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## **BRUSSELS THIS MONTH**

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### **Controversial EU Climate Package Unveiled**

*The costs of inaction towards climate change will be much higher than the price of taking up the measures proposed by the Commission, warned Commission officials during the presentation of the "Climate Change Package" on 23 January.*

*The package has evoked all kinds of reactions, ranging from satisfaction to discontent. However, as the Executive Director of the Institute for Environmental European Policy suggests in his own words, "success would be about more than climate policy". Achieving these targets will mean finding consensus among Member States, the European Institutions, the industry and non-governmental organisations and adapting industrial and environment national strategies. It will be unlikely to find a greater challenge in the environmental agenda for 2008.*

*Europe has profiled itself as the international leader on sustainability and leads many initiatives aiming at mitigating climate change. One of the key tasks for European leadership will be its capacity to live up to its compromises and get other countries on board.*

*One of the most contested proposals, the Emissions Trading Scheme, has stepped into national sovereignty by establishing that at least one-fifth of revenues from carbon permit auctions to be ring-fenced in the fight against climate change. Criticism has risen among Member States who consider that governments should have full freedom to decide how they use money raised from selling carbon allowances to industry.*

*The revision of ETS brings two major changes to the scheme currently in force. Firstly, it establishes a ceiling for quotas at European Union level and no longer by Member States, and secondly, the allocation of emission quotas will take place, except in certain cases, through auction sales. These quotas will be progressively reduced to reach a reduction of 21% in emissions under the ETS by 2020 in comparison to 2005.*

*The world's major energy companies suggested the new climate strategy will be counterproductive and increase Europe's energy vulnerability, with emissions restrictions leading to power companies scrapping plans to build plants.*

*One of the most welcomed proposals by stakeholders, the renewables proposal, sets national targets for renewable energy in each Member State to reach an EU average of 20% by 2020. The only point of contention is the plan to go ahead with the biofuels production as part of the renewables strategy. Greatly criticized by Green political groups, institutions and some research institutes believe that an increased demand for biofuels is causing fundamental changes to agricultural markets that could drive up world prices for many farm products. The biofuels target of 10% remains in the scheme.*

*Biofuels sustainability is at the heart of the discussion, but whether Europe achieves it or not will depend on the capacity and willingness of the industry to find sustainable cost-effective solutions in a short period of time.*

*The Commission hopes to see the package adopted by the first half of 2009 at the latest, before the end of the European Parliament's term. In the months to come, it is certain this package will continue to dominate discussions in Brussels.*