

Brussels sets stage for battle over emissions cuts

12 July 2021, by Julien Girault



The legislation could ban the sales of new petrol-driven cars in the EU from 2035.

The European Commission will unveil on Wednesday a vast package of draft green legislation designed to govern a faster transition to a low carbon economy.

A dozen legal texts—already under attack from political interests, industry lobbies and environmentalists—will seek to ensure emissions are cut by 55 percent over 1990 levels by 2030.

Behind the "Green Deal" and "Fit for 55" slogans there are eye-catching pledges, such as the expected decision to ban the sales of new petrol-driven cars from 2035.

Perhaps even more importantly, the Commission will seek to reform the EU Emissions Trading System (ETS), a carbon market in which industry trade their pollution quotas.

But environmentalists will denounce the laws as not going far enough, even as industry and some EU member states more dependant on coal-fired power push back against the effort.

The ETS cap and trade system covers power generation, steel plants, cement, chemicals and [commercial aviation](#)—between them representing around 40 percent of European greenhouse emissions.

Wednesday's package would extend this with a parallel market for shipping, road transport and construction.

Greener trade?

The commission's plan would also extend to a so-called "[carbon tax](#)", payable at the bloc's external border, to dissuade firms from re-locating polluting plants to less stringent jurisdictions or favouring cheaper products from such countries.

The tax would see prices "adjusted" at the border, with companies importing goods into the EU having to buy permits based on carbon pricing in the bloc, a move likely to antagonise major EU trading partners such as China and India.

To placate them, pollution quotas that are currently distributed freely to EU-based producers to help them compete with cheaper less-regulated imports would be phased out.

The border tax is not expected to be a money-spinner for Brussels, the 14 billion euros a year it might generate annually is a drop in ocean compared to the cost of the transition to a low-carbon world.

But, in the words of liberal MEP Pascal Canfin, chairman of the environment committee in the European Parliament, the idea opens up "new territory" for lawmakers to explore seeking tougher measures.

On the right, conservative MEPs from the powerful EPP group in the parliament will push to preserve the free carbon quotas, which EU-based steel and

aluminium producers insist are necessary.

And Green MEPs and environmental groups, on the other hand, see the proposed transition as a sell out and want the free quotas removed immediately and a baseline carbon price imposed.

'Rubbish dump'

The commission is also looking to take more action at a European level to control emissions reduction in sectors excluded from the carbon market, such as agriculture and waste management.

But EU member states are at loggerheads over how to share the cost of the measures, and industrial lobbyists will fight some of them as the final drafting process continues.

Airlines complain, for example, that a measure to tax aviation fuel for intra-European flights would distort the market with the rest of the world.

The mainly eastern member states, such as Poland, which rely on coal will resist tighter emissions reduction targets, and environmentalists are unconvinced by plans to promote natural [carbon](#) sinks like forests.

Pressure group Greenpeace, for one, fears these unproven solutions will be used to camouflage a lack of ambition in reducing emissions, and have denounced the plan in advance.

"This package of measures from the commission is a fireworks display over a rubbish dump," said Greenpeace director for Europe Jorgo Riss.

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