



## EPEE NEWS HEADLINES

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On 24<sup>th</sup> October, EPEE held its first General Assembly in Brussels, bringing together EPEE members, trade associations and friends of EPEE.

**Danish HFC phase-out plan** 2

On 31st October, the Danish Prime Minister called a General Election for 20th November. As a result, all parliamentary activity has been halted. The draft Administrative Order proposed by the Environment Minister to ban HFCs has been put on-hold, pending the result of the election.

**ECCP 1<sup>st</sup> Phase Communication adopted** 3

On 23rd October, the European Commission adopted its Communication on the implementation of the first phase of the ECCP. The Communication includes the planned Framework Directive on f-gases.

**Planned Framework Directive on fluorinated gases** 3

The Commission stated that the proposal for a Framework Directive on f-gases will aim to complement any action being taken by Member States. The promotion and the development of and the use of alternatives will also be taken into consideration in drafting the proposal. The proposal is expected to be adopted before Summer 2002.

**Brussels Conference on WEEE/ROHS** 4

A recent Agra Europe conference on WEEE/ROHS reiterated the thinking that the proposal will go to conciliation. The conciliation process is expected to start in April/May 2002.

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## EPEE holds first General Assembly

On 24th October, EPEE held its first General Assembly in Brussels. The meeting brought together EPEE members with associated trade associations and friends of EPEE.

The meeting was opened by the EPEE Chairman, Mr. Nicolas De Gregorio, who stated that the establishment of EPEE had come at an opportune time. Denmark represents for EPEE its first serious full-scale set of activities as a lobbying association.

The Chairman went on to discuss the implications EU enlargement could have for EPEE. He called on members to become watchdogs for the association.

The Director General, Mr. Friedrich Busch, presented to the meeting an overview of the positioning of EPEE; its structures; its activities and achievements to-date; and future challenges and opportunities for the association.

## Danish HFCs phase-out plan

October saw several developments related to the planned Administrative Order. Planned discussions in the Parliament have been put on-hold indefinitely, as on 31st October the Danish Prime Minister called a General Election for 20th November. This means that all political activities have been halted pending the result of the election. Thus, no new developments will occur on the proposal until the new Government has been appointed and is operational (probably not until December).

In addition, opinion polls in Denmark are currently predicting that the right wing parties will get into power and, in principle, will see a more industry open/friendly

Government.

In early October, the Danish Environment Ministry's revised phase-out proposal was finalised within the Ministry and officially forwarded to the Danish Parliament on 10 October.

The changes in this revised draft are minimal and include:

- ?? a new exemption for refrigeration systems and servicing of such systems (0.15 to 10 kg HFC)
- ?? the granting of discretion to the EPA on exceptions 'in special cases'
- ?? The labeling requirements on air-conditioning in cars are due to come on line on 1/01/02 instead of 01/09/02
- ?? a change in date for the proposal to come on line on 01/12/01

The discussion in the Environment Committee was due to take place on 1 November 2001 but was cancelled when the General Election was called.

Ahead of this planned discussion, EPEE for its part sent letters to eight opposition MPs in Denmark with a view to getting them to table EPEE's concerns at the Environment Committee meeting.

The issue has received much press coverage within Denmark, where Greenpeace representatives have been critical of the fact that refrigerators in shops and air-conditioners in cars are exempt from the current proposal.

Danish industry representatives have raised concerns on the lack of clarity/precision in certain provisions in the proposal. Industry's concerns touch on some of the exemptions and on whether companies can import HFCs into Denmark if it is for the manufacture of products for export. They had hoped the meeting in the

Folketing would clarify these open questions. It remains to be seen what will happen after 20 November.

In related moves, the EU Committee of the American Chamber of Commerce (AmCham) in Brussels, sent a letter of complaint to Minister Auken. AmCham also sent a letter to the EU Environment Commissioner calling on the Commission 'to closely scrutinise the proposed law' as it is 'disproportionate' and 'unilateral', working thus against the decision to pursue EU-wide policies on this issue.

The letter further argues that the revised draft fails to take on-board the concerns raised by the Commission and several Member States. AmCham copied this letter to the Internal Market, Industry, Trade and External relations Commissioners, key members of the environment Committee in the Folketing, other AmCham offices throughout the EU and to the Commercial Attachés in the US embassies in the EU.

### **ECCP 1<sup>st</sup> phase Communication adopted**

On 23rd October, the Commission approved a package of measures to combat climate change. These measures included a Commission Communication on the implementation of the first phase of the European Climate Change Programme. The package also included a proposal for a Commission Decision for EU ratification of the Kyoto Protocol and a proposal for Directive on greenhouse gas emissions. These documents can be accessed at:

<http://www.europa.eu.int/comm/environment/climat/whatsnew.htm>

The first phase ECCP Communication concentrates on 12 of the 40 measures proposed within the ECCP framework, on which the Commission wants to make serious progress in the coming 24 months.

The Commission intends to review progress on these key issues in the course of 2002. The other outstanding 30 or so measures, identified by ECCP process, will be tackled via a more flexible/informal approach via consultation and workshops. These measures include the environment of EEE proposal, further work on the development of alternatives to f-gases and the promotion of voluntary initiatives in the f-gases sector.

The 12 measures identified cover issues ranging from the planned framework Directive on fluorinated gases, a Framework Directive on minimum energy requirements for end-use equipment, measures to promote biofuels, infrastructure charging and energy demand management.

The Commission also adopted draft rules for an EU-wide carbon dioxide emission-trading scheme. This proposal is controversial since industry (supported by the Industry Commissioner Erkki Liikanen) had been looking for more flexibility on this issue.

In addition, the Commission adopted a proposal for a Council Decision on the Ratification of Kyoto by the EU. The draft decision, once adopted, will require Member States to take the necessary steps to deposit their instruments of ratification at the same time as the EU and sets out a timetable for doing so. The instruments must be deposited by 14 June 2002 to ensure entry into force 90 days later (on 11 September) the last day of the Johannesburg Global Summit on Sustainable Development.

### **Planned Framework Directive on Fluorinated gases**

As expected, a future proposal for a Framework Directive on f-gases featured as part of this set of first-phase measures listed in the Communication.

Of note is the fact that earlier drafts of the Communication referred to a Regulation but the final version refers to a Framework Directive.

The Communication reiterates the background included in the ECCP final report that fluorinated gases: currently represent 2% of overall greenhouse gas emissions; have high global warming potential; and that these emissions are forecasted to rise substantially by 2010.

The Communication mentions what the main element of the proposal will be. These are 1/containment; 2/monitoring; 3/marketing and restriction use for certain uses.

The Communication further states the framework proposal will aim to complement any action being taken by Member States and that the promotion and the development of and use of alternatives and not-in kind technologies will also be taken into consideration.

On the environmental effectiveness and costs of the planned measure, the Communication states that the cost for such action will be 20 Euro per tonne and the expected level of emission reduction will be in the order of 21 Mt of CO<sup>2</sup> by 2010.

In parallel to the drafting of the proposal that is yet to commence, a restricted call for tender on the cost-benefit study will be launched shortly.

### **Brussels conference highlights on WEEE/ROHS**

A recent Agra Europe conference on WEEE, held in Brussels, reiterated the thinking that the proposal will go to conciliation, before the Parliament and the Council of Ministers can reach agreement on this matter.

In this context, a conciliation process

(ironing out differences between the Parliament and the Council to allow the Directive to be finally adopted by the two institutions) is expected to start in April/May 2002.

The conference highlighted the major points of differences that continue to exist between the EU institutions. These are:

- ?? The fact that the Parliament is pushing for a legally binding collection target – there are now, however, indications that Parliament could be flexible on the amount to be collected;
- ?? On the issue of visible fee, the Rapporteur Karl Heinz Florenz (EPP, Germany) stated that a visible fee ‘belongs together with implementation of the Directive within the planned 30 months.’ Without the visible fee, the Directive will collapse and industry will pay the price. The Commission, for its part, stated that they favour the approach, in principle, but do not favour making any recourse to a visible fee binding in the Directive.

The conference raised an interesting view on the thinking behind the proposal. A DG Enterprise official stressed that it is not just the quantity of WEEE that is a pressing environmental concern but also the need to remove hazardous substances from this waste and full use of any reusable materials.

The Council’s Common Position is expected to be formally adopted in the coming weeks. Once adopted it will be forwarded to Parliament and the Second Reading can then start, most probably in early 2002.

### **Energy efficiency in buildings - short discussion in European Parliament**

The Rapporteur, Mr Alejo Vidal-Quadras Roca MEP, Spanish Social Democrat, has finalised his draft report on the proposal for

a Directive on the energy performance of buildings. The draft report was considered in Parliament's Industry Committee on 5th November 2001. The deadline for amendments is 21 November.

All political groups welcomed warmly the objectives of the Directive and the Rapporteur's draft report. The Rapporteur tabled several amendments to the Commission proposal, which covers heat pumps, air-conditioning and ventilation systems. Mr. Vidal-Quadras Roca proposed an amendment increasing Member States' competence to allow Member States to be able to employ means to encourage enhanced energy performance, in the form of tax deductions, soft credits and the inclusion of energy performance as an important factor in public purchasing and procurement policies.

He also proposed an amendment according to which individual billing of heating, air-conditioning and hot water costs calculated on the basis of actual consumption will contribute towards energy saving in the residential sector. The Rapporteur paid particular attention to the cost effectiveness of the measures proposed and stated that investment to meet the requirements laid out in the future Directive should be 'economically viable.' The MEP further stressed the need to take account of indoor climatic conditions, because of the impact these conditions can have on the health and well-being of users of buildings.

Mrs. Maes, MEP, Belgian, Greens, stressed that the constructors of new buildings should be made to ensure that air-conditioning and cooling systems take into account energy efficiency concerns. Mr Linkohr, German, Socialist, picked up on the CO<sup>2</sup> emission indicator that must be used in new buildings, as proposed by the Rapporteur. Mr Linkohr questioned the viability of the indicator, for example, in the case of heat-pumps.

The Commission stated that they would be able to go along with most of the amendments in the Committee's draft report.

The Rapporteur emphasised in his final remarks that the Directive reflects concerns on safety linked to climate change and more general concerns on climate change. These are for the Rapporteur the two pillars of the Directive.

It should be noted that the Environment Committee also discussed the proposal in its capacity to render an opinion. The proposal includes a request for Member States to lay down necessary measures to establish a regular inspection of central air-conditioning systems of an effective output of more than 12 kW. The Environment Committee further suggested for these inspections to be done at least every five years.

The Environment Committee draft Opinion also calls for a reduction in the surface area of new buildings to be covered by the proposal from 1000m<sup>2</sup> to 500m<sup>2</sup>. This would lead to the inclusion of a greater number of buildings (including some private residences) in the final Directive. David Bowe, the UK Socialist MEP also raised the issue of the link between indoor climatic conditions and the health of building users.

### Danish Tax Act on HFCs

EPEE continues to prepare its reply to the European Commission letter received on its complaint on the tax act. The Commission in this letter, agreed with EPEE concerning potentially discriminatory effects of this internal tax measure as well as having left open the free movement argument, as broached by EPEE. The Commission has yet to decide how (and if) to proceed on this issue, following the passing of the deadline for comments on the legislation.

At a recent meeting with Alliance

representatives, Danish officials confirmed that the tax has already yielded some \$ 10-12 million in revenue for the Danish Authorities. This would indicate that the tax is a considerable source of income for the Danish government and that the tax is having a considerable impact on industry, be it Danish or foreign.

### **Council, Parliament set out their positions ahead of COP 7**

The European Parliament adopted a Motion for a Resolution on the European Union strategy for the Seventh Conference of the Parties to the Climate Convention (COP7) during its October plenary session on 25th October.

The Resolution emphasised that the political momentum created by the breakthrough at the Bonn Conference on climate change should be built upon during the climate change conference. MEPs argued that the central task of the Marrakesh Conference should be to secure the entry into force of the Kyoto Protocol, by the Rio+10 Conference on Sustainable Development in 2002. The Resolution urged the EU to set an example by ratifying it early. The Resolution called upon Member States to set out their domestic policies for meeting their targets and welcomed the proposals for emissions trading and on the first phase of the ECCP issued by the Commission on 23 October.

The Environment Council met on the same day as COP7 opened in Marrakesh and expressed a number of "Conclusions" related to the conference. The Council welcomed the Bonn Agreement, which paves the way for ratification and entry into force of the Kyoto Protocol by the World Summit on Sustainable Development in Johannesburg.

The Council also welcomed the presentation of the Commission Communication first

phase of the European Climate Change Programme, as an important step in the process of developing a strategy aimed at implementing the European Community's Kyoto commitments and encouraged the Commission to propose concrete policies and measures. The Council also welcomed the Commission proposal for a framework Directive for an EU greenhouse gas emissions trading scheme.

### **COP7 meeting opens in Marrakesh**

The COP7 meeting got underway on 29 October. It will run from 29 October until 9 November with the ministerial session running from November 7 until November 9.

Delegates in COP7 are to finalise the procedures and institutions needed to make the Kyoto Protocol fully operational. They will do this by negotiating a package of formal Conference decisions on the basis of political principles agreed by ministers and senior officials at COP6bis in July.

Delegates will also consider how to increase the flow of financial and technological support to developing countries. Michael Zammit Cutajar, Executive Secretary of the Climate Change Convention has stressed that the COP7 conference must deliver concrete results "certainty about the Kyoto Protocol's rules will further motivate businesses and other economic actors to create the low-carbon economy of the future. It will also clear the way for governments to ratify the Protocol and bring it into force". The official COP7 website (<http://www.unfccc.int/cop7/>) offers a broad range of additional information. The provisional agenda for COP 7 is available at: <http://unfccc.int/resource/docs/cop7/06.pdf>

EPEE has received regular updates from Alliance representative who attended Marrakesh. As to next steps on HFC-specific measures, the European Commission has asked the Working Group Chair to prepare a

proposal on how to handle the HFC/PFC issue as a result of the successful COP6bis negotiations in The Hague in July. The EC suggested that the Secretariat prepare a note to provide Parties with up-to-date information on fluorinated gases, including health, medical, environmental and safety considerations, energy efficiency and associated emissions in carbon dioxide equivalent, as well as technical and economic considerations.

The Chair proposed that the issue be discussed in June 2002 at the next Working Group meeting in Bonn in June 2002. A decision could be taken at COP8 in November 2002.

### **Outcome of October's Transatlantic Business Dialogue meeting (TABD)**

The October TABD CEO Leadership Team meeting with EU and US Government officials was held on 11 October 2001 by videoconference. The meeting finalised the 2001 CEO Recommendations to reinforce the EU and US economies through increased transatlantic trade and investment.

The report includes Climate Change in the Expert Group Recommendations section. Through the report, the TABD wishes to draw attention to the need to avoid policies that would create obstacles to trade between the US and the EU. In view of the

COP7 negotiations the TABD notes that every aspect of commercial activity continues to be influenced by the UNFCCC's regimes.

The next steps of the UNFCCC, TABD believes, should take into account issues of competitiveness, trade, investment and technology innovation. Furthermore, it should follow a comprehensive approach that does not single out any individual gases. The TABD also encourages R&D on long-term technological options and emphasises co-operation and global participation in the efforts to limit greenhouse gas emissions.

As to refrigerants, the TABD Refrigerants Sector Group has expressed serious concerns regarding EU Member State trends (in particular Denmark) toward unilateral initiatives, which regulate refrigerants. The TABD believes the Danish proposal is in conflict with the belief that EU refrigerants regulation should be co-ordinated at a EU level, and regulation focusing on refrigerants should provide a balanced solution for society. The Recommendations also mention that to remove HFCs from the market "would deny consumers a safe, non-flammable, non-toxic, non-ozone depleting, economical, technically acceptable and environmentally friendly refrigerant option."

**U P C O M I N G   E V E N T S   C A L E N D A R**

**N o v e m b e r**

09-14     **ARI Annual conference/General Assembly - Ft. Lauderdale, USA**

27         **EPEE Company Action Group Meeting (closed)**

**J a n u a r y**

21-23     **Third International Symposium on Non-CO2 Greenhouse gases**

**F e b r u a r y**

26         **EPEE Steering Committee Meeting (closed)**

27         **EPEE Strategy Development Group Meeting (closed)**

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