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**For immediate release**

## EU Emissions Trading Scheme set to lock in high emissions rather than deliver reductions unless caps are tightened

EU flagship climate policy fails to require any emissions reductions before 2017 Instead of encouraging firms to reduce their emissions, the EU emissions trading scheme is actually guaranteeing high level of emissions can continue in to the future. Analysis published today by the advocacy group Sandbag shows that Europe's carbon caps have turned into carbon traps [1].

Under current rules there is no provision to tighten the legally binding emissions caps in the event that emissions fall faster than expected. Emissions have fallen dramatically over the last two years (6% in 2008 and 11.6% in 2009) as a result of the recession. The oversupply of pollution permits is now so great that emissions can grow back to pre-recession levels and beyond and there will still be no need for any additional cuts to be made in the EU until 2017 [2].

There are over 11,000 installations across Europe who have legally binding caps on their emissions, however, in 2009 over 70% of these had more emissions permits than they needed allowing them to carry on with business as usual. A new interactive map is launched today, graphically bringing this fact to life [3].

In a leaked draft of a European Commission communiqué expected to be published this week [4], the EU acknowledges there is an issue regarding the over-supply of permits and recommends removing 1.4 bn tonnes from the scheme from 2013-20. Sandbag's analysis shows that this number is much too low and that for caps to be made meaningful 2.3 bn tones need to be removed [5].

Commenting on the European positions Campaigner Damien Morris said:

"The European Trading Scheme is far from living up to its potential. While the Comission's expected proposal to reduce caps by 1.4 billion tonnes is a promising start, this reduction of the budget will be compromised by the scale of the expected carryover. A carbon budget based more on historical emissions can deliver abatement on a scale more commensurate with our 2050 ambitions. "

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**Notes to Editors**

[1] A summary of the analysis is available here:
http://sandbag.org.uk/files/sandbag.org.uk/Rescuing_EU_ETS.pdf

[2] Our analysis shows that generous allocations of permits to industrial and manufacturing firms combined with the effect of the recession, will mean that 1.5bn tones of permits will be available but not be used before 2013. These will then carry over into the next eight year trading phase ending in 2020. So many permits are likely to be carried over that overall there is no requirement for additional cuts to be made until after 2016 even if emissions grow back to pre-recession levels and continue to grow by 1% per annum thereafter.

[3] The interactive map allowing you to search all installations in the scheme can be viewed here: www.sandbag.org.uk/emissionsmap

[4] A communiqué is expected to published tomorrow assessing the case for adopting more ambitious climate targets in Europe – this would help to bring efforts in Europe more in line with what the science now suggests. Our new report illustrates that tighter caps are both needed and easy to achieve and calls on EU leaders to make a clear decision to implement this when they meet in June.

[5] Our assessment of how many permits should be created in 2013-20 is based on analysis of recent historic emissions in industry while maintaining the proposed tough caps on the power sector. This gives a cap of 13.1 billion tones in total across the phase. This is 15.11% or 2.3 billion tonnes lower than current proposals contained in the Directive.