



Union of Industrial and Employers' Confederations of Europe  
Union des Confédérations de l'Industrie et des Employeurs d'Europe

President of the European Commission  
BREY 12/100  
rue de la Loi, 200  
B-1049 BRUXELLES

*DFH/SR/ne/11.06/1*

*10 March 1999*

Dear **President**,

***Re: Proposals for National Emissions Ceilings and Ozone directives***

European industry has profound concerns about the potential competitive impacts of the draft National Emissions Ceilings (NEC) and Ozone proposals, now being discussed within the Commission and feels that it must bring the following points to your attention.

The NEC Package proposes national targets that would require a set of measures going much further than the combination of recent ambitious legislative commitments to improve air quality. **DG XI estimates that the total package will cost EUR 66 billion per annum over more than ten years, but expects no competitive impacts on industry.**

Existing legislative commitments are collectively known as the Reference Scenario and include: the Auto-Oil, Solvent Emissions, and Off-road Vehicles Directives, and revisions to the Large Combustion Plants and Sulphur in Liquid Fuels Directives. The Reference Scenario will trigger tremendous environmental improvements and by 2010 is expected to bring the EU into compliance with the newly agreed US ozone air quality target of  $160 \mu\text{g}/\text{m}^3$  (8-hour). **EU industry is fully committed to implementing the Reference Scenario at an estimated cost of EUR 58 billion per annum.**

On top of this sum DGXI proposes an additional expenditure of EUR 7.5 billion per annum. The small environmental improvements claimed are based on modelling

estimates which are known to be unreliable. EUR 7.5 billion per annum should not be committed so far in advance without more confidence in the basis for the proposal.

**Industry considers that it is not appropriate to set emission reduction targets going beyond the Reference Scenario until these improvements in air quality from existing measures have come through.**

Confidence cannot be placed in DGXI's analysis of benefits versus costs. It is certain that costs will vary widely from country to country, potentially causing distortions in the single market; for example Germany and Belgium are asked to take extremely costly measures whilst other Member States would incur relatively modest extra costs.

**Disparity between Europe and its major trading partners risks putting EU-based industry at a major competitive disadvantage.** In the USA emission reduction measures aim to achieve an ozone air quality target equivalent to  $160 \mu\text{g}/\text{m}^3$ , whilst DGXI advocates  $120 \mu\text{g}/\text{m}^3$ .

Industry, and we believe some key Member States, support a two-step approach. We would specifically recommend that the Commission:  
consolidates the agreed improvements to achieve the Reference Scenario (which achieves compliance with a  $160 \mu\text{g}/\text{m}^3$  ozone target), setting NEC limits accordingly;  
continues work to address gaps in knowledge and modelling problems, and to assess the trends of improving air quality before proposing additional legislation.

A similar letter is also being sent to all the other Commissioners.

Yours sincerely,

*(original signed by)*

Dirk F. Hudig  
Secretary General