EU emissions up 3% on 2009 as recession eases

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But growth is patchy and some countries and sectors lag behind

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Last year, some 1,935 million tonnes (Mt) of greenhouse gases were emitted by the 27 countries that participate in the European Union's Emissions Trading Scheme (EU ETS), plus Norway. This increase in emissions, equivalent to 3% on the comparable 2009 figure of 1,880 Mt, is in line with Thomson Reuters Point Carbon estimates and shows that recession in Europe is lifting, though not in all countries and not in all sectors. Moreover, despite the 3% increase, emissions last year came in 50 Mt below the 2010 EU ETS cap of 1,985 Mt, meaning the scheme is oversupplied for the second year in a row and the fifth time in six years and indicating that recovery has still not returned European economies to their pre-crash levels. Thomson Reuters Point Carbon is the leading provider of market intelligence, news, analysis, forecasting and advisory services for the energy and environmental markets.

The analysis is based on the verified emissions data published today by the European Commission via its Community Independent Transaction Log (CITL) for 10,221 installations accounting for 90% of 2009 emissions (for methodology, see notes).

As Thomson Reuters Point Carbon predicted, the data confirms that the effects of economic downturn are now easing in most, though not all, sectors and countries after two years of declining output and related declines in emissions.

The largest relative change was in the industrial sector where emissions in 2010 were up 5% on 2009 figures, compared to a drop in 2009 of 17% on 2008 levels, indicating that European industry is experiencing modest recovery. But even within industry, emissions varied considerably, indicating that recovery is not uniform. Emissions from the metals sector grew by 21% last year, and the other sector also emitted 5% more in 2010 than the previous year. However, for the cement, lime and glass and sector, production did not improve much last year and emissions increased by 2% from 2009. For oil and gas emissions dropped by 2% compared to 2009 levels.

The power and heat sector emitted 1,178 Mt, equivalent to 1% more than in 2009 as power demand picked up slightly in line with modest economic recovery. The largest increases in emissions from power and heat in 2010 compared to 2009 were in Germany (13 Mt), the UK (6 Mt), and Poland (6 Mt), whilst the largest drops were seen in Spain (16 Mt) and Portugal (5 Mt).

According to Kjersti Ulset, Manager of European carbon analysis at Thomson Reuters Point Carbon, "although emissions are up from 2009 levels, they are still significantly below 2008 levels, showing that production is still below pre-recession levels". Ulset added "the picture is further complicated by the fact that effects from growth are to some degree offset by an improvement in carbon intensity. Spain, Portugal and Greece saw large increases in hydro generation in 2010, which more than offset the increase in overall demand for power, contributing to large drops in power sector emissions."

Of the countries that have reported emissions all countries except Spain, Portugal and Romania saw an increase in emissions from 2009 to 2010.

Ulset concludes that “this data certainly confirms that 2010 was a year of recovery in Europe since we saw emissions increase for the first time in two years, however the picture is complicated and does not look equally promising for all sectors and countries”. She added “the data was in line with Point Carbon’s predictions and was more or less what the market expected, also illustrated by the fact that carbon prices have been stable after the release of the data.”

Note to editors

• The Kyoto Protocol to the United Nations Framework Convention on Climate Change, which entered into force in February 2005, resulted in the launch of the EU’s Emissions Trading Scheme (ETS). The EU ETS is the world’s first international greenhouse gas emissions trading scheme. It works on a cap - and - trade basis, where the total allocation is set at the start of a trading period. EU Allowances (EUAs) are the tradable units under the EU ETS. Up to a certain limit, companies regulated by the EU ETS are also allowed to import carbon permits from third countries (CERs and ERUs).
• Certified Emissions Reductions (CERs) are project credits generated from emission reduction countries in developing countries. • Emission Reduction Units (ERUs) are project credits generated from emission reduction projects in industrialised countries.
• The second period of the EU ETS runs from 2008-2012 and coincides with the first Kyoto compliance period.
• The EU ETS covers around 12500 installations across the 27 Member States of the European Union plus Iceland, Lichtenstein and Norway which are required annually to surrender emission allowances equal to their emissions in the previous year. Thomson Reuters Point Carbon’s analysis, however, covers the 27 member states plus Norway
• Each year the European Commission receives emissions data from its member states’ registries which it publishes via its Community Independent Transaction Log (CITL).
• The verified data has been adjusted by Thomson Reuters Point Carbon’s to reflect trends by sector and country in order to estimate the total. For Bulgaria, Cyprus, Malta, the Czech Republic and Greece and Norway Thomson Reuters Point Carbon’s estimates were used as no installations reported emissions.
• Thomson Reuters Point Carbon’s estimates are based on incomplete data.
• Connection of the CITL and Member State registries with the UNFCCC International Transaction Log (ITL) was completed on 16 October 2008.
• To see the information released by the Commission, go to http://ec.europa.eu/environment/climat/emission/citl_en.htm