

**Interview with Mr. Josef Zbořil, member of Board of Directors of Czech Confederation of Industry and environmental expert, for [ENDS Europe Daily](#).**



**-- Did SPCR expect that the European Commission would cut the National Allocation Plan (NAP) for 2008-12?**

*There are naturally pros and cons in the process like approval of NAPs in the Commission, the problem with such a dramatic cut of the Czech NAP stems in the pre-NAP period, while some officials openly declared that they would stick at the principle that operations would be allocated in the amount they would need in the allocation period of time. The overall indicated allocation for new MS was suggested at the level of 81 - 83% the Kyoto basis. Thus, with regard of the CZ allocation, we expected that the Commission would observe and honour the growth trends in the country that were clearly reflected in the CZ NAP. The Commission had changed the rules of the game in the middle of the game in the futile attempt to salvage the EU-ETS (EU - Emission Trading System) credibility. The EU-ETS would eventually experience serious problems since wrong, if ever any lessons, have been learnt from the first trading period. The collapse cannot be attributed just to the over allocation, it is encoded in the EU-ETS basics.*

**-- Did you try to lobby in Brussels against it? Did you lobby in the Czech government? Was the government willing to take action against Brussels, given that at least one of the Ministers Mr Bursik was in favour of the European Commission's decision?**

*The lobbying activities have been extensive, not so much in Brussels but mainly on the domestic scene and, as a result, the complaints have been filed by the CZ government. The position of Mr. Bursik is given by his ministerial assignment and, in the end of the day, he would not pay the bill. The burden would be on common people either projected in the ever rising prices of energy and in prices of goods reflecting the energy price increase. In the worst cases, the impact would be in lost jobs because of fierce competition from regions with no EU-ETS...The Czech Government have obviously taken their responsibility except Mr. Bursik.*

**-- What industries were most active in lobbying for the action against Brussels?**

*The most affected sectors are obviously the most active ones: Steel, cement, glass, chemicals are just some of them – enormous sums of money have been invested in those sectors in the recent past resulting in the enormous improvements of the environmental performance and, these manufacturing sectors are to exposed to additional economic pressures because of the insufficient allocation within the EU-ETS. Such industries cannot pass over the additional costs in the sales prices!*

**-- What industries are most advanced in terms of limiting CO2 emissions? And what are least advanced?**

*There are hardly any champions or distinctive losers – the carbon intensity is give mostly by the nature of the primary energy sources and, in this respect, the Czech Republic is in*

*ambiguous position: on one hand, we are in the leading position in terms of emissions per capita, on the other hand, we are in the leading position also with regard of domestic primary energy sources. In my view, the latter counts much more at the bottom line. The most of our operations have considerably improved their energy efficiency but you cannot change the nature of a number of processes.*

***-- How do you think the Czech government should allocate emissions between industries now? Are there industries that are lobbying for a more favourable allocation at the expense of others? What are those industries? Or should emission limits be just cut down by 15 percent to everyone?***

*We sincerely believe the final allocation would be set up in the most transparent way – under the public scrutiny. Representations of the industry and the Czech Industry Confederation participate in the game and, as the matter of fact, there should be a rule that better position should be offered to energy intensive industries that face global fierce competition since, as mentioned earlier, public utilities can fairly easily transfer (purchase)d allowance cost in pricing of energy. Economics mechanisms should be involved to inflict the least harm to developing industry. The Ministry of Environment, with all respect to them, is the least competent governmental body for such an agenda.*

***-- How do you assess REALISTICALLY: is the Czech Republic going to succeed against the Commission? What happens if it doesn't?***

*Actually, it would be a very interesting process, since, by the EU-ETS wording the Commission does not have any power to prescribe the allocation level for any MS. The Art. 9, para 3 of **Directive 2003/87/EC** says:*

*“Within three months of notification of a national allocation plan by a Member State under paragraph 1, the Commission may reject that plan, or any aspect thereof, on the basis that it is incompatible with the criteria listed in Annex III or with Article 10.”*

*If I understand wording correctly, there is anything about additional criteria like base year 2005, factors not agreed upon with the particular players etc. If the Court of Justice follow the EU-ETS directive closely enough the case is not lost at all also for the other member states. We are entirely convinced that deciding upon the NAPs outside the wording above, which was the common case, is in fact illegal. There can be perhaps a long time dispute about the conditions of Annex III and Article 10 but there should not be a Commission decision about the NAP level – it should be a mutual agreement and never arbitrary decision taken. If we do not succeed, the allocation would be at the present imposed level and results would be seen after the detail operation level allocation. It is for sure that positive economics development could be hampered and some operations can face displacement from the country and even from the EU.*

***-- Isn't the industry aware that if they manage to win in the court, the whole idea of emissions trading may be in danger? It lost all credibility due to over-allocation in the first phase for 2005-07, and would suffer even more now if the commission's attempt to prevent the same thing happening in the second were blocked.***

*The industry, on the contrary to the EU/national authorities, have studied the system very closely and we are convinced that it can play a role of a motivator in certain extent do reduce*

*the GHG emissions. Unfortunately, in spite of numerous warnings the Commission is convinced that the EU-ETS is a “work horse” of mitigation. This approach leads to the overstated role and eventual failure. The EU-ETS is not an instrument, and the sooner it regains its appropriate role after the necessary changes the better for the climate change sake. Thus, over allocation in the first run is a symptom, not the cause, the cause is much deeper and stems in the inappropriate role of the EU-ETS versus real mitigation measures that must be devised and thoroughly implemented. If the allocation is exercised by an administrative decision, the system is no market instrument, just state/union planning act. Trading volume 2006 in amount of 800 million allowances versus real emission savings speak for themselves. If it is 5% of the volume, where is the point of such system? It is symptomatic: the loudest advocates of the EU-ETS except the DG Environment are brokers and finance institutions. Thus, no regret on our side, if such system collapses again.*