



Malta-EU Steering & Action Committee

ENVIRONMENT

Sectoral Committee
Weekly Update
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Commission Decision on the Community-wide quantity of allowances to be issued under the EU Emission Trading Scheme for 2013



Last week the Commission announced that greenhouse gas emissions from industrial installations covered by the EU's emissions trading scheme (EU ETS) will be capped at just under 1.927 billion allowances for 2013.

The Commission's decision determines the maximum amount of emissions from around 11,000 industrial installations and power plants regulated by the EU ETS in 2013. The companies will have to surrender an allowance for each tonne of carbon they emit. In the course of the third trading phase, which runs from 2013 to 2020, the cap will be lowered annually by 1.74%, taking as a basis the average cap in the second trading phase (2008-2012). This amounts to a reduction of around 35,374,181 allowances per year. The Commission said, however, that it would revise the cap in September to take into account the extension of the scheme's scope post-2012. At present, it does not account for new sectors such as aluminium or gases like nitrous oxide, for instance. Further adjustments will be made later if new entrants join the market or if emissions-reduction projects planned under the Kyoto Protocol fail to produce credits for companies to offset their emissions with, according to the Commission.

"Final figures for the 2013 cap may thus not be available before 2013," the Commission said. It will update the figures in 2011 or later to keep the public informed, but expects only marginal changes, it added. Moreover, the cap would be further shrunk if the EU decides to increase its emissions reduction target to 30% below 1990 levels by 2020, as it has promised to do should other industrialised countries make similar commitments during UN negotiations on a new climate treaty,. The decision taken now is based on the EU's current legal obligation to cut greenhouse gas emissions to 20% below 1990 levels by 2020. This will translate into emission reductions from ETS installations of 21% by 2020 compared to 2005 levels, according to the directive revising the scheme. The revision of the EU ETS in 2008 sought to tighten the cap for the post-2012 period after overly generous allocation had brought down allowance prices and left companies with windfall profits. The recession has further contributed to the excessive number of permits by bringing down industrial production, leading to concerns that if banked



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into the next trading phase, these unused allowances will continue to suppress prices even after the economy has picked up.

The full Commission Decision can be found at:

http://ec.europa.eu/environment/climat/emission/pdf/dec_4658.pdf

Parliament vote seals ban on illegal timber

The European Parliament on 7th July backed a compromise to close EU markets to illegal timber. MEPs voted to approve a political inter-institutional agreement on a new regulation that sets obligations on operators that place timber or related products on the EU market. The new legislation issues a ban on illegally-harvested timber and is aimed to guarantee legally-sourced products access to EU markets while halting deforestation in third countries.

"EU legislation to ban the sale of illegally-sourced timber represents a major international breakthrough, from the forests around the world that are ravaged by illegal logging to the EU market where timber and wood products are sold," said MEP Satu Hassi (Finland, Greens/EFA), who represented the Parliament in the final negotiations.

Currently around a fifth of all timber and related products, like furniture, is suspected to come from illegal sources. When the legislation enters into force in late 2012, the operator who first places timber or a timber product on the EU market will have to trace its origins or face sanctions. All subsequent sellers will then have to declare who they bought the timber from and who they sold it to in order to ensure that the legality of the wood can be traced at any point in the supply chain. However, member states have the right to decide whether to impose criminal-law penalties and fines on offenders. The regulation only recommends that consideration should be given to the environmental damage caused, the value of the timber and lost tax revenue. It is now up to Council to give its formal assent to the legislation.

The full article can be found here:

<http://www.euractiv.com/en/climate-environment/parliament-vote-seals-ban-illegal-timber-news-496127>



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Parliament approves Industrial Emissions Directive

Last week the European Parliament endorsed a new directive strengthening pollution limits that industrial installations will have to comply with.

The endorsement of the new Industrial Emissions Directive brings to an end a long battle between industry, which warned of competitiveness losses, and environmentalists who argue that cleaning Europe's industry is a prerequisite for sustainable production. The new law sets stricter limits on the pollutants that industrial installations are allowed to spew into the air, water and soil. It limits atmospheric pollutants such as nitrogen oxides (NO_x), sulphur dioxide (SO₂) and dust, which are responsible for acid rain and smog and cause respiratory diseases like asthma. It combines seven existing air pollution directives, notably the Large Combustion Plant Directive and the Integrated Pollution Prevention and Control (IPPC) Directive, which obliges around 52,000 industrial and agricultural installations to obtain environmental permits.

Installations will have until 2016 to comply with the stricter limits. The measurement stick is the implementation of "best available techniques" (BATs), or the most effective technologies that can provide high levels of environmental protection while balancing cost and benefit. Member states will, however, be able to deviate from the standard for certain technical reasons or local circumstances if they can prove that the costs of implementing the standards would be disproportionate compared to environmental benefits. The modification was insisted upon by MEPs, who wanted to ensure that member states are not tempted to bend the rules without good reasons to do so.

"It wasn't possible to achieve more," said MEP Holger Kraemer (Germany, ALDE), who steered the legislation through Parliament. He said the compromise is an improvement on existing regulation in terms of environmental protection and creating a level playing field for European industrial areas.

The full article can be found here:

<http://www.euractiv.com/en/climate-environment/parliament-approves-industrial-emissions-directive-news-496092>