

DEVE-001

Brussels, 14 March 2002

OPINION

of the

Committee of the Regions

of 14 March 2002

on the

Proposal for a Council Decision concerning the approval, on behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on

Climate Change and the joint fulfilment of commitments thereunder

(COM(2001) 579 final) - 2001/0248 (CNS)

Communication from the Commission on the implementation of the first phase

of the European Climate Change Programme

(COM(2001) 580 final)

Proposal for a Directive of the European Parliament and of the Council

establishing a scheme for greenhouse gas emission allowance trading

within the Community and amending Council Directive 96/61/EC

(COM(2001) 581 final) - 2001/0245 (COD)

The Committee of the Regions,

HAVING REGARD TO the Proposal for a Council Decision concerning the approval, on behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the joint fulfilment of commitments thereunder (COM(2001) 579 final), the Communication from the Commission on the implementation of the first phase of the European

Climate Change Programme (COM(2001) 580 final) and the Proposal for a Directive of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (COM(2001) 581 final);

HAVING REGARD TO the decision of the Council of 11 December 2001, under the first paragraph of Article 175 of the Treaty establishing the European Community, to consult the Committee of the Regions on the matter;

HAVING REGARD TO the decision of the Bureau of 12 June 2001 to instruct Commission 4, now the Commission for Sustainable Development, to draw up the relevant opinion;

HAVING REGARD TO the decision of its President of 11 March to appoint **Ms Rahkonen** (FIN/PES) rapporteur-general for this opinion under Rule 40(2) of the Rules of Procedure;

HAVING REGARD TO its opinion of 18 September 1997 on Climate change and energy (CdR 104/97 fin);¹

HAVING REGARD TO the Protocol on reducing greenhouse gas emissions adopted at the third session of the Conference of the Parties to the United Nations Framework Convention on Climate Change (COP3) in Kyoto on 1-10 December 1997;

HAVING REGARD TO its opinion of 16 July 1998 on the Commission White Paper: "Energy for the future: renewable sources of energy" (COM(97) 599 final - CdR 57/98 fin);²

HAVING REGARD TO its opinion of 11 March 1999 on Transport and CO₂ - Developing a Community approach (CdR 230/98 fin);³

HAVING REGARD TO its opinion of 19 November 1999 on Preparing for Implementation of the Kyoto Protocol (CdR 295/99 fin);⁴

HAVING REGARD TO its opinion of 21 September 2000 on the Green Paper on greenhouse gas emissions trading within the European Union and Communication from the Commission to the Council and the European Parliament on EU policies and measures to reduce greenhouse gas emissions: Towards a European Climate Change Programme (ECCP) (CdR 189/2000 fin);⁵

HAVING REGARD TO its opinion of 14 November 2001 on the Communication from the Commission to the European Parliament and the Council *Ten years after Rio: Preparing for the World Summit on Sustainable Development in 2002* (CdR 37/2001);

adopted the following opinion at its 43rd plenary session on 13 and 14 March (meeting of 14 March).

Views and recommendations of the Committee of the Regions

1. **Concerning the Proposal for a Council Decision concerning the approval, on behalf of the European Community, of the Kyoto Protocol to the United Nations Framework Convention on Climate Change and the joint fulfilment of commitments thereunder (COM(2001) 579 final)**

1. The Committee of the Regions strongly endorses ratification of the Kyoto Protocol in

the Member States and the Council as well as making burden sharing within the Community a legally binding requirement in accordance with the timetable and text proposed by the Council.

2. The Committee hopes that the ratification process will be completed and the text ready for publication in time for the Johannesburg "Rio+10" summit in 2002. In this context the CoR would also reiterate the conclusions of the opinion on the "Rio+10" preparations (CdR 37/2001) that it submitted to the Commission on 14 November 2001.
3. The CoR notes that, although the United States has not ratified the Kyoto Protocol, it is committed to the Rio Framework Convention. The Kyoto Protocol does not require developing countries to reduce greenhouse gas emissions. However, emissions are rising considerably in these countries. The EU must, in an impartial way, call upon and encourage the United States and all other countries that are not party to the Kyoto Protocol to take active steps to reduce emissions as part of efforts to combat climate change.
4. The Committee takes the view that the Kyoto Protocol provides a basis for the setting of real and even more challenging emission reduction targets. Work on establishing these targets must begin in good time before the start of the Kyoto Protocol commitment period.

2. **Concerning the Communication from the Commission on the implementation of the first phase of the European Climate Change Programme (COM(2001) 580 final)**

1. The Committee of the Regions points out that its proposals for initiating a dialogue with local and regional authorities set out in its opinion of 21 September 2000 on the European Climate Change Programme have largely been ignored by the Commission. This is also evident in the composition of the sectoral working groups.
2. The Committee stresses that the different working methods, timetables and compositions of the working groups are reflected in the choice of the proposed measures and in impact assessments.
3. The CoR is disappointed that the proposed climate programme for combating climate change no longer includes a proposal for harmonising the minimum level of energy taxation, even though that would be one of the most effective measures that could be included in the common measures and policies.
4. The Committee notes that the programme includes a proposal - albeit cautious - for uniform fuel taxation for commercial transport as well as a proposal for a marked increase in the share of biofuels and a derogation for them from excise duty. It should also be possible to agree on a minimum level of fuel taxation for commercial civil aviation.
5. The Committee of the Regions supports the doubling of the share of combined heat (including district cooling) and power production and a substantial increase in the share of biofuels in the transport sector. More should be done to promote biofuel-based heat and power generation.
6. To foster combined heat and power production and a switch to this energy form, the CoR feels that local authorities responsible for land use and planning must be given the right to determine the most appropriate form of heating.

7. The Committee considers that a Public Awareness Campaign and an accompanying Campaign for Take-off can make an important contribution to reducing greenhouse gas emissions by raising public awareness and spreading good practice. Regions and municipalities could play an important role as initiators of local and regional climate protection campaigns and energy-saving activities, as energy users themselves and in other respects because of their proximity to citizens. The proposed allocation of funds through the SAVE programme will require substantial additional investment as well as additional financing at national level. Promotion of renewable energy sources should also be combined with these campaigns.
 8. The CoR is sceptical about the appropriateness of a directive on energy demand management in conditions of open market competition. Some energy sellers in the liberalised electricity markets are already offering consumers energy-saving products such as bulbs and energy reviews of buildings and industrial processes. The aim of these activities is to find new products and services to compensate for lower energy sales. The services offered by energy saving companies (ESCOs) are a good example of the new services now available. It is also useful from the point of view of the energy seller's corporate image to offer customers savings and renewable green energy. The CoR nevertheless wants to draw the attention to the fact that despite EU environmental policy, demand for energy has been growing. Greater efforts need to be made in this area.
 9. The Committee feels that public procurements favouring energy-saving and environmentally friendly products must be promoted by removing barriers resulting from competition policy at both Community and national level.
 10. The CoR considers that the projected increase in greenhouse gas emissions from the transport sector by 50% in about 15 years is a matter for concern and inconsistent with sustainable development. Congestion on roads and in built-up areas increases local air pollution, endangering people's health and well-being.
 11. The Committee stresses that greenhouse gas emissions mainly occur locally and efforts to reduce them must involve all relevant players. The importance of different emission sources varies by municipality and region. There are also major differences between countries in terms of emissions and their sector of origin, which are explained by geography, climatic conditions, industrial structure and the environmental and social policy pursued in Member States. The Commission has taken a sectoral approach and sought reductions in emissions mainly in the largest sectors, in the name of cost-effectiveness. There is a danger here that small operators and small sources of greenhouse gases will be overlooked when deciding on the range of measures to be deployed.
 12. The CoR supports the revision of the IPPC directive with regard to greenhouse gas emissions. Even though greenhouse gas emissions may not have an immediate impact on the local environment, the precautionary principle must be applied because of a moral responsibility towards present and future generations concerning changes in emission levels and the implications of climate change. Frequently applied emission-reduction measures, such as reduced energy use, lead to an immediate improvement in local air quality.
3. **Concerning the Proposal for a Directive of the European Parliament and of the Council establishing a scheme for greenhouse gas emission allowance trading within the Community and amending Council Directive 96/61/EC (COM(2001) 581 final)**

1. The Committee takes the view that the emissions trading scheme and its operation on a trial basis must be voluntary (as trading always is) and apply to legal persons qualified to enter into legal contracts: municipalities, cooperative societies, public limited companies, etc. This would rule out the need for an installation-based approach. The CoR thinks that the countries accepted as EU members could choose to take part in the emissions trading scheme.
2. The CoR believes that any operator who can reliably demonstrate their level of greenhouse gas emissions and who authorises an authority to verify it before and after each transaction must be eligible to participate in the scheme, including during the trial phase. At national level, the share of emissions covered during the trial period could be limited to, for example, a maximum of half of the country's total greenhouse gas emissions. This could be done by, for example, using a notification procedure within a specified time limit.
3. The first allocation of emission allowances should be free of charge.
4. The Committee of the Regions notes that limiting the gases that are eligible for trading to only the most important gas, i.e. carbon dioxide, is not the best approach, even during the trial phase. Rather, the Committee feels that trading would be more representative if, for example, methane emissions produced during waste management and nitrous oxide emissions due to transport were also designated as tradeable gases.
5. The CoR feels that limiting the coverage of the scheme to certain activities and to installations with production capacities or outputs exceeding threshold values is an unnecessary restriction on the emissions trading opportunities of potential operators. The Committee bases this argument on the fact that at national level firms can choose measures for reducing greenhouse gas emissions which are best suited to the circumstances.
6. The Committee assumes that the monitoring of emissions trading would be carried out by fairly small bodies to be set up at national and EU level, for example "emission market centres". They could be established, for example, in connection with the monitoring of the Kyoto Protocol.
7. The Committee of the Regions is concerned that, in the case of all three documents examined here, the contents, preparatory work and proposed action by the Commission and at national level are, without exception, aimed at Member States, the major emission producing sectors and largest operators or at the main types of greenhouse gases and highest emissions levels. How does the Commission intend to ensure that in future the low emissions levels or special gases of small, local and regional operators, municipalities and regions are brought within the scope of essential emission reduction measures? In the long run the involvement of all operators is needed and wanted in efforts to reduce emissions. Should the scope of effective emission-reduction efforts be extended to include small operators as well, right down to the level of individual citizens? This would work in a civil society built on the basis of a "bottom-up" approach and sound ethical standards. There can be no doubt that civil society needs effective and durable reductions in greenhouse gas emissions to ensure its existence, also beyond the Kyoto commitment period.

Brussels, 14 March 2002

The President
of the
Committee of the Regions

The Secretary-General
of the
Committee of the Regions

Albert Bore

Vincenzo Falcone

¹ OJ C 379, 15.12.1997, p. 11.

² OJ C 315, 13.10.1998, p. 5.

³ OJ C 198, 14.7.1999, p. 3.

⁴ OJ C 57, 29.2.2000, p. 81.

⁵ OJ C 22, 24.1.2001, p. 30.

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