



Reactive Statement:

European Parliament takes a step to knock out Europe's toxic tonnes...later than sooner

Brussels 24 February. Today the European Parliament's environment committee took the first steps to reform the EU's Emissions Trading System. Following intense pressure from forward looking investors and civil society, policymakers agreed to curb the total amount of pollution permits in the system that would otherwise flood the market by 2020. This is expected to result in a stronger carbon price signal in order to let the polluter pay and support climate friendly investments in Europe. Policymakers unfortunately failed to agree to a timely start of the new Market Stability Reserve which will only become operational by 2019.

Sam Van den plas, Climate Policy Officer WWF added: *"Policymakers are finally tackling the surplus of pollution permits that have plagued the EU carbon market for many years. This vote prohibits around 1.7 billion back-loaded and unused allowances from flooding the carbon market by 2020 which is a welcome step to ensure that these toxic tonnes do not continue to linger over the EU ETS in the coming years."*

"Postponing necessary reforms until 2019 is simply irresponsible in times of a climate crisis. It is now up to the Council to ensure that it does not take another four years before EU policymakers come to the rescue. Every year we wait with setting up the reserve, the surplus that is suffocating the EU carbon market will grow bigger, pushing EU's cornerstone climate instrument closer to the brink of collapse." stated Femke de Jong, Policy Officer at Carbon Market Watch.

Anja Kollmuss, EU ETS Policy Coordinator at CAN Europe said *"Today's vote is an important first step to revive the ailing carbon market. Politicians strengthened the lukewarm proposal by the Commission, and showed that they understand that strong European-wide climate actions bring benefits to European citizens. The next step must be to permanently remove excess pollution permits at the upcoming revision of the EU's carbon market."*

The EU ETS has suffered for many years with extremely low carbon prices due to the massive oversupply of pollution permits in the system. The Market Stability Reserve is necessary to improve the overall functionality of the Emissions Trading System. Designed to reduce the impact of shocks in supply and demand for emission allowances, it automatically adjusts the volume of available allowances in the EU's carbon market (EU ETS) to avoid an over- or undersupply of these allowances.