



GREENPEACE



Emissions Trading Directive a significant step forward, say NGOs

Wednesday, 2 July

Strasbourg, France - Environmental groups today welcomed the European Parliament's adoption of the Emission Trading Directive but warned that further steps would be needed to guarantee the environmental effectiveness of the EU trading system.

The Parliament today adopted the compromise agreement on an EU-wide greenhouse gas emissions trading system, achieved after hard negotiations with the Council of Environment Ministers. This system will be one of the key tools in EU climate policy and central to achieving the Kyoto Protocol targets. For the first time there will be a binding cap on the total emissions from energy-intensive industry and the power sector, currently responsible for nearly half of the CO₂ produced within the Community.

This agreement should, as planned, allow the emissions trading system to start in 2005. Now, Member States have to prepare their National Allocation Plans, a document setting out the targets that each sector and firm must meet. This needs to be approved by the European Commission by April 2004.

"We welcome the European Parliament's work on this Directive, which begins to give substance to Europe's progressive words on climate change," said the environmental groups. "What is needed now are strict national caps on CO₂ emissions. Weak caps would punish those businesses that are already investing in clean technologies, while rewarding laggards, thus destroying an important driver for European innovation."

Another crucial issue is the extent to which participating firms will be allowed to use credits awarded to overseas projects that reduce greenhouse gas emissions. The link to the Kyoto Protocol's Joint Implementation and Clean Development Mechanism is the subject of a second proposed Directive, yet to be officially published by the European Commission.

Although MEPs successfully secured a provision in the Directive that requires firms to make emission cuts at home, environmental groups warned that allowing firms free access to the untested overseas mechanisms could severely undermine today's success.

"In order to ensure that emissions' trading provides a real incentive for innovation in renewable energy and efficient energy use, European leaders must limit the use of project credits and then only from projects that meet the highest quality standards. Not doing so would be the same as setting weak targets," the environmental groups warned. "Many of the projects we have seen so far seem to be looking to take credit for projects that are happening anyway and are environmentally destructive, so it is essential that eligible projects be limited to truly new investments in clean energy technologies."

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