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EU Trying to Link Up With Federal Rather Than Local U.S. Emissions Trading

By Mathew Carr - Sep 24, 2010

The European Union will keep trying to link its carbon market, the world's biggest, with any U.S. program at the federal level rather than regional systems.

A federal U.S. cap-and-trade program, narrowly approved in the House of Representatives last year, didn't gain enough support to pass the Senate this year. States including California are proposing emissions trading under a program known as the [Western Climate Initiative](#) in 2012.

"The main emphasis is what is happening at the federal level," [Peter Zapfel](#), head of policy coordination in the climate unit of the European Commission, said today in an interview at a Chatham House conference in London. Chatham House is an international policy adviser based in London. "The regional markets are useful early experiences," Zapfel said.

The 27-nation bloc started its European trading system in 2005, capping emissions for about 12,000 factories and power stations and allowing them to buy and sell credits. The EU said it will reduce the supply of CO2 permits by 21 percent in 2020 compared with 2005 as part of its plan to cut greenhouse-gas emissions by at least 20 percent compared with 1990 levels.

The EU should consider joining forces with more receptive nations -- potentially Japan and China, for instance -- instead of seeking to lure the U.S. into a European-type carbon market, said [Michael Grubb](#), an economist and member of the U.K. Climate Change Committee that advises government.

'Lies in Tatters'

"We are still seeing vestiges of wishful thinking," Grubb said today in an interview at the conference. Attempts at making EU climate-protection policy acceptable to the U.S. have failed, he said. "That strategy lies in tatters."

EU Climate Chief [Connie Hedegaard](#) said Sept. 21 that the EU was "very disappointed" at the U.S. administration's "inertia" on cutting emissions from aviation and its refusal to support the European proposal to reduce greenhouse-gas discharges by airlines at international level.

"Indeed, there are signs the administration intends to use the International Civil Aviation Organization meeting to oppose the inclusion of third-country airlines in the EU emissions

trading system,” according to a speech that Hedegaard was due to deliver at Harvard’s Kennedy School. “Not only is the U.S. not demonstrating leadership itself, it apparently is seeking to stop others from doing so too.”

The international climate negotiations in Cancun, Mexico, this year should set a global target of reducing emissions from international aviation by 10 percent below 2005 levels by 2020, Hedegaard said. This matches a reduction target the EU proposed last year at the Copenhagen climate meeting.

To contact the reporter on this story: [Mathew Carr](#) in London at m.carr@bloomberg.net

To contact the editor responsible for this story: Stephen Voss on sev@bloomberg.net

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