CARBON TRADE WATCH

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Caught in the cross-hairs: how industry lobbyists are gunning for EU climate targets

When big business comes across EU climate targets it instinctively reaches for its big guns, unleashing CEOs and a volley of lobbyists in an attempt to avoid substantial reductions in greenhouse gas emissions. The first six months of 2011 have seen the latest round of this contest, with two policy initiatives re-opening the targets debate. A new report calling upon the EU to raise its greenhouse gas emissions reduction target from 20 to 30 per cent will be voted on at the 23 June plenary of the European Parliament.[1] This is a step in the right direction, although it still falls well short of what is needed to tackle climate change.

The second initiative is the Roadmap for moving to a competitive low-carbon economy in 2050 (hereafter "Roadmap"), which has been proposed by the European Commission, and which will be discussed on 21 June at the inter-ministerial Environment Council.[2] The Roadmap sets out a path for the EU to reduce its emissions by 80 to 95 per cent by 2050, but suggests a route that is littered with false "solutions" such as carbon trading, nuclear energy, agrofuels and carbon capture and storage (CCS), all of which have severe social and environmental impacts.

This report shows how BusinessEurope, the European employers' confederation; the European Chemical Industry Council (CEFIC) and the European Confederation of Iron and Steel Industries (Eurofer) have launched a bullying campaign to prevent a rise in targets and other steps. In so doing, they have counted on support from DG Enterprise, in particular. Tensions between DG Energy and DG Clima are also being exploited by the industry lobbyists in their attempts to further weaken the EU's climate commitments.

Moving targets

The European Union set itself a target of a 20 per cent reduction in greenhouse gas emissions by 2020 as part of the Climate and Energy package, agreed in December 2008. The Commission also proposed raising this target to 30 per cent if other industrialized countries made similar commitments.[3] With the failure of the UN Climate Change Conference (COP15) in Copenhagen, it became clear that this objective would not be achieved multilaterally, but in May 2010 the Commission published a Communication suggesting an unconditional move to 30 per cent[4]. This was met with predictable opposition from corporate lobbyists, including BusinessEurope, which has a long record of resisting EU climate targets. It fought against the 20 per cent by 2020 target until that was adopted, and fought against the 30 per cent target in the post-Copenhagen Communication, enlisting the help of the French and German industry ministers to force the Commission to freeze the idea.

A new report from the European Parliament has now reopened this debate. The report, prepared by Green MEP Bas Eickhout, was approved in May by the ENVI Committee (the European Parliament Committee for Environment, Public Health and Food Safety) and will be voted on in a plenary session of the Parliament on 23 June. It calls on the Commission to come with proposals as soon as possible and the latest by the end of 2011 to move to a 25 per cent reduction in emissions by 2020. This target is to be achieved domestically, which means that it has to be obtained without recourse to international offsets from the UN Clean Development Mechanism (CDM) or Joint Implementation (JI) schemes. The report also calls for an overall target of 30 per cent by 2020 and gives a critical assessment of the risk of "carbon leakage"[5].

BusinessEurope has a long record of resisting EU climate targets. It fought against the 20 per cent by 2020 target until that was adopted, and resisted the suggestion in the EU's post-Copenhagen Communication that this be raised to 30 per cent target

Targets are also an issue in the Roadmap, which approaches the issue of the 20 or 30 per cent target with some caution. The main purpose of the Roadmap is to set out a path for climate action beyond 2020. To this end, it takes as its starting point the European Union's stated aim of reducing greenhouse gas emissions by between 80 and 95 per cent by 2050 compared with 1990 levels (see box: "The numbers game") and asks how this might be achieved.[6] It claims that, overall, there should be a domestic emissions reduction of 80 per cent by 2050, i.e. without resorting to international carbon offsets. It suggests that a cost-effective pathway would involve emissions reductions compared to 1990 levels of 25 per cent in 2020, 40 per cent by 2030 and 60 per cent by 2040. It falls short of suggesting that these interim figures should be binding targets, however.

A dangerous Roadmap

The Roadmap also sets out a series of "milestones" for reducing emissions from the power sector, industry, agriculture, transport and buildings. But these enter dangerous territory, with the main proposals centred on a growing role for carbon trading, nuclear power, fossil fuel power plants and manufacturing sectors using Carbon Capture and Storage (CCS) technology. Renewable energy also plays a key role, although even here the Roadmap envisages that "energy from biomass will be a significant component of the increase in renewable energy projected over the coming decades ."[7]

The Roadmap's projections for the future of carbon trading are implausible. The impact assessment imagines an EU Emissions Trading System with a carbon price rising to between €100 to €370 per ton by 2050. The current price is €16.50, and this could well collapse if energy efficiency targets are strengthened EU-wide.[8] Moreover, the assumption that the EU will effectively reduce emissions has not been borne out by the evidence of how the scheme has performed to date. We have shown elsewhere that the ETS has served as a subsidy scheme for polluters, while failing to reduce emissions.[9]

As the recent disaster of the nuclear plant of Fukushima in Japan shows, nuclear energy is far from being safe. Neither is it emissions free.[10] With citizens' pressure in Germany and Italy, amongst others, forcing governments to drop plans to expand nuclear power, it is highly irresponsible of the EU to continue promoting its expanded use. The current use of agrofuels is already playing havoc with food prices as well as causing a number of other social and environmental harms – which would only increase with its expanded use.

For the corporate lobbyists, however, the most contentious aspects of the Roadmap concern how it sets out the 2020 targets, as well as the suggestion that some carbon emissions allowances (EUAs) should be "set aside".

The set aside proposal would delay releasing some EUAs for the third phase of the EU ETS, which runs from 2013 to 2020. The idea is that this should compensate for the large surplus of permits accumulated by industry (in particular, the steel and cement sectors) in the second phase of the scheme, which they can hold onto ("bank") in order to delay making future emissions reductions. To really achieve this goal, however, would require a cancellation of the allowance surplus, rather than temporarily holding onto them - although this would still not address the many other problems with the ETS.[11]

BusinessEurope and CEFIC step up the pressure on DG Clima

With the 2011 Roadmap and European Parliament report re-opening the 30 per cent debate, BusinessEurope has intensified its lobbying once more. On 2 February, BusinessEurope President Jürgen Thumann, a German steel man, and the rest of the Executive Committee of BusinessEurope (composed of the Directors Generals of the EU´s national employers´ federations) met Climate Commissioner Connie Hedegaard and other DG Clima officials to discuss the Roadmap, of which drafts were already circulating.[12] BusinessEurope laid out its main points regarding the Roadmap, among them the demand to leave the 20 per cent target unchanged, to focus on energy efficiency (for sectors not covered by the ETS) and to keep hold of international offsets. It also opposed setting aside a number of allowances during phase 3 of the ETS. It argued that any change in the overall target should be conditional upon similar international action by both industrialised and emerging economies.

CEFIC, the association of the European chemical industry, took up the baton from BusinessEurope and brought a selection of heavyweights to meet Hedegaard on 2 March, less than a week before the final Roadmap was published. Its delegation included Giorgio Squinzi, the group's President, as well as the CEOs or Presidents of BASF, Bayer, Dow, Dupont, ExxonMobil, Procter&Gamble, Rhodia, Shell and Solvay. A day later, on 3 March, Hedegaard met once more with the BusinessEurope ExCom to discuss the Roadmap and the review of the 20 per cent target.

CEFIC and BusinessEurope work closely together on these issues, and the chair of the climate change working groups of both organisations is Nick Campbell, who works for Arkema, a French chemical company.

CEFIC strongly opposes the move beyond a 20 per cent target, which it claims was and is conditional.[13] "These conditions have not been met. Why, therefore, are proposals now being discussed to move to a unilateral minus 30 per cent? Industry does not agree." CEFIC argues that stepping up the target will not help the EU´s competitive position, contrary to what several other studies affirm.[14]

Nick Campbell of French chemical company Arkema lobbies on behalf of CEFIC and BusinessEurope that the EU should not take unilateral climate action, but he is also chair of the International Chamber of Commerce "climate change taskforce," which works to undermine binding global emissions targets

However, it is worth noting in this regard that Campbell is *also* chair the International Chamber of Commerce "climate change taskforce." With his CEFIC and BusinessEurope hats on, Campbell argues against unilateral climate action, but at a global level the ICC is working to undermine the binding multilateral emissions targets altogether.

BusinessEurope to DG Clima: set aside the "set aside"

On 3 March, five days before the publication of the Roadmap, the Executive Committee of BusinessEurope met with Hedegaard again. The next day, the Commissioner received a letter to urgently address two points of the Roadmap. BusinessEurope complained that the draft suggests that the emissions reductions will have to be achieved domestically in 2020. It claimed that international offsets are "a cornerstone of the ETS" and resorts to the threat that "carbon leakage" would force industry to relocate outside of Europe – a suggestion that it had successfully used in order to gain free emissions permits for industry from 2013-2020.[15]

The main point on the BusinessEurope lobby agenda at this meeting was the issue of "setting aside" emissions allowances. The draft Roadmap had suggested that between 500 and 800 million allowances for ETS phase 3 be set aside, in order to address a large surplus that had been received by energy intensive industries (the core of BusinessEurope's membership), which could significantly delay action to reduce emissions.

BusinessEurope claimed that a set aside "could seriously endanger the competitiveness of European industry".[16] It argued that the ETS is "not primarily conceived as a tool to drive investments but to ensure that an agreed reduction is met in the most cost efficient manner" and that "a lower carbon price is therefore proof of the system actually achieving its objectives rather than a cause of concern."

DG Enterprise has shown itself to be a powerful ally of BusinessEurope when it comes to weakening environmental measures

In response to this lobbying, the Roadmap published on 8 March deleted the figure of 500 to 800 million allowances that appeared in an earlier draft, suggesting instead that "appropriate measures" including a set aside should be considered in advance of a "corresponding political decision."[17]

Who´s side is DG Enterprise on?

DG Enterprise consistently sides with industry in debates on EU Climate policy. The following example, obtained in response to an access to documents request, illustrates the cozy working relationship developed between DG Enterprise and BusinessEurope.

On 4 March, the same day that BusinessEurope sent that letter to Commissioner Hedegaard, Nick Campbell, chair of BusinessEurope´s working group on climate change received an email from Joachim Ehrenberg, an official at DG Enterprise. At 10.34 in the morning he asked Campbell about BusinessEurope´s view on the set aside. "I read not much about BE having a view on that particular issue, except for some energy intensive industries expressing concerns recently in Amsterdam. Is there a BE view?". He also explained that the setting aside is not a new concept, but the novelty now in the Roadmap is that it will not be conditional on a move to a 30 per cent emissions reduction target.

Ten minutes later Ehrenberg received a reply from Campbell, with the letter to Hedegaard and a note on the draft Roadmap attached. In his reply Campbell informed Ehrenberg that "We spent all day yesterday at BE on a workshop on this issue. Also the BE ExCom had a visitation from Mrs. Hedegaard!! Following that meeting Philippe [director general Phillipe de Buck] has sent a letter to ensure that the messages get through." He also explains they are working on a press release for the next week: "main issue, of course, is the set aside!!". Campbell explains that Eurelectric (except for a handful of dissenting companies) is also strongly opposing it.[18]

This casual, trustful working relationship is not an isolated case. There are numerous examples in which DG Enterprise has shown itself to be a powerful ally of BusinessEurope when it comes to weakening environmental measures.[19]

The Roadmap weakened

The casting aside of the "set aside" target was not the only negative impact of corporate lobbying around the Roadmap. A comparison between the leaked draft of the report and the published version shows several other instances in which language concerning industry was softened.

The draft stated that "The EU Emissions Trading System (ETS) **will need to be strengthened** to drive a wide range of low carbon technologies into the market", implying changes to rules or targets. The equivalent passage in the final version merely states that "the EU ETS **will be critical** in driving a wide range of low carbon technologies into the market..."

Greater ambiguity in the language was one of the two main lobby points of corporate groups. Their other concern was to cut off any attempt to move beyond the 20 per cent emissions reduction target for 2020. The final version included a sentence in the conclusions that was not in the draft: "This Communication does not suggest to set new 2020 targets"

In the section on "industrial sectors, including energy intensive industries" the language is also reinforced in favour of industry. A whole paragraph referring to "carbon leakage" was added to the final version:

[the Commission] notes the findings on options for addressing carbon leakage as set out in the Communication of May 2010, including on the inclusion of imports into the ETS. The extent to which the existing, adequate safeguards are sufficient will continue to be kept under close review in relation to efforts by third countries. The Commission remains vigilant in order to maintain a strong industrial base in the EU. The Commission will continue to update the list of sectors at risk of carbon leakage as foreseen in the EU ETS Directive. Clearly, the best protection against the risk of carbon leakage would be effective global action.

The conclusion also adds adds a new sentence reinforcing this point: "[The Commission] will also remain attentive to the risk of carbon leakage in order to ensure a level-playing field for industry." This opens the door once more to a safeguard for industry against future measures, with the argument of protection against carbon leakage and loss of competitiveness.

After publication: the campaign continues

BusinessEurope redoubled its efforts after the publication of the Roadmap, attempting to undermine support within the Commission, as well as shifting attention to the debate in the Council and Parliament.

To this end, on 14 March BusinessEurope issued a "scorecard" on the EU´s Climate and Energy Roadmaps 2050[20], under the banner "business is the solution, not the problem, to reducing greenhouse gas emissions."[21]

DG Energy is publishing a Roadmap 2050 on Energy for the end of 2011, which is also subject to considerable business lobbying. Energy Commissioner Günther Oettinger has expressed views on emissions targets that are closely echo the lobbyist's words on the subject: "If we go alone to 30 per cent, you will only have a faster process of de-industrialisation in Europe" he told *The Guardian* newspaper in February 2011.[22]

With DG Energy and DG Enterprise taking positions favourable to large corporations, BusinessEurope insists on the need to integrate EU policies for climate, energy and industry. This was the theme of a high-level seminar on the Roadmap 2050 organised on 15 March by the employers´ group, which brought together the Directors Generals (leading civil servants) of DG Clima (Jos Delbeke), DG Enterprise (Heinz Zourek) and DG Energy (Phillip Lowe). The seminar was not open to press or NGO participation, but was attended by representatives of national employers groups (such as the German BDI or the UK CBI), and European sectoral organisations including Eurelectric, CEFIC, Eurofer (the steel industry), Cembureau (cement), ACEA (automobile producers) and Europia (oil). Individual corporate members of BusinessEurope also took part, including ArcelorMittal, Areva, BASF, Enel, ExxonMobil, GDF Suez, Solvay and Total.

In addition to the pressure applied by national employers´ groups and corporations on their respective governments, BusinessEurope is directly lobbying the Council ahead of the Roadmap discussion at the 21 June Environment Council. BusinessEurope wants member states to "not acknowledge" the Roadmap's milestones for emissions reductions for 2030, 2040 and 2050, treating them merely as indicative figures.[23] It also encourages member states to reject domestic obligations by allowing international offsets, to make any change to the 2020 targets conditional to a legally binding and enforceable international agreement with equivalent actions from major economies; and to reject the proposal to set aside allowances.

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Steel industry lobbying: "unacceptable"

Eurofer, the European steel industry lobby, can be safely ranked as the most vociferous opponent of climate policies. During the review of the third phase of the ETS, it played the "carbon leakage" card, grossly exaggerating the claim that climate action in the EU would result in a massive relocation of industry. This successfully secured the steel sector, and other manufacturers, a continuous supply of free permits to pollute for the period 2013-2020.

Yet several studies have challenged the steel industry's claims. Not only were the threats of relocation exaggerated, but the sector has succeeded in passing the "costs" of emissions permits (which it received for free) onto consumers.[24] Eurofer is playing this same card in the debate on the Roadmap and on emissions reduction targets, however.

On 25 February, in the run up to the publication of the Roadmap, Eurofer published its opinion that the Roadmap was "unacceptable".[25] Director General Gordon Moffat claimed that the 80-95 per cent 2050 emissions reduction target in the Roadmap was only "aspirational" and "as usual, it is being interpreted by DG Climate as a firm objective regardless of technical possibilities. This will lead to the deindustrialisation of Europe."[26]

Eurofer also reacted strongly against the proposal to set aside a number of allowances during phase 3 of the ETS. "The confiscation of allowances from the emission trading system, as proposed by the roadmap, will have exactly the same effect as a unilateral move to 30 per cent, this is unacceptable. We hope member states will not fall into this trap", said Moffat.

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On 19 May, Eurofer published an open letter to EU institutions signed by Eurofer President Wolfgang Eder and the CEOs of some of the largest steel companies: ThyssenKrupp, Salzgitter, Tata, ArcelorMittal, Gruppo Riva and Celsa. It complains that EU climate policy is harming the competitiveness of the European economy, and claims that EU "benchmarks" for the allocation of free ETS permits to the steel sector as a threat to competitiveness and jobs.[27]

This opinion is reflected in Eurofer's stated intention to take legal action against the European Commission over benchmarking. Eurofer claims that these new rules will cost the industry about €5 billion between 2013 and 2020, on top of the €18 billion from stopping the system of free permits.

These claims are outrageously at odds with assessments of the actual effect of the ETS on the steel sector, which show that it has been able to accrue huge windfall profits from the scheme. In 2010, for example, the steel sector had a surplus of 77 million allowances, worth over €1 billion. Almost half of these were held by ArcelorMittal, which held a surplus of 31 million permits (worth almost €450 million) according to an analysis of official EU data by Thomson Reuters Point Carbon.[28] For the scheme as a whole, the UK-based NGO Sandbag claims that the steel sector has accrued a surplus of 212 million carbon permits worth €3.4 billion, of which almost half are held by ArcelorMittal.[29]

Cozy with DG Enterprise

The evidence of steel industry windfall profits from the ETS has done little to dampen down Eurofer's claims that climate targets could lead to relocation and job losses. In this, Eurofer looks to DG Enterprise for support, with whom it has a fruitful history of fighting against climate policies.

In October 2010, Gordon Moffat wrote a letter to Enterprise Commissioner Antonio Tajani which claims, incredulously, that "There has been no over-allocation to the steel industry in phase II."[30]

Moffat dismisses evidence to the contrary as inaccurate, but complains to Tajani that "the misinformation has unfortunately been expressed by Commissioner Hedegaard herself and other sources, notably NGOs." He lashes out at these opponents, claiming to be "rather astonished to have learned that European funds may be being used to finance the activities of NGOs most of which promote partisan views on the issue of climate change."[31]

The EU's "embodied emissions" - which factor in imports of consumer products – rose a lot more than the fall in domestic emissions since 1990. The outsourcing of emissions has its origins in socioeconomic factors and trade policies rather than "carbon leakage"

Eurofer also asked Tajani for support against the setting aside of permits, "Allowances in the third trading period cannot be artificially restricted by the Commission using the spurious argument that the steel industry was over-allocated in previous periods. That would be both improper and indeed illegal." This claim is factually inaccurate, however. If the set aside is temporary, the Commission has the authority to act without further legislation.[32]

Moffat ends by claiming that "the policy pursued by DG Clima aims at de-industrialisation whether this is stated openly or not", but contrasts this with Tajani's "enormous efforts… on behalf of industry in Europe."

The numbers game

The Roadmap claims that an 80 to 95 per cent reduction in emissions by 2050 is consistent with a target of restricting global warming to 2 degrees which, in turn, would avoid the disastrous scenarios that scientists predict could result from a higher rise in global temperatures. Its figures reflect a political interpretation rather than a scientifically endorsed consensus, however.[33] Many scientists suggest that a 1.5˚C target is a safer global goal. This position has recently been endorsed by UNFCCC executive secretary Christina Figueres, as well as having the backing of many countries in the global South.[34]

The debate surrounding such numbers take us only so far, however. The key questions at stake in the Roadmap, and international climate negotiations, are political and economic concerns about who should take responsibility for tackling the climate problem and how that will be done. As Third World Network points out, "with less than 20 per cent of the population, developed countries have produced more than 70 per cent of historical emissions since 1850." More generally, the EU figures are flattered by taking 1990 as a baseline, because emissions reduced vastly in Central and Eastern Europe after the collapse of the Soviet bloc.

A lot rests, too, on how the numbers are expressed. The standard presentation of the figures counts domestic emissions – the greenhouse gases coming from the smokestacks, agricultural land, cars and buildings of the EU. Another way to measure is to focus on consumption – setting out responsibility according to where the goods, services and energy supplies produced by farms, factories and power stations end up being used. These are referred to as "embodied emissions."

A recent study has shown that the EU's imports of "embodied emissions" have been *larger* than its domestic reductions since 1990.[35] It notes that these increases in "embodied emissions" have their origin in socioeconomic factors and trade policies, rather than "carbon leakage", which most of the literature suggests has had "a minimal effect on international trade" to date.[36]

The EU Parliament report

On 23 February 2011, Green MEP Bas Eickhout presented a draft *Analysis of options to move beyond 20 per cent greenhouse gas emission reductions and assessing the risk of carbon leakage*.[37] It calld upon the Commission to come forward with proposals to move to a 30 per cent greenhouse gas reduction target for 2020 as soon as possible, and by the end of 2011 at the latest. It states that 25 per cent of this target should be achieved domestically (with no offsets), and calculates that would require a reduction in the ETS cap of some 1.4 billion allowances.

The report suggests that there is little evidence to support the claim that "carbon leakage" is leading to the delocalisation of industry. It notes that energy-intensive industry sectors are likely to have a considerable surplus of emissions allowances, calculating this at up to 2.4 billion allowances (including unused offset credits) by 2020. This could delay emissions reductions, or result in potentially large windfall profits.

According to sources within the European Parliament, there was an intense period of lobbying in the run up to the 24 May vote

The members of the ENVI Committee tabled over 350 amendments to this report, many of them inspired by industry lobbying. These were condensed into 19 "compromise amendments", which were voted on at the ENVI Committee on 24 May.

The most significant amendment (2) called for "the Commission to come forward, as soon as possible, with proposals to achieve 25 per cent internal greenhouse gas reductions by 2020 consistent with a cost effective pathway to the 2050 objective as outlined in the 2050 Roadmap."[38] If that were to be approved, this would trigger a vote on a further amendment (2a) on whether to "move to a 30 per cent overall target for 2020."[39]

Lobbying Parliament

According to sources within the European Parliament, there was an intense period of lobbying in the run up to the 24 May vote. CEFIC, BusinessEurope and Eurofer all met with MEPs to convey their demands. The three groups strongly opposed raising the 20 per cent target, as well as the notion that the targets have to be achieved domestically.

For Eurofer, the lobby effort was led by Axel Eggert, Director for Public Affairs at Eurofer. Eggert used to work as an assistant to Karl-Heinz Florenz MEP, a German conservative member (and former chair) of the ENVI Committee. Eggert emailed all ENVI members on 23 May, with the following advice: "We urge you to reject Compromise Amendment 2 and Consolidated Amendment 2a", referring to amendments calling for a 25 per cent domestic target and a 30 per cent overall target respectively. "We urge you to reject the whole report in case Compromise Amendment 2 and/or Consolidated Amendment 2a are adopted."

In addition, Eurofer encouraged Parliamentarians to support amendments that would remove a reference to potential border tax adjustment measures for the steel sector (in place of free carbon allowances) as a means to tackle carbon leakage. It also successfully sought the removal of a comparison pointing out that eco-industries employed "ten times" the number directly employed by the steel sector.

BusinessEurope´s Industrial Affairs Director Folker Franz also sent an email to ENVI members on 23 May. As with Eurofer, BusinessEurope called on Parliamentarians to reject the amendments which call for a 25 per cent domestic and a 30 per cent overall emissions reduction targets for 2020.

ENVI members resisted industry pressure and voted in favour of the report, with both amendments approved. The call for a 25 per cent domestic target for 2020 was passed with 53 votes in favour, with 1 abstention and 7 against. The overall target of 30 per cent was approved by a smaller margin, with 36 in favour and 27 against. The difference lay mainly in the vote of the European Peoples Party (EPP, the main conservative party grouping), many of whom voted in favour of the 25 per cent domestic target but against the 30 per cent overall target. This is not the end of the story, however, since the report approved in the ENVI Committee now goes to a vote in the plenary of the Parliament. Again, amendments have been tabled that would weaken the targets, if approved, as well as introducing weaker and more ambiguous language in the text of the report.

Conclusion

The debate on EU emissions targets for 2020, and the framing of the Roadmap for a low-carbon economy by 2050, have been subjected to a concerted lobby campaign by BusinessEurope, CEFIC and Eurofer, in particular. These same organisations have sought to undermine climate action at every step. In arguing against stronger targets, they have repeatedly invoked the threat of "carbon leakage", claiming that manufacturing will relocate outside the EU if policy targets within the bloc are too ambitious. This claim has little basis in reality, but it has successfully been used to weaken legislation.[40]

In 2011, the focus of this lobbying shifted to the *Roadmap for moving to a competitive low-carbon economy in 2050*. A concerted effort sought to weaken language around reduction targets, and remove figures for a "set aside" of carbon permits that would have implied a modest increase in the stringency of the scheme covering EU-based polluters.

The Roadmap as a whole already offers a route to "low-carbon future" that is built around a series of false solutions to climate change, including CCS, nuclear power, agrofuels and the EU ETS. From an environmental justice perspective, the lobby efforts signal an attempt to make a bad policy worse.

The lobbyists have been aided in these efforts by DG Enterprise and DG Energy, which have reinforced the attempts to shape climate policy objectives around competitiveness concerns rather than principles of environmental integrity or equity and social justice. To achieve the latter would require far more concerted action than is offered by either the Roadmap or a 30 per cent climate target. A move to 30 per cent is a step in the right direction, however, and the Parliament vote is an important opportunity to push back against the corporate hijacking of EU climate policy.

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Notes

1. Bas Eickhout (rapporteur) (2011) "Report: On the options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage", 1 June, Committee on the Environment, Public Health and Food Safety http://www.europarl.europa.eu/sides/getDoc.do?pubRef=-//EP//NONSGML+REPORT+A7-2011-0219+0+DOC+PDF+V0//EN&language=EN
2. European Commission (2011a), "Roadmap for moving to a competitive low-carbon economy in 2050", 8 March, http://ec.europa.eu/clima/documentation/roadmap/docs/com_2011_112_en.pdf The Environment Council is composed of environment ministers from the EU's 27 member states.
3. See European Commission (2007) "Communication: Limiting Global Climate Change to 2 degrees Celsius . The way ahead for 2020 and beyond ", 10 January, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2007:0002:FIN:EN:PDF
4. European Commission (2010) "Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage", COM(2010) 265 final, http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2010:0265:FIN:EN:PDF
5. During the debate for the review of the third phase of the ETS (2013-2020), manufacturing industry, in particular steel, cement and chemical, threatened with massive job losses and an increase of net emissions due to the relocation to non-EU countries with less estringent carbon regulations. This net increase is called carbon leakage, and as a result of the heavy corporate lobbying, the proposal to start auctioning permits to pollute to the manufacturing industry was withdrew and most of it will keep receiving permits for free at least until 2020.
6. This was reconfirmed as an objective of the EU by the European Council in February 2011.
7. European Commission (2011b) "Summary of the Impact Assessment accompanying A Roadmap for moving to a competitive low carbon economy in 2050", p.7 http://ec.europa.eu/clima/documentation/roadmap/docs/sec_2011_289_en.pdf
8. Pete Harrison (2011) "EU energy plan threatens carbon billions" Reuters, 30 May, http://www.reuters.com/article/2011/05/30/us-eu-energy-climate-idUSTRE74T23C20110530
9. Carbon Trade Watch and Corporate Europe Observatory (2011) "EU Emissions Trading System: failing at the third attempt", http://www.carbontradewatch.org/articles/eu-emissions-trading-system-failing-at-the-third-at.html
10. See, for example, Greenpeace (2007) "Climate change: nuclear not the answer", http://www.greenpeace.org/international/PageFiles/24507/briefing-nuclear-not-answer-apr07.pdf
11. This would need a review of the ETS Directive, however, opening up new lobby opportunities. It is also difficult to envisage member state support for such a measure.
12. In addition to his position at BusinessEurope, Thurman is a member of several company boards, including the steel company ThyssenKrupp, http://www.thyssenkrupp.com/en/konzern/thumann.html
13. CEFIC repeated these claims on a comment released on 21 March 2011 on the EU climate targets and policies. (http://www.cefic.org/Documents/PolicyCentre/Cefic per cent20comments per cent20on per cent20EU per cent20greenhouse per cent20gas per cent20reduction per cent20targets per cent20and per cent20policies.pdf) . CEFIC claims that being the chemical industry the largest electricity consumer is exposed to a significant risk of carbon leakage and urges Comission and member states to adopt financial measures to compensate them for increased electricity costs. DG Clima held a consultation on State Aid rules which may grant this point – with new regulations expected later in 2011.
14. Carlo Jaeger et al. (2011) "A New Growth for Europe. Generating Prosperity and Jobs in the Low-Carbon Economy", Potsdam: European Climate Forum / German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety, http://www.newgrowthpath.eu/wp-content/uploads/2011/03/A_New_Growth_Path_for_Europe__Synthesis_Report.pdf
15. Corporate Europe Observatory (2009) "The EU: a hollow champion for the climate - how the financial crisis (and intensive lobbying) let polluting industry off the hook", Brussels: CEO, 7 December, http://www.corporateeurope.org/climate-and-energy/content/2009/12/eu-hollow-champion-climate
16. Letter by Phillipe de Buck to Commissioner Hedegaard, 4 March 2011, obtained through freedom of information regulations.
17. European Commission (2011a), p.11

18. Six energy companies within Eurelectric have taken a dissenting view and support a a 30 per cent target. In its response to the Roadmap, Eurelectric also stresses its support for international offsets as "cost_effective and essential to achieve significant emission reduction target", see EURELECTRIC (2011) "Response to Commission Communication A roadmap for moving to a low carbon economy in 2050", 8 March
19. Corporate Europe Observatory (2011) "Laughing all the way to the (carbon offset) bank: collusion between DG Enterprise and business lobbyists", April, http://www.corporateeurope.org/climate-and-energy/content/2011/04/laughing-all-way-bank
20. These Roadmaps are part of the Europe 2020 flagship initiative for a resource-efficient Europe. Within that framework there are now being prepared initiatives in transport, energy and climate change.
21. BusinessEurope (2011) "BusinessEurope´s Scorecard for the EU´s Climate and Energy Roadmaps 2050", 14 March
22. Fiona Harvey (2011) "Hopes of 30% cut in greenhouse emissions dashed", 10 February, http://www.guardian.co.uk/environment/2011/feb/10/hopes-greenhouse-emissions-cuts-dashed
23. BusinessEurope Position Paper (2011) "Roadmap for moving to a competitive low carbon economy in 2050", 3 June http://www.businesseurope.eu/content/default.asp?PageID=568&DocID=28755
24. Sander de Bruyn et al. (2010) *Does the energy intensive industry obtain windfall profits through the EU ETS?* Delft: CE Delft, http://www.ce.nl/publicatie/does_the_energy_intensive_industry_obtain_windfall_profits_through_the_eu_ets/1038
25. Eurofer (2011a) "EU Low Carbon Roadmap 2050 unacceptable", 25 February, http://www.eurofer.org/index.php/eng/News-Publications/Press-Releases/EUROFER-EU-Low-Carbon-Roadmap-2050-unacceptable
26. Eurofer (2011a)
27. Eurofer (2011b) "Open letter of the EU steel industry to the governments of the EU member states, the European Parliament and the European Commission", 19 May http://www.eurofer.org/index.php/eng/News-Publications/Press-Releases/Open-letter-of-the-EU-steel-industry
28. Carbon Market Data (2011) "Carbon Market Data publishes the EU ETS Company Rankings 2010", 16 May, http://www.carbonmarketdata.com/cmd/publications/EU%20ETS%202010%20Company%20Rankings%20-%2016%20May%202011.pdf
29. Sandbag (2011) "Mountain of spare permits continues to grow in Europe's Emissions Trading Scheme", 1 April, http://www.sandbag.org.uk/site_media/pdfs/press_releases/PR_EUETS_data%20release_1April2011.pdf
30. Eurofer (2010) "Letter to Vice-President Tajani" 15 October, http://www.sandbag.org.uk/site_media/uploads/Eurofer_letter-to-Commission-15-10-2010.pdf
31. Neither Carbon Trade Watch nor Corporate Europe Observatory receive EU funding.
32. ICIS (2011) "EU carbon road map backs setting aside EUAs and 25% cut", 8 March, http://www.icis.com/heren/articles/2011/03/08/9441987/eu-carbon-road-map-backs-setting-aside-euas-and-25.html
33. The EU suggests that stabilise the climate at 2˚C above pre-industrial levels would require industrialised ("Annex 1") countries to cut their emissions by 25-40 per cent below 1990 levels by 2020 and around 80 per cent below 1990 levels by 2050. These numbers need to be treated with considerable caution, however. These figures are extrapolated from the 2007 4th Assessment report of the Intergovernmental Panel on Climate Change (IPCC). The IPCC report actually suggests that a 25-40 per cent cut would give only a 50 per cent chance of meeting the 2˚C target, and this number holds only if emissions were to peak in 2015. There is significant recent evidence that the IPCC report on which these figures are based understated the extent of "slow feedback" mechanisms and other complex, non-linear impacts.
34. The 1.5 target is supported in UN climate negotiations by the Least Developed Countries (LDCs) and the Alliance of Small Island States (AOSIS). It sometimes gets translated as a target for returning the concentration of greenhouse gases in the atmosphere to 350 parts per million (ppm) - down from a current level of 387 ppm. For Figueres' position, see http://www.guardian.co.uk/environment/2011/jun/01/climate-change-target-christiana-figueres

    Questions have also been raised about the concept of a "stabilisation" target by some recent scientific studies, which instead calculate in relation to actual volumes of pollution. Scientist James Hansen estimates that 750 million tonnes of CO2 could be emitted between 2000 and 2050 to limit warming to 1.5˚C. Between 2000 and 2009, however, there were around 330 million tonnes of CO2. One thing remains uncontested, though: the pledges made by the EU, and Annex 1 countries more generally, fall short of any of these targets.
35. Glen Peters et al. (2011) "Growth in emission transfers via international trade from 1990 to 2008 ", p.3, http://www.pnas.org/content/early/2011/04/19/1006388108.full.pdf
36. Peters et al. (2011), p.5
37. Bas Eickhout (rapporteur), "Draft report on the Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage", 23 February 2011, Committee on the Environment, Public Health and Food Safety. http://www.europarl.europa.eu/activities/committees/draftReportsCom.do?language=EN&body=ENVI

    This report builds on the Commission Communication of the same title of 26 May 2010, which argued in favour of moving to a 30 per cent target.
38. This would amend the motion for resolution 2: "Calls for the Commission to come forward with proposals to move to a 30 per cent greenhouse gas reduction target for 2020 as soon as possible, and at the latest by the end of 2011";
39. Rapporteur Bas Eickhout, in the explanatory statement that accompanies the report, suggests that a 30 per cent target is not enough, "The approach suggested is rather moderate in the Rapporteur's view. Your Rapporteur considers that a move to 40% greenhouse gas reduction would be more appropriate from the point of view of science and the objective of maintaining climate change to 2˚C, let alone 1.5˚C, an objective also recognised under the UNFCCC. Your Rapporteur has also refrained from calling for full domestic achievement of the EU climate target, although this would increase benefits for European citizens through improved European air quality and drive investments into the EU economy."
40. Most research suggests little correlation between the location of industrial facilities and weak environmental regulations, with labour market conditions and the availability of infrastructure are far more significant factors. See, for example, J Dean (2001) *International Trade and Environment* Farnham: Ashgate