



19 March 2010

MEETING OF MRS CONNIE HEDEGAARD, COMMISSIONER FOR CLIMATE ACTION, WITH BUSINESSEUROPE PRESIDENT AND DIRECTOR GENERAL

24 MARCH 2010, BRUSSELS

EU CLIMATE POLICY AFTER COPENHAGEN

International developments and EU climate strategy

From a European business perspective the outcome of the Copenhagen climate conference was a disappointment. European business keeps on being seriously committed to invest in low-carbon solutions – but without predictability about the future global course of action, these investments are at risk. With ambitious EU climate legislation in place, European industry is as exposed to carbon leakage as before Copenhagen. For these reasons, no further unilateral commitments should be made until it is certain that other major economies have also made substantial and binding commitments. BUSINESSEUROPE therefore calls on the EU to stick to the 20% emission reduction target.

In times of economic crisis, industry in particular is struggling to carry out further low-carbon investments. According to the European Environment Agency, between 1990 and 2007 manufacturing industry decreased its fuel emissions by 22%, so further improvements will be very costly, whereas other sectors still have ample room for improvement. Indeed, numerous industrial products save emissions in other sectors - like the household sector - throughout their life cycle. The low-carbon strategy of the European Commission in the new EU political cycle should foster industry as a solution provider. An artificial separation between “green” and “grey” industry is not helpful in this respect.

Climate change can only be successfully tackled if our major economic partners are involved. The European Commission must reinvigorate the international negotiations. An important first step to re-establish trust in the international community will be the rapid fulfilment of the short-term public finance pledges, which developed countries made in the Copenhagen Accord. It is also essential to create predictable, long-term and transparent mechanisms which will allow European companies to make cost-efficient low-carbon investments while protecting their intellectual property rights, including a reformed and reinforced Clean Development Mechanism (CDM).



Implementation of the revised EU Emission Trading Scheme (ETS)

Against the background of the economic crisis and the uncertain international policy outlook, it is more important than ever to provide industry submitted to the ETS with an adequate amount of free allowances. By end 2010 the EU will decide on efficiency benchmarks which will determine the overall amount of free allowances industry will get from 2013. European industry should receive the maximum amount of free allowances permitted in the revised ETS directive. This does not represent more than 30% of the overall amount of allowances per year. The declining cap in the scheme will make the ETS sufficiently stringent and prevent overallocation.

In addition, since the beginning of the ETS electricity-intensive industry has been strongly affected by indirect cost effects through an ETS-induced increase in electricity prices. The current revision of EU state aid guidelines must allow for adequate compensation of these costs by Member States.

The benchmarks and other implementation rules of the revised ETS Directive which are currently being decided in the comitology procedure are of utmost importance for future investment decisions of European industry. The comitology procedure must therefore be as transparent as possible and allow for close consultation with stakeholders.

High-level climate forum

At a meeting with BUSINESSEUROPE on 11 February, the Spanish State Secretary for the Environment, Teresa Ribera, supported the idea of a high-level stakeholder group to discuss the future EU climate strategy. BUSINESSEUROPE is in favour of such a group, with should include all relevant industrial sectors and meet before the publication of the new Commission communication on climate change in June. The forum could also involve other relevant Commission services such as Enterprise or Energy.

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