

To the Deputy Permanent
Representatives of the Member
States vis à vis the European Union

15 September 2009

Dear Permanent Representative,

Climate Change Committee meeting on 18 September 2009

The European manufacturing industry is very surprised by the latest change that has been brought to the assessment methodology applied by the European Commission for the purpose of assessing which sectors and/or subsectors are vulnerable to carbon leakage.

This issue has been discussed between the European Commission, industry and other stakeholders at various Ad Hoc ECCP Meetings on Carbon Leakage for over one year. The European Commission (DG-ENTR) has consistently maintained that the assessment will be made on the basis of, inter alia, an assumption of 100% auctioning. Now this has been changed to 75% in 2013 and 2014 with an opening for further review. This change generates legal and economic uncertainty going against the legitimate expectation that the parameters for assessment would remain stable throughout the whole trading period. This legal and economic uncertainty would be detrimental in particular for investment decisions.

We hope that in the meeting on 18 September, your delegation will take account of the need to draw up assessment parameters that remain stable until 2020. More generally, I draw your attention to the highly damaging character of any shortening of the draft list of exposed sectors that the Commission issued in June 2009. The international environment has enough economic uncertainties, and the EU must surely avoid creating more itself.

We thank you for the consideration you may give to our views.

This proposal does not engage electricity producers within EURELECTRIC to which the methodology for calculating the risk of carbon leakage does not apply.

Yours sincerely,



Mr Alain Perroy
Chairman



Mr Philippe de Buck
Co-Chairman



Ms Teresa Presas
Vice-Chairman