

# Climate Policy in the European Union

## A brief overview on EU-wide policies and measures

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<http://www.climnet.org>

## Who we are

- Climate Action Network (CAN) is an international network of over 360 NGOs that work on climate change
- CAN-Europe is the Western European node with ca. 90 member organisations
- The Brussels office focuses on EU level policies (mainly energy, not transport) and the international negotiations
- More @ <http://www.climnet.org>

### Climate policy in the EU

- Acting on climate change is *perceived* as a political priority (media interest, public pressure). EU countries vulnerable to variety of impacts (floods 2002, drought 2003)
- EU action a matter of political credibility internationally after self-proclaimed leadership role
- Statement of EU leaders after US withdrew from Kyoto in 2001 “the European Council (..) *reaffirms* its commitment to delivering on Kyoto targets and the realisation by 2005 of demonstrable progress in achieving these commitments.”
- **Will EU leadership be maintained in the future?**

### Targets and emissions

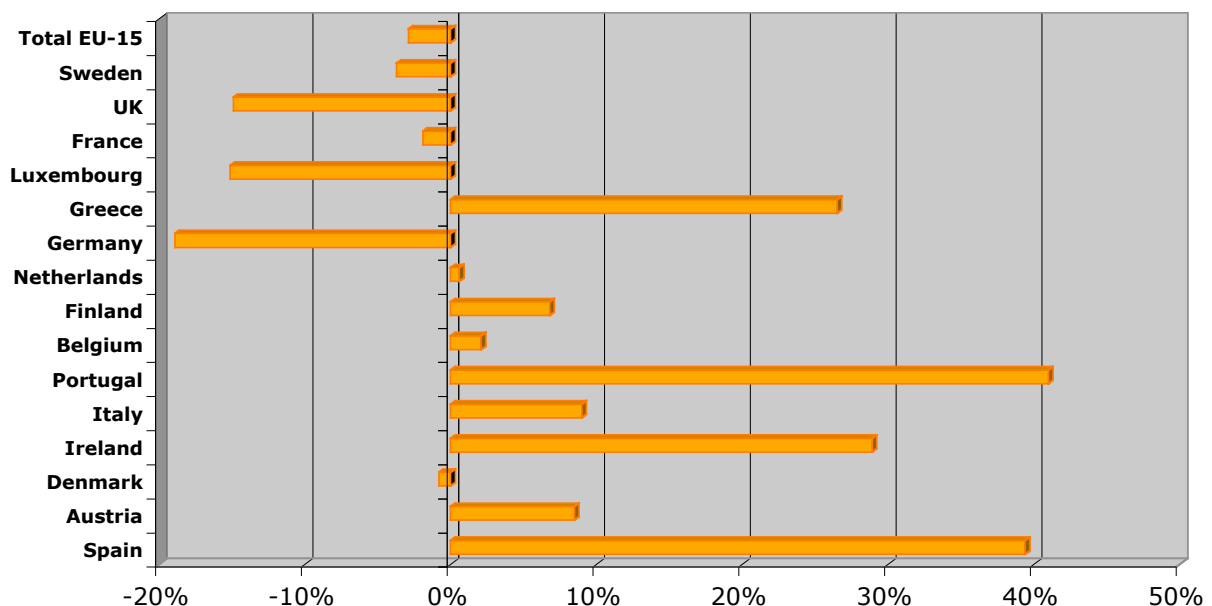
- EU15 has -8% target under KP, but internal differentiation allows range of individual targets from -28% (Luxembourg) to +27% (Portugal): burden-sharing agreement (BSA). Annex-I countries of new EU MS also have -8% target but are not part of BSA
- Emission trends in 1990s show similar spread in EU15 from -45% Luxembourg to +34% for Portugal, but Member States have contrasting track records. New EU MS all (excl. Slovenia) are currently considerably below their targets

## Targets and emissions

- EU15: While some have already developed meaningful domestic policy and exploited historically unique opportunities, others have waited for EU-wide measures, which are only now getting into gear.
- Most EU-wide policies will only start having an impact after 2005. Do not show in current emissions. Projections show Kyoto targets can still be achieved domestically. In reality, however, many MS are starting to rely on external credits.

## Necessity for cuts in EU-15

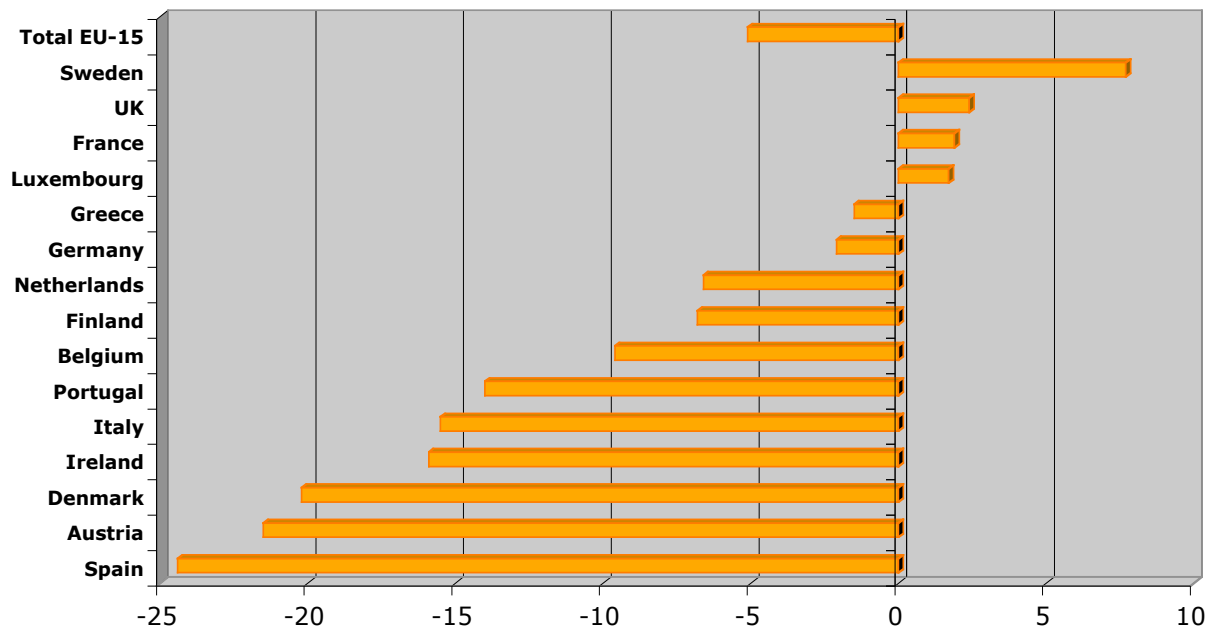
Relative changes from 1990 emissions



## Necessity for cuts in EU-15



Difference target 2008-12 to 2002 emissions in % of base year



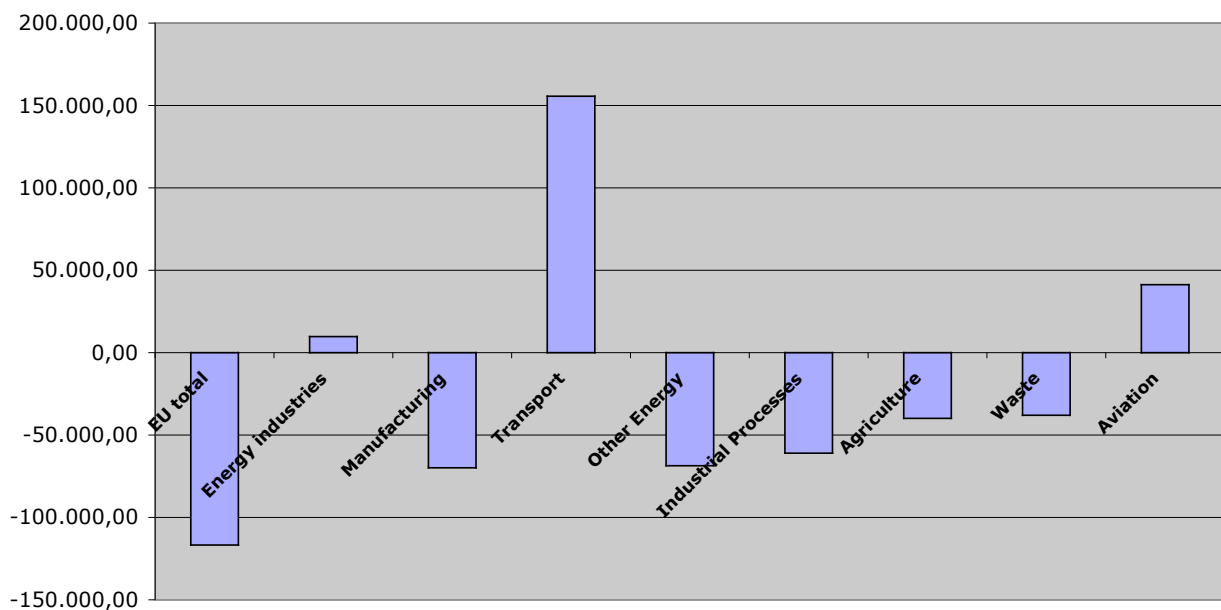
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Brussels, 30.11.2004

## Necessity for cuts in EU-15

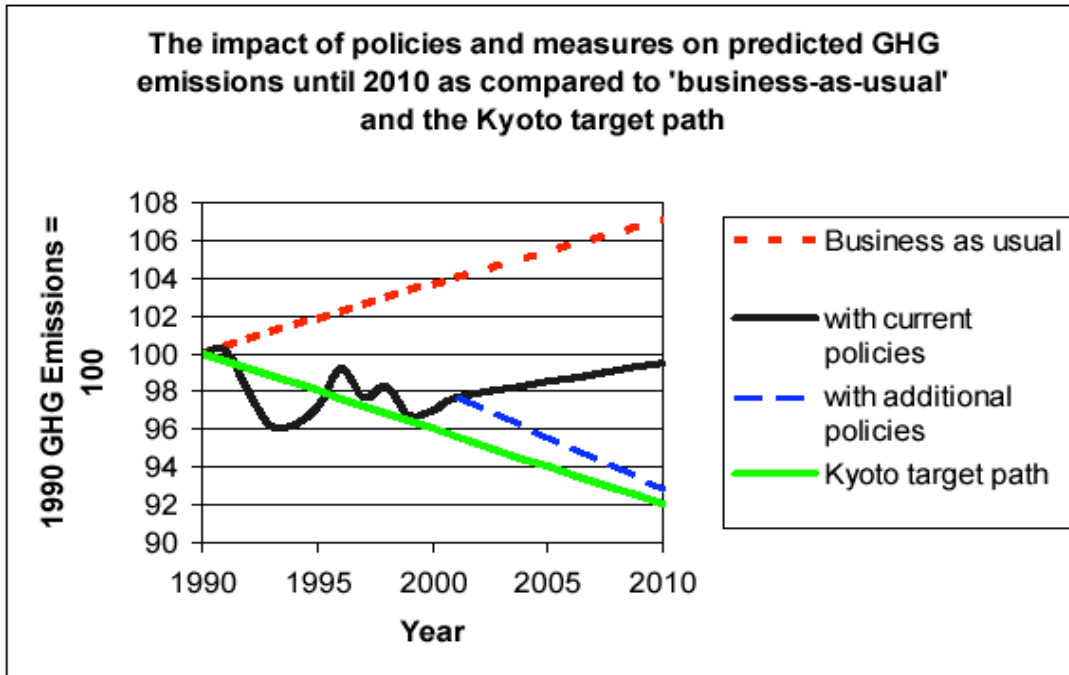


EU15 all GHGs by sector - absolute change 1990/2002



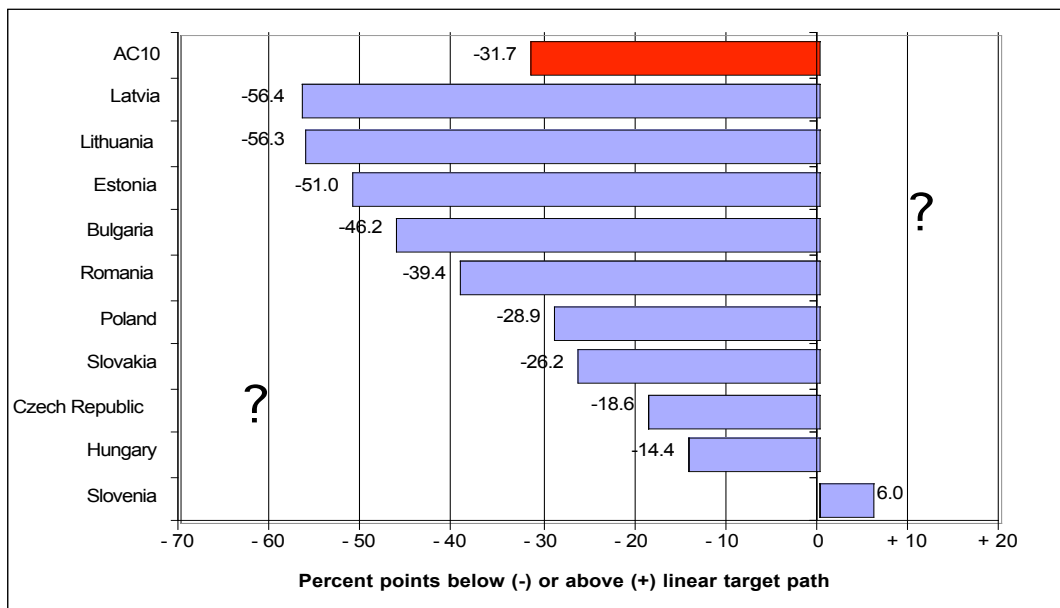
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Brussels, 30.11.2004



Source: European Commission

## Current emission trends in new MS



Source: European Commission

### European Climate Change Program (ECCP)

- Comprehensive political approach to achieve Kyoto targets – twelve months stakeholder consultation in working groups (2000-2001) looked at almost all sources and types of measures
- Final report showed potential for cost-effective domestic reductions (<20€/ton CO<sub>2</sub>eq) by the 40+ PAMs identified to be twice the Kyoto reduction effort (664-765 Mt CO<sub>2</sub>eq)
- Set of priority measures chosen for near-term. While some measures are already in place now or well under way, others have suffered setbacks

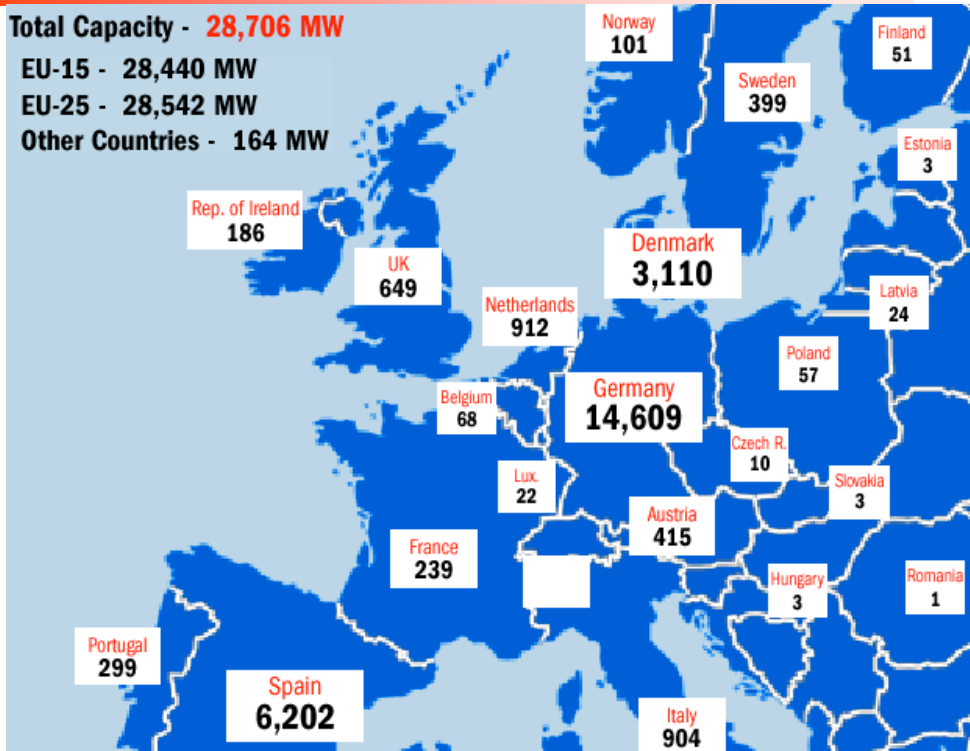
### Key elements of EU Climate Policy

- Renewable energy support
- Fluorinated gases regulation
- Transport - 3 pillars
- Energy efficiency improvements (x 4)
- Cap-and-trade system for large point sources
- Future post-2012?

## Renewable Electricity Directive

- Adopted in September 2001
- Overall target of 22% of electricity from renewable energy by 2010
- Sets “indicative” targets for RE consumption in member states
- Broad definition of RE, including biodegradable fraction of municipal waste and large hydro
- Member states must choose a mechanism for promotion and report regularly to the Commission

## Wind power installed 2003



Impacts of RES support schemes in the EU

Success of feed-in tariffs in DK, G, ES

Vast potential in CEE

Source: EWEA

## Fluorinated gases

- Draft legislation currently under discussion between Parliament and Council.  
Negative results from both bodies in 2004
- Risks concentrating on containment (the “consensus”) rather than phase-out. Needs to move much further in encouraging adoption of alternatives
- Also worry about negative consequences for progressive Member State policies (A, DK)

## Energy efficiency improvements (x4)

- SUPPLY: Cogeneration directive (adopted 01/2004):  
barrier removal; alas, no direct targets
- DEMAND: Energy Efficiency in Buildings directive (adopted 12/2002) : minimum standards, inspection
- Energy services directive (proposed 12/2003) :  
Target of 1% annual energy savings incl. 1.5% from public procurement of EE goods and services
- Eco-design directive (proposed 08/2003) : minimum requirements for energy consuming products



## Emissions Trading for EU industry

- Initiated in Summer 2000, final adoption of the directive in July 2003 by Parliament and Council
- Caps CO<sub>2</sub> emissions from industry from 2005 (covers around half of all the EU's CO<sub>2</sub>) on installation level
- Sectors covered: Electricity, Steel, Cement, Glas, Ceramics, Pulp and Paper
- Each installation will have to hold allowances equivalent to its emissions in a given year.
- Non-compliance penalty of 100 € (2005-7: 40€ ) and restitution of allowances

## Emissions Trading for EU industry

- Trading to start in 01/2005, first phase until 01/2008, then parallel to Kyoto's first commitment period
- Member States are currently transposing the directive into national law and elaborating so-called national allocation plans (NAPs), which will contain the targets
- Allows use of external credits from Kyoto Project Mechanisms (JI/CDM) with some limitations
- Presently available NAPs for 2005-7 insufficient to exploit full potential of ETS, need strengthening
- MS more open about use of external credits

## Transport – the 3 pillars

- 1) voluntary commitments by industry
  - 2) car labelling scheme
  - 3) fiscal measures
- + EU energy tax
- + Biofuels directive

Aviation not included in current climate policy

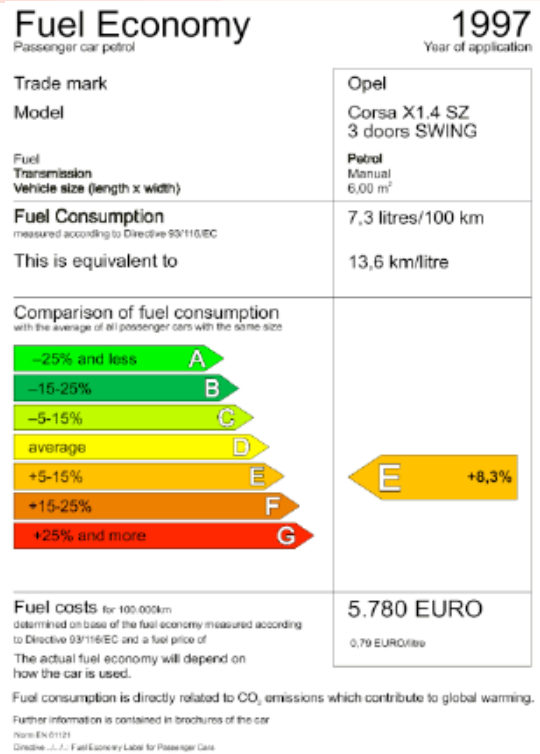
## Transport – 1st pillar

- European car-manufacturers (ACEA) pledged in 1998 to reduce average emission per kilometer for fleet of new cars by 2008 to 140g CO<sub>2</sub>/km (on average about 5.8 l petrol/100 km or 5.25 l diesel/100 km). EU target is 120g CO<sub>2</sub>/km by 2010.
- Japanese (JAMA) and Korean (KAMA) car manufacturers joined the VA in 1999 with target 2009
- Recent news: In 2003, new European cars emitting over 10% less than in 1995. But doubts raised by industry.

## Transport - 2nd pillar

- Labelling scheme (adopted 2001)
- All new cars need to have fuel consumption and CO2 data displayed
- Environmental impact considered small

Not the real thing, I think =>  
 (<http://www.eva.ac.at>)



## Transport – 3rd pillar

- Fiscal measures: road charging (July 2003). T&E presented alternative, EP vote strengthening
- Main NGO issues: inclusion of external cost, freedom to charge all roads, no obligatory earmarking for more road construction. In any case only voluntary, setting rules
- Also to mention: harmonised EU energy taxation (in force since 1.1.2004) and proposal for car tax currently in the making (problematic)

## Aviation

- Emissions not covered by Kyoto Protocol
- No direct EU-wide policy yet on climate impact
- Science still evolving, impacts rising
- No progress at ICAO, EU to start action
- Still all options on the table (tax, charge, trading)
- Tax directive = potential to include kerosene?
- UK pushes link with EU ETS for 2005 presidency

## Research into future technology

- Environmental Technologies Action Plan adopted in January 2004
- List of priority actions, including so-called Technology Platforms on Hydrogen, Photovoltaics
- Participation in international initiatives (Carbon Sequestration Leadership Forum, International Partnership for a Hydrogen Economy)
- New technologies will only take off within carbon constrained framework
- Industry to reopen nukes debate? (as decoy?)

### EU climate leadership abroad?

- Engaged in Johannesburg Renewable Energy Coalition (JREC), Renewables2004, REEEP
- Kept up dialogue with Russia; engaged with Annex-I partners, especially Japan and Canada
- Participates in US-led Int'l Technology Fora
- Integrating climate aspects into its development co-operation policy
- Problem: EU credibility low – little knowledge in other countries of EU's domestic efforts

### Policy consistency problem

Climate policies and rethoric countered by:

- Continuing subsidies to coal, nuclear and even to natural gas
- Structural funds biased in favour of road transport
- Export credits, IFIs, bilateral aid going into projects with negative climate impact
  
- AND: lack of implementation of ECCP!

### What about the future? (... is now)

- 2005 Spring Council to decide on future strategy
- EU stakeholder consultation autumn 2004
- With Kyoto Protocol's entry into force, debate starts on future negotiations
- US will remain outside any system and cannot be a credible partner for progressive talks
- Some EU MS, industry and developing countries don't want to go ahead without US involvement
- EU has to maintain leadership, stay strong

### Future policies: ECCP "reloaded"

- New targets for RES support for 2020 and beyond, also focus on RES heat
- New targets for industrial cap-and-trade system beyond 2012
- Transport sector emissions must be priority for the future! New PAMs necessary
- No success without energy efficiency gains
- 2005-7 crucial for aviation policy

## Summary

- Variety of measures adopted/under way
- EU projects it can achieve Kyoto targets, ECCP identified potential for further cuts
- Lack of implementation threatens success, external credits becoming concrete option
- At same time, commitment to future action necessary to maintain int'l momentum
- Transport sector and efficiency need particular attention in future policies

Thank you very much for your attention

More information also on our website @ <http://www.climnet.org/>

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