Procedure file

Basic information

INI - Own-initiative procedure	2007/2003(INI)	Procedure completed
Trade and climate change Subject 3.70.03 Climate policy, climate change, ozone layer 3.70.18 International and regional environment protection measures and agreements 6.20 Common commercial policy in general		

Key players

European Parliament	Committee responsible	Rapporteur	Appointed
	INTA International Trade		26/09/2006
		Verts/ALE LIPIETZ Alain	
	Committee for opinion	Rapporteur for opinion	Appointed
	ENVI Environment, Public Health and Food Safety		
	ITRE Industry, Research and Energy		27/02/2007
		PPE-DE GYÜRK András	
Council of the European Union	Council configuration	Meeting	Date
	Environment	2826	30/10/2007
	Transport, Telecommunications and Energy	2791	22/03/2007
	Environment	2785	20/02/2007
European Commission	Commission DG	Commissioner	
	Environment		
	Trade		

Key events

18/01/2007	Committee referral announced in Parliament		
20/02/2007	Resolution/conclusions adopted by Council		Summary
22/03/2007	Debate in Council	2791	Summary
09/10/2007	Vote in committee		Summary
24/10/2007	Committee report tabled for plenary	A6-0409/2007	
30/10/2007	Resolution/conclusions adopted by Council		Summary

28/11/2007	Debate in Parliament		
29/11/2007	Results of vote in Parliament		
29/11/2007	Decision by Parliament	T6-0576/2007	Summary
29/11/2007	End of procedure in Parliament		

Technical information

Procedure reference	2007/2003(INI)
Procedure type	INI - Own-initiative procedure
Procedure subtype	Initiative
Legal basis	Rules of Procedure EP 54
Stage reached in procedure	Procedure completed
Committee dossier	INTA/6/44523

Documentation gateway

Committee draft report		PE386.642	16/07/2007	EP	
Committee opinion	ENVI	PE388.604	18/07/2007	EP	
Committee opinion	ITRE	PE388.576	17/09/2007	EP	
Amendments tabled in committee		PE393.994	18/09/2007	EP	
Committee report tabled for plenary, single reading		A6-0409/2007	24/10/2007	EP	
Text adopted by Parliament, single reading		T6-0576/2007	29/11/2007	EP	Summary
Commission response to text adopted in plenary		SP(2007)6527	18/12/2007	EC	
Commission response to text adopted in plenary		SP(2008)0413/2	05/02/2008	EC	

Trade and climate change

The Council adopted a number of conclusions on the EU objectives for the further development of the international climate regime beyond 2012. In its Conclusions the Council:

- noted that it is deeply concerned about the accelerated rate of global warming and related impacts such as heat waves, droughts and floods as confirmed by the IPCC;
- is aware of recent economic findings, in particular that of Sir Nicholas Stern;
- is aware of the growing global demand for energy, the increase in energy-related emissions and the likelihood of rising energy prices;
- underlines the importance of mutually supportive EU climate and energy strategies to tackle climate change and to create synergies in order to strengthen the security of supply;
- recalls that meeting the -2C objective will require global greenhouse gas emissions to peak within the next 10 to 15 years followed by substantial global emission reductions of up to 50% by 2050 compared to 1990;
- emphasises that such an agreement must be reached in time to prevent a gap between the first and second commitment period under the Kyoto Protocol and that to this end negotiations on a global and comprehensive post 2012 agreement needs to be launched at the UN meeting at the end of 2007;
- reiterates its view that a global and comprehensive post 2012 agreement should be consistent with meeting the - 2C objective.

In order to achieve the 2012 agreement the following elements are considered essential parts of an effective and appropriate framework beyond 2012:

- agreeing to deeper absolute emission reduction commitments by developed countries;
- facilitating further fair and effective contributions by other countries, including incentives set by new and flexible types of commitment;
- extending the carbon market, including innovative and enhanced flexible mechanisms;
- increasing co-operation on technology research;
- increasing RT&D co-operative research;
- enhancing efforts to address adaptation through, for example, risk management instruments;
- addressing emissions from international aviation and maritime transportation;
- reducing emissions from deforestation and enhancing sinks by sustainable forest management and land use practices.

As a result, the Council

- reiterates that absolute emission reduction commitments are the backbone of a global carbon market and that developed countries should continue to take the lead by committing to collectively reducing their emissions of greenhouse gases in the order of 30% by 2020 compared to 1990 with a view to collectively reducing their emissions by 60 to 80% by 2050 compared to 1990;

To conclude, the Council:

- is aware that the deep cuts described above will not avoid serious climate impacts ? particularly in those countries most vulnerable to climate change;
- looks forward to the Commission?s Green Paper on adaptation to climate change;
- welcomes the Commission?s proposal for a Directive to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community; and
- - emphasises that a global and comprehensive post 2012 agreement should further determine an outline for future commitments and contributions leading up to 2050.

Trade and climate change

On the basis of a Presidency questionnaire, the Council held a public exchange of views on sustainable transport policy and climate protection.

The debate was conducted in the light of the European Council meeting of 8 and 9 March, which focused among other points on reducing energy consumption and strengthening climate protection.

The intention of the exchange of views was to gather opinions of Transport Ministers on concrete actions for reducing energy consumption and emissions in all transport modes. In general, Ministers underlined that transport should play an active role in questions related to energy efficiency and climate protection.

The debate focused first of all on the consumer side and on how consumers can be stimulated to change their driving behaviour in a more environmentally friendly way. In discussing means to promote a more environmentally friendly transport behaviour, several proposals were brought forward. It was recognised that consumers should be better informed, in particular by using awareness raising campaigns, promoting eco driving and labelling energy efficient cars and environmentally-friendly fuels, such as alternative fuels. Furthermore, Ministers underlined the effectiveness of financial incentives for using cleaner vehicles or fuels.

The Council addressed the development of energy consumption emissions in maritime transport, inland navigation and rail transport. While highlighting their energy efficiency compared to road transport, Ministers underlined the need to further improve the environmental performance of these modes of transport. Concrete measures that were put forward included stimulating technological innovations, devising quality standards for fuels and engines and establishing emission norms, where needed taking due account of the international context.

The Presidency intends to organise a follow-up to this discussion on sustainable transport and climate protection at the TTE Council in June.

Trade and climate change

The Committee on International Trade adopted the own-initiative report drawn up by Alain LIPIETZ (Green/ALE, FR) on trade and climate change. The report welcomes the broad scientific and political consensus on the seriousness of climate change and urges the conclusion of an ambitious, worldwide post-Kyoto agreement, in line with the scenario of IPCC Working group III, on the need to limit temperature increases to 2°C.

From consensus to action: the committee considers that a post-2012 framework should allow different countries to participate, according to their national circumstances, through a short-term, multi-stage approach and that, in the medium-term, emissions should be allocated on a per capita basis, first to developed countries, but eventually to all countries. It calls on the Council and the Commission working towards building a consensus on a post-2012 framework through broadening engagement, to include key parties currently outside of the Kyoto Protocol, notably the US and Australia, and to collaborate with individual states and businesses in the absence of a commitment made by governments.

MEPs consider that the current economic model, which entails constant maximisation of consumption, production and trade, is unsustainable as this results in ever-increasing demand for resources and transport and a growing quantity of waste and emissions. They call on the EU to implement trade and investment policies that create economic incentives to meet climate change policy objectives. They stress that the EU may need to use these rules to create economic disincentives for climate-unfriendly activity; however this must not be used as an excuse for protectionist policies against developing countries.

The report underlines that, whilst trade can make a significant contribution to economic development and human prosperity at the same time the transport sector (principally road transport), which enables trade in goods and raw materials to take place, is responsible for one third of global greenhouse gas emissions. It considers that measures to drive a modal shift to more environmentally-friendly transport modes (such as rail and water-borne transport) and to reduce greenhouse gas emissions from freight transport are imperative. Overall, MEPs consider that the EU, as a global trade partner, is well placed to contribute to a worldwide shift in production and transport patterns. They consider that a front-running Europe would be in a more competitive situation when stricter regulations are adopted worldwide.

Towards multilateralism against climate change: the report stresses the need for strong cooperation between the United Nations Environment Programme (UNEP), the Climate Change Convention and the WTO, and asks the Commission to develop an initiative to support this aim. The Commission is also asked to take initiatives at the international level, and particularly within the WTO, to ensure that trade policy as a whole, and in relation to trade volume trends, takes account of its potential impact on climate change.

It urges the EU, with a view to achieving the Lisbon objectives, to develop and promote 'climate-friendly industry' at a global level particularly as trade is an important tool for the transfer of technology to developing countries. It emphasises the need to reduce barriers to "green trade" by, for example, removing tariffs on "green goods" at the WTO level, reshaping the rules on intellectual property rights (IPR), facilitating the market entry of green technology by allowing climate concerns to guide export credit guarantees, as well as by removing perverse incentives and distortions of the market, such as fossil fuel subsidies.

The report also suggests amending the WTO subsidies agreement in order to reintroduce a clause providing for the non-action ability of certain environmental subsidies.

The report calls for the establishment of an International Environmental Organisation which would assume responsibility for compliance with international treaties and agreements on environmental protection and combating climate change, and which would, inter alia, work and cooperate with the WTO on issues concerning the impact of trade on the environment.

MEPs stress the need for more intensive technological cooperation with developing and emerging countries, particularly China, Brazil and India, in order to enable them to mainstream environmental protection in their policies.

In this context, the Commission is invited to systematically include environmental protection clauses, with special reference to reducing carbon dioxide emissions, in its trade agreements with third countries. The Council and the Commission are called upon to ensure that the negotiations on the new generation of Free Trade Agreements (FTA) with partners in Asia and Latin America include commitments to the social and environmental aspects of trade and sustainable development.

The EU can do more to avoid CO2 leakage: the report repeats the need for a 30% reduction in EU greenhouse gas emissions by 2020, independent of third countries? commitments. It calls on the Commission and the Council to propose measures for the provision of information on the energy consumed, and greenhouse gases emitted, during the manufacture and transport of products placed on sale within the EU.

MEPs insist on

- the introduction of WTO compatible common standards and labelling schemes regarding the GHG implications of different products, including at the production and transport stages;
- the drawing up an adequate procedure to assess and label these ecological footprints and to develop software in order to enable businesses to calculate the quantity of GHG emitted from every production process;
- consideration to be given to all means of transport and in particular those whose emissions have increased significantly in recent years, namely shipping;
- proposing measures to promote and choose the least polluting modes of transport, particularly by drawing up provisions relating to the various market instruments;
- the introduction of climate labelling standards in order to inform consumers of the ecological footprint of products;
- assessing the climate impact of EU imports of soya and palm oil, taking into account their effects on tropical deforestation, and to take measures to incorporate the climate cost in prices;
- the development, in the longer term, of a scheme based on sound life-cycle data which includes finished goods, such as cars and electronic equipment, in this adjustment where necessary;
- the adoption of incentives for the production, through granting State or Community aid, and use, through reductions in value added tax, of products which help to reduce CO2 emissions.

Lastly, the report urges that aid granted to the transport sector be calculated taking into account the environmental impact of the different modes of transport, and that consideration be given to using market-compatible trade instruments (such as labelling and standards) which promote climate protection. The Commission is invited to examine WTO-compatible mechanisms and climate-friendly trade policies in order to address the issue of third countries which are not bound by the Kyoto Protocol and to work towards making more explicit provision for such possibilities in future versions of the Protocol.

Trade and climate change

The Council adopted conclusions which reflect the EU?s position in preparation for the 13th session of the Conference of the Parties to the United Nations Framework Convention on Climate Change to be held in Bali in December with the aim of launching the negotiation process for a global comprehensive post-Kyoto agreement.

In its conclusions, the Council is deeply concerned by the new evidence on the negative impacts of climate change that are unequivocally confirmed by the latest scientific findings reported by the Intergovernmental Panel on Climate Change (IPCC) in the contributions of the Working Groups to its Fourth Assessment Report (AR4). It emphasises that these reports demonstrate even more clearly that the negative impacts of climate change are increasingly posing a serious risk to ecosystems, food production, the attainment of sustainable development and of the Millennium Development Goals as well as to human health and security, thereby strengthening the scientific underpinning of the 2°C objective. It is also emphasised that these reports also show that the window of opportunity to act is rapidly closing and that delaying action will increase the risks of dangerous climate change and that the benefits of strong global early action on climate change far outweigh the economic costs of action.

The Council recalls the building blocks of an effective and appropriate global and comprehensive framework beyond 2012 identified by the 20 February 2007 (Environment) Council, and endorsed by the Spring European Council conclusions, which include:

- further developing a shared vision to reach the ultimate objective of the Convention;
- agreeing on deeper absolute emission reduction commitments by developed countries;
- facilitating further fair and effective contributions by other countries;
- extending the carbon market, including innovative and enhanced flexible mechanisms;
- increasing cooperation on technology, research, development, diffusion, deployment
- and transfer;
- enhancing efforts to address adaptation;
- addressing emissions from international aviation and maritime transportation, making
- further use of the expertise, experience and work of relevant international organisations;
- reducing emissions from deforestation and enhancing sinks by sustainable forest
- management and land use practices.

The Council emphasises the following points:

- that, as part of an overall agreement among all Parties, developed countries should commit to deeper mandatory absolute emission reductions. They are invited to reduce their emissions of greenhouse gases in the order of 30 % by 2020 compared to 1990;

- that the EU agreed an objective of a 30 % reduction in greenhouse gas emissions by 2020 compared to 1990 as its contribution to a global and comprehensive agreement for the period beyond 2012, provided that other developed countries commit themselves to comparable emission reductions and economically more advanced developing countries to contributing adequately according to their responsibilities and respective capabilities;

- that contributions by developing countries to the global effort of stabilising greenhouse gas concentrations in the atmosphere at a level consistent with the 2°C objective should be enhanced and that there are many policy options to substantially reduce the emission intensity of their economies where benefits outweigh costs and that support continued economic growth, strengthen energy security and benefit health;

- that such contributions could be facilitated and enhanced by positive incentives, including through participation in a strengthened and broadened global carbon market, enhanced and additional crediting mechanisms, no-lose targets and sectoral approaches, sustainable policies and measures and enhanced technological cooperation. The Council takes the view that options for measuring and reporting such contributions should be explored;

- the role of national governments in creating enabling national, regional and international environments, including regulation and market-based incentives should be strengthened to attract public and private finance for the deployment of low greenhouse-gas-emitting technologies and investment in infrastructure for clean development;

- that a global carbon market is fundamental to assist in driving low-carbon investment and to mobilising a significant part of the increased financial effort required for the global response to climate change. The international carbon market will need to be supplemented with additional public support to help leverage and redirect further private investment in the development, demonstration, deployment and transfer of low greenhouse-gas-emitting technologies, and that additional suitable financing instruments and mechanisms providing the right incentives will be necessary to deliver on these technologies;

- the need for greater international cooperation on the research, development, demonstration, deployment and transfer of new technology as well as efforts for deployment and transfer of existing technology;

- the EU Member States' commitment to their respective financial obligations under the UNFCCC and its Kyoto Protocol and agrees to step up efforts to mobilise the necessary finance in the most efficient and effective way as part of a global and comprehensive post-2012 framework;

- the need to continue to carefully consider the effects of EU and global climate and energy policies, especially on developing countries;

- that emissions from deforestation in developing countries amount to about 20 % of global carbon dioxide emissions and that concrete policies and actions as part of a global and comprehensive post-2012 agreement are needed to halt these emissions and reverse them within the next two to three decades;

- it is concerned that emissions from international aviation and maritime transport represent one of the fastest growing sources of greenhouse gas emissions.

To conclude, the Council underlines the EU's determination to play a leading role in international climate protection. It confirms the EU Member States' commitment to their respective financial obligations under the UNFCCC and its Kyoto Protocol and agrees to step up efforts to mobilise the necessary finance in the most efficient and effective way as part of a global and comprehensive post-2012 framework.

It invites all Parties to agree a comprehensive and inclusive negotiation process at the Bali climate conference based on a shared vision, elaborating on the building blocks, including cross-cutting issues such as investment and finance, and establish and follow an ambitious timetable which should result in a global and comprehensive post-2012 agreement by 2009.

Trade and climate change

The European Parliament adopted a resolution based on the own-initiative report drawn up by Alain LIPIETZ (Green/ALE, FR) on trade and climate change, by 541 votes in favour to 46 against with 19 abstentions. The report welcomes the broad scientific and political consensus on the seriousness of climate change and urges the conclusion of an ambitious, worldwide post-Kyoto agreement, in line with the scenario of IPCC Working group III, on the need to limit temperature increases to 2°C, and for corresponding adjustments to be made to other international agreements concerning trade, civil aviation and intellectual property.

From consensus to action: Parliament considers that a post-2012 framework should allow different countries to participate through a short-term, multi-stage approach and that, in the medium-term, emissions should be allocated on a per capita basis, first to developed countries, but eventually to all countries. It calls on the Council and the Commission, working towards building a consensus on a post-2012

framework, to include key parties currently outside of the Kyoto Protocol, notably the US and Australia, and to collaborate with individual states and businesses in the absence of a commitment made by governments.

The EU and its Member States must seek to apply the Kyoto Protocol's enforcement mechanism procedure when it comes into force, in order to ensure that countries that have not accepted targets or are not meeting them do not enjoy an unfair advantage. As long as companies are vulnerable to unfair competition from countries that do not accept targets, industry will always find it difficult to improve the carbon-efficiency of its own operations. Parliament considers that where a country exceeds the permitted emissions in the first commitment period, it should be required to make up the difference in the second commitment period, in addition to a penalty deduction of 30 %. The EU must make sure that that requirement is applied as rigorously as possible when it comes fully into force.

Increasing trade should be regarded as a positive factor for economic growth and citizens' well-being, once the problems relating to climate change have been taken into account. Parliament is worried that the increased volume of trade is making a substantial contribution towards climate change and considers that trade policy must therefore provide part of the solution. Given the growing consensus on the urgency to tackle climate change, the EU must implement trade and investment policies that create economic incentives to meet climate change policy objectives. The EU may need to use those rules to create economic disincentives for climate-unfriendly activity. Parliament considers, however, that this must not be used as an excuse for protectionist policies against developing countries.

The report underlines that, whilst trade can make a significant contribution to economic development and human prosperity, the transport sector (principally road transport is responsible for one third of global greenhouse gas emissions. Measures to drive a modal shift to more environmentally-friendly transport modes (such as rail and water-borne transport) and to reduce greenhouse gas emissions from freight transport are imperative. The EU is well placed to contribute to a worldwide shift in production and transport patterns. They consider that a front-running Europe would be in a more competitive situation when stricter regulations are adopted worldwide.

Towards multilateralism against climate change: the report stresses the need for strong cooperation between the United Nations Environment Programme (UNEP), the Climate Change Convention and the WTO, and asks the Commission to develop an initiative to support this aim. The Commission is also asked to take initiatives at the international level, and particularly within the WTO, to ensure that trade policy as a whole, and in relation to trade volume trends, takes account of its potential impact on climate change.

Parliament urges the EU, with a view to achieving the Lisbon objectives, to develop and promote 'climate-friendly industry' at a global level, particularly as trade is an important tool for the transfer of technology to developing countries. It emphasises the need to reduce barriers to "green trade" by, for example, removing tariffs on "green goods" at the WTO level, reshaping the rules on intellectual property rights (IPR), facilitating the market entry of green technology by allowing climate concerns to guide export credit guarantees, as well as by removing perverse incentives and distortions of the market, such as fossil fuel subsidies.

Parliament also calls for the establishment of an international environmental organisation which would assume responsibility for compliance with international treaties and agreements on environmental protection and combating climate change, and which would, inter alia, work and cooperate with the WTO on issues concerning the impact of trade on the environment.

The report also suggests amending the WTO subsidies agreement in order to reintroduce a clause providing for the non-action ability of certain environmental subsidies.

MEPs stress the need for more intensive technological cooperation with developing and emerging countries, particularly China, Brazil and India, in order to enable them to mainstream environmental protection in their policies.

The Commission is invited to include environmental protection clauses, with special reference to reducing carbon dioxide emissions, in its trade agreements with third countries. The Council and the Commission are called upon to ensure that the negotiations on the new generation of Free Trade Agreements (FTA) with partners in Asia and Latin America include commitments to the social and environmental aspects of trade and sustainable development.

The EU can do more to avoid CO2 leakage: the report repeats the need for a 30% reduction in EU greenhouse gas emissions by 2020, independent of third countries? commitments. It calls on the Commission and the Council to propose measures for the provision of information on the energy consumed, and greenhouse gases emitted, during the manufacture and transport of products placed on sale within the EU, such as the proposal made by the UK Government to introduce carbon footprint product labels displaying the level of CO2 emission caused by the production, transport and eventual disposal of a product.

MEPs call for:

- the introduction of WTO compatible common standards and labelling schemes regarding the GHG implications of different products, including at the production and transport stages;

- a procedure to assess and label these ecological footprints and to develop software in order to enable businesses to calculate the quantity of GHG emitted from every production process;

- consideration to be given to all means of transport and in particular those whose emissions have increased significantly in recent years, namely shipping (whose carbon dioxide emissions are thought to be double those of aviation);

- proposing measures to promote and choose the least polluting modes of transport, particularly by drawing up provisions relating to the various market instruments;

- assessing the climate impact of EU imports of soya and palm oil, taking into account their effects on tropical deforestation, and measures to incorporate the climate cost in prices;

- the development of a scheme based on sound life-cycle data which includes finished goods, such as cars and electronic equipment, in this adjustment where necessary;

- the adoption of incentives for the production, through granting State or Community funds, and use, through reductions in VAT, of products which help to reduce CO2 emissions.

Parliament urges that aid granted to the transport sector be calculated taking into account the environmental impact of the different modes of transport, and that consideration be given to using WTO-market-compatible trade instruments (such as labelling and standards) which promote climate protection. Given that the real carbon cost of road transport is not known, especially in the case of food and other daily consumables, support schemes to promote sustainable local production should be promoted so as to discourage the excessive transport by road of food. It

also recommends the introduction of climate WTO-compatible labelling standards in order to inform consumers of the ecological footprint of products.

Parliament states that it is especially concerned by the potential negative, environmental and social impact of policies encouraging biofuel and biomass use in Europe. It asks the Commission to pursue a WTO-compatible sustainability certification scheme for biofuels (or their feedstocks) as a condition for their use and for their compliance with EU-wide mandatory sectoral targets.

Lastly, Parliament invites the Commission to consider whether it would be appropriate to evaluate the rules on trade defence measures, such as the rules on anti-dumping or subsidies, within the aegis of WTO, with a view to taking into account the failure to comply with global, social and environmental agreements or international covenants as forms of dumping or undue subsidy. When trade defence instruments are reformed, they should take account of the feasibility of introducing environmental factors in order to avoid environmental dumping of products originating from countries that have not ratified the post-Kyoto protocol.