



Norway Plans Carbon Trade System "Tougher" Than EU

OSLO - Norway plans a carbon dioxide (CO₂) quota trading system for 2008-12 that the government said on Thursday would be "much tougher" in fighting climate change than the European Union's scheme.

The proposed Norwegian system would cover more than 40 percent of Norway's emissions of greenhouse gases, totalling 54 million tonnes in 2005. Norway, outside the 27-nation EU, aims to link its system to the EU emissions trading scheme.

"We will now have a much tougher system than the EU," Finance Minister Kristin Halvorsen of the centre-left government told a news conference. "We will be a leader in the fight against climate change."

The scheme is based on emissions by industries in 1998-2001, and Halvorsen said past emissions were a stricter yardstick than in the EU where she said companies could get bigger quotas by projecting rising needs in coming years.

She said the Norwegian system would also include fewer reserve allocations of emissions to be handed out to possible new businesses than the EU.

"Overall industry will have a roughly unchanged economic burden," Halvorsen said, compared to the current system which includes taxes on carbon dioxide. She said the system assumed an emissions price of 150 Norwegian crowns (US\$24.28) per tonne.

Norway, the world's number three oil exporter, says it was the first country in the world to tax industrial carbon dioxide emissions in the 1990s. Carbon dioxide, mainly from burning fossil fuels, is widely blamed for stoking global warming.

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The government would seek opinions about the plan until April 15 and would to pass a law to enter into force in 2008 and cover commitments under the UN's Kyoto Protocol until 2012.

As an illustration of the proposal, land-based industries would have got free quotas for 2005 corresponding to 81 percent of their emissions and would have had to cut back emissions or buy quotas to cover the remaining 19 percent.

The Norwegian system will cover emissions from sectors including oil refining, metals, steel, cement and ceramics production, the wood industry and fish processing.

A carbon dioxide tax on Norway's mainland industry will be removed. The big offshore oil industry would get no free quotas and continue to be taxed. Unlike now, it could also sell quotas if it undershot emissions goals.

Norway's emissions of greenhouse gases were 8.5 percent above 1990 levels in 2005, far above a goal under the UN's Kyoto Protocol of no more than a 1 percent rise by 2008-12.

"We will reach our Kyoto target," Environment Minister Helen Bjoernoy said.

Story by Alister Doyle

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