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## **EU to link its greenhouse gas emissions trading system with Switzerland**

The Council today authorised the Commission to open negotiations with the Swiss Confederation for a link between the EU and the Swiss greenhouse gas emissions trading systems (ETS).

This is the first time that the EU seeks a connection with an existing such scheme. Such a link would contribute to the fight against climate change and increase economic incentives to reduce climate harming emissions. This step complements the extension of the EU trading scheme to Norway, Liechtenstein and Iceland.

The mandate adopted today gives the green light for negotiations to start early next year. They will aim for speedy progress. To conclude a link to the Swiss ETS, both the European Parliament and the Council must approve it.

The EU ETS currently applies to over 10.000 industrial installations in energy-intensive sectors, such as electricity and heat generation, metal production, chemicals and many others. The system covers several greenhouse gases, including carbon dioxide and methane. Roughly half the 4.9 Gt CO<sub>2</sub> eq emitted annually by the EU fall under it. From 2012, the ETS will in addition apply to aviation: All flights arriving at or departing from an EU airport will be included.

# **P R E S S**

Currently, the Swiss ETS constitutes a voluntary alternative to a domestic fuel tax. It covers energy-related carbon dioxide emissions by around 400 companies. Preliminary data from the Swiss government for 2009 indicates that the scheme applies to around 6.5% of the 52m tons CO<sub>2</sub> eq emitted by Switzerland per year. Switzerland is currently reforming its ETS so as to step up action against climate change and make it more compatible with the EU's trading system.

The EU ETS sets a cap on the overall emissions from participants. Installations must redeem allowances commensurate to the volume of their emissions; they can trade permits so that emissions reductions can be made where they are most cost-effective. While emission allowances were allocated for free to companies so far, companies will be obliged to buy a share of their permits from 2013.

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