



EUROPEAN PARLIAMENT

2014 - 2019

Plenary sitting

18.9.2014

B8-0000/2014

MOTION FOR A RESOLUTION

pursuant to Rule 106(2), (3) and (4)(c) of the Rules of Procedure

on the draft Commission Decision determining, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, a list of sectors and subsectors which are deemed to be exposed to a significant risk of carbon leakage, for the period 2015 to 2019
(D34266/01 – 2014/0000(RPS))

Committee on the Environment, Public Health and Food Safety

Rapporteur: Bas Eickhout, Sirpa Pietikäinen, Jytte Guteland , Catherine Bearder, Merja Kyllönen, Piernicola Pedicini

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Motion for a European Parliament resolution on the draft Commission Decision determining, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, a list of sectors and subsectors which are deemed to be exposed to a significant risk of carbon leakage, for the period 2015 to 2019 (D34266/01 – 2014/0000(RPS))

The European Parliament,

- having regard to the draft Commission decision (D034266/01),
 - having regard to Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a scheme for greenhouse gas emission allowance trading within the Community and in particular Article 10 and Article 10a (and in particular paragraphs 12 to 18 thereof), and to Directive 2009/29/EC of the European Parliament and of the Council of 23 April 2009 amending Directive 2003/87/EC and in particular Recital 24 thereof,
 - having regard to the European Commission Impact Assessment Guidelines of 15 January 2009¹,
 - having regard to Article 5a(3)(b) of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission²,
 - having regard to Rule 106(2), (3) and (4)(c) of its Rules of Procedure,
- A. whereas the aim of the greenhouse gas emission allowance trading scheme, as laid down in Article 1 of Directive 2003/87/EC, is to promote the reduction of greenhouse gas emissions in a cost-effective and economically efficient manner;
- B. whereas Directive 2003/87/EC as amended by Directive 2009/29/EC provides for auctioning to be the basic principle for the allocation of greenhouse gas emission allowances, because auctioning is the simplest and generally considered to be the most economically efficient system;
- C. whereas Article 10a(12) of Directive 2003/87/EC provides that installations in sectors or subsectors which are exposed to a significant risk of carbon leakage should be allocated allowances free of charge at 100 % of the quantity determined by relevant the ex-ante benchmark;
- D. whereas carbon leakage is used to describe relocation of greenhouse gas emitting activities from the EU to third countries where industry is not subject to comparable

¹ SEC(2009)92.

² OJ L 184, 17.7.1999, p. 23.

carbon constraints as in the EU and thereby increasing global emissions;¹

- E. whereas Article 10(a)13 of Directive 2003/87/EC requires the Commission to determine a new carbon leakage list for the next 5 year period, i.e. 2015-2019;
- F. whereas according to Directive 2003/87/EC, the definition of the sectors and subsectors and the measures required should be subject to reassessment to ensure that action is taken where necessary and to avoid overcompensation;
- G. whereas in order to determine the sectors or subsectors exposed to a significant risk of carbon leakage Article 10a(14) of Directive 2003/87/EC requires the Commission to assess the ability of sectors to pass on the indirect and direct costs resulting from the implementation of the Directive without significant loss of market share to less carbon efficient installations outside the European Union, and for those assessments to be based on an average carbon price according to the Commission's impact assessment²;
- H. whereas Article 10a(15 and16) of Directive 2003/87/EC set quantitative criteria for the establishment of the list; whereas the Commission has to determine certain methodological elements needed for the application of the criteria, namely, carbon price and emission factor for electricity for the cost criterion calculations, auctioning factor, and trade intensity coverage;
- I. whereas the methodological choices for the calculations and the extent of the resulting carbon leakage list will directly impact the distribution of the financial resources constituted by the allowances between industry and Member States' budgets; whereas the number of sectors could have distributional repercussions between industrial sectors, and a shorter carbon leakage list could allow for recalculation of the cross-sectoral correction factor and increased free allocation to the sectors remaining covered by the list;
- J. whereas the new EU reference scenario for 2013 which is the starting point for various policy scenarios for the 2030 Framework for climate and energy policy, is based on an expected carbon price of 10€/tCO₂ in 2020 and 5 €/tCO₂ in 2015; whereas the Commission impact assessment relating to the draft Commission decision quotes several market forecasts and points out that "in all those projected cases, the values for 2020 are in the order of 10€"³;
- K. whereas the draft Commission decision is based on a carbon price of 30€/tCO₂ and maintains all other parameters of the calculation same as in 2009 despite the new evidence; whereas the draft Commission decision qualifies approximately 95 % of the non-power sector emissions covered by the EU scheme as "exposed to a significant risk of carbon leakage" and therefore eligible for 100 % free allocation up to the relevant ex-

¹ See recital 24 of the Directive 2009/29/EC of the European Parliament and the Council of 23 April 2009 amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission trading scheme of the Community. , and p. 7 of Proposal for a directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to improve and extend the greenhouse gas emission allowance trading system of the Community (COM(2008)0016.

² Commission Staff Working Document [...] (2014) XXX.

³ idem

ante benchmarks;

- L. whereas, before putting forward the draft Commission decision, the Commission services produced a draft impact assessment ("Commission Impact Assessment") that analysed, among others, three options for the carbon price to be used in the calculations; whereas that Commission Impact Assessment has not been the subject of formal publication¹; whereas, the draft Commission decision is not accompanied by any other formal impact assessment;
 - M. whereas the Commission impact assessment recommended the policy option based on a carbon price of €16,50, sectoral auctioning factors, an emission factor of 423 g/CO₂/KWh, trade intensity of the EU-28 and EEA-EFTA states and a framework for qualitative assessment; whereas the preferred policy option would have led to the carbon leakage list covering about 68% of allocation to industries with an estimated increase in Member States revenues from auctioning of €5 billion compared to the scenario based on a €30 carbon price;²
 - N. whereas a list of sectors qualifying nearly all of the manufacturing sector's emissions for 100 %-free allocation would reduce the efficiency of the carbon market trading system in incentivising emission reductions and the transition to a low carbon economy and would not be cost-effective;
 - O. whereas until 2013, many of the industrial sectors have cumulated significant surplus allocation;
 - P. whereas the Commission did not fully assess the carbon efficiency of the sectors or subsectors concerned in third countries, or take such assessments into account;
 - Q. whereas the criteria for assessing the "efficiency" of different options in the Commission impact assessment do not fully reflect the objective of the Directive, i.e. promoting the reduction of greenhouse gas emissions in a cost-effective and economically efficient manner;
1. Opposes adoption of the draft Commission decision;
 2. Considers that the draft Commission decision is not compatible with the aim and content of Directive 2003/87/EC;
 3. Calls on the Commission to withdraw the draft decision and submit a new one to the committee, which is based in particular on a more realistic average carbon price for the period up to 2020 and more appropriate parameters;
 4. Considers that the draft Commission decision fails to respect the principle of proportionality;
 5. Instructs its President to forward this resolution to the Council and the Commission, and to the governments and parliaments of the Member States.

¹ See footnote 2 p.3.

² See p.4 of the Commission Impact Assessment.