

Resolution of the 14th German Bundestag, adopted at its 249th Session on 5 July 2002

concerning the

Proposal for a Directive of the European Parliament and of the Council establishing a scheme for greenhouse gas emissions allowance trading within the Community and amending Council Directive 96/61/EC

COM(2001)581 final; Council Doc. No. 14394/01;
(Referred Printed Paper 14/8179, No. 2.17)

I. The German Bundestag notes:

The EU has committed itself to reducing the six greenhouse gases defined in the Kyoto Protocol by 8 percent between 2008 and 2012, referred to 1990. Roughly 4 percent was reached by 2000. According to the Kyoto Protocol and the EU distribution of burdens, the Federal Republic of Germany is to achieve a reduction of 21 percent CO₂ equivalent in the period from 2008 to 2012. 18.7 percent was already reached by 2001. Consequently, Germany has already fulfilled a major portion of its obligations.

In addition to joint implementation (JI) and the clean development mechanism (CDM), the Kyoto Protocol provides for a third, flexible instrument for trading with greenhouse gas emissions. This instrument is intended to promote the efficient reduction of absolute emissions in the signatory states.

In 2000, the EU Commission took the initiative to establish a uniform, Community-wide scheme and joint regulations by issuing the Green Paper On Emissions Trading. It also officially initiated the European legislative process on 23 October 2001 with a draft directive.

The EU Draft Directive (COM(2001)581) is based on the binding introduction of EU-wide trading with greenhouse gas emissions according to a scheme based on the fixed allocation of tradable certificates with absolute reduction targets for the participants ("cap and trade") and annual accounting of the emission certificates. An introductory phase from 2005 to 2007 is to be followed by the first primary phase from 2008 to 2012. Authorisation to participate in emissions trading is to be governed by a two-stage model comprising a "permit" relating to a specific installation and tradable "allowances" for emissions. The certificates are generally to be allocated free of charge (grandfathering), at least in the pilot phase from 2005 to 2007.

The German Bundestag supports the EU Commission in its intention to have the other EU states participate much more extensively in climate protection measures. The German Bundestag considers the Commission's Draft Directive to be an attempt to arrive at a fair distribution of burdens. Previous achievements must be given due consideration in this context. In this respect, the German Bundestag supports the instrument of emissions trading.

The German Bundestag welcomes:

- The commitment of the Federal Government to international climate protection and to the ratification and implementation of the Kyoto Protocol, which for the first time establishes a transparent and auditable, worldwide climate protection scheme.
- That the European Union is taking a pioneering role in climate protection. This is an indispensable contribution to sustainable development.
- The contribution of the Federal Government to the Kyoto process at the conferences of Bonn and Marrakech, which, through the integration and precise definition of the flexible instruments, encouraged even sceptics of international climate protection efforts to join in a constructive dialogue.
- The consultations between the Federal Government and the Commission, and within the Council, concerning unresolved issues in the directive that require clarification, particularly the criteria for allocation (allocation of emissions allowances, consideration of previous achievements, definition of clear and stringent upper emission limits), the question of monitoring, the sanction mechanisms and the compatibility of the EU directive with other climate protection instruments.
- The establishment of the "Emissions Trading to Combat the Greenhouse Effect" working group on the basis of the Climate Protection Programme of 18 October 2000, under the coordination of the Federal Ministry of the Environment, in order to work on clarification of the extensive and complex issues and on concrete proposals for structuring emissions trading.
- The fact that more than 40 representatives of business enterprises, associations, the German Federal Länder, environmental organisations and the German Bundestag are now involved in the working group, including all branches and sectors affected by the EU Draft Directive.

II. The German Bundestag requests the Federal Government:

- To continue to constructively accompany the debate surrounding the structuring of emissions trading, as it may become a key instrument of European climate protection.
- In the consultations on the EU directive, to ensure careful review of the envisaged regulations with regard to effective climate protection, on the one hand, and the concrete effects on industrial competitiveness, on the other. The German Bundestag assumes that, considering the importance of this directive, the result of the negotiations can be supported jointly by all Member States.
- In view of the still-unresolved issues, to precisely define the concept with the EU Commission in such a way that, in addition to achieving the climate protection targets, economic and social effects can also be evaluated with sufficient reliability. In particular, this requires:
 - precise formulation of the procedure for allocating emissions allowances;
 - full consideration of Germany's previous achievements in climate protection;
 - the option of including additional industries and greenhouse gases on the independent responsibility of the Member States;
 - assurance of the compatibility and comparability of emissions trading with proven national climate protection instruments;

- establishment of a harmonised, European-wide monitoring, verification, reporting and sanctions scheme;
 - establishment of uniform regulations across Europe for incorporation of the project-related JI and CDM mechanisms, which must be based on stringent, ecological quality criteria;
 - provision of a flexible introductory phase with voluntary participation and accompanying evaluation in the period from 2005 to 2007;
 - insofar as no other possibilities exist following the introductory phase, working in an appropriate manner towards the consideration of climate-relevant aspects in the process chain of production, transport and conversion of energy, without restricting the instrument of emissions trading;
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- To work within the EU towards the further development of climate protection policy with long-term targets.

 - To also initiate comparably ambitious climate protection efforts for businesses and sectors not participating in emissions trading.