

Milestone ETS report faces final hurdles in EU Parliament

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News

Concern has been voiced on a major revision of the EU's flagship emissions trading system (ETS), which MEPs will vote on in Strasbourg later this week.



Concern has been voiced on a major revision of the EU's flagship emissions trading system | *Photo credit: Press Association*

The redesign of ETS, a key plank of EU policy, aims to curb greenhouse gas emissions further for the period 2021-2030.

But a report on the issue drafted by UK deputy Ian Duncan has met with a mixed reaction from industry, business and civil society.

If Duncan's report is approved in a vote on Wednesday, it will clear the way for MEPs to start negotiations for implementation of the reforms with member states.

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Parliament's upcoming decision has been described as "the most important political milestone" on the way to turning ETS into an "effective climate protection tool and incentivise" polluting industries to "embrace the shift to a green economy."

The proposals seek to reform the ETS to make it more effective at reducing greenhouse gas emissions. It also seeks to put in place measures to prevent carbon leakage, where companies relocate to countries with more lenient measures.

Parliament's environment committee, which is leading on the ETS reform proposals, agreed its position in December.

The committee proposed to increase annual emission cuts from 2.2 to 2.4 per cent per year starting in 2021 and to reduce the number of emission permits.

Speaking ahead of this week's vote, BusinessEurope Director General Markus Beyrer said the committee had struck a "fair balance on many aspects" of the ETS reform.

In a letter to MEPs ahead of the plenary vote, Beyrer said, "However, we call on Parliament to reconsider key issues, such as the import inclusion scheme and the thresholds on the cross-sectoral correction factor."

He said both measures create "artificial distortions" between sectors by favouring some on the carbon leakage list at the expense of others.

BusinessEurope has also sent the Maltese EU Council presidency an open letter with its concerns, saying a five per cent shift from auctioned to free allowances is needed to protect the "best in class".

The Greens, meanwhile, have also been vocal in the run up to the vote in Strasbourg, saying that a key element of Duncan's draft report is the removal of cement and clinker from the list of industries receiving free allocations.

Dutch Greens MEP Bas Eickhout said, "Ending free allocations for this heavily polluting sector could save as much as €20bn which could be used instead to finance climate action, and would have a positive downward effect on emissions."

"However, intense lobbying threatens to undo this hard-earned progress. If MEPs are to be consistent with the warm words around the Paris agreement, they must not weaken this deal."

Elsewhere, Wendel Trio, Director of Climate Action Network (CAN) Europe, has urged the plenary to vote for the report as a "bare minimum."

Trio added, "It is a very small step in the right direction, but still falls short from turning the ETS into a functioning tool."

CAN Europe said it is particularly "alarmed" that some political parties have tabled amendments that would "water down" the environment committee's report.

It said the amendments include proposals from centre right groups to lower the rate at which emission allowances are removed from the market every year from 2.4 back to 2.2 per cent.

Trio added, "It is regrettable that some lawmakers prioritise the interests of polluting industries over protecting European citizens from the climate crisis. Backtracking from the environment committee report would be a betrayal of the spirit of the Paris agreement."

About the author

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