

# Companies urge Brussels to help floundering carbon trade market

By Pilita Clark and  
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Royal Dutch Shell, Philips and more than a dozen other leading international companies have made an urgent plea to the European Commission to prop up the EU carbon market after another week of falling prices.

Benchmark European allowances (EUAs) under Brussels' emissions trading system fell to a record low of €6.30 on Wednesday. EUA prices have fallen nearly 14 per cent this week, extending their drop since January to 53 per cent.

The market briefly lifted after UN talks ending on Sunday in Durban, South Africa, saved the Kyoto climate treaty and agreed to negotiate a new pact covering

all countries. But prices fell again after Canada confirmed on Monday it would quit Kyoto.

In a letter to José Manuel Barroso, Commission president, a group of companies that also includes Unilever, Alstom and Tesco said the eurozone crisis meant carbon prices were likely to stay low for at least another year in the EU emissions trading system, the world's largest carbon market.

They urged governments to bolster the six-year-old scheme by withholding allowances due to be released from 2013. That would address an oversupply of allowances that, along with eurozone uncertainty, has seen prices plunge this year. "It is critical that the European institutions take decisive action

now," the group said. Brussels should also rethink the "distorting" impact some of its other policies are having, the companies said, especially an energy efficiency measure the European parliament is due to vote on next week.

Forcing large industrial plants covered by the EU emissions trading system to become more efficient would further damp demand for ETS allowances, which could eventually see carbon prices drop by 13.9 per cent, said the companies, quoting official Commission figures.

Most of the businesses signing the letter belong to the Prince of Wales EU Corporate Leaders Group on Climate Change, which backs long-term action on global warming.

