Hold the Applause:
A Critical Look at Recent EU Climate Claims

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The European Union has recently congratulated itself for being "on track" to meet its Kyoto Protocol emissions targets.[1]

But is it?

And, more importantly, is the EU "on track" in the effort to wean itself off fossil fuels – which is the point of the Kyoto Protocol and other climate change mitigation efforts?

As the financial crisis begins to bite hard and carbon emissions fall as a result, European governments will be certain to be giving themselves yet further pats on the back in coming years for taking bold climate action.

That makes it all the more important to take a sober look at the current figures and what they really mean.

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When, under the 1997 Kyoto Protocol, the EU-15 countries pledged to reduce their emissions by a collective 8 per cent below 1990 levels by 2008-2012, many observers laughed. The target was way too low.

Since then, two things have happened.

First, as scientific evidence about the seriousness of climate change has built up, the Kyoto targets have come to seem even more inadequate than they were at first.

Second, instead of taking this reality on board and working to overcome their industries' dependence on fossil fuels, most EU-15 countries have struggled to try to meet these unambitious targets through accounting gimmickry and pushing the problem off on other regions.

According to the EU-15 governments' projections of their own emissions, the EU-15 as a whole will not have done, by 2010, even half of what is necessary to bring its fossil fuel emissions down to the very modest target it was mandated to reach at Kyoto.

While the Kyoto target was a reduction of 8 per cent, the EU-15 is on course to reduce its fossil emissions by only 3.6 per cent.

What's worse, these figures are each government's own estimates. They have not been checked by third parties, and are thus likely to be inflated by fudging and falsification. As the Environmental Data Services Report noted in November 2008, the "projections for some nations strain belief".[2]

Even by their own admission, 11 out of the 15 countries will not have reduced their fossil fuel emissions enough to meet the Kyoto targets by 2010. Many admit that their fossil emissions will be way above the targets. Spain's emissions, for example, are above its target of a 15 per cent increase by 37 percentage points. Austria will miss its target by more than 30 percentage points. The honorable exceptions are Germany, Greece, Sweden and the UK (see Table 1).[3]

TABLE 1[4]

COUNTRY	2010 KYOTO TARGET (baseline 1990)	2010 PROJECTED EMISSIONS (baseline 1990)	OVERSHOOT (UNDERSHOOT)
Austria	-13.0	+17.4	+30.4
Belgium	-7.5	-3.7	+3.8
Denmark	-21.0	-2.2	+19.8
Finland	0.0	+19.7	+19.7
France	0.0	+0.8	+0.8
Germany	-21.0	-22.5	-1.5
Greece	+25.0	+23.9	-1.1
Ireland	+13.0	+22.8	+8.8
Italy	-6.5	+7.5	+14.0
Luxembourg	-28.0	+3.1	+31.1

Netherlands	-6.0	-2.2	+3.8
Portugal	+27.0	+44.2	+17.2
Spain	+15.0	+52.0	+37.0
Sweden	+4.0	-2.7	-6.7
UK	-12.5	-19.4	-6.9
TOTAL	**-8.0**	**-3.6**	**+4.4**

So where does the claim come from that the EU-15 is going to "meet its target"?

First answer: the EU-15 is going to buy in carbon credits from abroad.

As a whole, the EU-15 plans to meet 3 per cent of its 8 per cent reduction target (or nearly 38 per cent of the cuts needed) through overseas credits. That, it calculates, leaves it with only 1.4 percentage points to make up (see Table 2). And although nine countries will still come up short in the emissions table, it allows an additional two countries, Belgium and The Netherlands, to claim that they will meet their individual Kyoto targets.

TABLE 2

COUNTRY	2010 KYOTO TARGET (per cent, baseline 1990)	2010 PROJECTED EMISSIONS (per cent, baseline 1990)	OVER-SHOOT (UNDER-SHOOT)	OVER-SEAS CREDITS	OVERSHOOT (UNDER-SHOOT) WITH OVERSEAS CREDITS
Austria	-13.0	+17.4	+30.4	-11.4	+19.0
Belgium	-7.5	-3.7	+3.8	-4.8	-1.0
Denmark	-21.0	-2.2	+19.8	-6.1	+13.7
Finland	0.0	+19.7	+19.7	-2.0	+17.7
France	0.0	+0.8	+0.8	0.0	+0.8
Germany	-21.0	-22.5	-1.5	0.0	-1.5
Greece	+25.0	+23.9	-1.1	0.0	-1.1

Ireland	+13.0	+22.8	+8.8	-6.5	+1.3
Italy	-6.5	+7.5	+14.0	-4.0	+10.0
Luxembourg	-28.0	+3.1	+31.1	-30.1	+1.0
Netherlands	-6.0	-2.2	+3.8	-6.1	-2.3
Portugal	+27.0	+44.2	+17.2	-9.6	+7.6
Spain	+15.0	+52.0	+37.0	-19.9	+17.1
Sweden	+4.0	-2.7	-6.7	0.0	-6.7
UK	-12.5	-19.4	-6.9	0.0	-6.9
TOTAL	**-8.0**	**-3.6**	**+4.4**	**-3.0**	**+1.4**

Of course, buying in credits from outside does nothing to reduce Europe's dependence on fossil fuels.

And as is becoming increasingly clear, it is also not doing anything verifiable to help other regions decarbonize. Many if not most carbon credits are being granted to non-European industries for doing what they were doing anyway.[5] And many of these industries are those most committed to a fossil fuel future.

But given that it is allowed by Kyoto, and that Kyoto concerns itself only with numerical targets, not with fostering a technological trajectory away from fossil fuels, the EU-15 can get away with it.

What about the remaining shortfall? Luckily for the EU-15, it can use a second loophole to put itself collectively on target. According to Kyoto rules, European countries can count "afforestation and reforestation" toward its target as well. This is in spite of the fact that afforestation and reforestation, by themselves, do nothing to encourage Europe to reduce the use of fossil fuels, and in spite of the fact that accounting methods for biotic carbon are notoriously contested.

If it counts "afforestation and reforestation" as well as overseas credits, the EU-15 can just squeak through to its target (see Table 3). And two additional countries, Ireland and Portugal, can make their individual national targets, although seven still come up short.

TABLE 3

COUNTRY	2010 KYOTO TARGET (per cent, baseline 1990)	2010 PROJECTED EMISSIONS (per cent, baseline 1990)	OVERSHOOT (UNDERSHOOT)	OVERSEAS CREDITS	OVERSHOOT (UNDERSHOOT) WITH OVERSEAS CREDITS	AFFORESTATION AND REFORESTATION CREDITS	OVERSHOOT (UNDERSHOOT) WITH AFFORESTATION AND REFORESTATION
Austria	-13.0	+17.4	+30.4	-11.4	+19.0	-0.9	+18.1
Belgium	-7.5	-3.7	+3.8	-4.8	-1.0	0.0	-1.0
Denmark	-21.0	-2.2	+19.8	-6.1	+13.7	-3.3	+10.4
Finland	0.0	+19.7	+19.7	-2.0	+17.7	-0.8	+16.9
France	0.0	+0.8	+0.8	0.0	+0.8	-0.7	+0.1
Germany	-21.0	-22.5	-1.5	0.0	-1.5	-0.4	-1.9
Greece	+25.0	+23.9	-1.1	0.0	-1.1	-1.1	-2.2
Ireland	+13.0	+22.8	+8.8	-6.5	+1.3	-3.7	-2.4
Italy	-6.5	+7.5	+14.0	-4.0	+10.0	-4.9	+5.1
Luxembourg	-28.0	+3.1	+31.1	-30.1	+1.0	0.0	+1.0
Netherlands	-6.0	-2.2	+3.8	-6.1	-2.3	-0.1	-2.4
Portugal	+27.0	+44.2	+17.2	-9.6	+7.6	-7.7	-0.1
Spain	+15.0	+52.0	+37.0	-19.9	+17.1	-2.0	+15.1
Sweden	+4.0	-2.7	-6.7	0.0	-6.7	-3.0	-9.7
UK	-12.5	-19.4	-6.9	0.0	-6.9	-0.5	-7.4
TOTAL	**-8.0**	**-3.6**	**+4.4**	**-3.0**	**+1.4**	**-1.4**	**0.0**

For the slaggards, luckily, a third category of accounting assistance is available. This is to assume that policies that have not yet been implemented will also be able to get the numbers down by 2012. That assumption is just enough to bring Austria, Finland and Luxembourg in under the wire. Unfortunately, it is not enough to save Denmark, Italy and Spain, all of whose governments now admit that they will be in breach of Kyoto even with all three accounting dodges. Nonetheless, it allows the EU-15 as a whole to claim that it will meet its Kyoto target with plenty to spare (see Table 4).

TABLE 4

COUNTRY	2010 KYOTO TARGET (per cent, baseline 1990)	2010 PROJECTED EMISSIONS (per cent, baseline 1990)	OVERSHOOT (UNDERSHOOT)	OVERSEAS CREDITS	OVERSHOOT (UNDERSHOOT) WITH OVERSEAS CRE-DITS	AFFORESTATION AND REFORESTATION CREDITS	OVERSHOOT (UNDERSHOOT) WITH OVERSEAS AND A & R CREDITS	"ADDITIONAL POLICIES AND MEASURES"	OVERSHOOT (UNDERSHOOT) WITH OVERSEAS, A & R CREDITS AND "ADDITIONAL POLICIES"
Austria	-13.0	+17.4	+30.4	-11.4	+19.0	-0.9	+18.1	-18.4	-0.3
Belgium	-7.5	-3.7	+3.8	-4.8	-1.0	0.0	-1.0	0.0	-1.0
Denmark	-21.0	-2.2	+19.8	-6.1	+13.7	-3.3	+10.4	0.0	+10.4
Finland	0.0	+19.7	+19.7	-2.0	+17.7	-0.8	+16.9	-17.4	-0.5
France	0.0	+0.8	+0.8	0.0	+0.8	-0.7	+0.1	-4.3	-4.2
Germany	-21.0	-22.5	-1.5	0.0	-1.5	-0.4	-1.9	-3.3	-4.2
Greece	+25.0	+23.9	-1.1	0.0	-1.1	-1.1	-2.2	-2.0	-4.2
Ireland	+13.0	+22.8	+8.8	-6.5	+1.3	-3.7	-2.4	-0.2	-2.6
Italy	-6.5	+7.5	+14.0	-4.0	+10.0	-4.9	+5.1	-3.2	+1.9
Luxembourg	-28.0	+3.1	+31.1	-30.1	+1.0	0.0	+1.0	-1.1	-0.1
Netherlands	-6.0	-2.2	+3.8	-6.1	-2.3	-0.1	-2.4	0.0	-2.4
Portugal	+27.0	+44.2	+17.2	-9.6	+7.6	-7.7	-0.1	-4.0	-4.1
Spain	+15.0	+52.0	+37.0	-19.9	+17.1	-2.0	+15.1	-9.6	+5.5
Sweden	+4.0	-2.7	-6.7	0.0	-6.7	-3.0	-9.7	0.0	-9.7
UK	-12.5	-19.4	-6.9	0.0	-6.9	-0.5	-7.4	0.0	-7.4
TOTAL	**-8.0**	**-3.6**	**+4.4**	**-3.0**	**+1.4**	**-1.4**	**0.0**	**-3.3**	**-3.3**

What is the function of the EU Emissions Trading Scheme in all this? So far, it has largely been to help persuade Europe's highest-emitting industrial sectors that they will be able to delay serious action on fossil fuels. First, it encourages them to buy carbon credits overseas through the so-called Linking Directive, which allows them to import credits from the Kyoto Protocol's Clean Development Mechanism and Joint Implementation projects. Indeed, the reductions required of manufacturers under the EU ETS so far could theoretically be achieved by operators through the use of such credits alone.

The EU ETS also interferes with regulations that more directly incentivize a shift away from fossil fuels. For example, Article 26 of the Emissions Trading Directive bans governments from legislating “inefficient” carbon dioxide emissions limits on energy generators covered by the EU ETS.[6]

Up to now, in addition, the EU ETS has not included aviation and maritime transport, although carbon dioxide emissions from the two sectors increased by 102 and 60 per cent, respectively, between 1990 and 2006.

Most observers see the fossil fuel dependence of EU-15 industry as essentially undented by the EU ETS for the foreseeable future. One Irish utility which has bucked the trend by undertaking a long-term programme of disinvestment in fossil fuel generation explicitly states that the EU ETS has not significantly affected its decision.[7]

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[1] EU Environment Commissioner Stavos Dimos, for instance, clalims that recent figures from the European Environment Agency prove that “Europe’s coordinated action to reach the Kyoto targets is working”. He is quoted in “EU on Trace to Surpass Kyoto Cuts Commitments”, ENDS Report, November 2008, pp. 17-18.
[2] Ibid., p. 18.
[3] Germany has been helped to move toward its relatively ambitious target by regulation unconnected with carbon trading as well as the economic restructuring following German reunification. The UK has been helped by energy markets, the Thatcher-initiated “dash to gas” in electricity production, and nitrous oxide emission reduction measures in the adipic acid production.
[4] All figures are taken from European Environmental Agency, “GHG Trends and Projections”, October 2008.
[5] For two recent treatments, see International Rivers, “Rip-Offsets: The Failure of the Kyoto Protocol’s Clean Development Mechanism”, Berkeley, November 2008 and United States Government, General Accounting Office, “International Climate Change Programs: Lessons Learned from the European Union's Emissions Trading Scheme and the Kyoto Protocol's Clean Development Mechanism”, GAO-09-151, Washington, 18 November 2008.
[6] European Environment Agency Technical Report No 3/2008, Copenhagen, p. 27.
[7] Paul Conlon, ESB International, presentation at Environmental Finance conference, October 2008.