



THE LITTLE GREEN BOOK OF

backloading
myths*

* OR WHY IT'S TIME TO PUT THE RIGHT PRICE ON POLLUTION



backloading
myth

I

'BACKLOADING' WILL INCREASE THE COSTS FACED BY INDUSTRY...

WHAT WE'RE TOLD ...

Majority of EU parliamentarians rejected CO₂ 'backloading' on the basis that it would have increased the costs faced by industry

AND WHAT THE TRUTH REALLY IS...

Data released by the European Commission reveal that free permits given over the past five years to makers of steel, glass, cement and other heavy industries exceeded these industries' carbon emissions during that period by nearly 300m tonnes. During the first two phases of EU ETS, the chemical, oil and steel sectors alone might have made windfall profit amounting to some €14 billion (CE Delft, 2010).

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THE EUROPEAN CARBON MARKET FORCES INDUSTRIES TO CLOSE PLANTS IN EUROPE...

WHAT WE'RE TOLD ...

BusinessEurope argues that much of the excess in allowances came about because manufacturers had been forced to close plants in Europe.

AND WHAT THE TRUTH REALLY IS...

The EU agreed to give free permits to many companies in order to smooth their adjustment to the market and prevent the risk of "carbon leakage" on the basis of a 30€/ton carbon price, while the current price is below 4€/ton. Following this, research found that the European Commission's way of assessing firms' and sectors' vulnerability to negative competitiveness effects to be ill-defined and potentially market-distorting. (Anderson et al., Centre for Economic Performance, LSE, 2011). Moreover, the UK House of Commons in 2012 found that the threat of leakage to countries outside the EU has sometimes been exaggerated in lobbying conducted by vested interests. It did not accept that it poses an imminent threat to EU industry, except in a small number of sub-sectors.

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THE BACKLOADING PROPOSAL FROM THE EU COMMISSION IS NOT AMBITIOUS ENOUGH...

WHAT WE'RE TOLD ...

After the Parliament rejected the backloading proposal from the EU commission, a majority of parliamentarians who voted against it said that they rejected it because it is not ambitious enough...

➔ AND WHAT THE TRUTH REALLY IS...

Structured correctly, the EU ETS can provide the long-term policy certainty necessary to drive low-carbon investment and reduce emissions. Clearly, the backloading proposal will not deliver this immediately, but it is a necessary step to buy time for such a structural measure to be tabled by the European Commission afterwards.

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PROTECTING THE CLIMATE IS TOO COSTLY...

WHAT WE'RE TOLD ...

Climate and energy targets push up energy costs for business and consumers

➔ AND WHAT THE TRUTH REALLY IS...

Europe's energy infrastructure is increasingly outdated and large investments will be needed in coming years to replace it. However, with the right choices – using less energy and switching to renewables – total energy costs can be kept at a reasonable level. Even a relatively modest 35% energy savings target for 2030 could **save the EU €250 billion per year**, and directly benefit businesses and consumers. It would also cut EU fossil fuel imports, which **amount to over €420 billion per year**.

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ALL EUROPEAN BUSINESS AND INDUSTRIES OPPOSE THE 'BACKLOADING' PROPOSAL...

WHAT WE'RE TOLD ...

BusinessEurope claims that the backloading proposal will harm European business and industries and that its members are unanimously opposed to climate and energy legislation.

➔ AND WHAT THE TRUTH REALLY IS...

Many of the most powerful companies BusinessEurope represents are in favour of more ambitious policies! Before the first plenary vote in April, 42 companies (among which Unilever, Alstom, Dong energy, EDF, E.ON (!)) and associations (which represent more than €875 billion turnover, €7.5 trillion assets under management and 1.5 million employees) pushed for the EU Parliament to support the backloading proposal of the European Commission. Responsible companies are therefore speaking out against the lowest common denominator position represented by BusinessEurope.

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'BACKLOADING' WILL BE TOO EXPENSIVE FOR CENTRAL AND EASTERN EU STATES...

WHAT WE'RE TOLD ...

The Polish Environment minister says the Commission proposal would be costly for central and eastern European countries.

➔ AND WHAT THE TRUTH REALLY IS...

Backloading is expected to deliver positive fiscal impacts for Member States in times of austerity. Analysis by the Germany-based 'Öko-Institut' shows that postponing emission allowance auctions results in higher revenues over the 2013-2020 period for all EU governments, including the governments in Central and Eastern Europe. Poland, which imports a huge amount of its energy, would greatly benefit from more ambitious EU climate and energy targets.

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NOT REALLY FAMILIAR ABOUT THE EU JARGON AND WONDER
WHAT 'BACKLOADING' EXACTLY IS? NO WORRIES!

DOWNLOAD OUR COMPREHENSIBLE GREEN GUIDE
TO THE EUROPEAN CARBON MARKET
(ALSO KNOWN AS EUROPEAN EMISSION TRADING SCHEME OR 'EU ETS')



MORE INFORMATION: WWW.STOPCLIMATECHANGE.NET



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