Functioning of the Union Registry

2025/2562(DEA) - 12/12/2001

On the basis of questions prepared by the Presidency to guide future work on the Commission's proposal for a Directive of 23 October 2001 establishing a scheme for greenhouse gas emission allowance trading within the Community, the Council held a policy debate focusing on how to organise the initial phase of the scheme (2005 to 2007) prior to entry into force of the Kyoto Protocol. The Council began by stressing that the European Union saw such an allowance trading scheme as complementary to efforts to reduce emissions via domestic measures and policies. As to whether the method of allocating allowances should be free of charge or by auction, the vast majority of Member States held that making it free would be an incentive to participation. In general, Member States argued for the introduction of a harmonised method of allocation and harmonised criteria as the best means of preventing distortions of competition. As regards cover, the majority of Member States favoured a scheme initially for CO2 only, but did not rule out the possibility of rapidly extending it to other greenhouse gases. There was broad support for the Commission's proposal regarding the sectors to be covered, although a few Member States wanted to include additional sectors, with other stressing that that must be done solely on the basis of harmonised criteria set at Community level. Finally, a large majority of Member States considered that the costs of such a scheme should be borne by electricity producers, in line with the polluter-pays principle. The President concluded the debate by noting that positions were not firmly fixed, since consultations were still under way in some Member States, which had therefore expressed preliminary views. She noted that because of the initial phase many States were keeping an open mind and that positions could therefore change, particularly on the subsequent commitment period.