

EU urged to scrap carbon trading scheme

by Daniel Mason / publicserviceeurope.com
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The European Union's flagship carbon reduction policy has come under fire from campaigners who claim it actually increases emissions and forces ordinary people to bear the costs while polluters make large profits.

In a joint declaration, more than 90 non-governmental organisations including Friends of the Earth said scrapping the seven-year-old Emissions Trading Scheme would "open space for truly effective climate policies". The call comes ahead of a vote tomorrow in the European Parliament's environmental committee on reforms to the ETS, which the NGOs dismissed as a "drop in the ocean" in terms of the changes that are needed.

The ETS covers more than 11,000 factories across the EU's 27 member states and sees polluting companies trade in carbon permits to cover their emissions. Joanna Cabello, from Carbon Trade Watch, said the scheme had "diverted attention from the need to transform the system's dependency on fossil fuels and growing consumption, resulting in increased emissions". She added that "after seven lost years, it's time to make space for effective and fair climate policies".

The NGOs said the over-allocation of permits allowed companies to continue using current technologies instead of providing a motivation to move to clean energy production. In addition, the "volatile and declining" carbon prices "with permits now selling for less than €5, down from about €20 five years ago" meant there was "no prospect" of any incentive to change energy-generating capacity. Tomorrow's vote in the EU parliament is on European Commission proposals that it hopes will help restore carbon prices to a higher level.

Meanwhile, the campaigners claimed that carbon offsetting projects "which allow companies to buy permits in, for instance, Africa, rather than reducing their emissions at source" have led to human rights and land violations, conflicts and environmental destruction including deforestation and biodiversity loss in some countries. Nevertheless, the use of offset projects increased 85 per cent in 2011. Carbon markets are also "particularly susceptible" to fraud, the NGOs said.

"At a time when EU citizens are shouldering the cost of the economic crisis, they are also being forced to bear the cost of the legislation, regulation and much of the quantification of emissions that carbon markets require, as well as the costs of measures against fraud, corruption, and tax evasion," said Belen Balanyá, from the campaign group Corporate Europe Observatory. She added that big polluters had made millions in windfall profits by selling their over-allocation of permits and passing the costs of compliance with the ETS onto consumers.

In the declaration the campaigners warned that, with China, Brazil, Korea, Australia, California and Quebec all planning to introduce emissions trading systems, the problems found in the EU scheme would be exported around the globe. The NGOs said it was time to "stop fixating on price as a driver for change" and instead "implement effective and fair climate policies by making the necessary transition away from fossil fuel dependency".

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