

DH/DC/hf/7/4

13 June 2000

Mrs Margot WALLSTRÖM
Member of the European Commission
Rue de la Loi 200 (BU5 – 04/7)
B – 1049 Brussels

Dear Commissioner,

Re: Communication on “EU Policies & Measures to Reduce Greenhouse Gas Emissions - Towards a European Climate Change Programme” (ECCP)

UNICE welcomes the Commission’s Communication as a useful contribution to help identify options for developing further elements of European climate change strategy, having as its purpose to be ready to implement the protocol, when it comes into force. The decision of the European Council in Helsinki to ask the Commission to propose a long-term strategy to integrate policies for economically, socially and ecologically sustainable development emphasises the balanced approach that will be needed here.

Climate change is a long-term strategic issue, but also with need to act now to start the process of achieving a downward trajectory in greenhouse gas emissions. It is unusual amongst issues in that medium term environmental targets were already set at Kyoto before the means, the costs and the impacts of achieving them had been identified.

It is also a truly global issue where concerted action by the whole of the international community is essential. To ensure environmental effect, and protect the competitiveness of its industry, the EU should ratify and implement the Kyoto protocol in step with its major trading partners.

These aspects make it particularly important that the choice and targeting of policies and measures are assessed carefully, so that the environmental targets are delivered as part of an integrated and balanced approach to achieving sustainable development. We emphasise that all policies and measures will need to be tested for their cost-effect, as well as for their potential impact on the single market and industrial competitiveness.

It is also important for the Commission to ensure complete consistency in its initiatives. Thus, the revised Community guidelines being prepared on state aid for environmental protection should not discourage development of negotiated agreements between the public authorities and industry on environmental issues. Similarly, for instance, the Commission should draw attention to the problems of coherence that may arise in development of national environment and energy policies.

UNICE welcomes the Commission commitment to use the ECCP to involve relevant stakeholders in assessing options for common and co-ordinated policies and measures, including potential effectiveness and impacts. Member federations and sectors are ready to contribute experts to the working groups.

UNICE continues to consider the use of negotiated agreements as the preferred measure for industry to meet emissions targets.

UNICE views the Kyoto mechanisms as a supplementary tool which can help business and industry meet agreed greenhouse gas emissions targets, and as part of a range of policies and measures properly targeted at Member State and Community levels. It is important, however, that the largest energy producing and consuming sectors are not singled out as easy targets for controlling greenhouse gas emissions. An effective and balanced approach to reducing the emissions must involve all parts of the community, covering positive incentives as well as constraints.

Linking negotiated agreements to the Kyoto mechanisms can be a useful option to meet agreed emissions targets. It would be helpful to have early definition of the rules for the Kyoto mechanisms to facilitate this linkage.

The Commission's Green Paper on emissions trading is a balanced and thoughtful contribution to the debate, which raises some major issues about how this powerful mechanism might best be used to help meet greenhouse gas emissions targets. UNICE will respond separately to the consultation process, based on principles we established with the help of the multi-stakeholder workshop we hosted on 10 January, 2000, as well as responding to specific questions on which the Green Paper seeks consultation.

These principles emphasise the importance of environmental delivery and credibility for emissions trading, as for any other mechanism, but also a need to ensure economic efficiency, and full compatibility with rules for international emissions trading agreed under the Kyoto protocol. 'Learning by doing' must involve encouraging early action based on administrative simplicity.

Thank you in advance for the consideration you may give to UNICE's view.

Yours sincerely,

(Original signed by:)

Dirk F. Hudig
Secretary General