Press release | 03.07.2013

EU Emissions Trading System

MEPs take small step towards shoring up EU carbon market

The European Parliament today voted on a regulatory proposal aimed at tackling the oversupply of emissions allowances in the EU's emissions trading scheme through postponement of the auctioning of 900 million allowances (ETS 'backloading') (1). This is the second time that the plenary has voted on this issue, after it initially rejected the proposals in April. The Greens/EFA group welcome the vote in favour of backloading and the deferral of the final vote which allows for negotiations between Parliament and Council for a first reading agreement.

Commenting on the vote, Greens/EFA MEP **Bas Eickhout** said:

"Although we welcome the vote in favour of backloading, we regret that it has distracted attention from the more fundamental reform that the ETS so badly needs. The Greens have always cautioned that backloading is only a stop-gap measure to buy more time for much needed structural ETS reform. More action is needed if we are to truly rescue the EU's flagship climate change policy.

"We urgently need a functioning emissions trading system that rewards industry for reducing emissions, as a higher carbon price makes investments in green technology and innovation worthwhile. However, merely postponing the auctioning of 900 million permits is clearly not sufficient with the surplus of emissions allowances under the ETS current nearing the 2 billion mark (2). Returning 900 million permits to the ETS at a later date would be like throwing petrol on a fire.

"It is clear that with the current price at €4/ton, the ETS is not fit for purpose. We urgently need more structural solutions, notably on permanently retiring emissions allowances to address the oversupply. The Greens therefore call on the Commission to come forward with a proposal to permanently retire at least 1.4 billion allowances before the end of this year. The time for tinkering is clearly over. The EU ultimately needs to step up its outdated emissions reduction target and increase it to at least 30% by 2020."

(1) See the Commission proposal on 'backloading' (or postponing the auction of) 900 million EU emissions allowances: http://europa.eu/rapid/press-release_IP-13-437_en.htm

(2) See report by Sandbag http://www.sandbag.org.uk/blog/2012/jun/19/more-years-worth-2-bn-tonnes-emissions-allowances-/

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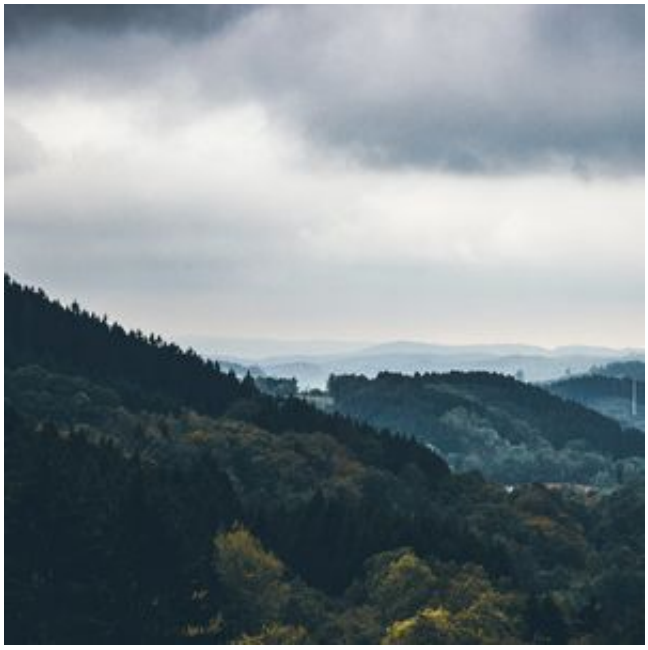


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