

EPEE



NEWS

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(EPEE)*

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**EPEE is a business partnership committed to
responsible global energy and environmental policy**

DANISH HFCs PHASE-OUT PLAN & TAX ACT

On 6th June the initial stand-still period expired during which the European Commission and the Member States had the possibility to submit a detailed opinion or observations, following Denmark's notification of its proposal to phase-out HFC's by 2006. The Commission, as well as at least four Member States, submitted a detailed opinion arguing that the proposed measure breaches EC internal market legislation. A number of other Member States submitted observations. **This means that the stand-still period is now extended with another three months until 6th September 2001.**

This shows that, at this stage, EPEE's Secretariat and Members have been successful in their efforts to convince the Commission and Member States that the proposed Danish measure will create market barriers in the single market and undermine a coherent and effective EU-wide policy to reduce emissions of industrial greenhouse gases. An EPEE legal paper on the draft Danish legislation on the phase-out of HFC's and the compatibility with European Community law, based on the analysis by the European Law firm Renouf & Co, reinforced EPEE's arguments. The paper shows that the measure is discriminatory, arbitrary and does not pass the proportionality test. It furthermore explains that the proposed Danish phase-out of HFC's could well lead to the longer use and greater emissions from the older ozone depleting and global warming refrigerants, serious safety risks and disproportional costs.

The ball is now back in the Danish Court, as it is requested to report to the Commission on the action it proposes to take on such detailed opinions. Before it has done so, Denmark cannot adopt the HFC's phase-out measure. The Commission shall comment on this reaction.

Danish HFC Tax Act up-date

In a Communication – which was last up-dated on 20th February 2001 - the Danish tax authorities explained how the tax on Greenhouse Gases (HFC, PFC and SF6) works, i.e. who is to pay, when, and how much. Due to administrative problems, the tax became effective as of 1st April 2001.

When the Greenhouse Gases are imported, the tax is due similar to an excise duty. The tax is not collected separately for reinvestment, it goes directly to the Danish Exchequer. The first taxes have been collected by the Danish Tax authorities. It is officially marked as an environment tax.

EUROPEAN CLIMATE CHANGE PROGRAMME (ECCP)

ECCP WG5 - Industry Fluorinated Gases - Conclusions

Following the last meeting of the ECCP Fluorinated gases (f-gases) Sub-group of the Industry Working Group 5 which took place on 26th April 2001, the European Commission presented the contribution of the f-gases sub-group for the shorter and longer version of the Final ECCP Report.

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Some of the key conclusions are:

- F-gases contributed about 2% (65 MT CO₂ eq.) of overall EC greenhouse gases emissions in 1995 and estimations of likely future evolution fell into the range of 2-4% of total emissions by 2010;
- There was agreement that specific action from both regulators and industry is required to limit the emissions of f-gases and it was recognized that this potential exists.

The following recommendations constitute the core of the contribution:

1. Make a clear political statement on the importance of reducing fluorinated gas emissions.
2. Establish a regulatory framework in a “Community Directive on Fluorinated Gases”
The key objectives of such a Directive would be:
 - Improved monitoring and verification of emissions of fluorinated gases.
 - Improved containment of fluorinated gases.
 - Marketing and use restrictions in certain applications, such as SF₆ in tyres and windows.
3. Use existing or planned EU legislation to the extent possible for the reduction of fluorinated gases. The working group noted that policies should not undermine the phase out of ozone depleting substances under EC Regulation 2037/2000.
4. Examine the appropriateness of selected voluntary agreements primarily in the semi-conductor, switchgear and foam sector.
5. Carry out integrated, independent assessments of relevant technologies in order to facilitate a comparison between the use of fluorinated gases and alternatives.
6. Promote the development and appropriate use of alternative Fluids and not in kind (NIK) technologies.

The final ECCP report will be discussed at a Stakeholders’ meeting on 2-3 July. EPEE will be represented at this meeting and communicate its views on the ECCP results. The Commission is expected to present a Communication with proposals in October/November. EPEE will continue to contribute to this process where possible and appropriate.

The Environmental Council on 7-8th June has stressed the importance of the ECCP work done and to invite the Commission to come forward as soon as possible with concrete proposals for common and co-ordinated policies and measures.

PROPOSED WEEE/ROHS DIRECTIVES

On 15th May, the European Parliament had its first reading of the proposed Directives on Waste Electrical and Electronic Equipment (WEEE) and on the Restriction on the Use of Certain Hazardous Substances in Electrical and Electronic Equipment (RoHS). EPEE regretted that European Parliament adopted a number of amendments which do not belong in the RoHS Directive.

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Amendment 4 provides that '(9b) *The scope of the Directive should in the future, be expanded to include other hazardous substances used in electrical and electronic equipment. Particular attention should therefore be paid at the review to the feasibility of substituting hydrofluorocarbons (HFCs) and other halogenated flame retardants in electrical and electronic equipment.*'

Amendments 35,34 and 15 to Article 6 contain a similar passage '(...) *Particular attention shall be paid during the review to the impact on the environment and on human health of other hazardous substances and materials used in electrical and electronic equipment, in particular hydrofluorocarbons (HFCs), PVC and other halogenated flame retardants.*

EPEE argued that these amendments are inappropriate because:

Firstly, HFCs are not hazardous like cadmium and hexavalent chromium etc and as gases they will not cause a problem in the waste stream and in any case, the important issue of ensuring their recycling and reuse is covered by the WEEE Directive itself.

Secondly, the Commission is developing an EU policy on HFCs and other fluorinated gases within the European Climate Change Programme (ECCP), which is the work of the fluorinated gases working group (number 5). Furthermore, the amendment is badly worded as HFCs are not flame retardants, but non-ozone depleting refrigerant gases.

On 7th June, the Environment Council reached political agreement on both Directives. By the time of writing, it is not yet known to what extent the Council adopted the amendments referred to above. The European Commission indicated that it could in principle accept the amendments, but with a different wording which does not refer to HFC's specifically.

CLIMATE CHANGE IN THE EU

EU perspective on COP6

The Environment Council which took place on 7-8 June has adopted conclusions on climate change and in particular on the resumed Sixth Conference of the Parties (COP 6) that will take place in Bonn from 16 to 27 July 2001.

The conclusions can be summarised as:

1. Council emphasises the conclusions regarding the most recent assessments of the climate problem reached by the UN Intergovernmental Panel on Climate Change.
2. Council reiterates the EU's desire to finalise negotiations so that efforts to ratify the Kyoto Protocol can get under way.
3. Council highlights the ongoing efforts within the EU aimed at achieving the common commitment to an 8% reduction in greenhouse gas emissions.

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According to the Council, the EU is still united in its efforts to defend the Kyoto Protocol, despite signals from Italy prior to the meeting contradicting the EU position to ratify Kyoto without US support. Furthermore, the position of the new Italian Government is not yet known. Italian President Carlo Azeglio Ciampi is expected to ask Mr. Berlusconi to form the next government on 8 June, in time for the Gothenburg Summit.

The Gothenburg Summit of EU leaders on 15-16 June will try to find a common negotiating position for the COP6-2 Conference. In Gothenburg, prior to the European Council, President George W. Bush will present proposals on controlling global warming to European leaders. The plan is expected to contain voluntary measures for the reduction of greenhouse gases in industry and the preservation of farms and forests that absorb carbon emissions. It also may include proposals for a large international research programme and for global trading of pollution permits. Meanwhile, the National Academy of Science (NAS) released a report concluding that the temperatures are, as suspected, rising because of "human activity", such as the burning of coal and oil.

Parties plan to gather at The Hague on June 25 to 28 for preparatory talks prior to the Bonn meeting.

During a meeting in Brussels, on 6th June, on "Climate Change – is the Kyoto Protocol really dead?", the Chairman of the EU Climate Change Working Group in the Council, Mr. Bo Kjellen, stressed that the EU would not give in to pressure and that it would continue to look for solutions. He agreed that the Council should be open to more flexibility, but that this should not go at the cost of credibility. The Japanese Ambassador in Brussels reproached the EU of being too emotional about reaching climate change objectives "it must be painful to be good". While stressing Japan's commitments to the Kyoto Protocol, the Ambassador called for the EU to support economic mechanisms to attain the Kyoto targets.

EU Strategy on Sustainable Development

On May 15, the European Commission published an ambitious strategy on sustainable development to be discussed at the Gothenburg European Council. Initiated by Commission President Mr. Prodi, the strategy consists of three parts with a focus on climate change as one of the key priorities.

According to the strategy, the EU should go further than the Kyoto Protocol, it should also aim to reduce atmospheric greenhouse gas emissions by an average of 1% per year over 1990 levels up to 2020. Other major industrial countries should also comply with their Kyoto targets. This is an indispensable step in ensuring the broader international effort needed to limit climate change. The Commission proposes several actions in this field, including tradeable permits for CO₂ and actions to improve energy efficiency.

The European Parliament adopted on 31st May a resolution by Anneli Hulthén (PES, Sweden) on the Commission Communication. In this resolution, the Parliament calls for a 25 year time frame as well as targets and indicators to be adopted during the Summit with a view to assessing progress. Parliament furthermore requested that EU climate change programmes are implemented as quickly as possible, particularly concerning emission trading measures in the EU and binding measures concerning environmental impact for all legislation, along with the application of an energy efficiency coefficient multiplied by 10 in 2025.

At the Environment Council on 7th-8th June, the Presidency gave an up-date on the preparations concerning the Community Strategy for Sustainable Development. The intention of the Presidency is to agree in Göteborg that the Community strategy on sustainable development would be reviewed each year at the annual Spring European Council on the basis of the synthesis report from the Commission.

The Council also discussed the World Summit on Sustainable Development in Johannesburg, September 2002, ten years after the Rio Conference.

6th Environmental Action Plan

The Sixth Environmental Action Plan, presented by the Commission on 24th January 2001, aims at establishing the focus of environmental policy for the next ten years.

In its report on the proposed 6th Environmental Action Plan – presented by Rapporteur Riita Myller (PES, Finland) and adopted on 3rd May - the European Parliament accepted the four priorities the Commission identified, among which climate change. MEPs want to make the programme more “strategic”, however, by adding obligatory theme-specific programmes and assigning it long-term objectives that apply beyond the year 2010. The MEPs also stressed that the programme should constitute the ecological cornerstone of the EU's sustainable development strategy. Parliament furthermore called for the ratification of the Kyoto Protocol on climate change ahead of 2002.

On 8th June, the Environment Council unanimously reached an agreement on the new Environmental Action Programme.

Endorsed by European Parliament, the Council considers that the programme has been tightened up as regards to objectives, timetables, the development of strategies, environmental integration, the relationship with the candidate countries and the EU's global responsibility for sustainable development. Seven strategies are to be developed by the Commission in order to establish further quantifiable and time-bound targets. These strategies cover air quality, the marine environment, resource use, pesticides, waste recovery, land use issues and the urban environment.

Concerning climate change, the programme aims at the long-term climate objective of stabilising amounts of greenhouse gases to 550 ppm. By the year 2010, twelve per cent of the total use of energy should derive from renewable energy sources. Furthermore, the programme presents measures within a number of policy areas which will affect the EU's commitment to reduce greenhouse gas emissions.

The EU's global responsibility is emphasised by the fact that environmental concerns are to be integrated into all the Union's external relations. All trade agreements should be analysed from a sustainable development perspective.

OECD Ministers' position on Climate Change

At the OECD meeting which took place on 16th May, Ministers stressed that “The challenge will be to meet all obligations under the UN Framework Convention on Climate Change and work through international processes to further its objectives”. The text continues: “For a large majority of OECD countries, this means seeking entry into force of the Kyoto Protocol by 2002, with timely ratification processes, and with the broadest possible support of the international community. ” The OECD countries also agreed to undertake the development and implementation of policies to significantly reduce global greenhouse gas emissions, giving priority to market-based instruments such as subsidy removal and green tax reform, tradable emissions permits or quotas, and international offset projects, as well as policies focussing on particular economic sectors.

UP-DATE ON NATIONAL CLIMATE CHANGE PROGRAMMES

Austria

Austrian HFC phase out plans have currently the status of internal draft. The key objective of the Austrian Government is to limit total f-gas emissions by 2008 at the 1300000 ton CO₂ eqv. as outlined in the Austrian Climate Change programme. Industry is working with the Government to develop an appropriate set of measures and has welcomed EPEE's support.

Germany

Germany's Climate Change Programme will most likely not contain a ban, as other measures and policies, such as leakage control, recycling etc. are considered to have sufficient impact on f-gas emission limitation. The German Environmental Protection Agency is still working on these measures. Germany is also considering the use of Voluntary Agreements.

Italy

Prior to the elections, the Italian Environment Ministry has supported industry's views that – that in line with EPEE's position - policies should focus on reducing HFC's emissions rather than banning their use.

Spain

A Climate Change Agency was established in Spain last month. Using EPEE position papers, Spanish industry associations have started the dialogue with this agency.

Sweden

The Swedish Government has assigned a study on f-gases to Swedish Environmental Protection Agency, with the objective of coming forward with policy ideas to reduce Swedish greenhouse gas emissions by 2%.

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For all areas of use, the impact of possible measures on energy efficiency, the toxicity of alternatives and other environmental aspects should be taken into account. Furthermore, the cost of the proposals, the calculated impact on the ability of companies to compete, the consequences for small companies, the calculated effect on emissions, compatibility with possible forthcoming EU regulations and the possibilities to monitor the compliance of the proposals shall also be considered.

The assignment shall be conducted in consultation with the Energy Board, the Business and Technological Development Authority and other concerned Authorities and completed by 25/06/2001.

The Netherlands

The Dutch Environment Ministry organised on May 10-11 a workshop where all stakeholders had the possibility to comment the effects, conditions, pros/cons of "market oriented instruments" to reduced other greenhouse gases (i.e. non CO₂ emissions). A TNO study on these emissions is also in progress. The government is furthermore discussing the issue of emission trading.

ENERGY EFFICIENCY

On 15th May, the Commission presented the draft directive on energy performance in buildings. As part of its follow-up to the Kyoto Agreement the EU has pinpointed energy efficiency as a major tool in achieving its targets. Given that more than 40 % of energy consumption is in the buildings sector and that a cost-effective savings potential of over 22% of this consumption is estimated to exist, the Energy Council (national energy ministers) requested the European Commission to come forward with this directive.

The proposed Directive aims to provide increased coordination between Member States and a clear legislative framework to reduce growth in energy use in the building sector.

The draft Directive proposes:

- A common methodology for the calculation of integrated minimum energy performance standards
- Application and regular updating of minimum standards for new and existing buildings (over 1000 m² when renovated). For new buildings over 1000 m² Member States will ensure that a feasibility study of the use of renewable energy systems be conducted before granting of building permit.
- Certification schemes for new and existing buildings.
- Specific inspection and assessment of heating and cooling installations by qualified personnel.

The proposal will seek to introduce an integrated approach to buildings standards and codes. This will fully integrate cooling installations. However, the initiative will only apply to the 'building envelope', including installed equipment such as air-conditioning. It will not apply to non-installed equipment such as domestic appliances.

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The European Parliament is likely to start work on its first reading work in June or July. The Council will start working on this in parallel but has to wait for the Parliament's first reading.

INTEGRATED PRODUCT POLICY

Following the Integrated Product Policy Green Paper presented by the Commission on 8th February, the Environment Council adopted on 8-9th June conclusions on an Integrated Product Policy (IPP). The aim of IPP is to make products more environmentally sound and more resource-efficient. Council stressed that the proposal to be presented by the Commission in the autumn of 2001 must contain clear goals for IPP. This is necessary if all actors are to be able to take their responsibility. The Council also points to the need for efforts in the fields of research and education and for a review of the various steering devices such as public procurement and economic instruments. Furthermore product groups that cause particularly severe environmental and health problems have to be identified and the impact of globalisation and world-wide trade should be clarified.

TRANSATLANTIC BUSINESS DIALOGUE

EPEE's Director General Friedrich Busch participated in the TABD mid-year meeting on 15th May. Speaking on behalf of EU and US business, the Refrigerants Sector Group voiced serious concern regarding an EU Member State trend toward unilateral initiatives which regulate refrigerants. Specifically, both EU and US industry are troubled over an unprecedented Danish proposal which could lead to initiatives from other member states, which if implemented, would ban the use of hydrofluorocarbons (HFCs). If adopted, this proposal would raise trade barriers both between EU member states, and between the US and the EU.

The EU and US air-conditioning and refrigeration industry believe this proposal to be in conflict with the following points:

- EU refrigerants regulation should be coordinated on an EU level. In fact, the EU Commission has empanelled working groups to examine the long-term impact of refrigerants. The EU should coordinate and encourage Member States to participate in the process of realistic common policy and discourage competition between the member states in the development of environmental policy.
- Regulation focusing on refrigerants should provide a balanced solution for society. Such regulation should avoid evaluating refrigerants solely on the basis of their global warming potential, but rather on their potential for VOCs and occupational exposure.
- Regardless of the refrigerant, each refrigerant should be properly managed. All refrigerants must be managed from production throughout their useful life.

The TABD Refrigerants Sector Group requests that the EU Commission and Member States recognize the need for the management and containment of all refrigerants, regardless of the type. The Refrigerants Sector Group also requests that the EU Commission monitor developments to ensure that procedures for notification by the Member States are followed, and where a potential trade barrier could result, the EU is urged to intervene.

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The TABD is a process designed to join EU and US industry and government to facilitate trade matter resolution. The TABD recommendations will be forwarded to government officials for review during the upcoming EU-US Economic Summit. The 2001 TABD CEO meeting will be held in October in Stockholm, Sweden.

EPEE STRATEGY GROUP MEETING

The third meeting of the Strategy Group meeting took place on 22nd May at the Brussels Skyport Corporate Meeting Centre. The Director General reported on his speaking engagements and other activities to promote EPEE and its objectives at various conferences: Climatizacion in Madrid on 28 February, Eurovent in Paris on 13 March, Anima in Milan on 9 May, German VCI in Frankfurt on 11 May, TABD in Washington DC on 13-18 May and other events.

The meeting discussed EPEE's legal paper on the Danish HFC's phase-out, but also looked at the longer term strategy. As part of this, the meeting adopted a checklist to support EPEE's national contact points in developing their public affairs and public relations networks. Furthermore, the meeting discussed climate change developments in EU Member States.

UPCOMING EVENTS CALENDAR

EPEE Steering Committee Meeting: (closed) 19th June 2001 in Brussels

EPEE Company Working Group Meeting: (closed) 21st June 2001 in Brussels

EPEE Strategy Group Meeting: (closed) 23rd October 2001 in Brussels

IX. European Conference on Technological Innovations in Refrigeration, Air Conditioning and in the Food Industry: 29-30 June, Milano, Italy

ECCP General Stakeholders' Meeting: 2-3 July 2001, Brussels
Topic: Discussion of the general ECCP recommendations

International Conference on Refrigerant Management and Destruction Technologies Technologies of CFC's: 29-31 August, Dubrovnik, Croatia

CLIMA 2000 Napoli 2001: 15-18 September 2001, Naples, Italy

IKK Hannover: 10-12 October 2001, Hannover, Germany

TABD (Trans Atlantic Business Dialogue): 11-12 October 2001, Stockholm, Sweden

ARI Annual conference/General Assembly: 09-14 November 2001, Ft. Lauderdale, USA

Please submit items for EPEE NEWS and the UPCOMING EVENTS CALENDAR to:
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