

Greenhouse gas emission allowance trading scheme of the Community

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The Council held an in-depth discussion of the three draft legislative measures within their competence, i.e. [the review of the EU greenhouse gas emission allowance trading system](#) (EU ETS); [effort sharing outside the EU ETS](#) and the [Directive on the capture and storage of carbon](#).

The discussion brought out the clear will to succeed in arriving at an agreement with the European Parliament by the end of 2008 so that a first-reading could be reached before the end of the current legislature.

The Council intends to step up its discussions in close collaboration with the Commission so that the EU may continue to have a leading role in combating climatic change at international level. With this in mind, the Presidency instructed the Permanent Representatives Committee to prepare the negotiations on the package with the European Parliament without delay, in order to come to an agreement at first reading.

Discussions related principally to the following:

- measures applicable to the energy sector within the EU ETS: discussions showed that an auctioning rate of 100 % in the energy sector was accepted by most delegations. However some specific situations might justify derogations of limited duration and extent, in particular because of insufficient integration of the energy sector at European level;
- pre-allocation of the income from auctions: the discussion showed that although some Member States thought that the use of the income from auctions was a matter for national competence, voluntary commitments could be given consideration;
- financing capture and storage of CO₂: the Council was prepared to examine the possibilities of combining several options, including national and Community financing, to supplement the contribution of the private sector;
- the risk of "carbon leakage" (i.e. relocation of energy-intensive undertakings outside the EU), and the measures to be taken to protect both the environment and the competitiveness of industry in Europe: the Council showed its determination to provide clear answers to the problems which might arise from "carbon leakage". In this connection, it examined the need to lay down quantitative and qualitative criteria within appropriate periods of time, and arrangements for the sectors which were the most exposed to world competition.