

EP

Emissions Trading Scheme

A major step towards setting up a system of emissions trading for greenhouse gases (GHG) was taken on 10 October, when the European Parliament voted overwhelmingly to support such a scheme, which will cover 5,000 large industrial plants throughout the Union from 2005. The Parliament believes this could reduce the cost of meeting the targets established by the Kyoto Protocol by Euro 1,3 bn annually. The EU has committed itself to cutting GHG emissions by 8 per cent from 1990 levels by 2012.

Under the plans, governments would grant a wide range of heavy industries permits to pollute, which would set ceilings on greenhouse gas emissions. If companies exceed these levels, they would be allowed to buy extra credits from less polluting companies.

In a key amendment, the Parliament voted to allow

Member States to let industries opt out of the scheme until the end of 2007. This would allow an existing voluntary programme under way in the UK to continue. The opt-out, which is opposed by the Commission, would apply only if countries promised to make the same reductions in emissions that they would be required to achieve under the EU scheme.

The proposals were passed to EU environment ministers at the Council Meeting on 17 October. The delegations adopted a position on issues to do with temporarily excluding (opt-out) certain types of activities or industrial sectors, the unilateral inclusion of some activities (opt-in), the quota allocation system (free or otherwise), and the mandatory character or otherwise of participating in the mechanism and penalties. (MJ) 