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NGOs welcome options for permanent measures to strengthen the carbon market

[Brussels, 14 November] - FOR IMMEDIATE RELEASE - CAN Europe, Greenpeace and WWF welcomed today's European Commission proposals for structural reform of Europe's carbon market. The options for long-term strengthening of the failing EU Emissions Trading Scheme (ETS) follow a separate proposal earlier this week to temporarily reduce the glut in carbon emissions allowances, a process known as "backloading."

NGOs welcome in particular the Commission's analysis that raising the EU's carbon emission reduction target for 2020 from 20 to 30 percent would bolster the ETS. The groups also support the proposed permanent withdrawal of emission allowances, a steeper yearly reduction in allowances and limits to offset credits.

Joris den Blanken, Greenpeace EU climate policy director, said:

"The carbon market is flat on its face and Europe's struggling economies are being drained by costly fuel imports. To turn the situation around, EU governments and the European Parliament must now work with the options put forward by the Commission to strengthen the carbon market."

Although the Commission proposal addresses the oversupply of allowances, it fails to address unjustified free allocation to certain industries. The ETS "carbon leakage list," which defines those industries - such as steel and cement firms - that receive free pollution permits, was developed on the basis of a carbon price of about €30 per tonne by 2020, and did not take into account the emission policies emerging in countries such as China, Australia and South-Korea. Even with ambitious intervention in the ETS, such prices are not expected to be reached. Today's EU carbon price is around €8.50 per tonne.

Sam van den plas, WWF Climate Policy Officer, said:

"Polluting industries are sitting on a massive pile of surplus allowances, on top of which they will get even more free permits. The Commission should reassess the group of companies receiving free allowances in view of more recent carbon price projections."

Contacts:

Joris den Blanken, EU climate policy director Greenpeace, [+32 476 96 1375](tel:+32476961375)

Sam van den Plas, EU climate policy officer WWF, [+32 485 95 2201](tel:+32485952201)

Julia Michalak, EU climate policy officer CAN Europe, [+32 495 77 4568](tel:+32495774568)