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**EUROPEAN CLIMATE POLICY: UNICE OPPOSES APPROACHES WHICH FRAGMENT
THE EUROPEAN MARKET AND REDUCE FLEXIBILITY**

UNICE is concerned that the negative effects that European Industry is about to suffer because of the EU “going it alone” policy on climate change could be aggravated further to the discussions under way between Member States on emissions trading.

On Thursday 1 April EU Member States are to discuss the proposal for a European directive (“linking directive”), the purpose of which should be to organise unrestricted trade in Europe in both “emission allowances” (allocated to companies by national administrations) and “emission credits” derived from JI/CDM projects to reduce greenhouse gas emissions outside the EU (JI - Joint Implementation; CDM - Clean Development Mechanism).

UNICE is deeply troubled to see that Member States are discussing arrangements for restricting the use of carbon credits derived from CDM/JI projects as a possible option for complying with the emissions trading caps. Since these credits may reduce the economic burden of emission reductions, no quantitative restriction should be placed on their use. A limitation, including limitations on the ability of companies to use such credits to meet emissions reduction targets :

- will be yet another blow to the competitiveness of European industry
- makes no environmental sense
- is inconsistent with the spirit and the letter of international agreements
- will adversely affect the cost-effectiveness of the JI/CDM instruments and, furthermore, creating a deterrent for parties envisaging such projects.

UNICE calls on negotiators not to continue along this avenue.

Note to the editor:

UNICE is the official voice of more than 16 million small, medium and large companies. Active in European affairs since 1958, UNICE's members are 36 central industrial and employers federations from 29 countries, working together to achieve growth and competitiveness in Europe