



EUROPEAN UNION

DELEGATION OF THE EUROPEAN COMMISSION

Head of Delegation

The Honorable James M. Inhofe
Chairman, Committee on Environment and Public Works
United States Senate
Washington, DC 20510

Dear Mr. Chairman,

In view of the full hearing the Environment and Public Works Committee will conduct on Wednesday, October 5, 2005, on the Kyoto Protocol to assess the status of efforts to reduce greenhouse gases, I have the pleasure to communicate to you the latest information how the EU and its Member States are progressing to meet their Kyoto targets.

I would very much appreciate, if this information could be included in the record of the hearing.

The EU is fully committed to implement its obligations under the Kyoto Protocol. It has adopted a series of policies and measures, such as the EU's greenhouse gas emissions trading scheme, to meet its target in a cost-effective manner. These measures, together with the EU's participation in the global carbon market, will ensure that the EU meets its target.

To ensure its compliance with the Kyoto Protocol, the EU has adopted a series of measures under the European Climate Change Program (ECCP). Most of these measures have recently entered into force and will start to show their full effect over the next few years. These include:

- The EU greenhouse gas emissions trading scheme;
- The promotion of electricity from renewable energy sources;
- The promotion of cogeneration (CHP);
- Increasing the energy performance of buildings;
- The promotion of the use of biofuels for transport.

The tables in Annex I give a full overview of all recently adopted measures and their projected effect. ECCP policies and other actions by EU Member States to date, in combination with restructuring of European industry, particularly in Central and Eastern Europe, have contributed to an absolute reduction of annual carbon dioxide emissions of some 350 million tonnes (5.5%) across the EU-25 by 2003, equivalent to 5 years of emissions from the Republic of Ireland.

In 2003, the 15 EU Member States that share the EU's Kyoto target of -8% had reduced their greenhouse gas emissions by 1.7% compared to 1990 levels. The average EU-15 emissions over the most recent 5-year period, which is also the period over which Kyoto compliance is assessed, are **currently 2.9% below 1990 level**. An overview of the performance of individual Member States is given in Annex II.

The EU will make use of the cost-effective reduction options offered by its participation in the global carbon market, based on the Kyoto Protocol's flexible mechanisms, to meet its Kyoto target. The table in Annex III gives an overview of the planned use by individual Member States of the Kyoto mechanisms.

Whereas the EU is right on track, additional measures at Member States level are required to meet the 8% reduction target. With implementation of those additional measures and use of the Kyoto flexible mechanisms, the EU will reach a 9.4% reduction on base year emissions, of which 6.8% will be achieved by EU Member States measures alone. In other words, the EU will reduce more than is needed to meet the EU-15 Kyoto target.

In summary, the EU has made good progress so far. Further progress depends on the speed and thoroughness of the implementation by Member States of Community legislation and domestic measures. The total of the projections for the EU-15 Member States shows that the Kyoto targets will be met with additional domestic measures and the use of flexible mechanisms, as planned.

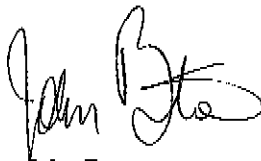
Beyond 2012

The EU's climate policy does not stop in 2012. Many of the EU policies that are already in place will have an important impact beyond the Kyoto Protocol's first commitment period. The EU's greenhouse gas emissions trading scheme will automatically continue after 2012. The second phase of the European Climate Change Programme will be launched in late 2005. It will include carbon capture and storage, passenger road transport, aviation and strategies to adapt to the effects of climate change, in addition to the work programme already covered.

The European Commission has also adopted a Communication outlining key elements for a strategy for further action post 2012. While it indicates that the EU is ready to engage in an open dialogue between countries concerning the further development of an international framework post 2012, it has highlighted a number of key elements for a successful global climate policy: the need for broader participation by countries and sectors, the development of low-carbon technologies, the continued and expanded use of market-based instruments, and the need to adapt to the inevitable impacts of climate change.

We believe that these policies, and others like them, provide strong, long-term signals to industry, Member State governments and the wider international community that the EU is committed to tackling climate change and expects all of its institutions, businesses and citizens to play their part.

Yours sincerely,



John Bruton
Ambassador

Annex I:

European Climate Change Programme: Overview table of policies and measures

Explanation of terminology and estimates of emission reduction potential

1. "In force": These measures are adopted by the EU institutions, the main task for the Commission is to monitor the implementation and review if appropriate (as sometimes laid down through specific legislative requirements). Important upcoming reviews are also indicated in the table
2. "In co-decision": These measures have been proposed by the Commission and are currently in co-decision in the European Institutions
3. "in implementation": these non legislative measures are currently in execution
3. "Advanced stage of preparation": the preparatory policy work is to a large extent completed and a concrete proposal is envisaged in the Commission's work plan
4. "In preparation": the examination of the measure are still on-going

It should be noted that the emission reduction potential for the various ECCP measures are (ex-ante) estimates. The 'ex ante' ECCP evaluation of the potential of a certain measure does not necessarily coincide with the actual realisation in the field, as not all of the detailed provisions of the proposals or adopted measures have been taken into account in the pre-evaluation. Another reason is that the estimated potential is sometimes based on reaching certain (indicative) targets, which will need to be proven in practice (e.g. CHP and biofuels proposals).

Summary of implemented and planned policies and measures

Cross-cutting issues

Policies and measures 'Cross-cutting'	Emission reduction potential (Mt CO ₂ eq) By 2010 – EU-15	Stage of implementation /timetable /comments
EU emissions trading scheme		In force
Revision of the monitoring mechanism	N/a	In force
Link Kyoto flexible mechanisms to emissions trading		In force

Energy Supply

Policies and measures 'Energy supply'	Emission reduction potential (Mt CO ₂ eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Directive on renewable electricity	100-125 ¹	In force Review in 2005
Directives on the promotion of transport bio-fuels	35-40 ¹	In force
Directive on promotion of cogeneration	22-42 ²	In force
Further measures on renewable heat (including biomass action	36-48	In preparation

¹ Second ECCP progress report April 2003 -

http://europa.eu.int/comm/environment/climat/pdf/second_eccp_report.pdf

² COM (2004)366 - final "The share of renewable energy in the EU, May 2004"

plan)		
Intelligent Energy for Europe: programme for renewable energy	N/a	Programme for policy support in renewable energy
TOTAL in implementation	193-255	

Energy demand

Policies and measures 'Energy demand'	Emission reduction potential (Mt CO ₂ eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Directive on the energy performance of buildings	20 ³	In force Monitoring and review
Directive requiring energy labelling of domestic appliances	20 ¹	In force Monitoring and review
Existing labels	1	in preparation
New (clovens & AC)	10	
Envisaged revisions (refrigerators/freezers/dish-washers)		In preparation
Planned new (hot water heaters)	23	In preparation
Extension of scope of Directive	N/k	
Framework Directive on eco-efficiency requirements of energy-using products	2010: dependent on implementation of daughter directives	In co-decision (institutional agreement)
Directive on Energy services	40-55 ¹	In co-decision Includes requirements regarding energy efficient public procurement
Action Plan on Energy efficiency as a follow-up to the GreenPaper	N/a	In preparation (2006)
Action under the directive on integrated pollution prevention and control (IPPC) on energy efficiency	N/k	In preparation
Intelligent Energy for Europe programme for energy efficiency	N/a	Programme for policy support in energy efficiency
Public awareness campaign on energy efficiency	N/a	Supporting program as part of Intelligent Energy for Europe: In implementation
Programme for voluntary action on motors (Motor Challenge)	N/a	Supporting programme for voluntary action on efficient motor systems
Public procurement	N/a	EU Handbook developed for guidance for increased energy efficient public procurement
OVERALL in implementation	114-129	

³ COM (2004)366 – final “The share of renewable energy in the EU, May 2004

Transport

Policies and measures 'Transport'	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Community strategy on CO ₂ from passenger cars (including voluntary commitment – VC - of car associations)	Total 107-115 Of which VC: 75-80 ⁴	VC: monitoring; review ongoing <u>Labelling</u> : in force <u>Communication on fiscal measures</u> : in implementation <u>Directive on taxation of passenger cars</u> : in preparation
Framework Directive Infrastructure use and charging	N/k	In implementation, in relation to heavy duty road transport only
Shifting the balance of transport modes	N/k	Package of measures in implementation
Fuel taxation	N/k	In force Focus on EU harmonisation of taxation, not on CO ₂ reduction
Directive on mobile air conditioning systems: HFCs	See regulation on fluorinated gases	In co-decision, as part of regulation on fluorinated gases
TOTAL in implementation	107 - 115	

Industry & non CO₂ gases

Policies and measures 'Industry'	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Regulation on fluorinated gases	23 ⁵	In co-decision
IPPC & non-CO ₂ gases	N/k	In force Review periodically

Waste

Policies and measures	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Landfill Directive	41 ⁴	In force
Thematic strategy on waste	N/k	In preparation

Integration Research & Development

Policies and measures	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
R&D framework Program	n/a	In force 6 Framework Programme for research and development Includes support for R&D in the fields of energy, transport and climate In preparation 7 Framework Programme

⁴ Second ECCP progress report April 2003 -
http://europa.eu.int/comm/environment/climat/pdf/second_eccp_report.pdf

⁵ COM (2003) 492 final

Integration Structural funds

Policies and measures	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Integration climate change in structural funds & cohesion funds	n/a	For the new budgetary period 2007-2013 renewable energy and energy efficiency have been identified as eligible areas for support –EU strategic guidelines In preparation

Table 1: Agriculture

Policies and measures in 'Agriculture'	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Integration climate change in rural development	N/a	For the new budgetary period 2007-2013 renewable energy and energy efficiency have been identified as eligible areas for support –EU strategic guidelines In preparation
Support scheme for energy crops	N/a	In force
N ₂ O from soils	10	improved implementation of the nitrates Directive
TOTAL in implementation	10	

Table 2: Forests

Policies and measures 'Forests'	Emission reduction potential (Mt CO₂eq) By 2010 – EU-15	Stage of implementation /timetable /comments
Afforestation and reforestation: - Afforestation programmes - Natural forest expansion	Not known	Identified potential: 14 Mt of CO ₂ eq. Possibility for support through forestry scheme of rural development
Forest management (various measures)	Not known	Identified potential: 19 Mt CO ₂ eq. Possibility for support through forestry scheme of rural development, dependent on national implementation.
TOTAL in implementation	-	

Annex II: the EU's Kyoto performance

Greenhouse gas emissions trends and Kyoto Protocol targets for 2008-2012

(source: European Environment Agency, 2005)

MEMBER STATE	Base year ¹	2003	Change 2002-2003	Change 2002-2003	Change base	Targets 2008-12
	(million tonnes)	(million tonnes)	(million tonnes)	(%)	year-2003	under Kyoto Protocol and EU burden sharing ²
Austria	78,5	81,6	5,1	5,9%	18,6%	-13,0%
Belgium	146,8	147,7	2,4	1,6%	0,6%	-7,5%
Cyprus	5,3	9,2	0,5	5,3%	72,2%	-
Czech Republic	192,1	147,1	4,3	3,0%	-23,4%	-8,0%
Denmark	69,6	74,0	5,0	7,3%	6,3%	-21,0%
Estonia	43,5	21,4	1,9	9,7%	-50,8%	-8,0%
Finland	70,4	85,5	8,3	10,8%	21,5%	0,0%
France	568,0	557,2	3,6	0,7%	-1,9%	0,0%
Germany	1248,3	1017,5	2,3	0,2%	-18,5%	-21,0%
Greece	111,7	137,6	4,1	3,1%	23,2%	25,0%
Hungary	121,6	83,3	2,4	3,0%	-31,5%	-8,0%
Ireland	54,0	67,6	-1,8	-2,6%	25,2%	13,0%
Italy	510,3	569,8	14,8	2,7%	11,6%	-8,5%
Latvia	25,4	10,5	-0,1	-0,9%	-58,5%	-8,0%
Lithuania	50,9	17,2	-2,4	-12,1%	-66,2%	-8,0%
Luxembourg	12,7	11,3	0,5	4,3%	-11,5%	-28,0%
Malta ²	2,2	2,9	0,0	-0,6%	29,1%	-
Netherlands	213,1	214,8	1,4	0,8%	0,8%	-6,0%
Poland ²	565,3	384,0	13,8	3,7%	-32,1%	-8,0%
Portugal	59,4	81,2	-4,5	-5,3%	36,7%	27,0%
Slovakia	71,7	51,7	-0,8	-1,1%	-27,9%	-8,0%
Slovenia	20,5	19,9	-0,3	-1,5%	-2,9%	-8,0%
Spain	286,1	402,3	3,7	0,9%	40,6%	15,0%
Sweden	72,3	70,6	1,1	1,5%	-2,4%	4,0%
United Kingdom	751,4	651,1	7,4	1,1%	-13,3%	-12,5%
EU-15	4252,5	4179,6	53,3	1,3%	-1,7%	-8,0%

⁽¹⁾ The base year for CO₂, CH₄ and N₂O is 1990; for the fluorinated gases 13 Member States have chosen to select 1995 as the base year, whereas Finland and France have chosen 1990. As the EC inventory is the sum of Member States' inventories, the EC base year estimates for fluorinated gas emissions are the sum of 1995 emissions for 13 Member States and 1990 emissions for Finland and France.

⁽²⁾ Malta and Poland did not provide GHG emission estimates for 2003, therefore the data provided in this table is based on gap filling.

Note: Malta and Cyprus do not have Kyoto Protocol targets

Annex III:

Use of the Kyoto Mechanisms by Member States

Member State planned use of the Kyoto Mechanisms in Million tonnes of CO₂ equivalent for the entire first commitment period (2008-2012), based on information provided in their National Allocation Plans submitted under the EU emissions trading scheme.

Member State	Planned use of Kyoto mechanisms	Which Kyoto mechanisms? (ET, CDM, JI)	Projected emission reduction 2008-12 through the use of Kyoto mechanisms ^a [Million tonnes CO ₂ -equivalents per year]
Austria	Yes	Priority on JI and CDM	7.0 ^b
Belgium	Yes	Priority on JI and CDM	8.4
Denmark	Yes	CDM, JI	4.5
Estonia	No	-	-
Finland	Yes (Pilot programme to gain experiences implemented)	Not yet decided	0.6 contracted, total quantity not yet decided
France	Yes	Priority on JI and CDM	Not yet decided
Germany	Use of Kyoto mechanisms allowed at company level, no acquisition by government planned	ET, JI, CDM	No projected estimate as the amount will depend on private action
Greece	Not yet decided	Not yet decided	Not yet decided
Ireland	Yes	ET	3.7 ^c
Italy	Yes	ET, CDM, JI	39.6
Luxembourg	Yes	ET, CDM, JI	3.0
Netherlands	Yes	CDM, JI	20.0 ^d (CDM and JI)
Portugal	Yes	ET, CDM, JI	No estimate provided ^e Studies on the use of JI/CDM initiated
Slovenia	Yes	ET, CDM, possibly JI	Not yet decided
Spain	Yes	Priority on ET and CDM	20.0
Sweden	Not yet decided, under consideration (Pilot programme to gain experiences)	ET, CDM, JI	Investments made are estimated to amount to 1 Mton/year in emission credits
United Kingdom	Use of Kyoto mechanisms allowed at company level, no acquisition by government planned	ET, CDM, JI	No projected estimate as the amount will depend on private action

Notes:

^a The projected emission reduction through the use of Kyoto mechanisms for Austria, Ireland and Luxembourg stems from the Commission decisions on the national allocation plans of those countries (COM(2004) 500 final, COM(2004) 681 final). The Commission has based its decision on information provided in the NAPs and/or in further correspondence during the assessment of the NAPs. The figures for Belgium,

Denmark, Italy, the Netherlands, Portugal and Spain are derived from the questionnaire, the 3rd national communication or the national allocation plan (for details see below).

^b Austria assumes in the questionnaire a maximum of 50 % of the efforts required for compliance with its burden sharing target to be accomplished by means of JI and CDM.

^c Ireland states in the questionnaire that it intends to purchase 3.7 million tonnes CO₂-equivalents per year from international emissions trading.

^d The Netherlands expect in the questionnaire a contribution of 100 million tonnes CO₂-equivalents from project based activities in 2008-12 (20.0 million tonnes CO₂-equivalents per year). By the end of 2004 99.0 million tonnes CO₂-equivalents have already been contracted, two thirds of which from CDM projects and the remaining third from JI.

^e Portugal assumes in the questionnaire a maximum of 50% of the additional efforts required (described as the difference, for each of the years of the commitment period, between emissions levels considering the effects of policies and measures, and the burden sharing target) will be accomplished by means of JI and CDM.

Source: EEA, 2005