


Procedure file

Basic information	
COS - Procedure on a strategy paper (historic) 2000/2104(COS)	Procedure completed
Air pollution, greenhouse gas emissions : EC trading system.Green Paper	
Subject 3.70.02 Atmospheric pollution, motor vehicle pollution 3.70.03 Climate policy, climate change, ozone layer	

Key players			
European Parliament	Committee responsible	Rapporteur	Appointed
	ENVI Environment, Public Health, Consumer Policy		18/04/2000
		PPE-DE MOREIRA DA SILVA Jorge	
	Committee for opinion	Rapporteur for opinion	Appointed
	ECON Economic and Monetary Affairs		15/05/2000
	EDD BLOKLAND Johannes		
	JURI Legal Affairs and Internal Market		25/05/2000
		V/ALE HAUTALA Heidi	
	ITRE Industry, External Trade, Research, Energy		19/04/2000
		PSE LINKOHR Rolf	
Council of the European Union	Council configuration	Meeting	Date
	Environment	2295	10/10/2000
	Environment	2278	22/06/2000
	Environment	2253	30/03/2000
European Commission	Commission DG	Commissioner	
	Environment		

Key events			
08/03/2000	Non-legislative basic document published	COM(2000)0087	Summary
30/03/2000	Debate in Council	2253	
14/04/2000	Committee referral announced in Parliament		
22/06/2000	Resolution/conclusions adopted by Council		Summary
09/10/2000	Vote in committee		Summary

09/10/2000	Committee report tabled for plenary	A5-0271/2000	
10/10/2000	Resolution/conclusions adopted by Council		Summary
25/10/2000	Debate in Parliament		
26/10/2000	Decision by Parliament	T5-0483/2000	Summary
26/10/2000	End of procedure in Parliament		
12/07/2001	Final act published in Official Journal		

Technical information

Procedure reference	2000/2104(COS)
Procedure type	COS - Procedure on a strategy paper (historic)
Procedure subtype	Commission strategy paper
Legal basis	Rules of Procedure EP 142; Rules of Procedure EP 050
Stage reached in procedure	Procedure completed
Committee dossier	ENVI/5/12609

Documentation gateway

Non-legislative basic document		COM(2000)0087	08/03/2000	EC	Summary
Economic and Social Committee: opinion, report		CES1004/2000 OJ C 367 20.12.2000, p. 0022	20/09/2000	ESC	
Committee of the Regions: opinion		CDR0189/2000 OJ C 022 24.01.2001, p. 0030	20/09/2000	CofR	
Committee report tabled for plenary, single reading		A5-0271/2000 OJ C 197 12.07.2001, p. 0006	09/10/2000	EP	
Text adopted by Parliament, single reading		T5-0483/2000 OJ C 197 12.07.2001, p. 0219-0400	26/10/2000	EP	Summary

Air pollution, greenhouse gas emissions : EC trading system.Green Paper

PURPOSE : to present the Green Paper on greenhouse gas emissions trading within the European Union. **CONTENT** : this Green Paper is intended to launch a discussion on greenhouse gas emissions trading within the European Union, and on the relationship between emissions trading and other policies and measures to address climate change. Under the Kyoto Protocol, the European Community committed itself to reducing its emissions of greenhouse gases by 8% during the period 2008-2012 in comparison with their levels in 1990. It should be noted that emissions trading, both internally within the Community and externally with other industrialised countries, will help to reduce the cost to the Community of respecting its commitments. Together with other policies and measures, emissions trading will be an integral and major part of the Community's implementation strategy. It is the Commission's belief the Community as a whole will need to use all the tools at its disposal to respect its international commitments, and the sooner the concrete steps are taken the better. Emissions trading is a new instrument for environmental protection within the EU, therefore, it is important to gain experience in its implementation before the international emissions trading scheme starts in 2008. Therefore, the Commission believes that a coherent and co-ordinated framework for implementing emissions trading covering all Member States would provide the best guarantee for a smooth functioning internal emissions market. A Community emissions trading scheme would lead to one single price for allowances traded by companies within the scheme, whereas different unconnected national schemes would result in different prices within each national scheme. Furthermore, there are a number of key policy options to be decided upon in establishing such a framework which include: - which countries and which companies in which sectors will participate?; - how, and by whom, should the allocation of allowances be made to the sectors and companies involved in emissions trading compared to those not involved?; - how can emissions trading build upon existing policies and measures such as technical regulation, environmental agreements and fiscal incentives, and - how can equivalence of effort be ensured between companies involved in emissions trading and those subject to other policies and measures?. The Commission believes that a Community approach is necessary to ensure competition is not distorted within the internal market. In conclusion, this Green Paper constitutes the start of a process of exploring these issues. Succinct reactions and opinions are requested, focussed on the questions contained in this document. These are invited to be made by 15/09/2000 so that the Community's implementation strategy can be developed in the light of these opinions immediately after the Sixth Conference of the Parties that will take place in the Hague from 13 to 24 November 2000.?

Air pollution, greenhouse gas emissions : EC trading system.Green Paper

In view of the intensification of negotiations in the run up to the sixth Conference of the Parties (CoP6) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC), the Council adopted the following conclusions: 1. The Council reaffirms its commitment to the successful implementation of the Buenos Aires Plan of Action and a successful outcome at CoP6. At the same time the Council stresses the importance of creating the conditions for the ratification and entry into force of the Kyoto Protocol by 2002 at the latest. In this context, the Council urges the Commission to present it with a proposal for the conclusion of the Protocol by the Community in March 2001. 2. The Council underlines the importance of the adoption at CoP6 of a strong and comprehensive compliance system, clear and effective rules for the three Kyoto mechanisms and the handling of sinks which ensure real reductions of the overall greenhouse gas emissions of the Annex I countries and thereby the environmental integrity and credibility of the Protocol, as well as the further elaboration and implementation of modalities and procedures for co-operation with developing countries and countries with economies in transition in the context of the UNFCCC (United Nations Framework Convention on Climate Change). 3. The Council considers that the compliance system should incorporate the necessary elements to ensure that the commitments are complied with; include a body which is able to determine non-compliance, suggest measures to enhance compliance and apply strict consequences for non-compliance, in particular with the targets set out in Article 3.1 of the Kyoto Protocol, with a clear economic impact on Parties so as to both discourage non-compliance and compensate for damage to the environment. In this context, the Council supports a Compliance Fund, a Compliance Action Plan and loss of access to the Kyoto mechanisms as strict consequences for non-compliance with Article 3.1 of the Protocol and will continue to develop its views on this issue. In this regard the further development of a compliance reserve shall be explored. 4. The Council considers that the decision on principles, rules, modalities and guidelines for the use of the Kyoto mechanisms must include criteria for participation in each of the mechanisms, criteria for supplementarity and for the eligibility of projects. 5. The Council also believes that CoP6 should define eligibility criteria for participation in the Kyoto mechanisms. In particular, a clear definition of projects eligible under the clean development mechanism (CDM) is needed in order to achieve its potential in terms of both greenhouse gas emissions reductions and sustainable development in non Annex I countries. In order to allow for a prompt start of the CDM, CoP6 should adopt a positive list of safe, environmentally sound eligible projects based on renewable energy sources, energy efficiency improvements and demand side management in the fields of energy and transport. 6. The Council reaffirms its willingness to continue to work with other Parties to clarify the treatment of sinks in the Kyoto Protocol. 7. The Council also emphasises that any decision on definitions, methodologies and accounting rules should be consistent with sustainable forest management, including the conservation of biological diversity. 8. The Council recognises the importance of cooperation with developing countries and countries with economies in transition in the context of the Climate Change Convention. It commits itself to concrete actions in the co-operation with these countries in the area of climate change, that link capacity building, technology transfer and adaptation/mitigation measures. These should be based on sectoral approaches, where appropriate, and integrated with other sustainable development objectives. 9. The Council believes that there is a need to promote new investments to generate additional resources, strengthen co-ordination of existing bilateral and multilateral actions and, where possible, make full use of co-operation schemes with innovative financing. The Council asks the Commission to indicate how Community budgets, programmes and funds can be geared towards measures to support the accession countries in meeting the Kyoto commitments. 10. The Council notes with concern the current trend of greenhouse gas emissions in the European Union, as assessed in the Commission's communication. It emphasises the importance of strengthening national action to reduce greenhouse gas emissions, complemented by common and co-ordinated measures at the Community level. The Council supports the approach followed by the Commission which aims at reinforcing policies and measures at Community level as soon as possible and at exploring proposals for developing emissions trading within the European Union. 11. The Council welcomes the Commission's proposal for a European Climate Change Programme (ECCP). Participation of relevant stakeholders, in particular Member States, in the preparatory work for future Commission proposals can increase acceptance of such proposals and thereby contribute to a more timely adoption of such measures. Based on the results of the programme, the Council urges the Commission to come forward with appropriate proposals as early as possible in 2001. The Council invites the Commission to report on progress made at its meeting in November 2000. 12. The Council recognises that far greater limitation and reduction efforts will be necessary in the next decades. It therefore underlines the need for further negotiations on the subsequent commitment periods and a longer term process to broaden participation. The discussion on what additional action is required to meet the ultimate objective of the Convention should begin at CoP7 in the light of the IPCC Third Assessment Report which is to be released in 2001.?

Air pollution, greenhouse gas emissions : EC trading system.Green Paper

The committee adopted the report by Jorge MOREIRA DA SILVA (EPP-ED, P) on the Commission Green Paper on greenhouse gas emissions trading within the EU. The committee supported the idea of setting up an emissions trading scheme in 2005, but wanted to see this go hand in hand with other, more ambitious, policies and measures to reduce greenhouse gas emissions in keeping with the objectives laid down in the Kyoto Protocol. The committee emphasised that the EU emission trading system would be a domestic policy for reducing EU emissions and should be distinct from a Kyoto Protocol emission trading scheme. It reaffirmed its position that at least 50% of the Kyoto commitments should be fulfilled through local measures and that emissions trading, like the other flexible mechanisms, should be no more than a supplementary instrument at international level. A Community-wide scheme on emissions trading was justified by the need to protect the environment and to create equal conditions of competition in the internal market, and would also help reduce the overall costs of meeting the EU's Kyoto target. Quantified greenhouse gas abatement targets should be set for emissions trading in the EU in advance, per country and per sector, and such targets should ensure a level playing field. The applicant countries should also be involved in the scheme as soon as possible. The committee was critical of certain shortcomings in the Green Paper, such as the failure to gauge the risk of creating competitive advantages for nuclear energy which might arise from the selection of the sectors covered by emissions trading. The nuclear power capacity installed in the EU might actually increase in future unless greater priority was given to other measures, such as rational energy use, development of renewable energy sources, etc. It also regretted that no real ideas had emerged as to the best way of allocating emission allowances, even though this was crucial to the future shape of the trading scheme. ?

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The Council recalls its support for the development of the European Climate Change Programme (ECCP) and its agreement that priority

actions should be taken in the field of transport, energy and industry. The Council has considered a list of priorities of action defined by the Commission in its communication of 8 March 2000. The Council have selected issues that have particular importance for both European Community and Member States climate change strategies and need to be considered as a priority with a view to providing significant effects in the 2008-2012 period as well as to show demonstrable progress by 2005. The Council encourages the Commission to make progress and to propose concrete measures, especially within the framework of the European Climate Change Programme taking into account, inter alia, the environmental and cost-effectiveness of the measures. In addition, the Council emphasises the need for urgent decisions on proposals already under examination, in particular the draft Directive on the promotion of electricity from renewable energy sources in the internal electricity market, the framework for energy product taxation, and the measures under discussion in the field of freight transportation. In the field of transport, the Council requests the Commission to study and prepare measures for various issues including reduction of CO₂ from vehicles, reduction of all greenhouse gas emissions from air conditioning vehicles, etc. The Council highlights the need to reduce emissions from power and heat production; reduce emissions of HFCs, PFCs and SF₆. The importance of consistency between climate change policies at EU and national levels and the guidelines on environment and state is stressed. Moreover, the Commission is invited to include an analysis of economic measures in the context of common and coordinated policies and measures within the ECCP. The Council underlines the importance of considering adaptation of taxation on energy saving products and services, in order to create appropriate incentives for the consumer.?

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The Parliament has adopted the report relating to greenhouse gas emissions trading within the European Union. The resolution calls on the Commission to introduce an EU-wide emissions trading system by 2005. This would prepare the EU for the global emissions trading system which is due to be introduced from 2008 under the Kyoto Protocol. It calls for no more than 50% of the total effort to be achieved via flexible mechanisms, namely emissions trading, the Clean Development Mechanism and joint implementation. It should be noted that the Parliament stresses the fact that nuclear power causes environmental problems which should not be underestimated and asks therefore the Commission to examine how it can be guaranteed that under the emission trading scheme renewable energies and energy efficiency are prioritised. Furthermore, the Parliament considers that, as a matter of priority, quantified greenhouse gas abatement targets should be set for emission trading in the EU in advance, per country, and per sector, and that the Commission should present these targets as soon as possible. Such targets should ensure a level playing field. As regards the arrangement for allocating emission permits, Parliament takes the view that the auction model would have an advantage over the grandfathering model. The importance of minimum requirements for transparent monitoring, reporting and verification procedures both at Member State level and EC level and the need for clear and serious penalties for non-compliance is stressed by the Parliament. Lastly, in relation to the quota systems, the Parliament calls for experience of other quota systems, national experiments with emission trading and the World Bank's Prototype Carbon Fund to be taken into account in designing an EU system for negotiable greenhouse gas emission quotas.?