SENATE OF THE REPUBLIC

17TH LEGISLATURE

DOC. XVIII No 172

RESOLUTION OF THE 13th STANDING COMMITTEE

(Land Use, Environment, Environmental Assets)

(Rapporteur: Senator DALLA ZUANNA)

adopted on 26 October 2016

ON THE

PROPOSAL FOR A REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL ON BINDING ANNUAL GREENHOUSE GAS EMISSION REDUCTIONS BY MEMBER STATES FROM 2021 TO 2030 FOR A RESILIENT ENERGY UNION AND TO MEET COMMITMENTS UNDER THE PARIS AGREEMENT AND AMENDING REGULATION NO 525/2013 OF THE EUROPEAN PARLIAMENT AND THE COUNCIL ON A MECHANISM FOR MONITORING AND REPORTING GREENHOUSE GAS EMISSIONS AND OTHER INFORMATION RELEVANT TO CLIMATE CHANGE (COM(2016) 482 FINAL)

Pursuant to Rule 144 of the Rules of Procedure

Sent to the President’s Office on 27 October 2016

SENATE PUBLICATIONS OFFICE

C O N T E N T S

The Committee,

having examined, pursuant to Article 144 of the Rules of Procedure, the proposal for a regulation of the European Parliament and of the Council on binding annual greenhouse gas emission reductions by Member States from 2021 to 2030 for a resilient Energy Union and to meet commitments under the Paris Agreement and amending Regulation No 525/2013 of the European Parliament and the Council on a mechanism for monitoring and reporting greenhouse gas emissions and other information relevant to climate change;

whereas the proposal sets out the annual national targets for reducing greenhouse gas emissions in sectors not covered by the Emissions Trading Scheme (ETS), in line with the target set in the 2030 Climate and Energy Framework (30 % reduction over 2005 levels based on GDP per capita, to be achieved in a cost-effective manner), and also lays down the EU's commitments under the Paris agreement on climate change;

having regard to Article 192 of the Treaty on the Functioning of the European Union (TFEU) which confers powers on the European Union in the field of climate change, according to which the European Parliament and the Council, acting in accordance with the ordinary legislative procedure and after consulting the Economic and Social Committee and the Committee of the Regions, decide what action is to be taken by the Union in order to achieve the objectives referred to in Article 191;

whereas we consider the proposal to be in compliance with the principle of subsidiarity, since climate change is a cross-border problem that cannot be solved solely by means of national or local action but requires action coordinated at European and, where possible, global level;

whereas the principle of proportionality is complied with given that the measures proposed do not go beyond what is strictly necessary to achieve the objective of reducing greenhouse gas emissions in the EU in the period 2021-2030,

expresses a favourable opinion, with the following observations:

Italy is perhaps the European country with the largest non-ETS sectors, in both absolute and relative terms, particularly due to its huge number of small and medium-sized enterprises (SMEs). If the level of greenhouse gas reductions that Italy is required to achieve in non-ETS sectors by 2030 is determined solely on the basis of GDP per capita, its industry risks being heavily penalised. The possibility and difficulties of achieving a reduction will be entirely different in an economy with the same GDP per capita, but which is based, for example, on financial services or manufacturing. It therefore needs to be assessed whether a less crude indicator could be used to determine the various countries' commitments, e.g. taking into account the share of GDP produced using green technologies and renewable energy.

As non-ETS sectors – such as transport and housing – have contributed significantly less to climate change mitigation efforts, they clearly have a larger scope for action, particularly as regards their potential for curbing energy consumption.

The ambitious targets that the Commission has set for Italy can be achieved, provided that the Government, Parliament and all branches of non-ETS sectors immediately embark on a major shift towards a circular economy, high energy efficiency, energy savings, etc.

In addition to adopting the rules required to achieve these objectives, the Government must carefully supervise what happens as a result of those regulatory changes. In particular, the Government must monitor if and how the various non-ETS sectors are able to meet the targets set, possibly stepping in with energy innovation investment aid or by applying the off-set schemes provided for in the document.

The Government must remain in close contact with the affected businesses in non-ETS sectors to be able to propose policies that boost (rather than hurt) their competitiveness. Environmental and industrial policies must be subject to institutional governance to ensure coherent decisions, legal certainty through rules that remain stable over time and are consistent throughout the country, and more transparent decision-making processes, including through full involvement of stakeholders. Italy's ability to exploit its industrial heritage, through targeted financing instruments at the forefront of technology, research and development, will be key in facing these challenges.

A global perspective is required to address climate change in a serious and effective manner. Thus the Government must urge Europe to seize the opportunities linked to a gradual – and necessary – switch to a low-carbon economy, while at the same time working to ensure that emission levels are rapidly and significantly curbed in other parts of the world too. In this context, the Paris conference certainly had the merit of placing this issue at the top of the international policy agenda, without however managing to resolve the more politically sensitive issues, namely: comparability of efforts and the actual implementation of the announced measures.

OPINION OF THE 14TH STANDING COMMITTEE

(EUROPEAN UNION POLICIES)

(*Rapporteur:* Senator FISSORE)

28 September 2016

The Committee, having examined the proposal,

noting that the proposal sets out the annual national targets for reducing greenhouse gas emissions in the economic sectors referred to in Decision 406/2009/EC of the European Parliament and of the Council of 23 April 2009 (the Effort Sharing Decision), that is to say sectors not covered by the Emissions Trading Scheme (ETS) under Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 for the period 2021-2030;

whereas:

The Emissions Trading Scheme covers energy-intensive industrial sectors such as heat and power plants, refineries and the production of cement, steel, paper, ceramics and glass, yet more than 55 % of total EU emissions come from non-ETS sectors such as transport, buildings, services, agriculture, waste and small industrial facilities.

The European Council of March 2007 approved what is known as the 20-20-20 Climate-Energy Package providing for an overall reduction in greenhouse gas emissions of at least 20 % over 1990 levels by 2020.

To achieve this objective, the 2009 Effort Sharing Decision set national reduction targets for non-ETS emissions for the period 2013-2020 on the basis of GPD per capita. For Italy, the target set was a reduction of 13 % compared to emission levels in 2005.

With respect to the decade after 2020, the European Council of October 2014 agreed on the 2030 Climate and Energy Framework, committing the EU to a 40 % overall reduction in greenhouse gas emissions compared to 1990 levels by 2030.

For ETS sectors this translates into a 43 % reduction in emissions over 2005 levels, while non-ETS sectors will have to achieve a reduction of 30 %, also compared to 2005 levels;

in view of the following:

With regard to reducing non-ETS emissions as required by the 2009 Effort Sharing Decision, the European Commission has calculated that, with current policies, a reduction of around 24 % over 2005 levels can be achieved by 2030. Thus, in view of the target of 30 % set by the European Council of October 2014, more stringent measures are needed.

The proposal therefore sets individual national targets for the non-ETS sector in line with the pledge to reduce emissions by 30 % over 2005 levels by 2030, with a reduction target of 33 % for Italy.

The proposal provides for two new forms of flexibility when it comes to meeting non-ETS targets, the first allowing Member States with a GDP per capita above the EU average (which is not the case for Italy) to adapt their targets to reflect cost-efficiency, and the second allowing credits to be taken into account for the land use, land use change and forestry (LULUCF) sector, with respect to cropland and grazing land management, afforestation and reforestation. As stated in the report from the Ministry of Agricultural, Food and Forestry Policy, Italy will be able to benefit from the second mechanism;

having examined the Government's reports, drawn up pursuant to Article 6(4) and (5) of Law No 234 of 24 December 2012;

whereas, in particular, the report drawn up by the Ministry of the Environment, Protection of Natural Resources and the Sea, submitted on 25 August 2016, raises a number of potentially critical issues which need to be further analysed and discussed at inter-ministerial coordination meetings to define Italy's position. With regard to any impact on national law, local and regional competences and the organisation of the Italian public administration, the Ministry of the Environment reserves the right to provide further elements based on the contributions from the other Ministries concerned, given that coordination is still in the start-up phase. Lastly, the proposal's impact on the activities of individuals and businesses was not assessed at this stage but will be addressed in the context of the national measures to be adopted to reduce emissions;

whereas on 30 August 2016 the Department for European Policy at the Prime Minister's Office sent a second report, drawn up by the Ministry of Agricultural, Food and Forestry Policy, which contains information that is relevant for parliamentary scrutiny in the upstream phase. The report also discusses certain critical issues raised at a meeting held at the Ministry of the Environment, Protection of Natural Resources and the Sea before the proposal was published. According to the report, the costs for Italy of implementing the measures required to meet the target reduction in emissions would be in the order of 0.7 % of GDP, well above the EU average, which is between 0.15 and 0.54 % depending on the scenario used. According to the Ministry of Agricultural, Food and Forestry Policy, therefore, the flexibility provided for in the proposal for a regulation does not facilitate Italy's achievement of its emission targets. In Annex III to the 2016 Economic and Financial Document on the greenhouse gas emissions progress report it is estimated that with the measures currently in place, a reduction of 20 % will be achieved by 2030 over 2005 levels, instead of the 33 % target set out in the proposal. The Ministry also points out that the proposal fails to take into due account the emission reduction efforts already undertaken by the Member States known as 'early movers', which were the first to make commitments in this respect;

states, for matters within its remit, that it does not object to the proposals, highlighting the following points:

The legal basis has been correctly identified as Article 192(1) of the Treaty on the Functioning of the European Union (TFEU), which provides for the ordinary legislative procedure for deciding what action should be taken by the Union to achieve the European Union's environmental policy objectives.

The proposal complies with the subsidiarity principle, since the objective of reducing greenhouse gas emissions in non-ETS sectors in a coordinated and fair manner across the European Union cannot be sufficiently achieved by the Member States on their own. With respect to the principle of proportionality, the proposal raises serious issues when it comes to sharing out the burden of reducing emissions among the Member States. In particular, meeting the proposed non-ETS emissions reduction target of 33 % below 2005 levels puts a disproportionate burden and costs upon Italy compared to the EU average; as shown above, this is not sufficiently counterbalanced by the flexibility mechanisms provided for in the proposal.

As regards the further examination that needs to be carried out by the Government, as stated in the reports received by Parliament pursuant to Article 6(4) and (5) of Law No 234 of 24 December 2012, also with a view to effectively ensuring that Italy's considerable interests in non-ETS economic sectors are properly represented in the EU institutions, the necessary coordination should be carried out by the Prime Minister's Office pursuant to Article 18 of Law No 234 of 2012.