

EU EMISSION TRADING SCHEME

EU-US Council starts energy cooperation

Last Tuesday a summit between President Barack Obama and the European leaders led to the establishment of an Energy Council for cooperation, global energy security and the transition to a low-carbon economy, which saw its first formal meeting already this week. On Wednesday the new transatlantic Energy Council met for the first time and came up with an agreement to boost cooperation on energy policy and technology research. The EU-US Summit reaffirmed the commitment to achieve a global climate change agreement, to develop strong and functioning carbon markets, to seek the development of a Doha development agenda agreement, fight protectionisms and re-launch a dialogue on development. The conclusion document can be downloaded at

http://www.se2009.eu/polopoly_fs/1.21999!menu/standard/file/st15351-re01.en09.pdf

No opposition to carbon leakage data

Figures approved in September by experts of the 27-country bloc showed that industrial sectors covering around 77 per cent of the total emissions from non-power sectors are at risk of carbon leakage, which means that 164 out of the 250 industry types should not pay for their allowances under the EU ETS. Other less vulnerable sectors will start paying for only 20 percent of their allowances to arrive to 70 percent in 2020. This week a key vote in the EU parliament's environmental committee voted against a proposal calling for changes to how the EU judges which industrial sectors are deemed vulnerable to international competition.

NEWS FROM THE WORLD

Barcelona talks end with little progress

The UN talks held in Barcelona this week to try and pave the way to an international binding agreement on climate change next month in Copenhagen ended with basically no progress, leaving some key actors, like UN climate chief Yvo de Boer, UK and Denmark, sceptical that a legally-binding agreement can even be reached in Copenhagen. The talks started on Monday amid calls to developed countries and especially the US to provide clarity on 2020 emission reductions, with African countries proposing to suspend the talks until such commitments were put forward.

Ironically, despite being the main topic of this week of negotiations, the US involvement was never clarified during the meetings, and became, along the inclusion of advanced developing countries, the main reason for stalling negotiations. The **structure of a future agreement** was also heavily discussed, with developing countries wishing to remain more close to the original Kyoto-Protocol structure including binding reduction commitments for developed countries and developed countries like the EU arguing that it should be merged with a new agreement after 2012, in which developing countries take appropriate actions to curb their emissions and are eligible to receive financial support for adaptation. On this last topic least-developed countries more exposed to climate change made pleas to developed countries to provide resources to help them cope with climate change, but **adaptation financing** remained an unsolved issue of these UN talks. Little progress was made in the area of **deforestation**, with a refining of proposals for reducing emissions from deforestation and degradation. Follow a day-by-day account of the talks at

<http://iccgov.blogspot.com/>

Environment committee approves Kerry-Boxer bill

Despite the boycott of the Republican Senators, which did not present any amendment and refused to participate to the evaluation of the Kerry-Boxer Bill, the Democratic Senators in the US Environment committee managed to pass the Kerry-Boxer bill 12 votes in favour to 1 against coming from a Democratic senator. It was not possible to introduce any of the 80 amendments presented by the Democrats, as committee rules require that at least two members of the minority are present, and none of the Republican broke the boycott of the Bill.

THE CARBON MARKET

Carbon traded in a narrow range for the most part of the week, mainly due to a general lack of direction in the market, more than to an interaction with energy prices. Worse than expected unemployment figures in the US caused a sharp drop in market prices on Friday, with the EUA2009 closing at €14.00, down €0.60 from the previous week. Similar losses were recorded in the secondary CER market with CER2009 at €13.02, down €0.63 from last week.

SOURCES TO THIS ISSUE

Pointcarbon, Reuters interactive, Climate Ark, Euractiv, Carbon Finance website

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