

Huhne leads battle in Europe against 'carbon fat cats'

by Energy & Environmental Management
Tuesday, 21 June 2011

As EU environment ministers gather today in Luxembourg, the UK's energy secretary Chris Huhne has proposed a coalition of countries to drive deeper emission cuts in Europe in the face of opposition from carbon-intensive sectors.

The 27 ministers have much to discuss, chief amongst which is the Energy Roadmap 2050, which plots a path for the EU to reduce its emissions by 80 to 95% by 2050, using a mixture of renewable energy, energy efficiency, carbon trading, nuclear power, biofuels and carbon capture and storage (CCS).

They will be trying to reconcile the now very public divisions between the Energy and Enterprise Directorates on the one hand and the Climate and Environment Directorate on the other, which have been exploited by lobbyists on behalf of heavy industry.

The "carbon fat cats"

This "concerted assault to weaken EU climate targets and keep hold of a surplus of emissions trading permits worth billions of euros" has been exposed in two separate reports published this week - from Sandbag and Carbon Trade Watch/Corporate Europe Observatory (CEO).

The reports reveal how BusinessEurope, the European employers' confederation; the European Chemical Industry Council (CEFIC) and the European Confederation of Iron and Steel Industries (Eurofer) have been behind this campaign.

The Sandbag report, dubbed The Carbon Fat Cats, identifies the steel and cement companies who share between them a staggering windfall surplus of 240 million tonnes worth of free carbon permits (EUAs) from 2008-2010 - more than the annual carbon emissions of Austria, Denmark, Portugal and Latvia combined - worth a fortune: -4.1 billion, or more than four times the entire EU environment budget over the same period. And this could grow to a value of over -5.6 billion by the end of 2012.

The lobbyists' strategy to exploit divisions within the European Commission included a series of high-level lobby meetings between CEOs and Climate Commissioner Hedegaard in advance of the publication of the Roadmap for moving to a competitive low-carbon economy in 2050.

The European Commission had initially proposed to -set aside- 500-800 surplus permits from the EU Emissions Trading System (ETS), which it estimated to be worth -7 to -12 billion. The report claims this figure was dropped from the Roadmap in response to lobbying.

A report co-author BelÃ©n BalanyÃ¡ from CEO commented: "Industry has counted on support from 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 social justice".

By contrast, Huhne will be arguing today that heavy industry has little to fear and that employment throughout the bloc will be helped by increasing the pace of change towards a low carbon economy.

Before leaving for the meeting in Luxembourg, he said: "The Commission's paper on tackling carbon emissions shows that going further, sooner is cheaper in the long run".

Huhne said he wants to convince other EU ministers to give their full backing to the Roadmap. "This is a green test for the EU. It's in Britain's interests that Europe does more to cut emissions because that's how we can get off the oil and make our energy supplies more secure and open up opportunities for jobs in the green industries of the future," he added.

The minister has the support of Germany, Spain, Sweden, Denmark, Portugal and Greece, as well as the 70 major European companies who signed an appeal last week calling for more emission cuts.

Cost of the Roadmap

The Roadmap says that an 80% reduction on 1990 levels by 2050 would require a 25% cut by 2020, followed by a 40% by 2030 and 60% by 2040. Hedegaard estimates this would require additional investment of â¬270 billion, or 1.5% of EU GDP, in low-carbon projects each year " on top of current overall investment of around 19% of GDP.

But with the crisis in the Eurozone worsening there are questions over whether this cash would be forthcoming, despite the fact that there would be financial rewards through annual savings in fuel costs of up to â¬320 billion and air quality benefits worth up to â¬88 billion a year by 2050.

He will ask ministers at the meeting to support a demand that the Commission develops more detailed proposals to deliver the cuts, which they can then use as a basis for crafting the policy.

Ministers will also be discussing a Blueprint to safeguard Europe's Waters, and European environment commissioner Janez Potocnik's proposals for biodiversity targets, including a set limit on fishing by 2015, which are being undermined by a coalition of countries led by France that wants to protect fishing quotas.

The EU signed up to an international deal to halt biodiversity loss at a high-level summit in Nagoya, Japan, and Potocnik can take comfort in the fact that a Europe-wide poll published on Monday indicated that the environment is "an important personal concern to more than 90% of respondents in every member state".

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