

Climate Policy News

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EU Emission Trading Scheme

EC prepares details of 30% cut

The European Commission will prepare a document detailing which policies are likely to be needed to achieve the ambitious 30% cut target that the Union has promised to implement in the event of the involvement of all major emitters in comparable actions in an international climate agreement after 2012. This document will be prepared before the European Summit in June and will shed light on the emission reduction burden that will lie on the EU ETS, currently covering 45% of European emissions, and on new crediting opportunities. The identification of policies needed to achieve the more ambitious target that Europe has put forward will help strengthen its political credibility according to Climate Commissioner Hedegaard, who also reminded that in the meantime the EU and its member states should keep faith to their pledge made in Copenhagen and give €7.2 billion in aid during 2010-2012.

EU-wide CO₂ tax proposal coming up

Following in the steps of her predecessor, the new EU taxation commissioner Algirdas Šemeta is going to modify the directive regarding fuel taxation introducing a CO₂ tax. Current legislation at European level sets minimum levels for the European taxation of fuels, but leaves to Member States the flexibility to set the final taxes. Under the new proposal, fuels will be taxed according to two components, CO₂ content and energy content, thus imposing on a fuel with low energy content but leading to very high emissions a significantly higher tax. The proposal -which is built along the same lines of a previous one presented by the former taxation commissioner and never implemented because it was "too controversial" - will be discussed in the college of commissioners in mid-April to become a proposal likely to be presented in May.

Commission sued over biofuel report

This week several NGOs filed a lawsuit to take the European Commission to court for the alleged withholding of important

documentation showing the threats of biofuels to agriculture and forests in Europe. The European legislation regarding biofuels - the Renewable Energy Directive - requires member states to bring to 10% the use of biofuels and other renewable sources for transport by 2020 and established sustainability criteria guaranteeing that biofuels offer at least 35% carbon emission savings compared to fossil fuels in 2020, to rise to 50% in 2017 and 60% in 2018. According to the lawsuit, the EC has failed to release part of the supporting documentation of the Directive, including documents citing concern for the indirect effects of increased harvesting of biofuels crops, such as a rise in land prices, food shortages, burning of forests, especially in poorer countries.

News from the World

UN launches IPCC procedure review

After the UNFCCC admitted that the Fourth Assessment Report (A4R) edited by the Intergovernmental Panel on Climate Change had a few errors, UN Secretary General Ban Ki-Moon has commissioned an independent review of the procedures for the completion of IPCC reports, in order to cast away all doubts about the credibility of the document. Ban Ki-Moon defended both the document and IPCC chair Rajendra Pachauri, who also stressed that the message of the document is not under scrutiny and that climate change is indeed increasing its pace due to greenhouse gas emissions. This procedural revision will be done "independently of the United Nations" by Amsterdam-based Interacademy Council, which counts amongst its members 15 heads of leading science academies.

The report is due in August and will be entirely funded by the United Nations.

China and India officially join the Copenhagen Accord

Despite being among the countries that drafted the document back in December and having already submitted their national climate action plans by the January 31 deadline, China and India had not formally become associated with the Copenhagen Consensus. This week, two letters from India and China were submitted to the United Nations with the request of the two countries to be included in the list of countries formally supporting the document.

The Carbon Market

Carbon prices were moving in a narrow range at the beginning of the week but suffered on Thursday from massive selling from banks reducing their EUA supply after reports confirmed that utilities are likely to need less credits than predicted. Thursday losses carried over to Friday, when carbon gradually dipped to a three-week low with the EUA2010 closing at €12.84 and the CER2010 at €11.24. Volumes were thinner than average, with about 15 million allowances exchanged every day.

SOURCES TO THIS ISSUE

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