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REPORT FROM THE COMMISSION

“CATCHING UP WITH THE COMMUNITY’S KYOTO TARGET”

(under Decision 280/2004/EC of the European Parliament and of the Council concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol)

1. INTRODUCTION

This is the fifth progress report for monitoring Community greenhouse gas emissions and the first report under Decision 280/2004/EC concerning a mechanism for monitoring Community greenhouse gas emissions and for implementing the Kyoto Protocol (280/2004/EC). It assesses the actual and projected progress of Member States and the Community towards fulfilling their greenhouse gas emissions commitments under the United Nations Framework Convention on Climate Change (UNFCCC) and the Kyoto Protocol.

This report is based on the detailed European Environment Agency (EEA) Technical Report *Analysis of greenhouse gas emission trends and projections in Europe* (EEA, 2004)¹.

After accession of the new Member States, this year's report contains for the first time emissions data from 25 Member States. All Member States have ratified the Kyoto Protocol, 23 have emissions reduction targets under the Kyoto Protocol. In addition, the Community is a Party to the Kyoto Protocol. The Community target includes only the EU-15 Member States. For the EU-15 burden sharing was agreed in Council Decision 2002/358/EC in accordance with Article 4 of the Kyoto Protocol. This agreement assigns a specific reduction target to each of the 15 Member State (cf. EEA 2004, Chapter 2.1, Figure 1). Most new Member States have committed themselves to reducing their greenhouse gas emissions by 8 % from base year level in the first commitment period 2008–2012 of the Kyoto Protocol. Hungary and Poland intend to reduce their emissions by 6 %. Cyprus and Malta are Non-Annex I Parties to the UNFCCC and thus do not have a target under the Kyoto Protocol.

Although this report assesses the progress of the EU-25, many parts highlight in particular developments in the EU-15 because of their collective target and the burden sharing agreement. Moreover, the quality of 2002 data, especially their completeness and accuracy, is not even across new and old Member States.

The report also includes some emission data for the three candidate countries Bulgaria, Croatia and Romania. For Turkey, no data are available yet.

This report analyses actual emissions data from 2002, together with projections of data assuming scenarios 'with existing measures' and 'with additional measures'. This year's report includes more detailed information on the use of flexible mechanisms under the Kyoto Protocol, i.e. Joint Implementation (JI), the Clean Development Mechanism (CDM) and international emissions trading. Furthermore, some data on LULUCF are reported. Finally, progress on the implementation of the common and coordinated policies and measures will be assessed.

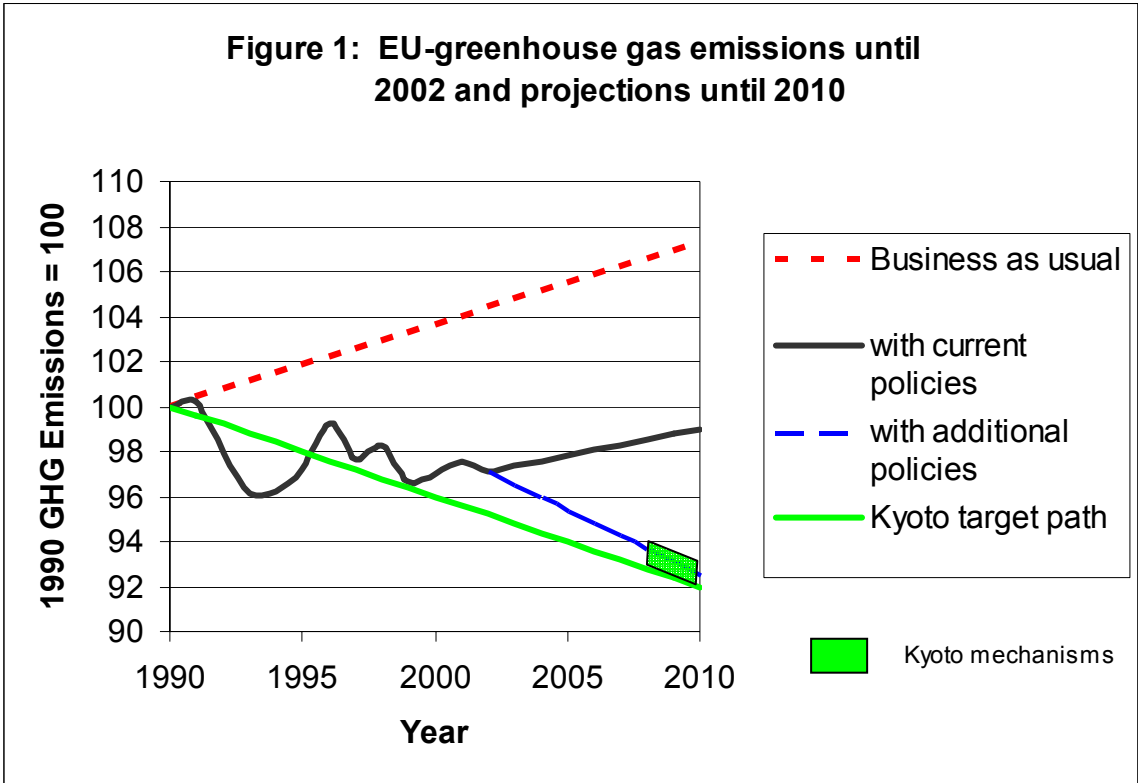
2. CATCHING UP WITH THE COMMUNITY'S KYOTO TARGET

In 2002, the greenhouse gas emissions of the 25 Member States (EU-25)² decreased slightly compared to 2001. However, compared to the base year³ they were estimated to be 9.0 % lower.

¹ Furthermore, Annex 1 gives a more detailed analysis on actual and projected progress and on the Common and Coordinated Policies and Measures and Annex 2 lists the background data and CCPM for this report.

After two consecutive years of increase, the greenhouse gas emissions of the EU-15 Member States have declined slightly compared to 2001. As shown in Figure 1, emissions were 0.5 % lower in 2002 compared to 2001 thus reaching 2.9% below base year emissions. The distance above the linear Kyoto target path was reduced by 0.2 % to 1.9 %. In order to achieve the further reductions necessary for reaching the Kyoto target effective implementation of existing and additional policies and measures is required.

Aggregate projections for the EU-25 ‘with existing domestic policies and measures’ show that the following Member States expect to reach their Kyoto targets: Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovakia, Sweden and the United Kingdom. Similarly, aggregate EU-15 projections suggest that ‘with additional policies and measures’, the projected use of the Kyoto mechanisms will be sufficient to reach the collective EU-15 Kyoto target (Figure 1).



However, it should be noted that the ‘with existing measures’ and ‘with additional policies’ projections do not yet include some important measures that will soon start to deliver, like for instance the EU Emissions Trading Scheme which will take effect on 1 January 2005. Similarly, projections do not yet include emissions and removals from land use, land use change and forestry (LULUCF).

² The figure for EU-25 is an estimate for all 25 Member States but based on the emission data of only 24 Member States because data for Cyprus were not available at the time.

³ 1990 is the base year for most Member States for CO₂, methane (CH₄) and nitrous oxide (N₂O) but 1995 for fluorinated gases. The base year for CO₂, CH₄ and N₂O for Hungary is the average of 1985-1987, for Slovenia 1986 and for Poland 1988; the base year for fluorinated gases is 1990 for France and Finland

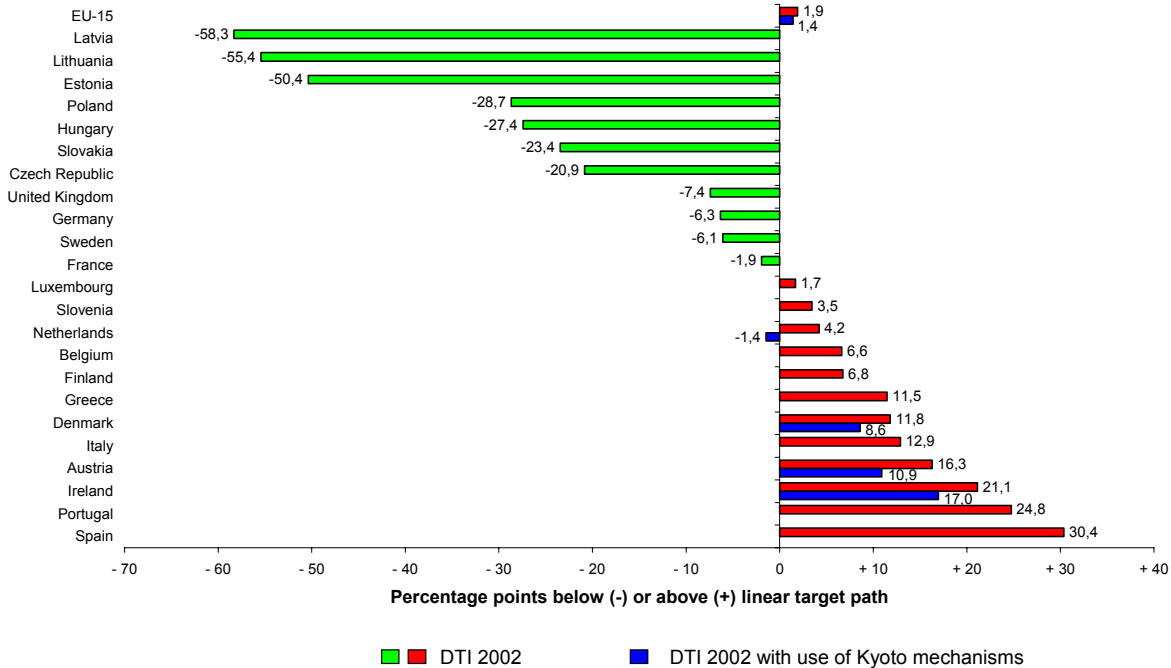
At Community level, significant progress has been made over the past year with the adoption and implementation of a number of key common and coordinated policies and measures arising from the European Climate Change Programme (ECCP), such as the Directive linking project-based mechanisms to greenhouse gas emissions trading, the Council Decision for monitoring Community greenhouse gas emissions, the Directive on the promotion of co-generation, the proposal for a regulation on fluorinated gases, the proposal for a framework directive on eco-efficiency requirements for energy-using products, and the proposal for a Directive on energy end-use efficiency and energy services, and the assessment of the National Allocation Plans (NAP) under the Emissions Trading Scheme.

All the measures the Commission committed itself to proposing in the period 2002-2003 have now been put forward, with the exception of a comprehensive framework on infrastructure use and charging in the transport sector and the Integrated Pollution Prevention and Control (IPPC) reference document on generic energy efficiency techniques. Many of the proposals have already been adopted by the EU institutions.

The legislative measures currently in force or already proposed by the Commission would – according to the **ex ante** ECCP estimates – result in potential emissions reductions of about 350-430 million tonnes CO₂-equivalent in the EU-15, an amount equivalent to the “-8%” reduction. The emissions reductions from these measures are expected to kick in within the next two years, but this will only be reflected in the 2006 emission inventory, which will be published in the 2008 monitoring report. Most policies and measures still need to prove their effectiveness in the field and require careful and swift implementation at national level, as well as appropriate monitoring and review.

Still, performance among Member States remains variable. Eleven Member States are on track to achieve their emissions reduction commitments as shown in Figure 2.

Figure 2: Distance-to-target indicators (in index points = percent) for EU-25



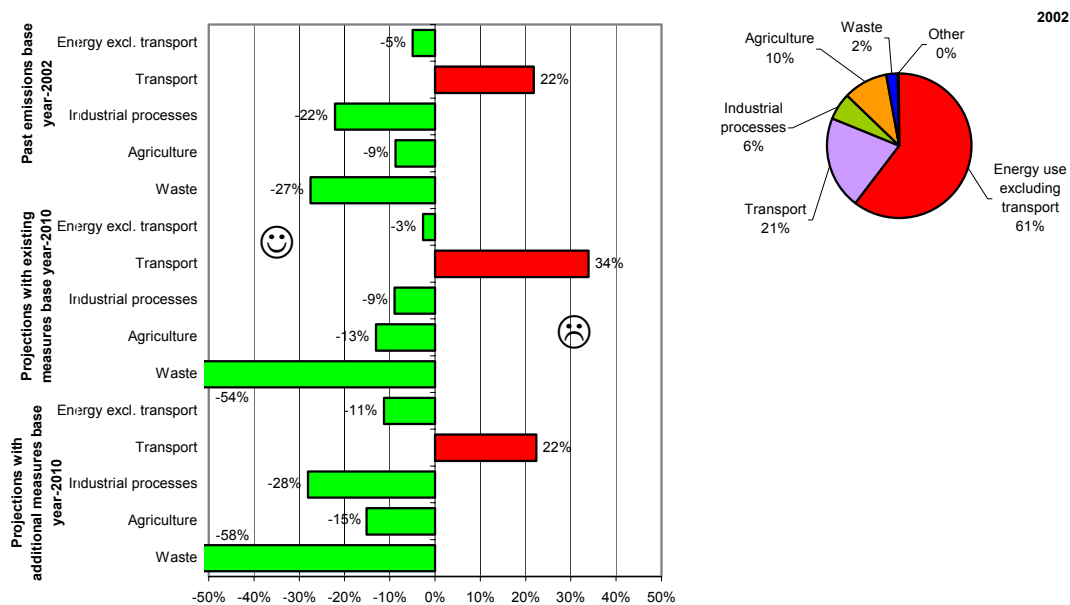
Note: Distance to target in percentage points relative to base year emissions (the bars) show the deviations between a hypothetical target (in 2002) and what has actually been achieved (in 2002), on the assumption that reductions as a percentage of base year levels take place on a linear basis. It assumes that the Member States meet their target entirely on the basis of domestic measures and does not therefore include the use of Kyoto mechanisms or sinks allowed for under the Kyoto Protocol. Cyprus and Malta are Non-Annex I Parties to the UNFCCC and thus do not have a target under the Kyoto Protocol.

Source: EEA, 2004

Of these, France, Germany, Sweden and the United Kingdom are the EU-15 Member States on track to achieve their commitments under the burden sharing agreement (Council Decision 2002/358/EC). However, 12 Member States are still above their target paths: Ireland, Portugal and Spain by more than 20 %. For five Member States, the gap has even widened, for three (Finland, Portugal and Spain) by more than 1 % compared to 2001.

As regards the emissions of the main economic sectors, Figure 3 shows the changes since 1990 for the EU-15. When looking at the country-by-country statistics, the most striking result is that contrary to the general trend transport emissions in the United Kingdom and Germany have been declining - indeed for the third consecutive year in Germany. This would seem to reflect the combined effects of improved fuel efficiency, higher fuel prices and broader transport policies.

Figure 3: Change in EU-15 greenhouse gas emissions by sector 1990 - 2002, sector projections with existing and with additional measures, 1990 - 2010, and share of sectors in 2002⁴



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For most Member States, the base year for F-gases is 1995, not 1990. This might change the data for industrial processes slightly but data for 1990 are not available for all Member States.