

**Opinion of the Committee of the Regions on 'Limiting Global Climate Change to 2 degrees Celsius'
and 'The inclusion of aviation in the emission trading system'**

(2007/C 305/04)

THE COMMITTEE OF THE REGIONS

- urges the Commission to increase its efforts at the highest political level to boost the international coalition against climate change since climate change can only be tackled if all (major) countries contribute;
- takes the view that Member States which have only limited possibilities to produce energy from renewable sources should be given the option of achieving their target on renewable energy through trade, either within an EU-wide green-energy certificate system, or through bilateral contracts with other States which have a more abundant supply of renewable energy. The aim here is to reduce the overall costs of meeting the targets on renewable energy;
- recommends the provision of further resources and measures, in addition to the use of European Structural Funds, as useful means to assist with adaptation policy and with measures directed at mitigation, such as energy saving and renewable energy, to reduce the emissions of greenhouse gases;
- stresses the importance of regional flexibility in achieving the efficiency and renewable energy targets, given that regional flexibility reduces the overall cost of climate policy. However, these targets should be obligatory at EU level;
- agrees with the Commission that aviation should be included in the ETS because this industry is a rapidly growing source of greenhouse gases, and urges the Commission to take all the effects that this industry has on climate change into account;
- will encourage the development of a permanent network of ambitious local and regional authorities that are keen to enhance information exchange and create a platform for the development of new ideas to mitigate greenhouse gas emissions cost-effectively.

Reference documents

Communication from the Commission to the Council, the European Parliament, the European Economic and Social Committee and the Committee of the Regions 'Limiting Global Climate Change to 2 degrees Celsius — The way ahead for 2020 and beyond'

COM(2007) 2

Proposal for a Directive of the European Parliament and of the Council amending Directive 2003/87/EC so as to include aviation activities in the scheme for greenhouse gas emission allowance trading within the Community

COM(2006) 818 final — 2006/0304 (COD)

Rapporteur: Ms Lenie DWARSHUIS-VAN DE BEEK, Member of the Executive Council of the Province of South Holland (NL/ALDE)

Policy recommendations

THE COMMITTEE OF THE REGIONS

1. considers a sound environment to be a basic pre-condition for human activity and believes, therefore, that protecting the environment is of vital importance to human wellbeing;
2. believes that a well-conceived environmental and climate policy certainly contributes to economic development;

Regarding the assessment of the threat posed by climate change

3. takes the view that the threat of advanced climate change, which is caused by greenhouse gas emissions, is a pressing problem which should be tackled with the utmost determination, first and foremost by the current generation;
4. agrees with the assessment that climate change will have a significant impact on human wellbeing, for example victims of heat stress, health problems, damage to biodiversity, reduced agricultural productivity in several regions, reduced tourism opportunities, as well as damage caused by higher sea levels and extreme weather conditions, which could cause massive environmental migrations towards the closest developed regions;
5. believes that climate policy will also have numerous positive side effects, since it will also improve air quality (due to lower emissions from SO₂, PM and NO_x), security of energy supply (due to reduced dependence on imports of fossil fuels) and soil fertility (due to lower loss of organic matter);
6. fully agrees with the Commission that the cost of policy measures to reduce climate change will be significantly lower than the estimated costs of climate change and that, therefore, climate policy is a very efficient policy;
7. supports the statements in the Kyoto Protocol on the significance of agricultural soils as carbon pools. Increasing the organic carbon content and storing organic substances in the soil thus makes a significant contribution to countries' CO₂ balance. Land management aimed at protecting the soil can also

reduce the release of other gases that impact on the climate, such as nitrous oxide, methane, etc. This is not just a matter of maintaining storage capacity, but above all of using it. If it is to have a positive impact on the CO₂ balance, as well as bringing other advantages such as increasing soil fertility and water retention, the soil must fulfil its current role as a carbon pool. The use of compost as part of land management and the regional recovery of organic matter via compost and crop residues are important aims for improving the CO₂ balance;

Regarding the international dimension of climate policy

8. urges the Commission to increase its efforts at the highest political level to boost the international coalition against climate change since climate change can only be tackled if all (major) countries contribute;
9. calls on the Commission to submit a road map for relevant climate-change initiatives and a clear strategy for local and regional authority involvement, to be implemented in the run-up to the UN climate summit in Copenhagen in 2009;

Regarding the regional dimension of climate change as well as climate policy

10. acknowledges that European regions' vulnerability to climate change varies greatly, mainly because of differences in natural conditions and population density;
11. also acknowledges that the availability of cost-effective options to reduce greenhouse-gas emissions varies greatly from region to region, mainly because of differences in natural conditions and economic structure;
12. regrets, therefore, that the Commission is not paying more attention to the regional distribution of both the costs of inaction and the benefits of action, and urges the Commission to conduct an in-depth analysis of the regional dimension of the costs and benefits of climate change and climate policy;

13. recommends the provision of further resources and measures, in addition to the use of European Structural Funds, as useful means to assist with adaptation policy and with measures directed at mitigation, such as energy saving and renewable energy, to reduce the emissions of greenhouse gases. This would increase support for European climate policy;

14. requests the Commission to allocate more financial means towards mitigation measures in the 2008 Budget Midterm Review since the ambitious climate targets which have been set can only be achieved if more public money is made available;

Regarding the targets of climate policy

15. agrees with the European Commission, the European Council and the European Parliament that the European Union should pursue high unilateral targets given that leadership is needed to create a global coalition against climate change. It welcomes, therefore, the target to reduce GHG emissions in the European Union, independent of policies in other regions, by at least 20 % by 2020 compared to 1990 levels;

16. urges the Commission to also formulate intermediate targets for CO₂ emissions, for example for the years 2013 or 2015, in order to advance the implementation of mitigation measures, and facilitate analysis and monitoring;

17. supports the targets of improving energy efficiency by at least 20 % by 2020, and raising the share of renewable energy to at least 20 % by 2020. These targets could prove to be effective tools in efforts to reach the overall target on emissions reduction. These aims cannot be achieved through new technological developments alone, but also need ongoing changes in mentality both among producers (for example through designs that are both energy efficient and attractive to consumers) and among consumers;

18. stresses the importance of regional flexibility in achieving the efficiency and renewable energy targets, given that regional flexibility reduces the overall cost of climate policy. However, these targets should be obligatory at EU level;

Regarding emissions trading as a climate policy instrument

19. agrees with the Commission that the European Emissions Trading Scheme (ETS) should play a central role since it is potentially a cost-effective instrument for mitigating GHG emissions;

20. urges the Commission to effectively manage the number of permits allocated since the ETS will only operate effectively if the cap (i.e. the total level of *emission permits*) is significantly lower than the level of GHG emissions;

21. stresses that the total number of permits to be allocated within the ETS should be reduced in line with the emission

targets set by the Commission for 2020, to avoid putting too much of the burden of emission reduction on sectors that are not participating in the ETS, such as households and other small energy users;

22. is in favour of partly *auctioning* the permits, especially those for sheltered industries, because this will provide a better incentive to reduce emissions and, hence, will also improve the ETS's efficiency. This approach is also more in line with the 'polluter pays' principle. It would also create less of an economic burden for participating firms than would be the case if all permits were auctioned;

23. takes the view that the auction and the *free (benchmark) allocation* of the other (main) part of the emission permits can be left to Member States, provided that the allocation procedures within the EU are harmonised, in order to prevent distortion of competition between Member States and to improve the efficiency of the system; in a future trading system, consideration could be given, in respect of specific sectors of the economy with comparable European benchmarks, to an allocation and/or target at EU level outside the national reduction target, with an equal allocation of emission rights per unit of production to all market participants;

24. requests the Commission to consider whether appropriate means, such as from the Structural funds, have to be used to compensate outermost regions if they will be relatively strongly affected by the inclusion of aviation in the ETS.

25. welcomes any efforts to coordinate the European emissions trading system with comparable approaches in third countries. Distortions of competition in favour of producers from countries with no comparable emissions trading system should be prevented by means of appropriate measures, such as compensatory levies;

26. welcomes the proposal to extend the ETS to other gases and sectors as this will raise both the effectiveness and the efficiency of the system;

27. urges the Commission to carefully consider the option of opening up the ETS to small, but energy-intensive emitters since this would probably lower their *reduction costs*;

28. agrees with the Commission that aviation should be included in the ETS because this industry is a rapidly growing source of greenhouse gases, and urges the Commission to take all the effects that this industry has on climate change into account;

29. requests the Commission to take into account the specific characteristics of the aviation industry within the allocation of permits, in particular to deal with the fact that emissions from aviation (both carbon and hydro) have larger impact on climate change than activities occurring at ground level;

30. is strongly opposed to the proposed exemption for government flights since governments should lead by example to boost public support for the policy;

31. believes that Carbon Capture and Storage (CCS) should be included in the ETS only on strict conditions relating to monitoring and safety. Before this happens, it must be proven by means of demonstration plants to what extent and/or at what cost these technologies can make a contribution to the avoidance of greenhouse gas emissions;

Regarding other instruments of climate policy

32. urges the Commission to develop systems through which Member States and regions can meet the targets on renewable energy and energy efficiency cost-effectively;

33. takes the view that Member States which have only limited possibilities to produce energy from renewable sources should be given the option of achieving their target on renewable energy through trade, either within an EU-wide green-energy certificate system, or through bilateral contracts with other States which have a more abundant supply of renewable energy. The aim here is to reduce the overall costs of meeting the targets on renewable energy;

34. requests the Commission to set the target for energy efficiency on an aggregate level (i.e. energy intensity of the whole economy) taking into account regional differences in sectoral structure. This would give Member States and regions the flexibility to achieve the target using a wider range of measures, including measures aimed at the energy consumption of apparatuses and the industrial structure of the (regional) economy;

35. welcomes the Commission's intention to reduce average emissions of new cars sold in the EU by 2012 to 120 g of CO₂ per kilometre, and calls upon the Commission to do its utmost, for instance by supporting research in this field, to reach the target of 95 g CO₂/km by 2020;

36. calls upon the Commission to give careful consideration to the subsidiarity principle when creating new policy instruments. Regional and local authorities are well placed to take effective measures in the field of public transport, traffic infrastructure, energy infrastructure, spatial policy, energy-efficiency measures and communication measures aimed at the public;

Regarding the role of local and regional authorities in European climate policy

37. is convinced that measures at regional and local level are indispensable for an effective European climate policy;

38. believes that local and regional authorities also have an important role to play in adapting to climate change. The CoR will be drawing up an opinion on this subject in due course;

39. notes that regional and local authorities are already contributing to the European climate-policy in a number of ways, for example:

- a. communicating with the public, for example in schools, on the necessity of taking action to prevent further climate change;
- b. making climate and energy issues a driving factor in spatial planning;
- c. encouraging investment in infrastructures for biomass and biofuel filling stations;
- d. stimulating investment in heat infrastructures, which connect heat supply (remnant heat, geothermic heat, cold and heat storage in the soil) with demand;
- e. strengthening the modal shift in transport through, for example, spatial policy;
- f. encouraging regional public transport, for example light rail connections;
- g. planning and introducing more footpaths and other routes for non-motorised traffic;
- h. promoting clean technology in public transport through green public procurement;
- i. simplifying permit procedures for renewable energy projects;
- j. enhancing the regulation of energy efficiency by local and regional authorities through the creation of expert centres;
- k. establishing international partnerships to extend the international coalition against climate change, and transfer energy-saving technology to less-developed countries;
- l. boosting research and development in technology by creating regional 'energy valleys';
- m. linking goals for energy efficiency or renewable energy to regional goals such as employment, innovation, social policy;
- n. formulating ambitious targets, such as action plans for local or regional emission reduction and 'climate neutral areas' or 'climate neutral public transport and buildings';
- o. using public procurement as a tool to reduce energy use and improve energy efficiency for both goods and services;

- p. encouraging the treatment of organic matter and raw materials on regional and local level, because the reduction of transport movements contributes to the CO₂ balance.
40. will assume *its* responsibility by strongly encouraging the implementation of these kinds of measures at regional and local level through three types of action:
- a. improving the dissemination of knowledge on cost-effective climate measures;
 - b. encouraging cooperation between EU regions;
 - c. encouraging cooperation between EU regions and regions in other parts of the world, such as in the United States, China and India, partly by intensifying already existing relationships between these regions;
41. calls on the Commission to organise a conference on regional and local climate policy, in order to disseminate best practice among European regions, and to discuss how the Commission can support regional and local climate policies effectively;
42. will encourage the development of a permanent network of ambitious local and regional authorities that are keen to enhance information exchange and create a platform for the development of new ideas to mitigate greenhouse gas emissions cost-effectively;
43. offers to participate actively in the further process of designing the European climate policy.

Brussels, 10 October 2007.

The President
of the Committee of the Regions
Michel DELEBARRE
