

Air pollution, greenhouse gas emissions : EC trading system.Green Paper

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In view of the intensification of negotiations in the run up to the sixth Conference of the Parties (CoP6) to the 1992 United Nations Framework Convention on Climate Change (UNFCCC), the Council adopted the following conclusions: 1. The Council reaffirms its commitment to the successful implementation of the Buenos Aires Plan of Action and a successful outcome at CoP6. At the same time the Council stresses the importance of creating the conditions for the ratification and entry into force of the Kyoto Protocol by 2002 at the latest. In this context, the Council urges the Commission to present it with a proposal for the conclusion of the Protocol by the Community in March 2001. 2. The Council underlines the importance of the adoption at CoP6 of a strong and comprehensive compliance system, clear and effective rules for the three Kyoto mechanisms and the handling of sinks which ensure real reductions of the overall greenhouse gas emissions of the Annex I countries and thereby the environmental integrity and credibility of the Protocol, as well as the further elaboration and implementation of modalities and procedures for co-operation with developing countries and countries with economies in transition in the context of the UNFCCC (United Nations Framework Convention on Climate Change). 3. The Council considers that the compliance system should incorporate the necessary elements to ensure that the commitments are complied with; include a body which is able to determine non-compliance, suggest measures to enhance compliance and apply strict consequences for non-compliance, in particular with the targets set out in Article 3.1 of the Kyoto Protocol, with a clear economic impact on Parties so as to both discourage non-compliance and compensate for damage to the environment. In this context, the Council supports a Compliance Fund, a Compliance Action Plan and loss of access to the Kyoto mechanisms as strict consequences for non-compliance with Article 3.1 of the Protocol and will continue to develop its views on this issue. In this regard the further development of a compliance reserve shall be explored. 4. The Council considers that the decision on principles, rules, modalities and guidelines for the use of the Kyoto mechanisms must include criteria for participation in each of the mechanisms, criteria for complementarity and for the eligibility of projects. 5. The Council also believes that CoP6 should define eligibility criteria for participation in the Kyoto mechanisms. In particular, a clear definition of projects eligible under the clean development mechanism (CDM) is needed in order to achieve its potential in terms of both greenhouse gas emissions reductions and sustainable development in non Annex I countries. In order to allow for a prompt start of the CDM, CoP6 should adopt a positive list of safe, environmentally sound eligible projects based on renewable energy sources, energy efficiency improvements and demand side management in the fields of energy and transport. 6. The Council reaffirms its willingness to continue to work with other Parties to clarify the treatment of sinks in the Kyoto Protocol. 7. The Council also emphasises that any decision on definitions, methodologies and accounting rules should be consistent with sustainable forest management, including the conservation of biological diversity. 8. The Council recognises the importance of cooperation with developing countries and countries with economies in transition in the context of the Climate Change Convention. It commits itself to concrete actions in the co-operation with these countries in the area of climate change, that link capacity building, technology transfer and adaptation/mitigation measures. These should be based on sectoral approaches, where appropriate, and integrated with other sustainable development objectives. 9. The Council believes that there is a need to promote new investments to generate additional resources, strengthen co-ordination of existing bilateral and multilateral actions and, where possible, make full use of co-operation schemes with innovative financing. The Council asks the Commission to indicate how Community budgets, programmes and funds can be geared towards measures to support the accession countries in meeting the Kyoto commitments. 10. The Council notes with concern the current trend of greenhouse gas emissions in the European Union, as assessed in the Commission's communication. It emphasises the importance of strengthening national action to reduce greenhouse gas emissions, complemented by common and co-ordinated measures at the Community level. The Council supports the approach followed by the

Commission which aims at reinforcing policies and measures at Community level as soon as possible and at exploring proposals for developing emissions trading within the European Union. 11. The Council welcomes the Commission's proposal for a European Climate Change Programme (ECCP). Participation of relevant stakeholders, in particular Member States, in the preparatory work for future Commission proposals can increase acceptance of such proposals and thereby contribute to a more timely adoption of such measures. Based on the results of the programme, the Council urges the Commission to come forward with appropriate proposals as early as possible in 2001. The Council invites the Commission to report on progress made at its meeting in November 2000. 12. The Council recognises that far greater limitation and reduction efforts will be necessary in the next decades. It therefore underlines the need for further negotiations on the subsequent commitment periods and a longer term process to broaden participation. The discussion on what additional action is required to meet the ultimate objective of the Convention should begin at CoP7 in the light of the IPCC Third Assessment Report which is to be released in 2001.