



*****Press release******

Embargoed until 13:00 CET 25/6/2013

Europe's emissions trading scheme will cancel out 700 million tonnes of other climate policies unless fixed, says new study launched in Brussels today.

The EU emissions trading scheme (ETS) was expected to deliver 2.8 billion tonnes of emissions reductions by 2020, more than any other single policy in Europe's Climate and Energy package, but new analysis from Sandbag shows that since the recession, the opposite is happening and the EU ETS is now poised to *cancel out* 700 million tonnes delivered by other policies by storing these up for use after 2020.

As MEPs prepare to vote on the 3rd July in Strasbourg on a decision to temporarily withhold allowances from Europe's troubled emissions trading scheme, a new report argues that scheme is in desperate need of more fundamental repair.

The report finds that, following the recession, the EU ETS has gone from being a net driver of emissions reductions, to a brake on Europe's environmental progress, cancelling out the emissions reductions delivered by other policies.

Sandbag argues that the troubled scheme also suffered from being a dumping ground for one billion of the world's most dubious Kyoto offset credits as European companies rushed to use the cheapest credits before they are banned from the scheme under new environmental regulations.

Report author, Damien Morris comments:

"A minimum level of ambition must be restored to the EU ETS if it is to be prevented from cancelling out other policies and damaging Europe's international credibility. In the run up to a new international climate agreement, Europe can ill afford to hoard carbon allowances the EU ETS has stored up from the recession and other climate policies. The backloading debate must serve as a stepping stone to a separate decision to permanently cancel at least 1.7 bn allowances."

Against industries claims that the policy is making them uncompetitive the report finds that, without exception, in aggregate, each manufacturing sector in the scheme is currently oversupplied with free allowances, and that manufacturing sectors are likely to accrue even more allowances over the eight years leading up to 2020.

Sandbag's Founding Director, Baroness Worthington, added,

"As we have been saying every year, for the last 5 years, the ETS is in dire need of rescue. This can only be done with an injection of climate ambition. With emissions now decoupling from growth and with abatement costs at record lows in the EU and globally, there has never been a better time for the EU to stop the flow of unnecessarily high levels of permits to polluters. The patience of civil society and low carbon investors is wearing thin. It is time to get a grip."

ENDS

For more information please contact:
Damien Morris, Senior Policy Advisor
Mobile: [+44 \(0\) 791 466 9569](tel:+44207914669569), damien@sandbag.org.uk

Notes

The report will be launched at an event in the European Parliament on the 25th June, hosted by cross-party MEPs, Linda McAvan (S&D), Chris Davies (ALDE) and Peter Liese (EPP). The event will take place in from 13:30 – 15:30 in room: JAN4Q2, European Parliament, Brussels.

Sandbag is the climate change NGO campaigning for environmentally effective carbon markets. Our offices are based in London and in Brussels. Please visit our website at www.sandbag.org.uk