

Basic positions of bvek

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bvek, the **German Emissions Trading Association**, is in favour of an economically efficient system of tradable emission allowances for the protection of the climate. The European Union emissions trading system and its current implementation in Germany are in urgent need of improvement. Lessons must be learnt from the mistakes of the first period of trading. For the second period, the rules and regulations need to be made more market-oriented and less bureaucratic. Key decisions which also do provide impulses for future development need to be taken by the next German Bundestag and Federal Government. The specific interests of a few companies or a single sector of industry cannot be taken as an orientation, but only the best possible procedures for the economy as a whole. Guided by these considerations, bvek will be promoting the following **10 basic positions** in the upcoming decision-making process:

We propose that in **Germany**

1. The division of the German budget of greenhouse gas emission allowances for the Kyoto period from 2008 – 2012, on the one hand to the emission allowances trading sector (energy companies, emissions-intensive industry), and on the other hand to the remaining economic sectors (traffic and transport, domestic, small traders, etc.), should not take place in accordance with historical emissions as proposed, but on the basis of the marginal abatement costs for emission reductions of the sectors. This is the only form of division which will really do justice to the political goal of achieving minimum macroeconomic costs for the necessary climate protection.
2. The emission allowances to the industrial companies in the emission allowance trading sector should not all be allocated without charge, but full use should be made of the opportunity offered by the EU Directive, with 10 % being put up for auction.
3. The remaining 90 % of the emission allowances should not be allocated in accordance with supposedly historical emissions, but on the basis of product-related benchmarks in combination with historical operating loads which are typical for such plants, without any special allocations. New plants should always be treated under the same rules as existing plants. This would offer sufficient incentive for investment in new plants and would mean that there was no need for complicated transitional rules and long-term commitment deadlines for the compliance factor. It would then also be possible to do without ex-post corrections which are not in compliance with EU regulations. A reserve should be included in the macro-plan for the allocation without charge to new plant. Fluctuations due to unexpected growth are to be met by government purchase of emission allowances with the receipts from the auctions.
4. A system of tradable emission allowances should also be introduced as soon as possible for the sectors which do not fall under the EU system, and in such cases those bringing fossil fuels onto the market should be obliged to own emission allowances, and the emission allowances allocated to the sectors should always be auctioned. At the same time it is important to examine ways of cutting back the current bureaucratic entanglement of climate protection instruments ranging from green taxes, through subsidy programmes, to energy legislation and planning and building regulations, to leave only measures that are really necessary. In order to minimise the costs to the national economy of compliance with its obligations under international law, it seems justified here for Germany to take unilateral action by way of an exception.

5. The links between the international climate protection projects in accordance with the Kyoto Protocol with the EU emissions trading sector should be as directly as possible, and in particular the provisions of the EU law should be enacted in German law in such a way that the use of these projects by German participants will be free from bureaucracy.

We will also work to ensure the following points for the further development of the **EU Emission allowances trading system**

6. The greatest possible harmonisation of the various national regulations for the implementation of the EU emissions trading as from 2008, in particular in terms of the national rules for the allocation of emission allowances and the monitoring of the emissions.
7. For the period from 2012, all sectors of the national economies should be integrated, as outlined for Germany under Point 4 above.

And finally, we will work to ensure that Germany plays an active role in the negotiations at the **UN Climate Change Conferences** with the following goals:

8. The continuation of the Kyoto system beyond 2012 with quantified emissions limitation for the nations, including not only the USA and Australia, but also the major emitters among the developing countries, such as China, Brazil, and India.
9. In addition, the international air and sea traffic should also be included as a fictive state,
10. In the long term, emission limitations should be introduced globally for all countries, with the limitations being oriented towards the average per capita emissions of greenhouse gases which are still tolerable for the global climate in combination with the national population.