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**SUMMARY**

**of the**

**REPORT ON THE IN-DEPTH REVIEW OF THE NATIONAL COMMUNICATION**

**of the**

**EUROPEAN COMMUNITY**

(The full text of the report (in English only) is contained in document FCCC/IDR.1/EUR)

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## Summary<sup>1</sup>

1. The national communication of the European Community was due on 21 September 1994 but was only received in July 1996. The in-depth review took place in the period November 1996 to June 1997 and included a visit to Brussels from 11 to 15 November 1996. The team included experts from Zimbabwe, Romania, Japan and the secretariat of the Organisation for Economic Co-operation and Development (OECD). The European Community is the only regional economic integration organization that is a Party to the Convention, as are all its 15 member states separately. Each of their reports is also being reviewed, and the review of the Community's communication therefore focused on activities at the Community level. There is mixed competence between the Community and its member states on various issues related to climate change. On some of the issues where there is Community competence, the Commission of the European Communities, as the executive body of the Community, takes the lead, but on most of the issues the Council of Ministers leads.

2. The team noted that the Community's member states are very diverse in terms of geography, energy needs, structure of energy supply and economic development. The Community imports most of the energy used, although some member states are major producers of fossil fuels and in others renewables contribute considerably to the energy balance. Some have substantial capacity for production of nuclear power. Total carbon dioxide (CO<sub>2</sub>) emissions were estimated at 3,285,620 Gg in 1990. This corresponds to a per capita average of about 9 tonnes, compared to the OECD average of about 12. The figure varied from 4 to 12.5 tonnes among the various member states except for Luxembourg, where it was more than 28 tons. Three members joined 1 January 1995, and about ten central and eastern European countries as well as Cyprus and Malta have taken steps to be able to join within 5-10 years. The Community has committed itself as a whole to stabilizing emissions of CO<sub>2</sub> at 1990 levels in 2000, implying that emissions would drop in some member states and grow in others. The Community strategy on climate change has four pillars: energy conservation and energy technology programmes, fiscal measures, national programmes and a monitoring mechanism to survey the action taken to reach the target.

3. The inventory in the communication is built on the member states' submissions under the Convention, but the European Environment Agency (EEA) has cross-checked them with data from the CORINAIR<sup>2</sup> programme as well as the statistical office EUROSTAT. Certain adjustments have been made in a transparent way to improve the internal consistency,

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<sup>1</sup> In accordance with decision 2/CP.1 of the Conference of the Parties, the full draft of this report was communicated to the Commission of the European Communities, which had no further comments.

<sup>2</sup> CORINAIR is the component dealing with air emissions inventories of the European Community's CORINE (Coordinated Information System of the State of Natural Resources and the Environment).

including separate treatment of final non-energy consumption of energy commodities (for which an upper limit estimate is equivalent to 7.4 per cent of total emissions) and the elimination of adjustments that some member states had made for temperature and electricity trade anomalies. Emissions of hydrofluorocarbons (HFCs), perfluorocarbons (PFCs) and sulphurhexafluoride (SF<sub>6</sub>) were not included, but were not believed to represent a major share of emissions in 1990. Owing to the lack of complete information, the land-use change and forestry sector was also excluded. Using the Intergovernmental Panel on Climate Change's (IPCC) 1994 global warming potentials (GWP), CO<sub>2</sub> accounted for 80, methane (CH<sub>4</sub>) 14 per cent and nitrous oxide (N<sub>2</sub>O) for 7 per cent of the emissions in 1990. The team noted the efforts that had been made to develop a uniform inventory system, CORINAIR, at the Community level and to extend it to the pan-European level, and the efforts soon to be completed to make this compatible with the IPCC system.

4. The team noted that the bulk of policies and measures to mitigate climate change is initiated nationally in the member states, with limited progress on common actions. Still the team noted the potential importance of developing common measures implemented Community-wide, given the development of a single market where there is pressure to harmonize the conditions for competition. The development of common measures could also provide lessons for the UNFCCC process in the light of Article 4.2(e)(i). It also noted the important role of the Community in creating a common legal and technical "infrastructure" for the implementation of policies and measures by member states.

5. The Council has agreed on legally binding directives requiring energy labelling of several appliances and minimum energy efficiency standards for refrigerators and freezers as parts of the SAVE programme, but it has not yet reached agreement on a directive on rational energy planning. These directives are so new that they are still in the process of implementation in member states. The programmes on energy efficiency and new, renewable energy sources, the latter called ALTENER, also include budgets for activities such as information, demonstration projects, workshops and the development of product standards. The team noted that funding for the extension of the SAVE programme has been substantially reduced compared to the figures quoted in the communication. The Community has not been able to agree on common CO<sub>2</sub>/energy taxes. In March 1997 the Commission has adopted a proposal for a Council Directive restructuring the Community framework for the taxation of energy products. This is already in place for mineral oils, although the levels are often lower than those applied in most member states. The team was not given quantitative assessments of the effectiveness of these measures, and it is not clear to what extent the regulations go beyond what national policies and/or the market would achieve on their own.

6. Although the emphasis has been on mitigating CO<sub>2</sub> emissions, the monitoring mechanism now also includes other gases and steps are being taken to develop an explicit strategy for non-CO<sub>2</sub> gases, starting with a strategy on methane. At present measures aimed at reducing emissions of CH<sub>4</sub>, N<sub>2</sub>O, HFCs, PFCs and SF<sub>6</sub> are implemented only in some member states. The team noted that the 1992 reform of the common agricultural policy (CAP) is believed to limit emissions of methane and nitrous oxide as well as stimulate

sequestration in forests and production of biofuels. Also, common policies in the waste sector limit methane emissions. The team noted that the structural and cohesion funds, which constitute about one third of the Community's budget, are partly used to provide funding for energy and transport infrastructure and thus could influence emission patterns substantially. The team noted that some policies and measures, notably the CAP, the efforts to deregulate the energy sector, transport initiatives, the use of structural and cohesion funds and the development of the single market, warrant examination in the light of Article 4.2(e)(ii) to see how they influence greenhouse gas (GHG) emissions.

7. The communication included an estimate that CO<sub>2</sub> emissions could grow by 5-8 per cent from 1990 to 2000. According to the second monitoring report of March 1996, the most likely development is an increase by the year 2000 in the range of 0 to 5 per cent. Based on preliminary figures, emissions in 1995 were considered to be at the 1990 level, following a dip in the early 1990s caused mainly by the reduction in Germany's new states, where there was a 50 per cent drop between 1987 and 1993, equivalent to 4 per cent for the Community as a whole, substitution of coal by gas in electricity production, particularly in the United Kingdom, and low economic growth. The communication included scenarios showing that emissions could grow after the turn of the century in the absence of marked improvements in energy efficiency or the carbon ratio in fuels, but that there is scope for political action to prevent this. The communication did not include projections for other gases, but the projections made by the member states suggest reductions for methane and possibly also nitrous oxide. The team noted that the use of HFCs is expected to grow as they are used to replace gases regulated by the Montreal Protocol on substances that deplete the ozone layer. PFCs have already been reduced significantly in some member states. Estimates of the total effects of measures were not available for the Community level, and only the effects of some individual measures were described in the communication.

8. The Community has been an important contributor of funding to understand and monitor climate change and its impacts, as well as to develop possible response strategies. It has not developed a common adaptation strategy, and the implementation of adaptation measures has so far been left to the member states. Cooperation on research, development, demonstration and dissemination of technologies is an important task for the Community, and it provides substantial funding through the non-nuclear programme known as JOULE/THERMIE. Funding is also provided for nuclear research, including both fusion and fission, which was not mentioned in the communication.

9. The Community is not a member of the Global Environment Facility (GEF), although the member states are. The Community does, however, co-finance GEF projects. It also has major programmes of cooperation with central and eastern European states (PHARE), former Soviet Union Republics in Asia (TACIS) and developing countries (for example through the Lomé conventions). Under these programmes there are a number of energy, agriculture and forestry projects which have implications for GHG emissions. The team noted that the programmes on research, development and dissemination of technologies involve the participation of several non-member states. It also noted that the CORINAIR activities have

helped to enable Parties both inside and outside the Community to compile inventories for direct as well as indirect GHG and thus implement the Convention. The team noted that information and capacity building are given priority in the Community's programmes, but this will only be complementary to efforts by member states.

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