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EU leaders split on cost of meeting climate targets

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European Union leaders agreed today to stick to ambitious plans to cut greenhouse gases by 20% by 2020, but divisions over how to share the cuts were widened by fears over the impact of the financial crisis.

Italy's prime minister, Silvio Berlusconi, threatened to veto the plan unless changes were made to lessen the burden on Italian industry. "Our companies are in no state to take on costs like those we thought about last year," Berlusconi told reporters.

And the leaders of eight eastern European countries said the EU must balance the wish for cleaner air against "the need for sustainable economic growth" at a time of economic uncertainty.

Despite those concerns, the French president, Nicolas Sarkozy, said all leaders had agreed to work to find a final agreement on the package before the end of the year.

"The crisis should not lower our ambitions," Sarkozy said. "No one said that they wanted to renounce the objectives."

The plan would cost governments and business billions of euros to implement new cleaner technologies, renewable energy sources, and reduce emissions from cars and factories.

Berlusconi said that was unfair since competitors to European industry in China and the United States would not have to face such a burdens.

Leaders of Poland, Hungary, Romania, Bulgaria, Slovakia, Latvia, Lithuania and Estonia released a joint statement on the issue, saying they had made great cuts in carbon emissions since emerging from communism in the late 1980s and that "should be recognised" now.

If not, they said, eastern European nations will pay disproportionately towards an EU climate change package agreed in 2007 that calls for a slashing of greenhouse gas emissions and creating a costly emissions trading programme.

Sarkozy, however, urged all EU nations "bear their historic responsibility as leaders of Europe to face up to the climate challenge."

He said investing in clean energy could spark economic growth. "We can't delay, we cannot postpone," Sarkozy said.

The recent financial turmoil has triggered fears of a global recession that would make governments less keen to get major polluters such as energy generators, steel makers and cement producers to pay billions into a cap-and-trade emissions scheme.

The EU cap-and-trade programme could impose €50bn a year in polluter fees. Each of the bloc's 27 governments, including the eight eastern European countries, and the European parliament, need to approve the plan for it to become law.

If the EU backs off, it would be seen as a harsh blow to UN climate change talks planned for December in Poland that will include delegates from more than 190 countries.

The conference will work out the details of a climate change accord to succeed the Kyoto protocol, which expires in 2012.