900 million certificates

or

Quality jobs and a just transition towards an energy- and resource-efficient economy

WHAT WILL YOU „BACK-LOAD“?

Support for the ‘back-loading’ of the auctioning of carbon emission allowances in the EU Emission Trading System (EU ETS) and vote in favour of the Groote report (A7-0046/2013) on 16. April 2013

Constanze Adolf, Director Brussels Office Green Budget Europe

11 April 2013

Dear Member of the European Parliament,

Next Tuesday, you will vote on the EU’s emissions trading scheme ‘backloading’ proposal, to temporarily take some pollution permits off the carbon market. Why is it a key decision to vote PRO backlaoding?

Big companies pollute for free - but they should employ!

The EU Emissions Trading System (ETS) can deliver the lowest cost emission reduction pathway for the economy, but to do this it needs to be left to do the heavy lifting. The very low price of CO\textsubscript{2} in the EU today is not a sign of low cost abatement, but quite the opposite. Abatement is being driven by other policies, with the cost to the whole economy probably much higher than necessary.

The ETS needs to be restored as the principle driver of change in the EU energy system. This will lower energy costs in the EU, which in turns helps your electorate as well.

Currently, Member States lose billions of revenue because of a missing price signal due to an over-allocation of 2 billion emission allowances. Climate Funds have to stop their projects or need to be
bailed out via taxpayers money or increased public debt - while companies put an additional price on their products as if the ETS would work. This is not acceptable. We need to fix the ETS!

We need quality jobs!

If the ETS fails: 27 separate mechanisms to meet the Kyoto targets mean a high cost and a high administrative burden. The business as usual scenario steers long term investment which does not create any new jobs in the so-called green economy. This is a disaster in a moment where the EU is facing the highest unemployment rate ever and a lot of young people without job!

There is no empirical evidence about the fear that companies would leave the EU because of a higher carbon price: Continuing our addiction to dirty coal is far more costly to our society and the economy than any perceived “carbon leakage” effects. For manufacturing sectors, climate policy is far less relevant in investment decisions than other factors, such as differences in tax structure, labour costs or local market conditions. To give an example of a thriving manufacturing company, last year in Poland, Press-Glas, a leading European company in the building-glass processing sector with an annual turnover of €130 million, opened its fifth factory, which is also the largest glass processing plant in Europe. In addition, a recent Health and Environment Alliance report, "The Unpaid Health Bill - How coal power plants make us sick", points out the massive health costs associated with coal pollution in Europe.

A clean and healthy environment is key for an inclusive future

The near zero price signal being seen today means the EU has returned to “business as usual” energy scenario, which is even resulting in a resurgence of coal based power generation projects. This will just put upward pressure on EU emissions in the 2020s. The demand for, abundance of and low cost of extraction of fossil fuels may well be unassailable this century, so atmospheric CO₂ will continue to rise.

Please find attached a statement from ETUC and study results about the impact of the ETS for industries.

The vote can be seen as a test if MEPs are really serious about facing the climate challenge. We hope you will bid for the climate rather than cheap pollution.

Please don't hesitate to contact me for any question or suggestion.

Best regards

Dr. Anselm Görres
President Green Budget Europe
About Green Budget Europe

Green Budget Europe (GBE) is a Europe-wide expert platform launched in 2008 as a project of the NGO and think tank Green Budget Germany. GBE aims to catalyse the use of Market-Based Instruments (MBI) to deliver GHG emissions and environmental improvements by means of political progress on EFR on the international stage and at EU level, as well as within individual European countries. GBE focuses on the promotion of Environmental Tax Reform, more effective emissions trading, phasing out environmentally harmful subsidies and greening budgets.

GBE works to promote dialogue and deliver progress on EFR at EU level and in EU member states. EU Directorate Generals and EU Commissioners and state governments welcome cooperation with GBE on projects, workshops and meetings. The project has a recognised standing in international organisations (e.g. UNEP, UNECLAC, UNESCAP, World Bank, IMF, OECD), at the European Commission, European Environment Agency, European Central Bank and the European Parliament, in Finance and Environment Ministries and Parliaments of many EU Member States, and amongst academia and NGOs.

The increasingly international nature of GBE is reflected i.a. in the organisation's involvement in the Rio+20 summit, which took place in June 2012. GBE hosted 2 side-events at the summit. GBE representatives also contribute to conferences, trainings and seminars all over the world and have provided consulting for governments in e.g. China, Vietnam, Thailand, Indonesia, Malaysia, Ecuador, Morocco and Tunisia on EFR.

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