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President  
European Commission  
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Brussels, 7 June 2005

THE SECRETARY GENERAL

Dear President,

***UNICE's concerns about the Thematic Strategy on Air Pollution (CAFÉ)***

In the context of the Thematic Strategy on Air Pollution to be adopted this year, I would like to express the deep concerns of European industries regarding the ambition levels proposed by DG Environment. Thus, I would like to recommend strongly that a more prudent approach be taken to improve the European Union's air quality further.

In its comprehensive Clean Air for Europe Programme, DG Environment has demonstrated that current legislation on air quality is anticipated to deliver considerable benefits by 2020 (more than 60% of the maximum improvement theoretically achievable between 2000 and 2020). DG Environment has also shown that significant additional benefits can be achieved at relatively modest cost beyond that point.

However, DG Environment has proposed much more ambitious levels for air quality objectives (80% or more of that potential). With such ambitious objectives the implementation costs rise sharply and are disproportionate to the extremely small improvements achievable

Our concerns can be summarized as follows:

**1. Economic justification:**

The overall cost for the EU in the baseline scenario is already very significant (66 billion €/a). Any new reduction targets will lead to considerable additional costs of up to 16 or more billion €/a. We believe strongly that decisions about new targets should be based on a robust scientific and economic assessment. In this respect, the methodology applied has left some serious areas of concern to Industry:

***Cost-effectiveness:*** From the outset of CAFE, the declared priority of DG Environment has been to address the concern over human health impacts. However, only recently arbitrary and extremely high ambition levels for multi-effect reductions (acidification, eutrophication and crop damage from ozone) have been introduced, which are unnecessarily costly, and far from optimum from a cost-effectiveness point of view.

**Robustness:** CAFE uses a very complex model which by its nature is quite sensitive to the input assumptions. Transparency concerning these input assumptions and the uncertainties of the results thus generated is distinctly lacking. Member States and industries were not able to evaluate the results of the model runs.

**2. Attainability:**

The measures necessary to attain the high ambition levels proposed have only been described very summarily. Agriculture for instance is assumed to deliver a major contribution in achieving the overall target. It is expected to cut its emissions of ammonia by a third at a cost of some 4 billion €/a. How this is to be achieved did not become clear at all.

It should also be recognised that there is a gap between the impact expected from current legislation and what turns out to be practically achievable. This is already evident in the implementation process of the National Emissions Ceilings Directive.

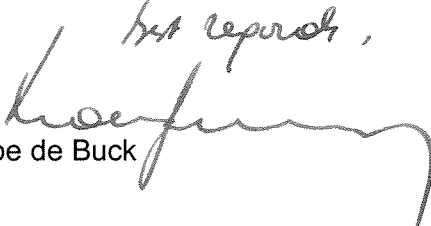
**3. Member States' commitments:**

Analyses show that the benefits for a given Member State may not be commensurate with the cost burden allocated to this Member State. This "disproportionality" is exacerbated when ambition levels are set as high as proposed by DG Environment.

This raises questions about the individual Member States' commitments. For example, while the macro-economic study undertaken by DG Environment mentions no adverse effect on employment across the EU, some member states may still be concerned about the sustainability of their indigenous coal mining industry, while others may find that extreme emission abatement measures required for very high ozone reduction targets cannot be justified by cost-benefit analysis.

In conclusion, we would suggest that very significant further progress is needed to corroborate any future air quality strategy. Until such progress can be demonstrated, I would urge you to refrain from setting new binding air quality limit values, especially if their attainability is doubtful. Let me assure you that European industries are willing to contribute to the Commission's efforts to improve the air quality further in the most cost effective manner. To achieve this objective, enabling framework conditions that safeguard EU industries' competitiveness are of key importance.

Yours sincerely,

*for report,*  
  
Philippe de Buck