

Cyber-scam artists disrupt emissions trading across EU

by Leigh Phillips
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EUOBSERVER / BRUSSELS - Emissions trading registries in a number of EU countries were shut down on Tuesday (2 February) as a result of a phishing scam tricking traders into giving away their emissions allowances.

Phishing scams affect lots of online financial transactions, and now they have descended upon the ETS (Photo: printing.com)

Although emissions trading was still able to continue via the European Emissions Exchange, registries in nine member states - Belgium, Denmark, Spain, Hungary, Italy, Greece, Romania and Bulgaria - closed to prevent any further losses, according to reports in the German press. Other national registries, notably those in Austria, the Netherlands and Norway, were quicker to react and while registration was suspended in these countries as well, they reopened on Tuesday.

The European Commission told EUobserver that illegal transactions so far had only been reported in Germany and the Czech Republic. Brussels says that the registries will re-open once they have taken the appropriate measures to deal with the scam, including warning users and resetting passwords.

Similar to online banking scams in which an email directs you to a website that is a copy of your own bank's webpage, and then asks for your bank details, these criminals reproduced the sites of the German and Czech registries. The criminals sent emails last Thursday to firms in Europe, Japan and New Zealand, asking them to offer up their registration details.

A handful of firms fell for the trap and ended up giving away their CO2 emissions allowances to the crooks, who will now be able to sell them on. Financial Times Deutschland on Wednesday reported that one firm had lost €1.5 million as a result.

The European Commission, like any bank or online shop facing the same situation, is caught between the need to get out the word to firms to prevent them falling for the trap and undermining confidence in the Emissions Trading Scheme (ETS) by publicising the fact.

"We have to be careful not to blow this out of proportion," EU environment spokeswoman Barbara Helfferich told EUobserver. "This happens to banks, Visa, Mastercard about once or twice a month. And this is the same sort of thing. I receive these emails all the time. I just delete them."

"It's not something intrinsic to the ETS. This could happen to anyone."

"That said, the immediate action we are taking is to see if we can shut down the illegal websites. We will then analyse in detail how this happened and see if there are any fresh guidelines we need to draw up to prevent future such events."

The latest ETS scandal follows in the wake of news last week that an unnamed eastern European country was trying to sell on used credits and last December's warning by Europol, the European police agency, that as much as 90 percent of emissions trading was a result of "carousel" tax fraud costing national coffers around €5 billion euros.

"There's an element of Laurel and Hardy-style incompetence to this, but it raises some more serious issues," said Oscar Reyes of Carbon Trade Watch, an environmental NGO critical of the ETS.

"There has been a spate of emissions trading fraud cases recently, and this is unlikely to be the last of them because the ETS is beset with loopholes.

"When the EU ETS failed to reduce emissions in its first phase, we were told that it had at least succeeded in establishing a functioning market. Now we're seeing that the rush to carbon trading was a botched job."

source: <http://euobserver.com/885/29403>