



## EMISSIONS TRADING SCHEME FOR INDUSTRIAL EMISSIONS OF NO<sub>x</sub> AND SO<sub>2</sub>

### KEY MESSAGES

- 1** An EU-wide Emissions Trading Scheme is the wrong instrument. The future Industrial Emissions Directive provides the right framework to regulate industrial NO<sub>x</sub> and SO<sub>2</sub> emissions in the EU.
- 2** An EU ETS has a poor outlook in terms of cost-effectiveness and is unsuitable for local and regional issues.
- 3** There are risks of unfair effort-sharing between industrial and non-industrial sectors.

### BACKGROUND

The existing regulatory landscape, such as the Integrated Pollution Prevention and Control (IPPC) Directive, has contributed to the decrease in industrial emissions witnessed in Europe since the 1990s. For example SO<sub>2</sub> and NO<sub>x</sub> emissions in 2007 were respectively 72% and 36% lower than in the 1990s (European Environment Agency, 2009). Sources of NO<sub>x</sub> and SO<sub>2</sub> emissions have primarily a local and regional effect on air quality. This is a key difference with the greenhouse gas (GHG) emissions regulated within the EU Emissions Trading Scheme.

The European Commission's Directorate General for Environment is currently studying the feasibility of an EU-wide Emissions Trading Scheme for industrial emissions of NO<sub>x</sub> and SO<sub>2</sub>. It is completing, in 2010, a second study "Economic analysis to support an impact assessment of the possible establishment of EU-wide emission trading of NO<sub>x</sub> and SO<sub>2</sub>".

BUSINESSEUROPE has examined different policy approaches for dealing with NO<sub>x</sub> and SO<sub>2</sub> emissions. It has led us to the conclusion that an EU-wide trading scheme cannot be the way forward, given the strong objections prompted by its presumed environmental and economic benefits. A central point is that industrial emissions of these gases are already effectively regulated by several international agreements, European legislative acts and national measures such as site-specific permit conditions or taxation. An EU-wide trading scheme would bring double regulation and unnecessary costs.

### WHAT DOES BUSINESSEUROPE AIM FOR?

- A proposal for an EU-wide ETS should not be put forward.
- Keep a coherent and stable legislative framework for industrial emissions in which businesses can operate and invest.
- Stimulate a debate on the policy alternatives to an EU-wide Emissions Trading Scheme for industrial emissions of NO<sub>x</sub> and SO<sub>2</sub>.

# BUSINESSEUROPE



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 Germany	 Greece	 Hungary	 Iceland	 Iceland	 Ireland
 Italy	 Latvia	 Lithuania	 Luxembourg	 Malta	 Montenegro
 Norway	 Poland	 Portugal	 Portugal	 Rep. of San Marino	 Romania
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