

**Presentation MEP Christa Randzio-Plath
Chair of Economic and Monetary Affairs Committee**

(Summary by Delia Villagrasa)

Ms. Randzio-Plath related some of the historic context of the proposal, particularly her disappointment that the CO2 tax has never been adopted. As the only speaker, she addressed the legal form of the proposal, where she outlined that a regulation would have been preferable to a directive, as a regulation is easier to implement. However, in view of the EU single market, at least a directive is necessary.

One problem is the different situations in the Member States, which poses the question to which extent MS should be allowed certain privileges, linked to their special concerns. However she was of the opinion that such privilege should not include the option of an opt-out or a non-mandatory nature of the regime. The mandatory nature of the trading is essential economically so as to avoid market distortions and free riders. She acknowledged that this point would be an important part of the upcoming debate around the proposal.

A further point relates to the architecture of the future trading market. It needs to be constructed in a manner that potentially emerging derivatives markets do not encourage an instability of the financial markets (?).

Regarding allowances, she clearly stated that free allocation isn't the optimum solution for the economy, and that auctioning would be preferable. One question with auctioning would be who would receive the resulting funds. A further question unclear in the Commission proposal is the consequence of involved companies closing or going bankrupt.

Point on voluntary agreements?

Furthermore, it will be essential to ensure the enforceability of the Directive. The European Court of Justice will not be able to handle this issue adequately; therefore the national legislative systems must foresee appropriate legal instruments to ensure compliance. The directive should mirror this adequately, and create more transparency regarding monitoring and compliance. One further point should be the payback of economic incentives provided if companies do not comply with their targets.

Generally, the Directive needs to ensure that European industry isn't disadvantaged in the international arena.