

EU states urge lawmakers to back pollution credit plans

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Smoke rises from a paper mill on February 22, 2013 in France. Six EU states, including powerhouse Germany, called on European lawmakers Friday to back efforts to revive a faltering market in pollution credits so as to bolster the bloc's fight against global warming.

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Environment ministers from Britain, Denmark, France, Germany, Italy and Sweden said "eight years of efforts" were at risk if the [European Parliament](#) rejects the plan in a plenary vote on Tuesday.

The European People's Party, the largest group in parliament, has said it will do just that because it opposes market intervention which could lead to higher overall costs.

Let the market function and find its own level, it says, warning that high prices for pollution credits may only help push companies out of the EU.

"We are determined to reject this plan and this vote is important," said Eija Ritta Korhola of the EPP.

Brussels set up an [Emissions Trading](#) System (ETS) for CO₂, the [greenhouse gas](#), which first allocates an amount of pollution credits free to companies.

If their emissions exceed this level, they can either buy more credits through the ETS to cover them, or choose to invest in new technology to reduce their pollution and save money in the longer-term.

In practice, and in part reflecting the [economic downturn](#), prices of the ETS credits have been very low, meaning companies see little incentive to invest in new, less polluting technology—the ultimate aim.

As a result, Brussels plans to freeze the sale of about 900 million tonnes of pollution credits in 2013-2015 in an effort to boost prices and make companies look again at the relative costs involved.

"We need an effective signal on prices if we do not want to imperil our long term objectives," the letter from the six environment ministers said.

EU officials say they expect Tuesday's vote to be "very close."

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