

# EU caps to curb pollution not working

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An EU plan to battle industrial pollution faces a test after new data show countries were too lenient in setting emission caps.

The Financial Times reports the price of pollution permits dropped to \$4.70 per ton Friday -- a 15-month low -- and is expected to continue falling Monday.

The permits are an EU method of containing carbon dioxide pollution. Companies are allocated permits that represent the total amount of carbon dioxide they are allowed to produce. The permits are exchangeable though, so companies who produce less than their cap can sell excess permits to other companies.

The goal of the permit plan was to put limits on overall pollution but data to be released Monday show many countries flooded their market with permits, which does nothing to control the pollution, the Times said.

Michael Grubb, of British-based Carbon Trust, told the Financial Times the current permit allocation is part of the first phase of EU's plan to comply with the Kyoto Protocol. He said the EU should use the information to tighten restrictions for the second phase, set for 2008-12.

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