

# PRIORITIES OF ENVIRONMENTAL ORGANISATIONS for the Czech presidency of the European Council

In this document, the Czech environmental organizations which are members of the Green Circle association summarize their priorities for the Czech presidency of the European Council in the first half of 2009. A complete version can be downloaded from [www.zelenykruh.cz](http://www.zelenykruh.cz). Green Circle participated in the creation of non-governmental organisations' joint comments on the official government priorities for the Czech presidency at the beginning of 2008. The document which you hold before you highlights those official government priorities which affect the environment while also presenting independent visions and priorities. It offers an overview of current events in European environmental legislation while also providing insight into the philosophy of Czech environmental organisations.

We consider climate change to be the greatest environmental danger facing the world today. This is priority number one. Within the context of climate change, policies in the energy, transport and agricultural sectors have thus become – in addition to traditional environmental protection – central themes and points for interest of Czech and European environmental organisations.

## 1. Climate change

The most recent conference of the parties to the UN Framework Convention on Climate Change, held in Bali in December 2007, laid down a timeline for adopting a global agreement which would replace the Kyoto protocol after 2012. The participating countries, including the United States, India and China, agreed that it was necessary to adopt measures to keep the temperature of Earth's atmosphere from rising more than 2 degrees Celsius above pre-industrial levels. The fourth IPCC assessment report from 2007 states that, in order to achieve this goal, by 2050 it will be necessary to reduce greenhouse gas emissions by at least 50-85% as compared to 2000. It is expected that the so-called post-Kyoto protocol will be adopted at a conference in Copenhagen at the end of 2009.

The European Union wants to be a world leader in efforts at reducing greenhouse gas emissions. At the European Council's 2007 Spring Summit, the member states undertook to, by the year 2020, reduce greenhouse gas emissions by **20% as compared to 1990. If another global agreement is reached which follows up on the Kyoto protocol and if this agreement is joined by decisive world players, then the EU undertook to lower emissions by up to 30%.** In order to achieve these objectives, in January 2008 the European Commission presented a package of measures in the areas of energy and climate change. It is highly likely that during its presidency the Czech Republic will be organising the final key negotiations at the European Council regarding this package, thus determining the EU's climate policy after the year 2013.

## Climate and energy package

- **A proposed directive for promoting the use of renewable energy** introduces binding targets for the amount of renewables as a share of total energy consumption in the year 2020 for each member state and calls for the introduction of national action plans for achieving the national objectives. As part of these action plans, the member states will establish the share of renewables in the individual sectors (heating, electricity production). The proposal also offers member states the option of trading the established quotas while using so-called “guarantees of origin” (a system for the certification of electricity and heat acquired from renewable resources).
- **A proposed decision on effort sharing of member states to reduce greenhouse gas emissions by 20% by the year 2020** among the member states. The EU has established a target for reducing greenhouse gas emissions within the Emissions Trading Scheme (EU ETS) by 21% as compared to 2005 and by 10% in other areas (buildings, transportation, agriculture, waste). The Commission has proposed abolishing the national objectives and National Allocation Plans and, beginning in 2013, to introduce a unified market in emissions. In areas not falling under the ETS, the Commission has proposed a specific objective for each member state.
- After the year 2013, **a proposed amendment to the directive on emissions trading (EU ETS)** should ensure the distribution of pollution permits via auction instead of their distribution for free as is the case now. Some sectors, however, would not begin full auctioning off permits until the year 2020. The proposal also anticipates including additional sectors (aviation, the petrochemical and steel industries, aluminium production) and other greenhouse gases (N<sub>2</sub>O, CFC, CH<sub>4</sub>) into the ETS. The proposal also proposes that 20% of the auction income would be re-invested into climate protection measures.
- **A proposed directive for carbon capture and storage (CCS)** establishes the legislative, security and economic conditions for developing this technology.

The goal of reducing greenhouse gas emissions in the EU by 30% by the year 2020 is realistic and in accord with the scientific recommendations of the IPCC. At the Bali conference, the significant players confirmed that they are willing to work on an agreement that will replace the Kyoto protocol after 2012, **meaning that the target of 20% is no longer relevant and the EU should count with a target of 30% as a starting point for further negotiations** within and outside of the EU. The climate and energy package will have to be adjusted to take into account this 30% reduction, thus strengthening the EU's negotiating position at the UN and increasing the likelihood of reaching an effective global agreement after the year 2012.

The impacts of climate change are already visible today. Nevertheless, **preventative measures** (emissions reductions) should take precedence over adapting to climate change. We must establish binding targets for both the near as well as more distant future. A long-term approach will send the market a clear signal and promote investments into low-carbon technologies. The EU should adopt **a binding target for reductions of at least 80% by 2050 as compared to 1990**. This will require structural changes in particular in the areas of energy, transport and housing, and a society-wide shift to sustainable and low-carbon forms of production and consumption.

With 12 tonnes per inhabitant per year, the Czech Republic is among the top European producers of CO<sub>2</sub>. The Czech economy has the potential to lower greenhouse gas emissions by as much as 19% by the year 2020 as compared to 2005, but the European Commission's climate and energy package recommends a reduction of only 8% for the Czech Republic. The Czech Republic and other EU countries must make full use of their potential.

Environmental organisations point out that it is a mistake to distribute ETS permits to certain sectors for free after the year 2013. The Commission is promoting the full distribution of permits via auction only after 2020. The full amount of revenues from the auction of greenhouse gas emissions permits should flow into investments for mitigating climate change and projects for adapting to climate change in both

Europe and developing countries. A sizeable amount of the income should go to development aid (technology transfer, adaptation measures, anti-deforestation programmes), with the rest invested into domestic climate policy (energy efficiency, research and development of renewable energy).

### Basic demands of environmental organisations

- In negotiations within and outside of the EU, operate with the objective of reducing greenhouse gas emissions by 30% by the year 2020 as compared to 1990, thus convincing developing countries that the main polluters are serious about reducing emissions.
- Establish a long-term binding target for the EU to reduce greenhouse gas emissions by 80% by the year 2050 as compared to 1990.
- Promote the auctioning of all greenhouse gas emissions permits by the year 2013 - not their free distribution to coal-fired electricity plants and other large polluters.

## 2. Energy

The energy sector plays the largest role in climate change, so solutions should be sought here in particular. Energy production includes not only the industrial production of energy (heat and electricity), but also the way it is consumed in households and the public sector. Any attempt at addressing climate change (as well as competitiveness and dependency on imports) should be based on increasing energy efficiency and the use of renewable energy, but EU money currently does not promote such an approach. A mere 1% of the planned investments financed from structural funds in the new member states for the 2007-2013 period will go for projects which promote energy efficiency and renewable energy.

During the Czech presidency, a strategic review of the EU's energy policy will be performed. This offers the Czech Republic the opportunity to promote more effective and ambitious objectives and measures in the areas of energy production and mitigating climate change. The

Czech Republic will also have to be an example and must transform its dirty and energy-intensive economy into a highly efficient and modern economy.

### 2.1. Energy efficiency

The EU's 2007 Spring Summit set a goal of reducing the consumption of primary energy by 20% by the year 2020. This goal comes from the Action Plan for Energy Efficiency which the EU adopted in October 2006. The plan contains a set of measures for increasing the efficiency of electrical appliances, buildings, transport and electricity production. It calls for reducing energy bills by more than EUR 100 million a year by the year 2020 and would prevent the release of 780 million tonnes of CO<sub>2</sub> a year, meaning that by 2020 the EU would consume roughly 13% less energy than today. However, none of these targets are binding. The Czech Republic is headed in the same direction, at least on paper. The government's programme declaration contains a pledge to increase energy efficiency by 2020 by 40%.

Energy efficiency and energy savings are the main tool for reducing greenhouse gas emissions. The EU's 2009 Spring Summit, held during the Czech presidency, should guarantee that **the goal of reducing primary energy consumption by 20% will be a binding target and not merely a recommendation**. For this, it will be necessary to revise and strengthen existing legislation **for ensuring energy efficiency and savings in individual areas**. In order to increase the extent to which this long-term pledge is respected, interim targets should be set as well.

One key area is the directive for the energy intensity of buildings, which will start to be amended in 2008. The new directive should contain **binding targets for new buildings and for the renovation of older buildings**. By 2010, all new and renovated buildings of more than 100 m<sup>2</sup> should meet low-energy standards. In the Czech Republic, current technologies make it possible to reduce the amount of energy required for heating, hot water, and electrical appliances in residential and office buildings by 60%.

One important shortcoming of European legislation is the **lack of minimum standards for**

**energy efficiency in the most important industrial facilities** (electricity production, metal production and processing etc.) One opportunity for discussion are the Integrated Pollution Prevention and Control (IPPC) guidelines, which would require companies to perform energy management. A new coal-fired electricity plant would have to have an efficiency of at least 42%.

Another anticipated novelty is the **revision of the directive on the environmental design of electrical appliances, which would set legally binding minimum energy standards for each type of appliance**. Also amended will be the energy labelling directive for appliances, which will be amended to include additional appliances and in order to reflect technological developments.

### Basic demands of environmental organisations

- Set a binding target for reducing consumption of primary energy resources by 20% by the year 2020 and establish interim targets in order to decrease European greenhouse gas emissions as well as dependence on imported fuels from developing countries.
- Promote new directives on energy efficient buildings, including binding standards for new structures and renovations above 100 m<sup>2</sup>.
- When revising the Integrated Pollution Prevention and Control (IPPC) guidelines, promote minimum standards of energy efficiency for industrial companies.
- Expand the use of energy use labels to additional appliances and tighten standards to reflect technological developments.

## 2.2. Renewable energy

Arguments that renewable energy can only ever be a small part of the future energy mix count on a constant increase in energy use, which is in conflict with the official direction taken by the EU and the Czech Republic. There is much to indicate that the Commission's requirements for the individual member countries' share of renewables are strongly underestimated. The Commission recommended a 13% share for the Czech Republic, even though

government calculations indicate that the Czech Republic's potential at the current level of consumption is nearly 18%. If consumption were to drop in harmony with the government's programme declaration and the EU Action Plan for Energy Efficiency, the potential for renewables in the Czech Republic in the year 2020 approaches around 20% of final energy consumption.

The European Union should increase the target share of renewables as part of the consumption of primary energy resources from the recommended 20% in 2020 to at least 25%, and set interim targets for the production of electricity and heat. There is no reason for setting binding objectives only for agrofuels.

### Basic demands of environmental organisations

- Increase the EU's binding target for renewables in 2020 to at least 25% of energy consumption.
- Promote at least recommended targets for individual renewable energy resources (biomass, solar) and individual sectors (heating, electricity production).
- Limit the possibility of purchasing guarantees of origin from other member states so that the system will create a true demand for investment into renewables in all member countries without harming national support systems.

## 2.3. Agrofuels

The term "biofuels" is misleading. It makes it sound as if the fuel had been produced in an environmentally and sustainable manner. The modifier "bio" should be used exclusively to label organic agriculture. We thus consider "agrofuels" to be a more accurate term.

At its 2007 Spring Summit, the European Council established a mandatory target of increasing agrofuels' share of total transport-related fuel consumption to 10% by 2020. It did not set any mandatory targets for other renewables, although from the environmental and social viewpoint agrofuels are the least sustainable renewable resource.

The cultivation of crops for producing agrofuels frequently involves the massive use of industrial fertilisers, and adds pressure on natural ecosystems and biological diversity (deforestation, intensive agriculture). Early experiences have clearly shown that the cultivation of crops for agrofuels does not offer any profit to farmers in developing countries, but instead increases the price of food and lowers the standard of living. What is more, importing agrofuels into the EU in no way increases our energy security. **The EU should thus be to seriously consider completely ending subsidies for imported agrofuels.**

Special care should be paid to expanding European and global standards for the sustainable production of agrofuels. These standards could be defined within the renewables directive and the amended fuel quality directive, which should be approved during the Czech presidency. These directives should set a carbon balance (percent reduction of greenhouse gases over the agrofuel's entire lifecycle as compared to the use of fossil fuels) **of at least 60% (as opposed to the proposed 35%) and mandate an analysis of the lifecycle of agrofuels which looks not only at the negative impacts on water, soil and biodiversity, but also at social impacts.** It is important to remember that no matter how strict the adopted sustainability criteria, they will be difficult to inspect and enforce in countries outside the EU.

This excessively ambitious binding target will channel investments into the research and massive development of agrofuels, while more promising renewables will be ignored. It is clear, however, that these targets cannot be attained without using so-called second-generation agrofuels, which despite frequent optimism are still in their infancy. **The EU should thus review its mandate to increase the share of agrofuels to 10% by the year 2020,** and should ensure that any growth in the share of agrofuels is in accord with the Millennium Development Goals and with other policies for poverty reduction.

### Basic demands of environmental organisations

- Review the binding target of agrofuels' 10% share of total consumption of fuels by the year 2020: EU plans are ahead of technological developments and will do more harm than good.
- As part of the fuel quality directive and the renewables directive, establish tighter environmental, social and energy standards for agrofuels and mandate a lifecycle analysis.
- Promote a carbon balance for agrofuels of at least 60%.

## 2.4. Carbon capture and storage (CCS)

CCS technology is currently in the stage of research and development, with the EU financing several pilot projects. The actual introduction of this technology into commercial use is not expected until after 2020, meaning that CCS cannot be a part of climate change measures and cannot be used to set binding targets for reducing greenhouse gas emissions by 2020.

The development and eventual use of CCS technology must be financed exclusively from private resources so that the costs of electricity production are equitably reflected in its price. The operator of the CCS equipment must bear full responsibility and cover the full costs of insurance in case of a release of the stored CO<sub>2</sub>. The CCS directive should establish mandatory safety measures for avoiding CO<sub>2</sub> releases. If CCS technology is truly promising, then companies will be encouraged to invest into the development of CCS systems by an effective European emissions trading scheme. CCS may play a temporary positive role during the shift to a low-carbon economy, but this technological "end-of-pipe solution" and its massive use may merely preserve the current state of energy production.

### Basic demands of environmental organisations

- Stop public funding for research into and installation of CCS
- As part of the CCS directive, promote mandatory safety measures for preventing the release of stored CO<sub>2</sub>

## 2.5. Nuclear energy

Worldwide, there are currently 439 large nuclear reactors in operation, with a roughly 16% share of total electricity production and a 6.5% share of total energy consumption. The average age of reactors is around 23 years, and most of them will be taken off-line within the next ten years. If nuclear energy is going to be an important part of global climate change policy, it would have to experience a truly giant boom – including in countries which have little experience in this area and which cannot guarantee the safety standards commonly found in the EU (this includes politically unstable regions and undemocratic regimes).

The European Union leaves decision making on the use of nuclear energy up to the member states. The individual countries have significantly different approaches to nuclear energy. While France and Finland, for instance, rely heavily on nuclear power, Austria, Sweden, Ireland and many other EU states remain strongly opposed to nuclear power. Despite several projects already underway or being planned, because of the anticipated decommissioning of old plants, the EU will likely see a decline in nuclear energy production. Today, nuclear power covers around one third of final electricity consumption in the EU.

The actual potential of nuclear energy in fighting climate change is marginal, and the debate surrounding nuclear power is drawing attention away from technologies which offer far greater and far more immediate emissions reductions. Besides the security risks (terrorism) of nuclear, the problem of storing spent nuclear fuel has yet to be solved. Nuclear is not a renewable resource (uranium supplies are expected to be used up within the next few decades), but millions of euros continue to be invested into nuclear research: not only fusion, but fission technology as well. Within the Seventh Framework Programme, during 2007-2013, three times more money will be invested into research and development for nuclear power than into research and development for renewables and energy efficiency together.

Nuclear energy cannot compete on the market – both the construction of plants and the

liquidation of nuclear waste require state subsidies. Nuclear power also enjoys limited liability for nuclear accidents. This is without precedent in other high-risk sectors such as the chemical industry, for instance. This limited liability represents a case of serious state interference into the energy market and artificially lowers insurance costs. It should thus be tightened or removed altogether.

### Basic demands of environmental organisations

- EU investments and other public subsidies for the research and development of nuclear fission should be shifted into research and development of renewable energy, where the same amount of money offers a far greater impact and which will move the economy forward.
- Promote full financial liability on the part of nuclear power plant operators.

## 3. Transport

Transport in the EU emits more than 20% of greenhouse gases, whose volume continues to grow even in relevant numbers as compared to GDP. Any technological advances in the field of transport are quickly negated by the growing number of cars and ever lower vehicle occupancy. The volume of air transport, meanwhile, has been increasing dramatically. A full one third of energy consumption in the EU-25 countries is associated with the transport sector; the most energy-intensive form of transport (with a share of around 83%) is highway transport. Although the transport of people and goods by railway continues to decline in relative numbers as compared to the volume of highway transport, investments into the construction of roads and highways are on the rise.

Current EU policy is focused primarily on technological improvements to engines and fuel quality. The growing volume of transport, however, clearly shows that such measures are not enough to lower the volume of greenhouse gases. **EU policies must therefore pay more**

**Careful attention to the formation of transport demand and shifting transport** volume onto more environmentally friendly forms of transport. A systematic internalisation of external transport costs and harmonising the conditions in the individual EU countries would increase demand for railway transport. By mid-2008, the Commission is expected to present a model for measuring external costs for all forms of transport, which would be used to calculate fees for the use of infrastructure and to revise the Eurovignette directive (European road tax stickers).

The Union should adopt legislation which by 2010 would **include air transport into the European emissions trading scheme (EU ETS)** and will apply not only to flights between member states but for all flights to and from EU countries. In 2020, the emissions limit for air transport should be around 50% of the level of average emissions for 2004-2006. By 2013, 100% of emissions permits are planned to be distributed via auction, thus ensuring their effective allocation. Airlines will have no problem dealing with the auction results.

The automobile industry needs to be regulated on a Europe-wide level in order to avoid disturbing economic competition through the existence of unequal conditions. **By 2012, European legislation must mandate a limit of 120 g/km for CO<sub>2</sub> emissions for private cars.** (In the current draft regulation, the Commission is proposing 130 g/km.) The targets should follow a linear increase of 5% per year until a value of 80 g/km is 2020. Increased fuel efficiency goes hand in hand with lowering CO<sub>2</sub> emissions; fuel efficiency is a much more effective way of lowering emissions from automobile transport than is the introduction of agrofuels.

In the years 2007-2013, 55% of resources from structural funds earmarked for transport-related projects will go for the construction of roads and highways, with only 27% going to railroad expansion and 8% for expanding environmentally-friendly urban transport. The EU should thus review the use of monies from EU funds, introduce quality control standards for projects financed from structural funds and tighten sustainability criteria. European cohesion policy should be low-carbon.

The climate impacts of EU policies can be seen in the currently ignored issue of the activities of the European Investment Bank (EIB), whose annual loan volume in the height of EUR 53 billion is twice that of the World Bank. Because of fossil fuels' climate impacts, damage to ecosystems, frequent violations of human rights and democratic principles and their indirect influence in promoting armed conflict, the EIB should, by 2012, cease providing loans for the mining and use of fossil fuels both in the EU and in the developing world.

### Basic demands of environmental organisations

- Include air transport into ETS starting in 2010 and from 2013 distribute all permits for air transport via auction.
- Introduce binding CO<sub>2</sub> emissions standards of 120g/km in 2012 and 80g/km in 2020, thus also slashing the amount drivers pay at the pump.
- An immediate end to EIB loans for and investments into projects realised in sensitive regions in the EU and the world, on aboriginal lands and in areas of armed conflict.

### Other priorities:

At the turn of 2008 and 2009, the Commission will present its first draft proposal of EU budgetary reforms for the years 2014-2020. The greatest amount of EU money is dedicated to the **Common Agricultural Policy (CAP)** – some 43% in the 2007-2013 period. There are plans to reform both the CAP and the budget after 2013. The ratio between CAP subsidies intended primarily for agricultural production (the first pillar of CAP) and subsidies for rural development and landscape maintenance (the second pillar of CAP) is currently out of balance. It provides a market advantage to European farmers and food producers, especially when compared to farmers and producers from poorer countries. With the increased liberalisation of world trade, developing nations are losing the chance to protect their markets from an influx of cheaper European goods.

The Common Agricultural Policy should be transformed into a policy for sustainable agriculture and rural development. We must focus on measures for preventing the depopulation of rural areas, promoting ecosystem services, protecting biodiversity and mitigating climate change. Within the second pillar, there is a need for providing sufficient support to the cultivation of biomass for energy purposes. The Czech Republic and the EU should seek out mechanisms which will not limit sustainable production.

During its presidency, the Czech Republic will represent the EU at negotiations of parties

to international accords related to chemical substances and waste – the Stockholm Convention on Persistent Organic Substances (POPs) and the Basel Convention. Some important decisions which are expected **include: limits of POPs in waste**, the inclusion of new compounds under the Stockholm Convention, and the expansion of manuals for calculating the release of POPs. In February 2009, a meeting will be held of the UNEP's Managing Committee and the Global Ministerial Environment Forum. We may expect that this meeting will produce a final selection on the mechanism to be used for limiting global mercury pollution.



**Hnutí DUHA**  
Friends of the Earth Czech Republic

**EKOLOGICKÝ PRÁVNÍ SERVIS**  
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Zelený kruh, asociace ekologických organizací / Green Circle, association of environmental organisations, Lublaňská 18, 120 00 Prague 2, tel.: +420222517143, fax: +420222518319, e-mail: zk@ecn.cz, www.zelenykruh.cz



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