

Lecture 8 (AO, April 23)

Environmental Policy in the Central European Context

Time: Thursdays 3 p.m. – 6 p.m.

Location: at CERGE-EI, Room # 7

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WEEK: TOPICS: DATE: INSTRUCTOR

1 Introduction (history/outline) Feb 19 JK/AO

2 Market failures: externalities, tragedy of the commons, enforcement as public good, also, (rise and fall) of the environmental Kuznets Curve February 26 AO

3 Interventionalist solutions to the Externality problem – Pigouvian taxes and standards and charges, also environmental labeling and incomplete consumer information in laboratory markets March 5 JK

4 Interventionalist solutions to the Externality problem – Marketable pollution permits March 12 AO

5 Non-Interventionalist solutions to the Externality problem – The Coasian solution March 19 JK

6 Non-interventionalist solutions to the Externality problem – Self-regulation March 26 AO

7 *Mid-term exam April 2*

8 (L7) Environmental Policy in the Czech Republic – History and current issues April 9 JK

9 (L8) Environmental Policy in the EU – History and current problems April 23

(April 16 falls into Semester break and on Easter Holiday) AO

10 (L9) Environmental Policy in the world context – History and Current problems April 30 JK/AO

11 (L10) Contingent valuation and related issues May 7 AO

12 (L11) To be determined by the interests of the class (DISCUSS!)

Final exam: to be determined (according to schedule May 18 – 21)

Also, please remember to grade articles that you read so far ...

The Greens, Czech Politics, and the Current Political Situation

References:

Stephen Deets & Karel Kouba (2008), The Czech Greens revived. Environmental Politics, 17.5, 815 – 821

Various recent articles from Radio Prague, Prague Post, and Ceske noviny

The Current Political Situation: A Mess (a government gridlock)

March 24, 2009: Apparently to everyone's surprise [including Paroubek], the centre-right government goes down after (yet another, the fifth, this time successful) vote of no confidence (101 votes against, of which 97 votes came from Social Democrats and Communists, and four of "independents" that were formerly members of Civic Democrats and Greens)

- after two years and two months of government
- in the middle of a worsening economic crisis, essentially coming from the real sector in Germany rather than the financial sector here, with
 - o January's industrial output down by 23.3 percent year-on-year, capping a fourth straight monthly drop
 - o January's orders down by 26.6 percent year-on-year
- in the middle of being at the helm of the EU (with the Lisbon Treaty still to be ratified)
 - o The Czech Republic remains the only member state that has yet to finish voting on the unifying EU document. (Although it passed through the lower house in February, its fate in the Senate, home to several Euroskeptic ODS members, remains unclear.)
 - o The chief Euroskeptic, President Václav Klaus, now has significant influence over EU presidency due to Topolánek's lame-duck status (and his right to appoint a new government). As a matter of fact, Klaus has suggested himself as acting EU president. Not an enticing thought given that an important EU summit is scheduled for June during which it was to be discussed how to complete the ratification of the Lisbon treaty.

March 27, 2009: Czech Prime Minister Topolanek

- formally submits his resignation to President Klaus
- is not, contrary to expectations, asked to remain in office until the end of the country's EU presidency

March 27, 2009: Czech President Klaus

- makes it clear that he will use his constitutional right to appoint whoever he wants as prime minister designate
- formulates condition: appointment will go to the person that can provide guarantee that has majority – 101 votes - in lower house (mission impossible?)

April 4, 2009: News that interim (“caretaker”) government supported by the three parties on which the government drew (Civic Democrats [Topolanek, until last year also Klaus], Christian Democrats, Greens [Bursak]) and the Social Democrats [Paroubek] who initiated the vote of no confidence (but without participation of the communists), under interim prime minister Jan Fischer (currently head of the Czech Statistical Office), possibly as “government of experts” [which is not likely to win approval by the lower house but could be in power until new elections], that should take over by second week of May until early elections to be held on October 9 and 10. Strategic constraints:

- o grand coalition (which could solve the problem) of Civic Democrats and Social Democrats would have enough votes to shorten electoral term and call early elections but ...
- o they would stand to lose votes in the elections to smaller parties (Christian Democrats, Greens [current polls predict they will not be in parliament come Fall, laying the blame where it belongs], etc.)

April 7, 2009: Christian Democrats voted not to nominate their ministers to such a government

April 9, 2009 (today noon, www.radio.cz):

President Klaus to appoint Jan Fischer prime minister

Czech President Václav Klaus will appoint Jan Fischer the country's new prime minister on Thursday. The news came shortly after the centre-right Civic Democrats and the opposition Social Democrats reaffirmed their support for a caretaker government led by non-partisan Jan Fischer. Under the deal, the new interim administration should have 16 non-partisan cabinet members, take over on May 9th and rule the country until early elections in October.

Although the two smaller coalition parties have reservations regarding this solution to the crisis, the two strongest parties on the Czech political scene – the Civic and Social Democrats have enough votes to push through both a confidence vote in the Fischer government and early elections.

New cabinet causes serious rift in Christian Democratic Party

The deal on a caretaker government has led to a serious rift within the Christian Democrats of the outgoing coalition. The party leadership ruled on Wednesday that it would not support the emerging Fischer cabinet, a decision that caused a public rift. At least five deputies, including Finance Minister Miroslav Kalousek on Wednesday pledged to support the caretaker administration, despite a threat from the party leader that if they broke with the party line they would not be allowed to run for the party in the European and parliamentary elections.

Kalousek considering leaving politics

Czech Finance Minister Miroslav Kalousek is considering leaving the Christian Democratic Party. Mr. Kalousek said in an online discussion on the Czech EU presidency website that he was seriously considering ending his political career and not to running in the autumn parliamentary elections. He said he would make the decision on the basis of the outcome of the party's national conference in May. Mr. Kalousek, who has engaged in numerous public disputes with party leader Jiří Čunek, said he had given the matter serious consideration

President Klaus appoints Jan Fischer prime minister

Czech President Václav Klaus appointed Jan Fischer as the country's new prime minister during a brief ceremony at Prague Castle on Thursday afternoon. Mr Fischer, the head of the country's statistical office, should become the non-partisan leader of a caretaker government from May 9 until early elections in October. His appointment has been paved by a deal between the country's two biggest political parties, the centre-right Civic Democrats and the opposition Social Democrats. They have enough votes in the lower house of Parliament to guarantee Fischer's government of experts sufficient support in a confidence vote and pilot the country to early elections.

Outgoing PM outlines tough tasks facing incoming government

In an earlier statement, outgoing Prime Minister Mirek Topolánek said that while no major political decisions await the caretaker government it nonetheless faces some tough tasks. These include completing the Czech EU presidency with the heads of government meeting in June and a series of bilateral summits. At home, he said it would have to push through measures to counter the economic crisis and prepare the next budget. Mr Topolánek said his government had worked to find a solution to the political crisis it was not guilty of creating and which had had a severe impact on the country's reputation abroad.

April 11, 2009 (Saturday)

Topolánek: government collapse in Czech Republic hurts all small countries in EU

Outgoing Prime Minister Mirek Topolánek has said that the collapse of the Czech government halfway through the country's EU presidency harms all small countries in the 27-nation bloc. In an interview with the newspaper

Mladá fronta Dnes on Saturday, the outgoing Czech prime minister said that all post-communist countries and other small countries in Europe relied upon the Czech Republic to handle its presidency well. Mr Topolánek added that the collapse of his cabinet halfway through the presidency had given rise to comments in the European media, questioning small countries' ability to run the EU. Mr Topolánek's cabinet was toppled by a no-confidence vote on March 24. An interim government, which will steer the country to early elections, will take over the country formally on May 9. The Czech Republic's presidency of the European Union runs until the end of June.

April 12, 2009 (Sunday)

Paroubek reacts to 'parochial myopia' comments published in The Economist

The leader of the opposition Social Democrats has reacted to comments published in this week's edition of The Economist, accusing Czech politicians of 'parochial myopia' for topping the government halfway through the country's EU presidency. Jiří Paroubek, whose Social Democrats instigated the no-confidence vote, said that the magazine was ignoring the 'moral' side of the issue. Speaking on TV Prima on Sunday, Mr Paroubek said that Mirek Topolánek's outgoing cabinet was founded on a basis of 'political corruption' and that the prime minister and his government had attempted to interfere in the justice system and this country's media. A caretaker government, headed by the non-partisan Jan Fischer, will take over the country's EU presidency formally on May 9. In this week's Charlemagne column, The Economist said that a Czech government of 'technocrats' would 'leave the presidency politically dead'.

April 13, 2009 (Monday)

Social Democrat leader seen as responsible for crisis: poll

The leader of the main opposition Social Democratic Party, Jiří Paroubek, is mainly held responsible for the recent political crisis according to a poll released by the news site lidovky.cz on Monday. A poll by the Median agency found 44 percent of those questioned identified Mr Paroubek as being responsible for the crisis which toppled the centre-right coalition government just over two weeks ago. Outgoing Prime Minister Mirek Topolánek was blamed by 41 percent. Around a third of those questioned also identified Mr Paroubek as the main gainer from the crisis. The government collapsed mid way through the Czech EU presidency after a surprise defeat in the no-confidence vote.

April 14, 2009 (Tuesday)

Outgoing government approves law for early elections

The lower house has approved a constitutional law which cuts short its term and opens the way to early elections in October. The one-off proposal had the backing of the two main parties, the Civic Democrats and opposition Social Democrats. Elections now have to be formally announced by Czech President Václav Klaus. On Tuesday, the law was passed by the two-thirds majority required to make a change to the Czech Constitution.

EU environment ministers start two-day informal meeting in Prague

EU environment ministers are gathered in Prague for a two-day informal meeting. Topping their agenda is the issue of climate change and finding a common EU strategy to take to the Copenhagen Climate Summit at the end of this year. The UN conference will attempt to find a replacement to the Kyoto treaty, setting worldwide targets for cutting emissions of greenhouse gases by 2012. In Prague on Tuesday, ministers are also hoping to discuss whether the EU 27 should be bound by a stricter legal framework for cutting carbon emissions.

April 15, 2009 (Wednesday)

EU environment summit

European Union environment ministers called on the United States Wednesday to help the bloc lead and finance the battle against climate change. Czech minister Martin Bursik, who hosted the EU environment summit in Prague said that Europe needed to build a coalition with the US if the fight against climate change was to be effective.

Earlier this month in Prague, US President Barack Obama vowed that the United States was "now ready to lead" on climate change, breaking with his predecessor George W. Bush, whose stance had long frustrated Europeans. So far, the US has agreed to cut its emissions to 1990 levels by 2020, while Europe has pledged to cut its own emissions by at least 20 percent of 1990 levels by 2020, and 30 percent if other advanced economies follow suit.

<snip>

April 16, 2009 (Thursday)

Parties offer candidates for new cabinet

Three Czech political parties on Thursday offered the PM of the caretaker government, Jan Fischer, their candidates for cabinet positions. The Civic Democrats nominated five ministers, including Tomáš Uvíra as the new finance minister; the Greens came up with three potential members of the new cabinet, while the Social Democrats offered their nominees for six ministries including Jan Kohout as the new foreign minister and Štefan Fule as the deputy PM for European affairs. Mr Fischer asked for a week's time for consultations before he announces the line-up of the caretaker government to the president, Václav Klaus. The Christian Democrats rejected the opportunity to nominate their own candidates, while the Communists were left out of the nomination process.

April 18, 2009 (Saturday)

Former president criticizes Social Democrats for role in bringing down government

Former Czech president Václav Havel has criticized the opposition Social Democrats for their role in bringing down the government in March. In an interview for Saturday's Lidové noviny, the former president suggested the move, halfway through the EU presidency, was an act of "stupidity" – something he hoped voters wouldn't forget. The government was toppled in a no-confidence vote initiated by the leftist party. In the past, Mr Havel expressed support for the Social Democrats, but now seems to have indicated a shift in sympathies towards the right-of-centre Civic Democrats – once led by current President Václav Klaus. Mr Havel suggested in the interview that the party had shifted on a number of issues. Some Civic Democrats have made clear they would welcome Mr Havel's support ahead of early elections.

Social Democrat leader warns party to focus on pre-election campaign

The leader of the Social Democrats, Jiří Paroubek, has warned party members to focus more on the pre-election campaign than on helping the incoming interim government. A new technocratic cabinet led by incoming Prime Minister Jan Fischer will take office on May 9 with the aim of completing the Czech EU presidency as well as leading the country to early elections. Speaking to the party executive committee, Mr Paroubek reminded members that the interim government was not the Social Democrats' own. He also said he anticipated a tough campaign from political rivals the Civic Democrats, saying a repeat of what he called the "criminal" Kubice report "was possible". The police document, warning of growing links between the Social Democratic Party (then head of the government) and organised crime in 2006, was leaked just days before parliamentary elections, won by the Civic Democrats.

Head of PEN Club critical of president in Austrian daily

The Czech writer, poet and former diplomat Jiří Gruša has criticised Czech President Václav Klaus in an interview for the Austrian daily Kurier, calling steps by the president to play a bigger role on the international scene "alarming". Mr Gruša was education minister in Mr Klaus's government in the 1990s. In the interview the writer, who now chairs the International PEN Club, also criticised the recent vote of no-confidence on Mirek Topolánek's government during the Czech EU presidency, something which he said he had not thought possible. He did express confidence that the new interim government would be able to successfully complete the role. The Czech Republic hands over the rotating EU presidency to Sweden at the beginning of July.

April 21, 2009 (Tuesday)

Havel distances himself from Civic Democrat endorsement

Former president Václav Havel has distanced himself from speculation that he could back the centre-right Civic Democrats in upcoming October elections. Havel said that he was not about to wear a political t-shirt and if he were to so it would be green. Havel sparked speculation following comments to the Lidové Noviny newspaper last week which criticising the Social Democrat led no-confidence vote which toppled the centre-right coalition as a 'stupidity.' He added that he sympathised with the Civic Democrats and expected voters would make the Social Democrats pay for what they had done.

All news bits above from <http://www.radio.cz/en/news> (see archive section)

How did this mess come about?

- Two former ODS [Civic Democrats] members, now independent MPs, (reportedly close to Klaus) voted with Social Democrats (and the Communists)
- Two former Greens members, now independent MPs, voted with Social Democrats and (and the Communists)

Consequences (quotations from April 2, 2009 article titled “Gov’t gridlock harms presidency. Czech EU role suffers as politicians deal with collapse” by Markéta Hulpachová, Staff Writer

<snip>

Former President Václav Havel likened the situation to a soap opera. "What bothers me most is that it deepens the alienation between politicians and society," he commented. "With all these attacks and muckraking, it is no longer about serving the public good."

Top four key Lisbon arguments

Debate on the treaty centers on a few general issues

By [Benjamin Thomas Cunningham](#) , bcunningham@praguepost.com
Staff Writer, *The Prague Post*, December 17th, 2008 issue

The EU Commission

Issue: The Lisbon Treaty proposes to reduce the number of commissioners by one-third, thus breaking from the policy of every state having a member on the commission at all times.

More consolidated foreign policy

Issue: The treaty seeks to merge the post of the European commissioner for external relations and European neighborhood policy and the post of the high representative for the common foreign and security policy into a single position, the high representative of the union for foreign affairs and security policy.

President of the European Council

Issue: Among the other Lisbon Treaty proposals is the creation of a permanent president of the European Council, a single individual to be elected for a two and a half year term, replacing the present six-month rotating presidency.

Democracy

Issue: Voters in the Netherlands and France rejected the EU constitution (the precursor to the Lisbon Treaty) in referendum in 2005. The Lisbon Treaty requires unanimous support from all member states, which it lacks in Ireland, where it was rejected by voters, the only citizens to vote on the Lisbon Treaty. A second vote in Ireland, now slated for late 2009, is a rejection of the democratic process.

How did this mess come about, part II:

Stephen Deets & Karel Kouba (2008), *The Czech Greens revived*. *Environmental Politics*, 17.5, 815 – 821

The aggregate actors:

Civic Democratic Party (ODS), centre-right, essentially a conservative party, “Republicans” in US terms

Christian Democratic Party (KDU), centre-right, essentially a conservative party with some religious orientation (whatever that means in the Czech Republic), “Republicans” in US terms

Czech Party of Social Democracy (CSSD), centre-left, “Democrats” in US terms

Communists (KSCM), left party, essentially the old state party, unreformed

Czech Greens (SZ)

- founded in 1989
- success in 1990 elections (motivated by environmental degradation under communism, notably the tremendous air pollution in northern Bohemia and Moravia where they had highest support (elections won by broad anti-communist coalition called Civic Forum that soon disintegrated)
- “success” in 1992 elections when SZ teamed up with Agrarians and Socialists but then two thirds of Greens left over the coalition agreement
- 1996, SZ in such disarray that did not even participate in national elections (which led to a stabilization of sorts of the political landscape, with Civic and Social Democrats emerging as the two large parties – about 30% each) and Christian Democrats and Communists having about 10 percent of the votes each ... [I know it does not add up to 100 %]
- 2001, SZ down to 239 members, most of them older, with little formal education ... (stark contrast to the Greens in Germany who were strong-going at that point, and were running the country together with the Social Democrats)
- Factors that led to revival of Green party starting then:
 - series of corruption scandals involving ODS
 - Klaus (prime minister 1992 – 1997) openly dismissive of civil society and environmental movement. See his *Blue Planet in Green Shackles* pamphlet (2007, 100 pages)
 - non-parliamentary protests over the Temelin Nuclear Power Plant and other issues (such as corruption and civil society) failed
 - CSSD formed minority government with ODS tacit approval; perception that that was too much collusion on the part of the large parties
 - “While SZ was small, dysfunctional, and heavily indebted, it did have an existing organizational structure, a well-known name, and ties to a European party” (p. 816)
 - Revitalization was initiated by outsiders Jan Beranek and Peter Stepanek (see p. 816)
- 2002, promising election results on national level (2%), with particularly good showing in urban centers such as Prague and Brno among younger, well-educated urban voters (similar to Greens in Germany)
- 2003, Beranek joined the Greens, and together with Jakub Patočka started to rewrite programme and constitution of the Greens (programmatically he stressed similarity to German Greens, organizationally he centralized power)
- 2004, crisis over the June 2004 European elections list, headed by Patočka; critique headed by Petr Uhl, “a prominent dissident from the communist era and former Commissioner for Human Rights. Uhl wanted the list headed by former Minister of Environment Martin Bursík, what that time was not even a SZ member (having joined KDU several years earlier). While Uhl held no leadership position, he had close ties to Daniel Cohn-Bendit, then co-President of the European Green Party and self-proclaimed ‘realo’. Cohn-Bendit demanded that Beranek redo the list and

rewrite the party constitution, which he refused to do. The Greens still won 3.2 %, ... , but inside the party the results were viewed as a disaster in light of expectations, setting in motion the autumn 2004 leadership battle. By summer 2004, there was a growing faction wanting to replace Beranek with the more media savvy and pragmatic Bursik. This faction was led by Stepanek, who had since joined the party and had long-standing ties to both Uhl and Bursik. The group also complained of the leadership's undemocratic behavior, calling for restoring the power to the regional organizations. ... the party became a cauldron of intense personal rivalries ... " (p. 817)

- 2005, Bursik becomes chair of SZ, several of Beranek's opponents won leadership positions (including Stepanek), Beranek and his group eventually were ousted from the party
- 2006, after campaigning on quality of life (e.g., increased preservation of green space, reduced weekend truck traffic), good governance, greater rights for women and minorities, increased use of renewable energies, preservation of community control over schools, the Greens (also benefiting from the collapse of the liberal US-DEU)
 - win 6.3 % of the popular vote (underperforming expectations significantly)
 - becomes (after bargaining that lasted from June to December) "the surprise kingmaker" (p. 815) of the centre-right government that was voted out of office March 24, 2009. The reward: Bursik becomes Deputy Prime Minister as well as minister of the Environment, Greens also are appointed as Ministers of Education and Minister of Equal Opportunity, and Greens nominate Karel Schwarzenberg as Minister of Foreign Affairs; they also secured agreement that there would be no expansion of nuclear power, more emphasis on renewable energy and energy efficiency, a tax for major CO₂ polluters, as well as concessions in transportation, anti-corruption, and minority protection policies.
 - gets caught quickly in new round of internal arguments about things such as the US missile shield against 'rogue states' as well as factional battles within the party (leading to Stepanek not being reelected to the SZ leadership in February 2007, to Stropnický – one of Bursik's most vocal critics – being elected deputy chair of the SZ's national council in May 2007, to Kuchtová being forced to resign as Minister of Education in October 2007, to Liska being appointed new Minister of Education a few weeks later after internal debate about the procedure leading to appointment, ...). These debates reflect personal animosities and long-term concerns about the identity of the party and differences about the appropriate degree of centralization and pragmatism.
 - January 31, 2009: Democratic Appeal faction within SZ initiated by Kuchtová, Zubová, and others critical of Bursik's leadership.
 - March 12, 2009: Democratic Green Party (DSZ), founded by dissatisfied members of the Green Party (but not, yet, members of the SZ's internal faction Democratic Appeal – such as Kuchtová and Zubová – who were expelled from the SZ a couple of days earlier).

A green change of heart

Olga Zubová is outspoken in her critique of her own party and the current government

By [Benjamin Thomas Cunningham](#) , bcunningham@praguepost.com

Staff Writer, *The Prague Post*

November 5th, 2008 issue

Among the people at the center of a struggle within the present governing coalition and the Green Party is **Olga Zubová**, a deputy from Kutná Hora. She first came to national attention when she controversially missed voting in presidential elections earlier this year. More recently, her name was in the headlines tied to an attempted blackmail scheme by deposed ODS Deputy Jan Morava. Now **she is among an outspoken group within her own party opposing the leadership of party Chairman Martin Bursík**. She spoke to with The Prague Post Oct. 31 at Parliament. On Nov. 3 **she announced her intention to resign as chairwoman of the Green Party National Council after the party's poor showing in regional elections based on a platform promoted by Bursík**.

- March 24, 2009: ... (no-confidence vote, Kuchtova is vote no. 101)

... according to current polls, the Greens are not likely to make it into the next parliament

... surveys suggest that since 2006 elections Greens have lost more than half of their supporters: is it because the Greens are neither Green nor democratic?

Jana then reviewed some of the things that we covered before the midterm and then covered some of the material assigned for reading:

Environmental policy in the Czech Republic - CURRENT ISSUES

Kyoto Protocol

[From Wikipedia, the free encyclopedia](#)

In **1997 Kyoto Protocol** was ratified, mandating that industrial states commit to reduce their 1990 greenhouse gas emissions by 5.2% by 2012, with each state also taking up individual commitments. There are three main instruments (the so-called Flexible Mechanisms) that are intended to help reduce the costs for emission reduction. These include:

- **Clean Development Mechanism (CDM)**
- **Joint Implementation (JI)**
- **International Emissions Trading (IET)**

In order to fulfill the commitments ensuing from the Kyoto Protocol, the EU has set up its own **European Union Emissions Trading Scheme (EU ETS)** pursuant to **Directive 2003/87/EC**.

As an EU member state, the Czech Republic has transposed the Directive into **Act No. 695/2004 Coll.**

A specific number of emission allowances is allocated to every company in the steel and iron sectors, cement and lime production, pulp and paper production, manufacture of glass and ceramics, and refineries and thermal power plants that are listed in the **National Allocation Plan**.

- If the emissions from a given company exceed the limit (the number of allowances it owns), it must buy allowances from another business that has some to spare.
- The fulfillment of the obligation is monitored for a pre-defined period, the first of which was between 2005 and 2007; the second period is from 2008 to 2012.

For each period, a **National Allocation Plan** has been developed that distributes the allowances among the installations' operators. In the Czech Republic, **an average of 97.6 million allowances** was distributed in the initial period and **86.8 million allowances** were distributed in the second period.

Czech Republic, Japan to sign carbon credits contract on March 30 18.03.2009



Prague - The Czech Republic will sign a **contract on carbon credits sale with Japan** in Prague on March 30, Deputy PM and Environment Minister Martin Bursik said on return from his trip to Japan and the USA today, adding that the deal would bring **10 billion crowns to the Czechs** this year alone. Citing the sensitivity of carbon credits market, Bursik would not specify the total sum the Czechs would gain by selling the credits. The proceeds from the sale will go to the State Fund for the Environment (SFZP) and they will be used to finance thermal insulation of houses and environment-friendly heating methods. Apart from Japan, **the Czech Republic also reckons with selling its redundant carbon credits to the World Bank and other countries and companies**. Bursik said Prague has managed to agree on a very favorable price with Japan, also because the Czechs provided high guarantees for the effective use of the revenues. **The Czech Republic has some redundant "Kyoto" credits** thanks to its sharper reduction of greenhouse gas emissions than what the Kyoto Protocol requires. The Czechs pledged to reduce the emissions by 8 percent, but they managed a **25 percent** reduction against the situation in 1990, also owing to the country's economic decline in the 1990s. **The Czech carbon dioxide emissions have been about 120 to 150 million tons lower than originally supposed**. Japan, to fulfill its Kyoto pledge, **has to buy 1.1 billion credits, per one ton each**. The redundant credits can be traded in until 2012 when the Kyoto Protocol's validity expires. Besides Japan, the Czech Environment Ministry **is negotiating about emission deals with the Netherlands, Spain, Austria and New Zealand**. (\$1=20.470 crowns)

Ukraine will get \$560 m from sale of greenhouse gas quotas to Japan

(Interfax, dd/30.03.2009, godz. 19:17)

Ukraine will receive UAH 4.5 billion, or \$560 million in the U.S. dollar equivalent, from the sale of greenhouse gas emissions quotas to Japan, Ukrainian Prime-Minister Yulia Tymoshenko said at a press conference on Saturday on her visit to Japan. "Contracts have been signed, the first transfers will arrive in April," she said. Tymoshenko said that agreements were simultaneously reached on the comprehensive renovation and modernization by Japanese companies of Ukrainian boiler houses using natural gas, in order to raise the Ukrainian facilities' energy efficiency level. According to previously passed decisions, the funds received from the sale of emissions quotas should be split among companies that offer emissions reducing projects in contests. For Japanese companies "it's extremely advantageous to invest in Ukraine, where energy saving brings additional profit, where the fight with environmental pollution through the reduction in greenhouse gas emissions secures additional profit, and this profit will be received by Japanese companies," she said. Moreover, she said Japanese companies expressed "a unanimous positive decision" to participate in the renovation and modernization of Ukraine's gas transportation system. The point at issue is the participation of Japanese companies in the development of a gas metering system, the supply of gas pumping units, and the creation of a gas cogeneration system (when energy is generated from heat produced by gas processing units). According to other agreements, the premier said, Mitsubishi Heavy Industries will develop a project for the construction of underground railways in Donetsk and Dnipropetrovsk. The Ukrainian government also hopes that Japan will become of the countries that will help finance the deficit of Ukraine's budget. "Ukraine will be conducting negotiations on a bilateral basis with other countries (on lending to cover the planned deficit of the budget). You know that we've sent such a request to Japan, and that request, I think will be considered in the near future," she said. In February, Tymoshenko said that \$5 billion is needed to finance the deficit of Ukraine's national budget. In November 2008, the government sent out letters to Russia, the United States, Japan, China, Saudi Arabia, and the European Union with the request for a loan. Russia's Foreign Ministry in March 2009 confirmed that Moscow had received Ukraine's request for a \$5 billion loan and the request was being considered. During the recent visit of Ukrainian delegates to Tokyo, Ukreximbank and Nippon Export and Investments Insurance (NEXI) signed a memorandum of mutual understanding aimed at supporting and stimulating trade and investment between Ukraine and Japan. As Tymoshenko said, following her visit to Japan, the sides signed 23 memorandums and three protocols. As was reported, Japan is buying quotas for 30 million tonnes of emissions from Ukraine. Tokyo is holding similar talks with the **Czech Republic, Hungary, Poland, and Russia in order to buy quotas for up to 100 million tonnes in order to meet its commitments under the Kyoto Protocol**.

Benchmark 2007 EU Greenhouse Gas Emissions Data Set To Rock The Carbon Market

Written by Angelique van Engelen ; Published on April 1st, 2008

All participants to the EU Emissions Trading Scheme ought to have submitted crucial data on their 2007 greenhouse gas emissions levels by 31 March. The greenhouse gas data would be sourced by **around 10,500 companies involved in carbon trading and is an important factor influencing the market price of traded carbon**. But many of the parties failed to meet the deadline, which is why the EU authorities in charge of the information said they will release the data to the public at a later date. Emissions data is of vital importance for market traders because it shows the level of demand for the instruments they trade. The data is seen as a benchmark number setting the appropriate carbon price. EU rules for energy-intensive industry mandate the **submission of one emissions permit for every ton of carbon dioxide emissions**. The permits, called EU Allowances (EUAs) can be "offset" by trading them on the exchange. Volumes as well as the prices on the European Climate Exchange have seen a steady rise since the exchange was created in 2005. During March close to **120 million tons EUAs were traded, an average volume of futures and options of 6.3 million**. This marked an increase of 61% compared to March 2007. Reuters quotes a Deutsche Bank analyst Mark Lewis who said that he expects 2007 carbon dioxide emissions are likely between 2,180-2,220 million tons. 2007 levels were between 2,100-2,140 million tons. Lewis added that his prognosis was made assuming unchanged economic demand, weather and commodity prices. This is good news for carbon traders, because the 2008 permit supply stands at 2,083 million tons, so there's a shortage of supply. That should drive up EUA prices in the second phase of the carbon trading scheme. Lewis said the price is likely to go up to 35 euros per ton during 2008-12 (the second phase). This is a drastic turnaround from the first phase of the carbon market (2005-2007), which saw an oversupply of permits, causing a carbon price to fall. Last Friday, benchmark EUA contracts for 2008 delivery were trading down **14 cents at 22.12 euros (\$34.87)**. The 27 national governments which together make up the European Union enter the permissions data in a central **Community Independent Transaction Log (CITL)**, which is a real time tool accessible to the public. It lists all the individual participants by name, company name, phone number and email address. The authorities in charge of CITL reported that not enough data had been submitted for them to release it. At least 80% of the data entered for the 2006 emissions needs to have been reported before the numbers will be released. This is so the markets don't trade on false information. CITL announced that it won't "give public access to installation-level verified emissions data today [April 1]." Instead, the data will be released as soon as enough submissions have been registered to make the 80% grade. The UK has independently published estimates of 2007 greenhouse gas emissions levels. Government officials put out provisional figures indicating UK emission levels reached 639.4 million tons. This was 2 percent lower than the 2006 figure of 652.3 million tons.

EU short of CO2 permits in 2008, incomplete data shows

Wed Apr 1, 2009 2:37pm EDT By Nina Chestney and Michael Szabo

LONDON (Reuters) - **The European Union's Emissions Trading Scheme was at least 40 million tons short of carbon permits in 2008, analysts said after reviewing preliminary EU data on Wednesday**. Carbon market analysts said discounting incomplete data and comparing like-for-like figures between 2007 and 2008 showed **companies emitted between 40 and 100 million tons over their allocated quota of emissions permits**.

The scheme, worth \$90 billion last year, is the EU's flagship weapon in its fight against climate change. Wednesday's preliminary data gave a first glance at the EU's industrial emissions for last year. This is also the first time the scheme has registered a shortage of EUAs in its first four years, the preliminary data showed. The EU handed out an excess of permits from 2005-07, undermining the scheme's goal of driving carbon cuts through creating a shortage of permits available to industry. The scheme is supposed to force businesses to trim their contribution to climate change by becoming more energy efficient or switching from carbon-intensive coal to natural gas. The data accounted for **10,417, or 85.3 percent, of the 12,215 industrial installations covered under the scheme, the European Commission said. 1,798 did not report 2008 emissions**.

Carbon permits, or EU allowances (EUAs), under the EU's emissions trading **traded up 63 cents or 5.4 percent at 12.38 euros a metric ton** following the data's release. The Commission's data is keenly watched by analysts and traders who are trying to estimate the balance of supply and demand for EUAs in the EU ETS, and therefore the price. "This data is in line with our expectations, a 4.3 percent reduction in emissions year-on-year and a short position of 40 million tons for the year," Barclays Capital analyst Trevor Sikorski said. "It hasn't changed the outlook for the scheme in any way." Analysts said the state of the market in 2008 is the first indication of

how carbon prices will fare through a recession which may impact EUA prices for several years. It is likely that, as a result of falling industrial output and carbon emissions, the scheme will once again register an EUA surplus in 2009, analysts say, raising question marks over its effectiveness. U.S. policymakers are watching the EU scheme closely as senators prepare to draft a climate bill, which is expected to be passed in the next two years.

<snip>

1. Air
2. Water
3. Soil
4. Forests
5. General protection of fauna and flora
6. Radiation situation
7. Radon risk
8. Noise
9. Non-ionizing electromagnetic radiation and electrical and magnetic fields

FINANCIAL INSTRUMENTS TO SUPPORT THE PROTECTION OF NATURE AND THE LANDSCAPE

The protection of nature and the landscape in the Czech Republic uses, above all, the following economic instruments:

- positively stimulating (positive non-market instruments)
 - financial subsidies => national subsidy programs + European subsidy programs
 - grants,
 - loans
- negatively stimulating (negative non-market instruments)
 - entry fees for cars in national parks
 - charges for cutting down trees.
- compensatory instruments
 - financial compensation for losses resulting from the declaration of a provisionally protected area,
 - compensation for aggravating conditions for farming and forestry
 - compensation for some damages caused by selected specially protected animals.

ECONOMIC INSTRUMENTS OF ENVIRONMENTAL POLICY

The system of environmental protection, created in the Czech Republic after 1990, utilizes a wide range of economic instruments for the implementation of environmental policy. Some of these instruments were used in the previous period (e.g. charges for air pollution, payments for water, and some others). However, the new conditions of the emerging market economy created the necessary conditions for a rational application of economic instruments.

- 1) **Trade in greenhouse gas emission allowances (Kyoto protocol, see above)**
- 2) **“The polluter pays principle”** (State environmental policy of CR): “Damage caused by an activity and borne by a third party is designated as externalities. These third parties can be owners whose property is damaged by emissions from production, inhabitants, whose health is negatively affected by pollution, or society, whose common values are damaged or destroyed by manufacturers or consumers. In a free (unregulated) market, these externalities are not included in the prices of products and the third parties are not fully compensated for their loss. The “polluter pays principle” means inclusion of negative externalities in the costs of the polluter.” => fees, taxes, etc. that should include all important externalities....

Effluent Charges:

Charges for exploitation of natural resources

Deposit-refund systems

User charges

Sales taxes

- 3) Fines for infringement of environmental laws
- 4) The tax relief for reasons of environmental protection
- 5) Expenditures for environmental protection

The most significant central financing source, i.e. with respect to the amount of financial resources for environmental protection activities, is the state budget. Aid provided from the state budget includes subsidies, interest free loans (returnable financial aid) and guarantees for commercial loans. Another public central source of environmental expenditures is environmental protection expenditures by state funds. The sources of this state fund's revenues include revenues from charges for polluting the environment and for using natural resources, as well as some of the revenues from fines. The third central source is the no-longer existent National Property Fund of the Czech Republic (NPF CR). Even though it was not a state fund, it is included in public budgets. It was abolished as of 1 January 2006. Both its competencies and the resources used to rehabilitate of old ecological burdens are now administered by the Ministry of Finance. In addition to central sources, regional budgets represent another significant source of public environmental protection expenditures. Regional budgets include the budgets of regions of municipalities.

VOLUNTARY INSTRUMENTS

Voluntary environmental policy instruments can be briefly defined as formalized resources that a subject (a business, for example) can take advantage of in its environmental strategy while being under no obligation from any legislative provisions to do so.

The best-known voluntary instruments, for which a National Programme was established in the Czech Republic, include:

- the labelling of Environmentally Friendly Products and Services,
- the Environmental Self-Declaration and EPD Environmental Management Systems,
- Cleaner Production

The National Program for Labelling Products with an Environmentally Friendly Product/Service Trademark and the European Programme for Labelling Products and Services with the EU Eco-label



The labelling of environmentally friendly products and services is one of the indirect and voluntary policy instruments with the aim of caring for the environment. It is an important element building on the principle of the voluntary entrance and cooperation of producers during the tender and the decision making processes, resulting in the bestowal of a prestigious product or service award by the Minister of the Environment.

The program of eco-labelling includes both products and services. The program assures consumers that the labelled products have a minimum impact on the environment and damage the environment considerably less than other comparable products. Even before the accession of the Czech Republic to the EU, it was decided that the Czech program for labelling environmentally friendly products would continue and the "Environmentally Friendly Product" or "Environmentally Friendly Service" eco-label would be awarded concurrently with the EUeco-label "The Flower". Through the simultaneous implementation of both programs and the harmonization of criteria and methods, more advantageous conditions have been created for the submission of applications and financial conditions for the payment of fees.

Businesses are increasingly adopting a responsible attitude towards the environment in order to draw attention to their alternative approaches to activities such as production or the very operation of their businesses.

INTERNATIONAL CONTEXT and COOPERATION

1999-2003 in preparation of the EU membership, the existing EC legislation was transposed into the national legislation

ENVIRONMENTAL EDUCATION, ENLIGHTENMENT AND PUBLIC AWARENESS

Promote dissemination of information, environmental education and public awareness:

- assumptions and principles of sustainable development
- sound behavior towards nature and natural resources
- environmentally sound agriculture
- environmentally sound tourism
- hazardous substances and sources of pollution
- contents of hazardous substances in consumer products, incl. food
- renewable energy sources and energy savings
- waste management (recycling)

Axelrod, R. (2004), Nuclear Power and EU Enlargement: The Case of Temelín. Environmental Politics, 13, 153-172.

Jehlicka, P., Sarre, P., Podoba, J. (2005), The Czech Environmental Movement's Knowledge Interests in the 1990s: Compatibility of Western Influences with pre-1989 Perspectives, Environmental Politics, 14(1), 64-82.

Hey, EU Environmental Policies: A short history of the policy strategies

Six Environmental Action Programmes (medium-term, strategic policy documents)

1973 – 1976, first EAP, second EAP 1977 - 1981

- following the first United Nations Conference on the Environment in Stockholm in 1972
- EC commitment to establish a Community environmental policy
- “the protection of the environment belongs to the essential tasks of the Community” (p. 18)
- in terms of a practical approach the first EAP (and the second EAP, too) advocated quality values for air and water
- “initial enthusiasm declined considerably during the periods of economic recession (1975 – 1978, 1981 – 1983)” although a number of directives (adhortations, game plans) were formulated (p. 19)

1982 – 1986, third EAP, fourth EAP 1987 – 1992

- new focus on benefits of risks of environmental policies to the Internal Market, “issue linkage between the internal market and environmental policies became a key driver for programming and activities” (p. 19)
- practice of environmental policies during the eighties was particularly concerned with clean-air policies, and noise and risk management for industrial sites
- 1987: environmental protection received its own chapter in the Treaty ...
- “ ... a more **integrated approach [4th EAP]**. For the first time, environmental protection was not perceived as an additive, but rather as an integrated activity within the whole production process. ... to reduce energy or material inputs and to close cycles, so that waste streams could be minimized. Furthermore, pollution control was to systematically control all environmental media (water, air and soil) and involve an evaluation of the problem causing substances. ... ‘**sectoral approach**’ .. For the first time, the evaluation of the **new, incentive based instruments**, such as taxes, subsidies or tradable emissions permits was announced.” (p. 21)

- external factors set the agenda:

(1) the emergence of global threats such as climate change reached the official agenda

(2) the Community saw chance to become an international “leader”, thereby strengthening European integration and the Commission’s own role in international politics

(3) old regulatory (command and control) approach had been discredited, new regulatory approach had taken hold in Scandinavian countries, Denmark, Netherlands, and Germany

(4) at the end of the 1980s, “a mounting wave of environmentalism. Membership of environmental organizations increased considerably. Green parties were popular in several EU countries, and achieved good results at national levels and the European Parliament.” (p. 22)

1992 – 1994, fifth EAP

- emphasis on sectoral approach, i.e. focus on industries that were particular culprits (transport, energy, agriculture, etc.)
- emphasis on new instruments, “especially on market-oriented instruments such as fiscal incentives or voluntary instruments, which strengthen producers’ and consumers’ own interests in environmental decision-making.” (p. 23)
- a new consensus-oriented approach
- setting of medium and long-term objectives for the reduction of some pollutants ...

- unfortunately, roll-back 1992 – 1995, triggered probably by

(1) member states were not willing to follow paradigmatic change pushed by the Commission

(2) difficulties in ratifying the Maastricht Treaty contributed to more cautious attitude of European Commission

(3) The preference structure/focus in Germany changed because of the reunification and the emphasis on economic problems (high unemployment) that came with reunification; same true for countries that later

the 2004 new members (e.g., Visegrad 4 etc.)

but ... sustainability remains on the agenda

- strengthened as Community target in the Amsterdam Treaty from 1997
- strengthened by Cardiff Process (an initiative for environmental policy integration moved forward by several presidencies)
 - new complex and holistic framework legislation such as the Ambient Air Quality Directive, the Water Framework Directive, or the ICCP [Integrated Prevention and Pollution Control] Directive
 - “new target oriented legislation, setting maximum national emission ceilings for key pollutants, but leaving member states the freedom to choose how to achieve necessary reductions. ... With the 2003 Emission Trading Directive, another target-oriented policy, setting nationally differentiated CO2 targets – the so-called burden-sharing agreement – became legally binding.” (p. 25)
 - ...
 - The introduction of many new environmental policy instruments (such as emission trading)... (p. 26)
 - New procedural legislation or the revision of existing legislation strengthening civil society rights, notably the three Aarhus pillars: freedom to information, participation rights and access to justice. (p. 26)

The starting point of the 6th EAP:

“Persistent so-called environmental problems such as climate change, the loss of biodiversity, or the overconsumption of resource require a broader approach beyond environmental legislation ... “ (p. 27)

The 6th EAP adopts a very cautious approach. It identifies themes and principles. Specification takes place by strategies, which are partially frameworks for further frameworks. The political strategy of the 6th EAP is to postpone potentially contentious and controversial political decisions to later phases or to avoid them altogether by relying on cooperative approaches to environmental policy making. Cooperative approaches with industry, such as integrated product policies, the wider use of standardisation for environmental policies, voluntary agreements, cooperation with Member States' expert fora, or both (e.g. chemicals policy reform) rank high on the political agenda in order to manage complex risks, where knowledge both on the scale of the problem and on the availability of solutions is limited. It is evident that those new governance approaches relieve the legislator and strengthen the role of private and public professionals with specific technical skills. Furthermore the Commission is changing its key role from an initiator of legislation to a manager of policy processes. Environmental policy may hence lose its previous political profile and become more and more a theme for small specialist expert communities. Those communities are responsive to scientific evidence, but the selection criteria for representatives from civil society wanting to participate in those communities has also increased. The cooperative management of the policy processes is very demanding in terms of resources and staff and some processes simply fail to gain momentum because of insufficient public investment, Integrated product policy is certainly a case in point. So it is far from evident that cooperative arrangements deliver more than the traditional regulatory instruments. This applies especially to countries and situations where the negotiation capacity and expertise of public service and of environmental organisations is in the early stages of development. A further problem is that policy approaches become over complex. Holistic and integrated approaches promise to tackle and balance everything with everything at the same time. However the risk is that in the end they amount only to fine rhetoric on principles - and little action.

(p. 27)

Carter, Transforming environmental policy: Does Europe lead the way (EP 2007)

- review of four books published in 2004, 2005, one of them by Toelke & Torgerson a second edition
- good review: integrative, comparative, reflecting
- all books about “environmental governance” – “an approach to environmental problems that involves decentralization, flexibility, a ‘hands-off’ approach to regulation, better integration of policy-making and greater dialogue and cooperation between government and non-state actors” (p. 523)
- “So where is progress towards environmental governance most advanced? In 1990, when the first edition of *Managing Leviathan: Environmental Politics and the Administrative State* was published, it was normal to look to the USA for leadership in environmental policy. Since then, as Paehlke & Torgerson observe ... the emergence on the global stage of ‘American exceptionalism’ – first visible at Rio, then fulsomely embraced by George W. Bush, in his rejection of the Kyoto Protocol. Even ... in the Clinton /Gore years ... little [was done] for the environment. Today, few people now look to the US federal government for innovation in the environmental arena, although there are still interesting developments at state [e.g., California, see p. 528] and municipal levels. Instead, most observers turn to Europe – to the pioneer nations of northern Europe and to the European Union (EU) itself – for environmental leadership and innovation.” (pp. 523 – 4)
- Dovers: good starting point, “the Australian provenance often shines through” (p. 524)
- Hatch; “adds to the growing literature on alternative, or ‘new’, environmental policy instruments. Its familiar premise ... is that the traditional command-and-control approach to environmental regulation, employing regulation, employing uniform standards or specifying particular technologies or processes, has proven inadequate. Hence there is growing interest in alternative policy instruments. ... nine case studies ... such as the three German case studies ... which together support the case for European innovation. Certainly, the willingness to use a greater number and a wider range of national eco-taxes in Germany and other European countries, notably as part of a climate change

- strategy to reduce greenhouse gas emissions, is unmatched across the Atlantic. Yet, as Gary Bryner shows, the US has taken the lead in the use of tradeable permits, and ... there has been some diffusion and lesson-drawing from the US experience. Bryner concludes that emissions trading works best when, *inter alia*, it is based on accurate emissions information, the emission limits adequately protect the environment and the system is stable, predictable and rigorously enforced. These are lessons that the EU might note as it tries to manage its carbon emissions trading system, in which carbon prices have fluctuated wildly and several countries have issued far too many permits based on highly unreliable data. ... reminder that policy instruments seldom work effectively when operating alone, but are better as part of a battery of tools and measures.” (pp. 524 – 5)
- Toelke & Torgerson: “ ... the book’s strong commitment to deliberative democracy gives it a distinctive and radical edge ... “ (p. 526)
 - Jordan & Lieferink. “unlike the loose editorial reins that characterize the other two edited volumes, this is a carefully designed, tightly organized and systematic comparative analysis that investigates the ‘Europeanisation’ of environmental policy in 10 countries (nine EU member states and Norway). .. The book is a model for everyone planning a comparative study: ... There is only limited evidence of convergence on a single European model of environmental policy. ... there is only limited evidence of the EU influencing progress in some of the more innovative areas of environmental governance, such as the use of policy instruments. Those countries, including Denmark, Sweden, Germany, Netherlands and the UK, that have introduced a range of new policy instruments have generally not done so in response to EU pressure.“ (pp. 526 - 7)
 - “Finally, in these contributions whilst Europe emerges as a leader in environmental innovation, its record is still somewhat patchy. There is no doubt that the large body of EU environmental legislations is more progressive and tougher than anything coming out of Washington (although perhaps not California), but, unfortunately, these books show only isolated examples of European innovation in terms of democratic and citizen initiatives or in the use of new policy instruments.” (p. 528)

Kramer, EU Enlargement and the Environment: Six Challenges

- written before the enlargement of the EU in 2004 (published in Spring 2004)
- a prospective entrant before admission had to adopt the *acquis communautaire (acquis)* – “the common body of EU legislation’ of which the environmental *acquis* [one of 31 thematic chapters] comprises an integral component. In the legal sense , ‘it means the complete alignment of national legislation so that it complies 100 percent with the requirements of EU legislation. And not just on paper but of course also in fact. [Commission 1997b: 3]” (p. 290) -> transposition (incorporation into national legislation), implementation, enforcement [administrative capacity], [evaluation] ... the latter two being “the much more difficult nut to crack” (p. 292, quoting Wallstroem)
- “the challenge is especially acute given the candidate countries must rely primarily on their own financial and other resources to meet it [they can at most count on about 5 percent of the cost being defrayed by EU contributions, see p. 295] – resources already severely strained in meeting numerous other demands including those entailed in the overall accession process.” (p. 290)
- do accession countries meet those challenges? Remains an open question but probably not ... “as EU officials themselves candidly admit, all of them attach a far lower priority to protecting the environment than their attachment to entering the EU as quickly as possible and in addressing what they consider much more pressing problems of economic revitalization and growth.” (p. 291)
- a *quid pro quo* for being especially tough with them on such politically charged issues such as the free movement of labor and refugees?

- In any case, *acquis* makes for good rhetorical argument in the political national discourse, especially for environmental activists ...

This study provides an overview of six challenges – most addressed at discrete points in these pages – with which the candidate countries must successfully cope if they are to fulfil the environmental *acquis* and do so in such a way that they ‘crack’ the even more fundamentally important ‘nut’ of building a sustainable environment in the region: (1) the *fiscal* challenge of providing requisite monies; (2) the *administrative* challenge of building both institutional and staffing capacity; (3) the *environmental* challenge of promoting a sustainable environment while fulfilling the *acquis*; (4) the *democratic deficit* challenge of ensuring substantive input for *Vox Populi*; (5) the *energy* challenge of reducing the excessive consumption of environmentally threatening liquid and, especially, solid fuels and coping with the dangers of obsolete nuclear power stations built in the Soviet era; (6) the *political* challenge of mobilising the support necessary to respond effectively to these foregoing challenges.

- notwithstanding these challenges, substantial progress has been made ... (says Kramer)
- ad (1) the fiscal challenge (forgetting for the moment about nature and extent of transitional period):

TABLE 1
ESTIMATED ENVIRONMENTAL FINANCING NEEDS IN APPLICANT COUNTRIES

Country	Estimated Total (Millions of Euro)	Euro Per Capita
Bulgaria	8 610	1117
Czech Republic	6600–9400	643–915
Estonia	4406	3095
Hungary	4118–10000	497–989
Latvia	1480–23 60	620–989
Lithuania	1 600	443
Poland	22100–42800	572–1107
Romania	22000	983
Slovakia	4 809	888
Slovenia	2 430	125
<i>Total</i>	79260–11001	–

Source: Developed from Commission [2001b: Annex 2].

Overall, the EU estimates that candidate countries on average must spend between two per cent and three per cent of gross domestic product (GDP) to ensure implementation of the environmental *acquis*. To place this task in perspective, consider what the following candidate countries spent on environment as a percentage of GDP in 2001: Czech Republic (1.04), Hungary (1.0–1.1), Lithuania (0.22), Poland (1.7), Romania (0.40), Slovakia (1.5) [Commission, 2001c]. In the EU itself, such expenditures now average about one percent of GDP. These data raise the pressing question of where the candidate countries will acquire the monies to fulfil their obligations.

important issue: “it seems clear that the private sector – both producers and consumers – will shoulder a heavy load in financing EU-related environmental investments. To this end, it becomes critical that candidate countries vigorously pursue the privatization of environmental services such as water and power supply and waste removal and the concomitant establishment of so-called full-cost recovery pricing – in plain English, the elimination of subsidies and the establishment of market-based prices – for them.” (pp. 296 – 7)

- ad (2) the administrative challenge:

the “administrative capacity to transpose and, even more importantly, implement and enforce the environmental *acquis* is rapidly emerging as one of the key challenges confronting the applicant countries.” (p. 297) – enough said (obviously, this is also a question of money – down to availability of copying machines -- but not only, lots of organizational issues, and that on the regional and local level)

- ad (3) the environmental challenge:

“ .. the challenge of promoting sustainable development remains a work in progress.” (p. 301)

- ad (4) the ‘democratic deficit’ challenge:

“In CEE countries, as former President Havel of the Czech Republic has observed, strengthening Vox Populi has been a ‘difficult process’ with many public officials retaining the communist view of the citizenry as an adversary, not a partner, in the exercise of power. ... the EU itself, even if unintentionally, has managed environmental accession in such a way largely to exclude CEE environmentalists from substantial meaningful participation in it. ... initiative are underway to mitigate this bleak situation ... the EU has established a ‘Public Right to Know Project’ that works closely with environmental NGOs and private individuals to pressure CEE governments to establish minimum standards for public access to information regarding the environment.” (pp. 302 – 3)

- ad (5) the energy challenge:

energy intensities in CEE countries way too high (compared to old EU countries and US, e.g., five times higher in Bulgaria, and twice as high in Czech and Slovak Republics, in East Germany production and consumption increased yet CO2 emission were reduced by more than half after reunification), legacy of socialism/communism; heavy reliance on nuclear power (and nuclear power plants that are wanting in their quality).

- ad (6) the political challenge:

Jehlicka & Tickle article: “after accession, the status of political will may become more problematic given that ... the EU inevitably will have diminished leverage over the former applicant countries and the latter will have more opportunity to set their own agendas and priorities, including those towards the environment.” (pp. 306 – 7)

Are the lowest anticipated benefits (134 billion Euro) really upwards of 18 percent greater than the highest estimated costs (110 billion Euro) of fully implementing the environmental *acquis*? (p. 309)

TABLE 2
ESTIMATED AVERAGE ANNUAL BENEFITS OF FULL COMPLIANCE WITH THE ENVIRONMENTAL *ACQUIS*

Country	Average Benefits Per Capita (Euro)	Average Benefits as % of GDP
Bulgaria	154.5	10.9
Czech Republic	467	9.65
Estonia	196.5	6.2
Hungary	400.5	8.9
Latvia	136	5.85
Lithuania	216	8
Poland	331	8.85
Romania	246.5	17.35
Slovakia	376	11.45
Slovenia	343.5	3.65

Source: Developed from Ecotec Research and Consulting [2001: 24].

- Conclusion

“This author is cautiously optimistic that the EU is evolving in ways – albeit at times hesitantly, erratically, and perhaps overly slowly – that will make it a much more ‘environmentally friendly’ institution than it is now. The clear thrust of this evolution is towards more openness, transparency, accountability and a greater utilization of market-based solutions to environmental challenges.” (p. 310)

Kruzikova, EU Accession and Legal Change: Accomplishments and Challenges in the Czech Case

- “ ... many remaining barriers to the effective administration, implementation and enforcement of EU environmental policy are posed by the challenges of merging the existing legal cultures, expectations and practices of EU Law with those of candidate countries.” (p. 99)
- three waves of Czech environmental legislation since 1990

TABLE 1
THREE WAVES OF CZECH ENVIRONMENTAL LEGISLATION SINCE 1990

First Wave (1991–1992)
Act on the Air Protection (1991)
Act on Waste (1991)
Act on the Czech Environmental Fund (1991)
Act on the National Environmental Fund (1991)
Act on Environment (1992)
Nature and Landscape Protection Act (1992)
Agricultural Soil Protection Act (1992)
Act on Environmental Impact Assessment (1992)
Second Wave (1995–1998)
Act on the Right to Access to Environmental Information (1998)
Act on Forests (1995)
Act on Waste (1997)
Act on the Ozone Layer Protection (1995)
Act on Conditions of International Trade with Endangered Species of Wild Fauna and Flora and Other Measures of Protection of Such Species (1997)
Act on Peaceful Use of Nuclear Energy (1997)
Act on Technical Requirements for Products (1997)
Third Wave (1999–2002)
Act on Chemicals and Chemical Preparations (1998)
Act on the Prevention of Major Accidents caused by Certain Dangerous Chemical Substances and Preparations (1999)
Act on Handling with Genetically Modified Organisms and Products (2000)
Act on Indemnification of Damage Caused by Certain Protected Animals (2000)
Act on Hunting (2001)
Act on Environmental Impact assessment (2001)
Water Act (2001)
Act on Waste (2001)
Act on Air Protection (2002)
Act on Integrated Prevention and Pollution Control (2002)
Act amending Penal Code in the Field of the Environment (2002)
Act amending the Act on Peaceful Use of Nuclear Energy (2002)
Act on Conditions for Introduction on the Market of Biocide Preparations and Substances (2002)

- The Czech Republic was the first candidate country to close negotiations on the Environment chapter, on June 2001. Only two transition periods were agreed by the European Commission for the CR: the first for packaging waste and the second for municipal wastewater. (In comparison, nine for Poland, four for Hungary, seven for Slovakia, and two for Slovenia) (p. 102)
- “In many respects, the Czech Republic has been quite successful in the transposition of the major EU environmental directives.” (p. 102) ... but long way to go on implementation and enforcement (and related assessment measures)
- Implementation challenges stemming from the Community Law
 - The Community law itself since based on the legal culture of West European democratic countries that has been developing since the end of World War II (while CEE countries went through a 40-year breach of legal continuity), since national law is subordinated to Community law, its changing nature [the moving target problem], ...

- Implementation challenges from within the Czech Republic
 - “ ... related to attitudes, traditions and practices within the Czech Republic ... “ (p. 107)
 - “ ... a number of challenges are engendered by the rapid rush towards implementation. ... there has not been enough time or institutional capacity to establish a sufficiently conceptual and systematic approach towards the implementation of environmental law. In many respects. Czech officials have missed opportunities to improve the whole system of environmental law. ... In the Czech Republic, there are currently about 40 environmental acts, more than 30 Cabinet regulations and about 90 ministerial decrees – and these numbers change monthly. ... The rush towards implementation has left overlapping, and potentially contradictory, legislation and administrative procedures to be carried out under the law. This is likely to result in unclear interpretations of law.” (p. 109)
- The ECJ as a Potential Surprise
 - When a member state does not comply with the ECJ’s judgements, the Court – after another action of the Commission – may impose penalties (this goes back to Treaty of Rome 1956) (p. 111)
 - The ECJ has historically, through its rulings, contributed to the progressive, participatory democratic nature of environmental law and decision making. (p. 111)

Jehliaka & Tickle, Environmental Implications of Eastern Enlargement: The End of Progressive EU Environmental Policy?

- the authors ask whether indeed the one-way process of CEE adaptation to EU requirements, and the management of this process by EU institutions, justifies the “Europeanisation” perspective of CEE national environmental policy, or whether indeed this top-down process, especially after accession, is supplemented by a bottom-up process reflecting national preferences.
- Method: 29 in-depths interviews with environmental policy experts in Visegrad (V4) countries (in 2000), and five interviews with experts from EU countries (in 2000/2001) [i.e. already in the middle of the negotiations about the environmental acquis]
- Is there a need for an “applicant states-centred approach”?
- Two sets of questions were the basis of the questionnaire:
 - What is the domestic base of environmental policy in the V4 states?
 - What is the capacity that V4 countries have to shape EU environmental policy?
- Finding: “Despite initial evidence of a proactive approach to international environmental policy in the V4 countries, this model became quickly subsumed by the ‘hierarchical imposition’ of EU requirements, which since has become the dominant framework for the development of their domestic environmental policy.” (p. 92) And, “Owing to the weak domestic base of environmental policy [remember what we learned about the Greens in the Czech Republic!] as a hegemonic model, it is highly unlikely that V4 states are, in the short run, capable of adopting a proactive approach to environmental policymaking at the EU level when they become full members. ... We also find that V4 states have not, and do not seem likely to coordinate their strategies – either among themselves or with environmentally ‘laggard’ member states. Instead, it appears that they would rather align themselves with the north-western ‘pioneer’ member states that have been most active in transferring

environmental know-how and have made environmental policy discourse in V4 countries largely compatible with their policy models.” (p. 93) -> No danger of watering down of European environmental policy.

Carmin & Vandever, Enlarging EU Environments: Central and Eastern Europe from Transition to Accession

- Essentially this is introduction to special issue of *Environmental Politics*; hence there is much overlap and reliance on the articles that were discussed above in more detail.
- On pp. 19 – 20, the authors summarize the key themes and arguments:

Key Themes and Arguments

Collectively, the contributions in this volume examine environmental initiatives driven by EU policies and programmes and the desire of CEE officials and publics to gain EU membership. They also explore the impacts of the EU on environmental policy and protection, as well as the relationship between government and civil society actors in the policy process. When reviewed as a whole, the authors suggest that CEE states have significant capacity limitations, but are making concerted efforts to address them even in the face of the mixed messages they are receiving as a result of the EU’s conflicting priorities. The authors further note the importance of non-state actors, both with respect to their present accomplishments, and, more importantly, as an untapped resource that can benefit CEE states and the EU alike. Finally, the contributions suggest that individual CEE states and NGOs could bring knowledge to the EU, in contrast to the unidirectional dynamics of the accession process that have assumed that CEE states and societies were only recipients of expertise. A more concerted effort to promote a multi-directional exchange of ideas and information between the EU15, accession states, and NGOs and officials in Brussels is likely necessary to realise this joint learning potential. Some of the points raised by the authors reinforce prevailing arguments in the literature. In particular, they maintain that EU pressures are not only altering environmental policies and incentives, but also are changing values and behavioural norms in individual countries. However, while the

Europeanisation debates centre on EU–member state relations, the authors suggest that external pressures in the race to accession are promoting Europeanisation in applicant states and that all three of the pathways associated with Europeanisation are contributing to the changes in environmental governance and behaviour that have taken place across the CEE region. They observe that the transition and accession processes of the last several years have changed both the strategic environment in which CEE domestic actors operate and the values, beliefs and norms held by some CEE individuals, groups and organisations.

Together, the contributions indicate that accession does not preclude opportunities for independent forms of national and sub-national action in the new member states. CEE states potentially offer perspectives, resources and innovations that could enhance EU policy along important dimensions. In other words, not only are opportunities present for independent state action and the influence of domestic actors, but the potential exists for CEE countries to strengthen EU governance. These views represent different framings of Europeanisation and EU enlargement than have been articulated to date. In effect, the contributions collectively suggest that, although various environmental policy and civil society capacities are limited in CEE states, these countries have the potential to make genuine contributions to EU environmental policy and quality. Further, despite the many challenges associated with eastern accession documented in the contributions that

follow, this volume suggests that enlargement presents the EU with numerous opportunities to enhance its leadership role in regional and global environmental politics.

More on allowances trading in the CR/Europe: next time