

BUSINESSEUROPE



# ***Future of EU Emissions Trading System***

## ***Thematic Session “Competitiveness”***

**EP hearing on the Commission’s post-2012 proposal**

**15 May 2008**

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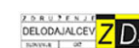
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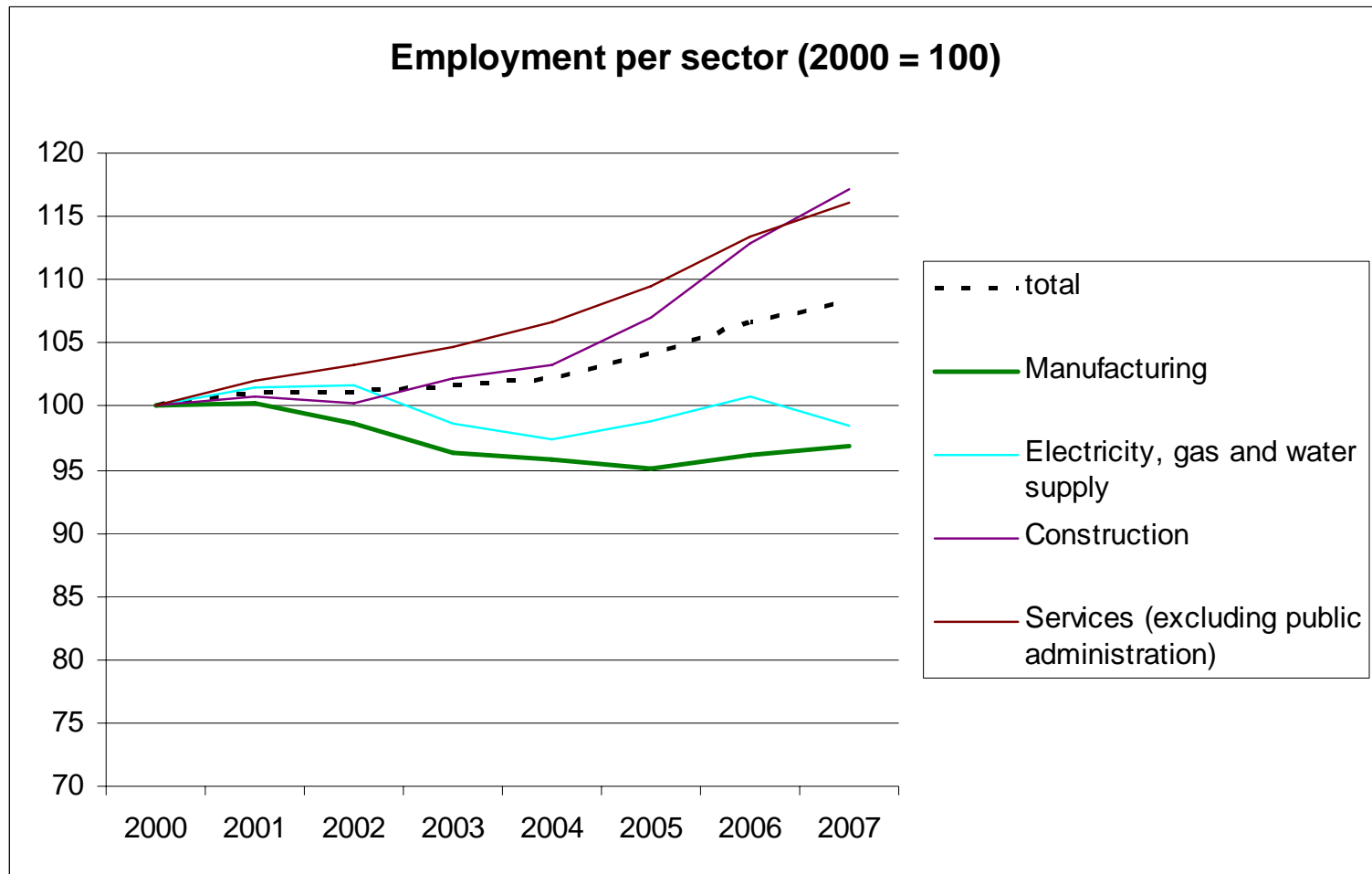
# Presentation Structure

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- EU employment statistics
- Thoughts on competitiveness
- What does business want?
- How can the European Parliament help us?
- Recommendations
- Conclusion



# Industry employment is declining in EU27



Source: Eurostat



# Thoughts on competitiveness

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- Each sector is unique
- Sectors are working with the Commission on data collection/analysis
- How should competition be defined?
- How should carbon leakage be defined?
  - NOT just environmental but also economic issue



# What is current commitment for business?

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- We have reduced emissions (since 1990) by 6%
- We are expected further to
  - Reduce emissions by 21% (based on 2005-8 baseline) under the proposal
  - Absorb growth in emissions as a result of economic growth (about 2% per year)

➔ By 2020 we are expected to have reduced our emission by more than 40%



# How will we achieve this?

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- Energy efficiency / process improvements
- New technologies (e.g. CCS)
- CDM/JI credits (but severe limitations in current proposal!)
- Reduction of EU production / substitution of products
- Re-location of production

➔ Will our competitors be asked to achieve the same?



# How can the European Parliament help us?

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We want:

- A robust, innovative, environmentally responsible, competitive, growing EU business

We need:

- Predictability and early decisions to help encourage investments
- A comprehensive global agreement to combat climate change
- Protection of our international competitive positions





# Recommendations

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- Ensure that those manufacturing industries whose (downstream) products are exposed to international competition and which are unable to pass through costs, receive 100% free allocation against independently scrutinized technology benchmarks until an international agreement is ratified and enforced with equivalent burdens for comparable products.
- Include within the Directive a definition of robust criteria for assessing whether or not a future international agreement includes equivalent burdens for competing industries.
- Take decisions early – help encourage EU business investment and send a signal to the international community that the EU will protect its businesses unless others join us in leading the fight against climate change.



# In conclusion

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## Invoke the Precautionary Principle:

- do not take the chance of accelerating the demise of manufacturing industries within the EU
- ensure that SMEs are equally treated and not unfairly impacted as they do not have the “lobbying” capability
- Remember that if a business sector leaves the EU – it may not return



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**Thank you for your attention**

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