

Blow to EU climate policy as big concessions made to industry

Poznan, 13 Dec (TWN) -- While the United Nations' climate talks were going on in Poznan, bad news came from a summit of European leaders in Brussels which decided to lower the targets set for their industries to comply with regulations to limit their Greenhouse Gas emissions.

The companies are asked to cap their emissions at specified levels and those exceeding these were supposed to pay for carbon emission permits (whose prices would be determined through auctions) under the original scheme.

At the EU's Brussels summit on 12 December, the European leaders decided to give free emission permits at least until 2020 to several of the highest emitting industries, including cement, chemicals and steel. Many of the companies had pleaded for exemption from their political leaders, claiming that the recession and competition from imports make them unable to take on the burden of paying for permits.

The EU Summit made concessions to industries exposed to international competition as well as to those not exposed. Heavy industrial sectors like steel and chemicals are to get free permits if they can show increasing costs and that they are significantly exposed to global competition.

But companies not exposed to such competition also get a concession. They will have to pay for permits from 2012, starting with 20%, then increasing. However, they have to pay for only 70% of their permits by 2020, instead of 100% as in the original EC plan.

A report in the Financial Times (13 December) stated that about 90% of European manufacturers will qualify for the free permits, according to a senior EC official. Revenues from the EU auctions, once forecast to be Euro50 billion a year by 2020, are now expected to be Euro30 billion.

Major European environment and development groups (Friends of the Earth Europe, Greenpeace, Oxfam International, Climate Action Network Europe and WWF) in a joint statement condemned the Summit decision.

They said: "This is a dark day for European climate policy. European heads of state and government have reneged on their promises and turned their backs on global efforts to fight climate change.

"They have chosen the private profits of polluting industry over the will of European citizens, the future of their children and the plight of millions of people around the world."

Although the EU Summit agreed that the EU would stick to its pledge to reduce its emissions by 20% by 2020, the groups estimated that the Summit decision will allow companies to pay others outside the EU to undertake up to two-thirds of the total reduction for them. There will thus be little domestic action to curb emissions.

The high rhetoric in Poznan by European delegations was thus being contradicted by the EU's political decisions in Brussels.

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The NGOs described the EU's deal on the Effort Sharing law (which sets national emission targets for sectors not included in the EU's emissions trading) as inconsistent with the EU's target of keeping global warming below 2 degrees Celsius.

The EU leaders also made only a weak and ambiguous commitment to the 30% reduction in EU emissions by 2020 they had trumpeted just last year, said the groups.

"Furthermore, the agreement would mean that unacceptably high levels - around two thirds - of these reductions could be met by buying carbon credits from projects outside of EU borders," they added. "EU leaders also refused to introduce measures, such as fines, to compel countries to meet their national targets - a fundamental flaw, which could prompt governments to think that they can get away with inaction."

The groups called on the European Parliament to reject the EU leaders' deal.

"In discussions over the future of the EU Emissions Trading Scheme (ETS), practically full exemptions from requirements to buy carbon permits were agreed for the European manufacturing sector," said the NGOs.

"This was in the absence of any strong evidence that such a requirement would impact on the international competitiveness of these industries. Following mainly Polish efforts, even the polluting power sector was awarded exemptions from having to pay for such permits in auctions, in spite of the huge windfall profits it has reaped by passing on the costs of permits it has so far received for free to customers."

The NGOs insisted that auctioning must become the norm for all industries covered by the ETS when the system comes up for review. Industries must pay if they don't reduce their pollution and the revenues generated used to fund tackling climate change in developing countries and in Europe, they concluded.

"The EU also abjectly failed to make binding commitments to provide funds to help developing countries to adapt to the unavoidable impacts of climate change, and to reduce the growth in their emissions - a move which has threatened the collapse of the ongoing UN climate negotiations in Poland," said the groups.

They demanded that "EU leaders immediately resume talks on financial commitments to developing countries and produce an adequate, binding proposal by March 2009. UN climate talks urgently need the EU to show it is willing to pay its fair share of the costs of tackling climate change."