

Environment MEPs for a stronger EU carbon market

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Plans to boost greenhouse-gas emission curbs through the EU carbon market (EU ETS) were backed by the Environment Committee on Thursday. MEPs propose reducing the carbon credits to be auctioned by 2.4% each year, and doubling the capacity of the market stability reserve (MSR) to absorb the excess of allowances on the market.

"After the Commission proposal, and 650 amendments tabled, today the Environment Committee has delivered a strong signal to the Council" said committee chair Giovanni La Via (EPP, IT). "I think that this was an ambitious yet balanced vote. We really need to implement the Paris agreement and meet our climate targets, without endangering the competitiveness of our industries", he added.

"Today the Environment Committee delivered a welcome Christmas gift to all who care about climate change", said rapporteur Ian Duncan (ECR, UK). "We have endorsed an agreement that honours our Paris commitments, while also protecting our vital industries. The journey has not always been easy but the commitment of my fellow MEPs who negotiated the dossier has been unstinting and I owe them all a debt of thanks", he continued.

"Our next step in February to secure endorsement by the entire Parliament will be a challenge but after today's vote I have greater confidence in the outcome. Time now for the Council to step up to the plate and get ready to bat for climate change" he added.

In their amendments, MEPs advocate increasing the so-called "linear reduction factor" - the yearly reduction of credits, in order to deliver on the carbon curbs - by 2.4%, as against the 2.2% proposed by the European Commission.

MEPs also want to reinforce the MSR's capacity to mop up the excess of credits on the market. When triggered from 2019, it would absorb up to 24% of the excess of credits in each auctioning year, for the first four years - double its current capacity. MEPs also agreed that 800 million allowances should be removed from the MSR as of 1 January 2021.

Aviation and shipping

MEPs say that, in the absence of a comparable system operating under the International Maritime Organisation (IMO), CO2 emissions in EU ports and during voyages to and from them should be accounted for. They propose setting up a fund to compensate for maritime emissions, improve energy efficiency, facilitate investments in innovative technologies and reduce CO2 emissions from the sector. Revenues from auctioning of allowances in the aviation sector would be used for climate action in the EU and third countries.

Next steps

The legislation will be put to a vote by the full House in February. Parliament, Council and the Commission will then start the so-called "trilogue" three-way negotiations.

Note to editors

On 15 July 2015, the Commission published its proposal for Phase IV of the ETS. This aims to meet the EU's 2030 greenhouse gas emissions target of "at least" 40% while

Press release

protecting European industry from the risk of carbon “leakage” (emitters moving to third countries with less stringent limits) and promoting innovation and modernisation in Europe’s industrial and power sectors over the decade from 2020.

Further information

- EP research: Post-2020 reform of the EU Emissions Trading System
:
http://www.europarl.europa.eu/RegData/etudes/BRIE/2016/593498/EPRS_BRI%282016%29593498_EN.pdf
- Committee on the Environment, Public Health and Food Safety:
<http://www.europarl.europa.eu/committees/en/envi/home.html>

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