

EU EMISSION TRADING SCHEME

EU-15 on track to meet Kyoto targets

According to a report published on Thursday by the European Environmental Agency (EEA) the 15 European states that were part of the European Union when the Kyoto Protocol was signed are on track to meet the overall 8 percent reduction pledged in the Protocol. France, Germany, Greece, Sweden and the UK have already met their individual reduction targets, and the other member states, excluding Austria, are likely to reach it as well. The report also shows that EU-12 countries (Bulgaria, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia) will meet or even exceed their targets. Data on emissions from non-covered sectors such as transport (+26% in emissions from 1990 to 2007) and aviation and maritime transport (respectively +110% and +60% in emissions from 1990 to 2007) confirmed the need to focus the European action towards these sectors, concludes the EEA.

EC proposal on carbon tax meets industry scepticism

In its revision of the 2003 Energy Taxation Directive, put forward last week, the European Commission has proposed to introduce minimum EU-wide CO₂ tax rates on non-ETS sectors such as transport, agriculture and small industrial installations. This week BusinessEurope, an umbrella organisation for European businesses, has commented that the introduction of this carbon tax in Europe is premature and could be counter-productive, putting European businesses at a disadvantage. The interaction with the EU ETS and the possibility to extend the use of flexible mechanisms to installations affected by the tax should be further investigated, according to BusinessEurope.

NEWS FROM THE WORLD

A Copenhagen success likely to become an oxymoron

This week ended with another blow to the possibilities that an international binding agreement to reduce world emissions is signed in Copenhagen next December. During the Asia Pacific Economic Conference (APEC) held this Sunday in Singapore, two of the largest world emitters in the globe agreed with a Danish proposal supporting a

“political deal only” at the next Conference of Parties. The United States and China agreed to avoid specific binding commitments, going for a political text in which a deadline to sign a binding agreement is fixed. This strong signal against a success in Copenhagen comes just a few days after the meeting between US President Barack Obama and Japanese Prime Minister Hatoyama, in which the two leaders had reaffirmed their willingness to abide to the commitment undertaken during the G8 meeting this summer -an 80 per cent reduction of greenhouse gas emissions by 2050.-and called for “specific emission reduction targets by rich countries”.

Brazil announces voluntary reduction

During a joint conference with French President Nicolas Sarkozy on Saturday, the Brazilian President Lula announced that his country will voluntarily reduce its GHG emissions by between 36.1 and 38.9 per cent by 2020, a reduction of 975-1062 million tonnes in carbon dioxide equivalent compared to baseline projections. A 20.9 percent reduction will be due only to reducing deforestation by 80 percent in 2020, while agricultural emissions will be reduced between 4.9 and 6.1 percent and energy emissions between 6.1 and 7.7 percent. The reduction pledges take the form of percentage cuts rather than specific figures only because the details of the financial coverage of some of the proposal is still undefined. The Brazilian move came right before the US visit to the APEC forum and to China, but was unsuccessful in preventing the G2 on climate taking place in Singapore.

New Zealand may delay ETS

Industry groups in New Zealand called for the government to reconsider its plan to introduce new sectors into the national ETS that currently covers only the forestry sector if no international binding agreement on climate change is signed in Copenhagen. This would avoid to introduce unilateral restrictions on emissions for domestic firms when their international counterparts are not constrained.

THE CARBON MARKET

In a very bearish week, carbon prices hit their lowest level in a month, with the EUA2009 hitting €13.25 on Thursday. Secondary CER for 2009 lost 8.4 percent from last week, closing at €12.31.

SOURCES TO THIS ISSUE

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

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