Around 75 pro-green NGOs are jointly calling for the EU to scrap its carbon emission-trading scheme (ETS) ahead of a European Parliament vote to reform it.

Set up in 2003, ETS is central to the EU’s carbon reduction plan in its fight against climate change by allowing companies to trade CO2 permits on the market.

But the NGOs, including Friends of the Earth and Carbon Trade Watch, say the money-making scheme has instead increased emissions and encouraged land grabs in poverty-stricken regions.

“The EU’s flagship policy to address climate change has diverted attention from the need to transform the system’s dependency on fossil fuels and growing consumption, resulting in increased emissions,” said Joanna Cabello, from Carbon Trade Watch, in a statement on Monday (18 February).

The ETS covers more than 12,000 power plants and factories throughout the 27 member states.

The environmentalist advocates say structural loopholes in the policy allow companies and governments to purchase carbon permits, for instance, in nations in Africa.

The permits “or offset projects - then entitle the company to pump out more carbon at home.

Meanwhile, the offset projects have a knock-on effect on poorer countries, says Isaac Rojas, from Friends of the Earth Latin America and Caribbean.

He cited land grabs, human rights violations, community displacements, conflicts and increased local environmental destruction as a consequence of the scheme.

Rojas pointed out that other market mechanisms and financial products, like forest carbon offsets and biodiversity offsets, “follow the same logic which allows, and offsets, deforestation, forest degradation, biodiversity loss and water pollution.”
The NGOs' call for an alternative climate change policy comes on the eve of a vote on Tuesday in the European Parliament’s environment committee.

Deputies are seeking to plug the gaps in a carbon trading emissions market that has plummeted in recent months.

Permits are now selling under €5, down from around €20 in 2008, harming business incentives to cut emissions or invest in clean technologies.

The vote is on a proposal by the European Commission to backload member state allocation of permits to companies. The proposal would essentially postpone regular auctions in the hope of driving up prices and restoring investor confidence.

Some 30 large corporations back the commission’s idea.

They also signed a plea to encourage the deputies to vote through reforms they believe will make the market far more lucrative, reports the Guardian.

The businesses say the market is saturated with too many free permits, driving down the price.

Holding back the sale of the permits would instead revive the market and spur innovation, say the companies.

"A Yes vote would send a positive signal about the European parliament’s commitment to its flagship emissions reduction scheme and begin to restore investor confidence in the EU's energy policy," said the companies in their letter, according to the Guardian.

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