



# Italy risks role as villain in EU carbon battle

## News Analysis

**Brussels fears that Rome's change of stance could doom deal target, write Joshua Chaffin and Guy Dinmore**

Italy risks being cast as the villain in undermining bold European Union plans to reduce greenhouse-gas emissions. Silvio Berlusconi, the centre-right prime minister, is accused of playing politics while the planet heats up.

In mid-2007, when European ministers unveiled their ambitious "20-20-20" targets, Italy was at the forefront of support. At the time, it had a centre-left government whose Green environment minister, Peccoraro Scanio, was probably the most hated politician among Italian industrialists.

Now, with Stefania Prestigiacomo running the environment portfolio, Italy has an industrialist as minister and a government more attuned to the big business lobby than to fighting climate change.

At a recent European summit, Mr Berlusconi threatened to veto the climate package, saying it would cost Italy €18bn (\$23bn, £14bn) a year to comply – a figure contested by the European Commission.

Officials in Brussels fear that the stance of Italy, among others, could doom efforts to close a deal by December, the EU's self-imposed deadline for adopting the package. The financial crisis and economic downturn have also made the negotiations more difficult, as governments shift focus from climate issues.

This week, Rome reiterated its opposition to the EU

plans to cut carbon dioxide emissions by 20 per cent from 1990 levels by 2020, saying it would cost Italian companies 40 per cent more. "This would be untenable for our production, particularly in light of the current global economic crisis," it said.

Italy is also concerned about other EU targets – to gain 20 per cent of energy from renewable sources and improve energy efficiency by 20 per cent, both by 2020.

Italy's latest position is for any European agreement to be revisited in early 2010 after an international conference in Copenhagen next year to renegotiate the international Kyoto climate accord. Rome is also pushing

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for concessions in separate but related European legislation that would force car-makers to reduce vehicle emissions by either 2012 or 2015.

European officials have suggested that there are areas where they could show "flexibility" without compromising the plan's main goals. This could mean giving companies credit for contributing to projects to reduce emissions in developing countries – a concession being pushed by Enel, Italy's main power utility.

Professor Marzio Galeotti, a climate-change expert at the University of Milan, says the government has woken up too late in understanding its commitments, even though it was a previous Berlusconi government that

ratified the Kyoto accord. "There is too much tendency to concentrate on the costs and underestimate the potential benefits which are harder to measure," he said.

Prof Galeotti thinks Italy will eventually settle for modifications and concessions to the package, possibly including removal of mandatory intermediate targets rather than the final goal.

Stavros Dimas, the European environmental commissioner, has rejected Italy's cost forecasts, saying they would be about half that. Others in Brussels are fuming. They view the Italians as late-comers who are playing politics with an initiative on which the EU has staked much of its credibility.

Italy has several factors working against it as it tries to reduce its emissions. Unlike the UK, it still boasts a sizable manufacturing base. Unlike France, it decommissioned its nuclear power plants after a 1987 referendum.

As Andrea Clavarino, president of Assocarboni, the coal operators' lobby, explained, one of Italy's chief concerns is that its manufacturers will be discriminated against if competitors in India, China and the US are not forced to follow suit.

Italy's record on cutting back emissions compares poorly with its European peers yet, per capita Italians produce considerably less greenhouse gas than most Europeans. On that score, Poles, Germans and Belgians are among the worst offenders.

According to official US figures, Italy's per-capita emissions grew by 43 per cent between 2000 and 2005. This compares with 1.2 per cent for France, 2.5 per cent for the UK and a 0.7 per cent drop in Germany.

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