

## **EU emissions trading system**

The Alliance of Liberals and Democrats for Europe Party convening for its Council meeting in Pula, Croatia on 10 May 2013.

Noting that:

-The European Union's Emissions trading system (EU ETS) is the most important European level policy to combat climate change.

-The EU ETS as currently designed cannot provide the price signals needed to stimulate necessary low carbon investment due to the surplus of allowances, leading to a very low carbon price.

-This threatens the credibility of carbon markets as the most flexible, cost-effective way to achieve emissions reductions.

-The majority of EU Member States have to stimulate low carbon investments in order to meet domestic targets; the low carbon price could result in a shift to a regulation-centric approach over market-based instruments, resulting in increased costs for businesses operating within Europe.

-Although market interference should be kept to a minimum, a one-off and targeted intervention now would minimize market uncertainty and distortions and promote investment in low carbon technologies, avoiding greater costs in the long-term to meet EU 2050 objectives.

-Back-loading allowances provides a short term fix pending structural reform of the EU ETS and would not affect measures to prevent carbon leakage.

Taking into consideration that:

-The negative vote on the 'back-loading' proposal in European Parliament on 16th April caused the price of emission allowances to fall to an all-time low.

-The European Parliament decided to send the proposal back to its environment committee for further deliberation.

The ALDE Party council 2013 urgently calls on:

-The European Parliament and all states to support the proposed back-loading.

-All states and EU institutions to urgently bring forward proposals for a proper structural reform of the EU ETS, as well as a clear signal on Europe's low carbon ambition beyond 2020, cognizant the need for a global approach.

### **Resolution:**

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