (ETS) from 2013 onwards. Around 77% of emissions outside the power sector under the ETS have been qualified by the Commission as being exposed to significant risk of 'carbon leakage' - i.e. relocation to other countries where CO2 emissions would rise as a consequence. This makes these sectors eligible for 100% free allocation of emissions allowances from 2013. The decision is now set to enter into force, following the EP's failure to object.

Finnish Green MEP **Satu Hassi** commented:

"It is seriously regrettable that a majority of MEPs in the environment committee have bowed to the pressure from polluting industries to grant them major exemptions in the EU's emissions trading scheme. Handing out emission permits entirely free of charge to so many industries will add to the cost to our climate efforts, since this either nullifies the carbon price signal on the market or generates windfall profits for the biggest polluters. It also sends a negative message ahead of the Copenhagen climate summit."

"By establishing such an extensive list of sectors deemed to be exposed to significant risk of carbon leakage, the Commission is effectively renouncing the move towards auctioning manufacturing industry allowances in the EU emissions trading scheme."

Dutch Green MEP **Bas Eickhout** added:

"As a concept, carbon leakage assumes that production outside EU is less carbon efficient, which is not always the case. The Commission decision is in clear conflict with the legislation on the ETS. It fails to implement the full criteria stated in the Directive, which require third country commitments and carbon efficiency to be taken into account in the assessment.

"The timing is particularly unfortunate. This long list of sectors to exclude from auctioning has been drawn up under the assumption that no global deal will be reached in Copenhagen. Once again, the EU has failed to improve the chances of concluding an international agreement in Copenhagen that will be consistent with limiting global warming below 2 degrees Celsius."

Notes to editors:

(1) Environment committee vote on objecting to the draft Commission decision: 19 in favour, 39 against,

1 abstention.

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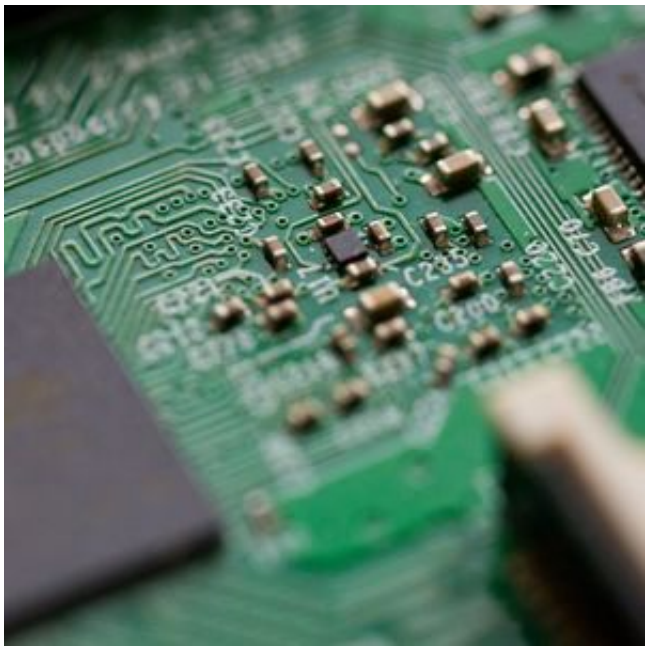


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