Background

EP seals climate change package

After eleven months of legislative work the European Parliament gave its backing to the EU's climate change package. The package aims to ensure that the EU will achieve its climate targets by 2020: a 20% reduction in greenhouse gas emissions, a 20% improvement in energy efficiency, and a 20% share for renewables in the EU energy mix. This background note gives an overview of the legislation required.

Ahead of Parliament's first-reading vote, MEPs had reached informal agreements with the French Presidency of the Council on the six proposals which all fell under the co-decision procedure, placing the European Parliament and Council on an equal footing as co-legislators.

Following the votes in Parliament's Environment and Industry committees in September and October 2008 and several rounds of informal negotiations, Parliament's delegations achieved informal agreements with the French Presidency of the Council on all six proposals:

- the revision of the EU Emission Trading Scheme - EP Rapporteur Avril Doyle (EPP-ED, IE),

- the effort-sharing decision - EP rapporteur Satu Hassi (Greens/EFA, FI),

- the carbon capture and storage (CCS) legal framework - EP rapporteur Chris Davies (ALDE, UK),

- the renewable energies directive - EP rapporteur Claude Turmes (Greens/EFA, LU),

- the regulation on CO2 emissions from cars - EP rapporteur Guido Sacconi (PES, IT), and

- the fuel quality directive - EP rapporteur Dorette Corbey (PES, NL).

Contact :

Constanze BECKERHOFF
Press Service
E-mail: envi-press@europarl.europa.eu
BXL: (32-2) 28 44302
PORT: (32) 0498.983.550

Juliane KAMMER
BXL: (32-2) 28 32602
PORT: (32) 0498.983.257

EMAIL: envi-press@europarl.europa.eu

Revising the EU's Emissions Trading System

The directive on the revision of the EU Emission Trading System (ETS) is a key tool for achieving the EU's aim of reducing its greenhouse gas emissions by at least 20% by 2020 from 1990 levels, or by 30% in event of an international agreement.

The EU ETS is a "cap and trade" system: it caps the overall level of emissions allowed but, within that limit, allows participants buy and sell allowances as they require, so as to cut emissions cost effectively. Launched in January 2005, it is a key tool for achieving the EU's aim of reducing its greenhouse gas emissions by at least 20% by 2020 from 1990 levels, or by 30% in event of an international agreement. The ETS currently covers over 10,000 installations in the energy and industrial sectors, which are collectively responsible for close to half of the EU's emissions of CO2 and 40% of its total greenhouse gas (GHG) emissions.

The current ETS covers for example power stations, oil refineries and factories making cement, glass, lime, bricks, ceramics, and pulp. The Commission proposes to extend its scope to include new industries (e.g. aluminium and ammonia production and petrochemicals) and two further gases (nitrous oxide and perfluorocarbons). The revised ETS directive will apply from 2013 to 2020 and should lead to a reduction in greenhouse gas emissions of 21% compared to reported 2005 levels. The Community-wide quantity of allowances issued each year will decrease in a linear fashion, so as gradually to reduce the overall level of emissions each year.

Full auctioning from 2013 with many exceptions

In the first and second trading periods (2005 -2012) the great majority of allowances were allocated free of charge to installations. The compromise has established auctioning from 2013 in principle (as proposed by the Commission and backed by Parliament's Environment Committee) but it includes several exceptions, as advocated by the European Council on 12 December 2008.

Power sector

For electricity generation, full auctioning is to be introduced from 2013, as proposed by the Commission and supported by MEPs in the report by Avril Doyle (EPP-ED, IE). But the compromise allows for a transitional free allocation of allowances in the power sector, which will apply essentially for the new Member States. It must not exceed 70% in 2013 and must decrease to 0% in 2020. Free allocation will only be possible under certain conditions and under the obligation for these Member States to modernise their electricity generation sector.

Manufacturing sector

For the manufacturing sector, auctioning should be phased in gradually - in 2013 it is to receive a free allocation of 80% of allowances, decreasing to 30% by 2020 and leading to full auctioning in 2027 (and not in 2020, as proposed by Commission and Environment Committee MEPs).

But, following the decision of the European Council (which was not changed by MEPs) a broad exception is inserted for sectors at serious risk of "carbon leakage" - that is the relocation of production to third countries with a less strict climate policy, leading to increased CO2 emissions by these countries. Until an international agreement is concluded, these sectors might receive up to 100% of their allowances free until 2020 under certain conditions. According to Commission, more than 90% emissions from manufacturing industry would be covered by the exception.

The sectors "exposed to carbon leakage" will be determined by the Commission by 31.12.2009 at the latest

and every 5 years thereafter.

Use auction revenues to adapt to climate change in the EU and in developing countries

The compromises establishes the principle that at least 50% (the Commission had proposed 20%) of ETS auction revenues should be used by Member States for climate-related adaptation and mitigation purposes, e.g. to further reduce emissions, develop renewable energies, increase energy efficiency, avoid deforestation and facilitate adaptation in developing countries and address social issues such as possible increases in electricity prices.

The Environment Committee's request that the money be placed in a dedicated international fund to pay for climate change protection measures was not accepted in the negotiations with the Council.

Solidarity mechanism for certain Member States

Member States whose per capita income is still significantly below the Community average and whose economies are in the process of catching up with wealthier Member States will obtain a bigger share of allowances to be auctioned (10% of the total quantity of allowances will be redistributed in accordance with a list comprising 19 old and new Member States and an additional 2% of the total quantity of allowances to be distributed in accordance with a list comprising 9 new Member States - annexes II a and b).

Carbon capture and storage: demonstration projects to be financed through allowances

At the request of MEPs, the compromise introduces the possibility of funding CCS projects via the ETS (for further info information please see our text on the CCS directive).

Use of credits in third countries - limited to 50% of the EU-wide emission reduction

Member States may "offset" emissions, i.e. to buy credits resulting from projects in third countries under the UN's Clean Development Mechanism (CDM), as a means of complying with their greenhouse gas emission limits. The compromise states that no more than 50% of the EU-wide reductions over the period from 2008 to 2020 may stem from such credits. At the request of MEPs, guiding principles for those credits, which must be "real, verifiable, additional and permanent emission reductions" are introduced in a recital.

Treatment of aviation unchanged

The compromise does not reopen the question of how to deal with the aviation sector in the ETS directive, so the situation remains as it is, meaning that the aviation sector would receive 85% of the allowances for free, for the whole period. The Environment Committee had asked for the aviation sector to be treated like other manufacturing sectors, meaning that from 2013, it would receive 85% of the allowances for free, and this quota would decrease by equal amounts each year, resulting in no free allocation in 2020.

Include shipping in emissions trading if no international IMO agreement

MEPs and Council representatives agreed that if an International Maritime Organisation (IMO) agreement to include international maritime emissions in IMO reduction targets has not been approved by 31.12.2011, the Commission should propose that these emissions be included in the Community reduction commitment, to take effect by 2013.

Deforestation: work towards an internationally-recognised system

The compromise states that the EU should work to establish an internationally-recognized system for reducing deforestation and increasing afforestation and reforestation within the context of the post-2012 climate agreement to be reached in Copenhagen

Exclusion of small installations supported but widened

The compromise supports the Commission's proposal that Member States be allowed to exclude small installations from the scope of the system, provided they are subject to equivalent emission reduction measures. However, it raises the proposed thresholds, as proposed by the Environment Committee: Member States should be able to exclude installations with a rated thermal input below 35 Megawatts (as opposed to 25 Megawatts) and reported emissions of less than 25,000 tonnes of CO2 equivalent (as opposed to 10,000 tonnes) in each of the three years preceding the entry into force of the revised ETS.
The compromise was adopted with 610 votes in favour, 60 against and 29 abstentions.

Effort sharing: Member States' targets for CO2 reduction

Parliament and Council agreed on national targets for Member States to reduce greenhouse gas emissions from sectors not covered by the ETS, on a mechanism to ensure compliance with these targets and on the quantity of "external offsetting" (e.g. by funding emission reductions in third countries).
The "effort sharing" decision will set binding national targets for each EU Member State to reduce greenhouse gas emissions from non-ETS sources (e.g. road and sea transport, buildings, services, agriculture and smaller industrial installations), between 2013 and 2020. These sources currently account for about 60% of all EU greenhouse gas emissions. The decision aims to reduce these emissions by 10% overall between 2013 and 2020, so as to contribute towards the EU's overall aim of a 20% reduction in total greenhouse gas emissions by 2020. The effort sharing decision is the first of its kind worldwide.

The decision stipulates that in the event of the conclusion of an international agreement, the overall EU reduction commitment would be stepped up to minus 30%. In that event, the Commission will assess the overall situation and make legislative proposals.

Agreement on national targets for 2020

Parliament followed Satu Hassi's (Greens/EFA, FI) recommendation and backed the national targets proposed by the Commission, which would allow some Member States, such as Bulgaria, to increase their emissions by up to 20%, whereas others, such as Denmark, Ireland, and Luxembourg, would have to reduce theirs by 20% (see annex II for national targets). Furthermore, the Parliament and Council delegations have agreed to allow for trading and transferring of "overachievement" of targets among Member States, so as to enhance cost efficiency and favour reductions within the EU as a whole.

New "corrective system" should Member States miss their targets

The compromise does not incorporate the compliance mechanism requested by MEPs. This would have stipulated that a Member State which fails to meet its target must pay an "excess emissions penalty" equivalent to the fines paid under the ETS - i.e. €100 per tonne of carbon dioxide equivalent emitted. However, the delegation did agree on a new article on "corrective action", which had not been included in the Commission's proposal.

Corrective measures will apply when a Member State exceeds its annual limits. In this case, Member States will have to compensate for this underachievement in the following year. Additionally, the excess emissions will be multiplied by a mandatory climate "abatement factor" of 1.08, thus further reducing the emissions allowed for the following year.

Flexibility for Member States to achieve targets

Parliament and Council agreed to allow the trading and transfer of "overachievement" of targets among Member States, so as to enhance cost efficiency and to favour reductions within the EU as a whole:

- up to 5% of the annual emission allocation may be transferred from the following year to the year in question,
- in the event of extreme meteorological conditions, an even higher rate may be transferred in 2013 and 2014, and
- a Member State may transfer up to 5% of its annual emission allocation of a given year to another Member State.

Share and quality of external offsetting

The decision will allow Member States to "offset" emissions, i.e. to buy credits resulting from projects in third countries under the UN's Clean Development Mechanism (CDM), as a means of complying with their greenhouse gas emission limits. The annual use of such credits may not exceed 3% of the greenhouse gas emissions of that Member State in 2005; in addition to this 3%, certain Member States with stricter targets will be able to use additional credits from projects in least-developed countries and small island developing states amounting up to 1% of their 2005 emissions.

Based on Environment Committee amendments, Member States will be required to report on the quality of external offset credits, following non-binding guidance on criteria which is set out in a recital.

Adjustment to future international agreement

It is agreed that, should an international agreement commit the EU to an overall reduction target of 30% by 2020, the internationally agreed target will not be called into question, but the details of internal sharing of effort among ETS and non-traded sectors and among Member States would be decided through the co-decision procedure.

Forestry and maritime emissions/ energy efficiency

It is also agreed that if no international agreement has been approved by the Community by 31.12.2010, the Commission should make proposals to include emissions and removals related to land use, land use change and forestry in the Community reduction commitment. The same would apply for international maritime emissions, which should be subject to Community measures by 2013 should no international agreement be approved through the IMO or the UNFCCC.
The delegations have also agreed that, if appropriate, the Commission shall propose before December 2012 strengthened or new measures to accelerate energy efficiency improvements.
The compromise was adopted with 555 votes in favour, 93 against and 60 abstentions.

Equipping power plants to store CO2 underground

Parliament confirmed a compromise on Chris Davies's (ALDE, UK) report on a draft directive providing the legal framework for new carbon dioxide capture and storage technology (CCS).

Emissions from power plants - especially from those fired by oil, coal and natural gas - account for around 40% of all CO2 emissions in the EU, estimates the European Commission. To cut their CO2 emissions, industrial installations and power plants could in future use new technology to capture CO2 and store it "permanently and safely underground" in geological formations.

Funding demonstration projects with revenue from emission trading allowances

The European Council in March 2007 advocated building at least 12 large-scale commercial demonstration facilities by 2015 to test the permanent underground storage of CO2, but the necessary funding had yet to be secured. Environment Committee MEPs therefore proposed in their vote on the revised EU Emission Trading System to award up to 500 million ETS allowances in the new entrants reserve to large-scale CCS projects in the EU or in third countries.

The Council had initially proposed to reserve only 100 to 200 million allowances for CCS projects.

The compromise foresees that up to 300 million allowances will be set aside "to help stimulate the construction and operation of up to 12 commercial demonstration projects that are aiming at the environmentally safe capture and geological storage of carbon dioxide as well as the demonstration projects of innovative renewable energy technologies, in the territory of the EU".

The value of this support mechanism will depend on the price of CO2 when the gas is eventually buried underground, but according to the rapporteur it could mean €6-9 billion, providing funding for 9 or 10 demonstration projects.

Future power plants with carbon capture technology

The compromise requires operators of new power plants with an output of more than 300 Megawatts to assess whether storage sites are available, transport facilities are viable and if it is technically and economically feasible to retrofit the power station for CO2 capture. If these conditions are met, Member States' authorities should guarantee that "suitable space on the installation site for the equipment necessary to capture and compress CO2 is set aside", says the new text.

Parliament's Environment Committee had sought to introduce a new provision into the draft directive, which the rapporteur had termed the "Schwarzenegger clause", setting a mandatory "emission performance standard" for new power plants with a capacity of more than 300 Megawatts. The committee had wanted to cap emissions from these large power plants at a maximum of 500 gram CO2 per kilowatt hour on an annual average basis from 2015 onwards. Thus, future power stations would have been obliged to store carbon dioxide underground instead of emitting it to air.

The compromise was adopted with 623 votes in favour, 68 against and 22 abstentions.

Reducing CO2 emissions from new cars

MEPs approved a compromise on a draft regulation which sets emission performance standards for new passenger cars (the "M1" category) registered in the EU. These account for 12% of overall EU emissions of carbon dioxide (CO2), the main greenhouse gas according to European Commission's figures. The new regulation, on which Guido Sacconi (PES, IT) was Parliament's rapporteur, is part of the EU's effort to reduce CO2 emissions by 20% by 2020.

The compromise backed the Commission's proposed target of an average of 120g of CO2/km for the whole car industry by 2012, compared to the current levels of 160g/km.The regulation sets an average target of 130g CO2/km for new passenger cars to be reached by improvements in vehicle motor technology. It will be supplemented by additional measures to achieve a further 10g/km reduction, so as to reach the 120g/km target, through other technical improvements such as better tyres or the use of biofuels.

Key elements of the new regulation

Long term target - the compromise introduced a long term target for 2020 for the new car fleet of average emissions of 95 g CO2/km.

Phasing in - manufacturers will be given interim targets of ensuring that average CO2 emissions of 65% of their fleets in January 2012, 75% in January 2013, 80% in January 2014 and 100% from 2015, so as to comply with each manufacturer's specific CO2 emissions target.

Excess emissions premiums - manufacturers will have to pay the following fines (so called "excess emissions premiums"), if their average emissions of CO2 exceed the specific emission target set by the regulation:

From 2012 until 2018:

€ 5 for the first gram of CO2
€ 15 for the second gram of CO2
€ 25 for the third gram of CO2
€ 95 from the fourth gram of CO2 onwards.
(NB. These fines are cumulative. So for an excess of 4 grams a fine of € 5 + € 15 + € 25 + € 95 = € 140 would have to be paid).

From 2019, manufacturers will have to pay €95 for each gram exceeding the target.

Eco-innovations - at the Environment Committee's request, the compromise states that car manufacturers may apply to be given special credits for eco-innovations - that is innovative CO2-reducing technologies on the car, such as energy-efficient lights, which are currently not included in the normal test cycle. The total contribution of those technologies may a reduction of up to 7 gram CO2 in each manufacturer's average specific target.
Special targets for small manufacturers - as proposed by the Commission, the compromise allows small manufacturers producing fewer than 10,000 new registered cars per year to apply to the Commission for a derogation from the specific emissions target.

As requested by the Environment Committee, larger independent car manufacturers (producing 10,000 to 300,000 new registered cars per year) will have the opportunity to apply for an alternative target of reducing their average specific emissions by 25% from 2007 levels. This application may be made by the manufacturer alone or together with any of its business partners.

Supercredits - the Environment Committee proposed in its vote that a multiplier be introduced for ultra low-carbon vehicles, so as to give car manufacturers incentives and reduce their average CO2 emissions. The compromise states that each new passenger car with CO2 emissions of less than 50 g CO2/km shall count as: 3.5 cars in 2012 and 2013, 2.5 cars in 2014, 1.5 cars in 2015 and one car (like any other) from 2016.

The compromise was adopted with 559 votes in favour, 98 against and 60 abstentions.

20% renewable energy in the EU's energy mix by 2020

The new renewables directive seeks to ensure that by 2020 renewable energy makes up at least 20% of the EU's total energy consumption. In 2005 renewable energies - that is energy produced from hydro power, solar, wind, biomass or geothermal sources - accounted for less than 7% of the EU's total energy consumption, says Eurostat.

To achieve the 20% target, the new directive will lay down mandatory national targets to be achieved by the Member States through promoting the use of renewable energy in the electricity, heating and cooling, and transport sectors. Member States could meet their targets more easily by promoting energy efficiency and energy saving, says the compromise text.

During the informal negotiations ahead of Parliament's vote, MEPs made sure that the renewable energy action plans, which Member States will have to draw up to demonstrate how they are going to achieve their national targets, must fulfil certain minimum requirements.

10% from renewables in the transport sector by 2020

The agreement foresees that by 2020 renewable energy - biofuels, electricity and hydrogen produced from renewable sources - account for at least 10% of the EU's total fuel consumption in all forms of transport. Each Member State will thus have to increase its share of renewable energy in transport to 10%. Biofuels, for example, accounted for only around 1% of all transport fuels consumed in the EU in 2005, says Eurostat.

The agreement with Council did not take up the Industry Committee's proposal to set an interim target of 5% by 2015 for renewables in road transport fuel.

Promote more sustainable "second-generation" biofuels

The Industry Committee, voting on a report by Claude Turmes (Greens/EFA, LU) on 11 September 2008, had specified that the 10% target should relate to road transport only and stipulated that at least 40% of this target (i.e. 4% of all road transport fuels) would have to come from "second-generation" biofuels, electricity or hydrogen - an amendment which was not taken up in the final compromise agreement.

Unlike traditional, "first-generation" biofuels, the second generation ones do not compete with food or feed production as these biofuels are, for example, produced from wastes, residues, or non-food cellulosic and ligno-cellulosic biomass such as algae, wood residues, or paper waste. To promote those new, more sustainable alternatives, "second-generation" biofuels will be double credited towards the 10% target, says the compromise text.

While green electricity for trains will count only once towards the target for the transport sector, renewable electricity consumed by electric cars will be counted at 2.5 times its input, states the amended proposal.

Sustainability criteria for biofuels

The new legislation will also establish binding criteria to ensure that biofuels production is environmentally sustainable. For example, to count towards the transport fuel target, the use of biofuels must save at least 35% of greenhouse gas emissions compared to fossil fuels (the Industry Committee had advocated a saving of 45%). From 2017 onwards, the greenhouse gas emission savings of biofuels produced in existing production plants must be at least 50% compared to fossil fuels. The greenhouse gas emissions of biofuels produced in new installations will have to be at least 60% lower than those from fossil fuels.

Peatland

Biofuels made from crops grown in an area that was peatland in January 2008 should not count towards the transport target, says the text, unless the cultivation and harvesting of the raw material does not involve drainage of previously undrained soil.

Indirect land use change

By 2010 the Commission will have to develop a methodology to measure the greenhouse gas emissions caused by indirect land use changes - that is, for example, when crops for biofuel production are grown in areas which have previously been used to grow a food crop and this food crop production then moves to other areas which were not in use before (e.g. existing forests).

Ensure social sustainability, too

Parliament's Industry Committee had inserted binding social sustainability criteria, such as respect for the land rights of local communities or the fair remuneration of all workers, into the draft directive. However, as doubts remained about whether such fixed social sustainability criteria were in line with the rules of the World Trade Organisation, the revised text now requires the Commission to monitor the impact of the EU's biofuel policy and if necessary propose corrective action, especially if increased biofuels production leads to rising food prices or does not comply with social sustainability criteria.

Proof for green electricity

The European Commission had proposed that "guarantees of origin" should be used for trading renewable energy shares in the EU to enable Member States to achieve targets jointly. However, the Council Presidency agreed with the Industry Committee's call that those "guarantees of origin" should only prove to consumers how much of the energy supplied to them comes from renewable sources.

Co-operation to achieve renewables targets jointly

The political agreement fully incorporated the Industry Committee's proposal for cooperation mechanisms to allow Member States to achieve their renewables targets jointly. It will, for example, be possible for Member States to run joint projects on green electricity production, heating or cooling, or to transfer renewable energy "statistically" between each other. Member States may also join or partly coordinate their national support schemes so that renewable energy produced in one Member State counts towards the national target of another Member State.

Large projects with a very long lead time

The compromise text also enables Member States to count towards their national targets "green" electricity consumed in the EU but produced by newly constructed joint projects with third countries such as future solar thermal plants to be built in Northern Africa under the Mediterranean Solar Plan.

Such renewable energy plants or interconnectors linking a Member State to these plants whose construction might have started by 2016 but which would nevertheless not be operational by 2020 due to a very long lead time may be accounted for in the calculation of a Member State's renewable energy share, says the amended proposal for a directive.

Member States with a high share of aviation

Energy consumed in aviation can make up a large percentage of some Member States' gross energy consumption. As technological and regulatory constraints have so far prevented the commercial use of biofuels in aviation, there should be a "partial exemption" for these Member States when their total energy consump-

tion is calculated, says the text. The revised directive states that the amount of energy consumed in aviation should be no more than 6.18% of a Member State's total energy consumption. For the peripheral island Member States Cyprus and Malta, which rely heavily on aviation, the share of energy consumed in aviation taken into account will be a maximum of 4.12% of their final consumption.

Improve access of renewables to grid infrastructure

The directive as amended also requires Member States to develop transmission and distribution grid infrastructure, intelligent networks, storage facilities and electricity systems that can be operated safely while accommodating renewable energies. Green electricity should either be given priority or guaranteed grid access.

2014 review will not change the 20% target

MEPs and the Council Presidency agreed that the Commission's evaluation of the implementation of the directive, which is to take place by 2014, will not affect the overall 20% target but will serve to improve, if necessary, the efficiency of co-operation mechanisms. The Commission's review should also assess whether the transport target can be reached while ensuring a sustainable biofuels production as well as the commercial availability of second generation biofuels and of electric, hybrid and hydrogen powered vehicles.

Post-2020 Renewable Energy Roadmap

The compromise text requires the Commission to present in 2018 a Renewable Energy Roadmap and if necessary new proposals for the post-2020 period.

Member States will have to bring into force the laws, regulations and administrative provisions necessary to comply with the directive within 18 months after its publication in the EU's Official Journal.
The compromise was adopted with 635 votes in favour, 25 against and 25 abstentions.

Less greenhouse gas emissions from fuels

The revised fuel quality directive sets a target of reducing greenhouse gas emissions produced throughout the life cycle of transport fuels (i.e. fossil fuels like petrol, diesel and gas-oil and also biofuels, blends, electricity and hydrogen) of up to 10% by 2020. The directive also sets out technical specifications for protecting the environment and human health.

Up to 10% reduction by 2020

Parliament and Council agreed that suppliers should reduce, "as gradually as possible", greenhouse gas emissions caused by extraction or cultivation, including land-use changes, transport and distribution, processing and combustion of fuels, by up to 10% by 2020.

The 10% total breaks down as follows:

• a binding reduction of 6% from 2010 levels is to be achieved by the end of 2020. To achieve this 6% reduction, Member States may set interim targets of 2% by the end of 2014 and a further 4% by the end of 2017,
• an indicative additional 2% reduction is to be obtained through the use of electric vehicles - such as cars, excavators, bulldozers or inland water vessels (but not trains) - or greenhouse gas saving technologies such as carbon capture and storage in the production process, and
• credits purchased under the United Nations' Clean Development Mechanism are expected to achieve a further indicative 2% cut.

In its vote on the co-decision report drawn up by EP rapporteur Dorette Corbey (PES, NL), Parliament's Environment Committee backed the Commission proposal for a binding obligation upon fuel suppliers to cut emissions by 10 % by 2020. However, the compromise reached with Council would require a mandatory 6% reduction and asks the Commission to submit a review by 2012, when the directive might be amended to make the indicative 4% reduction by the end of 2017 mandatory, too.

The cuts in greenhouse gas emissions could be achieved, for example, by using more biofuels, alternative fuels or by reducing "gas flaring and venting" at production sites, says the revised text. The World Bank estimates that gas flaring and venting - the burning off or release of natural gas wastes from oil wells and refineries - causes annual emissions of about 400 million tonnes of carbon dioxide.

The compromise was adopted with 670 votes in favour, 20 against and 25 abstentions.