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BUSINESSEUROPE SEMINAR “IS NO_x AND SO₂ TRADING SMART POLICY?”, 30 SEPTEMBER 2010

WELCOME AND INTRODUCTORY REMARKS BY PHILIPPE DE BUCK DIRECTOR GENERAL OF BUSINESSEUROPE

BUSINESSEUROPE, Europe room

Ladies and Gentlemen,

It is my pleasure to welcome you on behalf of BUSINESSEUROPE.

Starting with the title: “Is NO_x and SO₂ Trading Smart Policy?”, this seminar is built around several key questions. Before we start our debates, allow me to place this event in his context.

First of all, a word on the initiative of the European Commission.

As you all know, DG Environment has taken the initiative to investigate the feasibility of a European emission trading scheme for industrial emissions of NO_x and SO₂. After a first study, it is now finalising a second one. As we constantly call on the Commission to ensure high quality assessment as a basis for policy-making, I can only welcome this way of working and BUSINESSEUROPE, together with industrial sectors, are contributing to this analytical work.

But this must not diminish our ability to stand back and reflect carefully on one fundamental point: is this the right question and is the Commission looking in the right direction? It is no secret that we have strong doubts on this point.

Therefore, before deciding on whether or not to further move forward, we think it is essential to pause, to look at the broader perspective and to take a close look at the arguments of the different stakeholders.

This is our intention for today. We want to ensure that this debate takes place. And I am sure we can count on all the panellists to make it happen in an efficient way.

A second aspect is: *Why is this subject important for business?*

Let me give you the main reasons, which have one common denominator: the need to ensure that an industrial competitiveness dimension is included in EU policies.

Firstly, companies need a stable and coherent legislative framework in which they can operate and invest.



From our point of view, the existing policy fulfils these conditions. Key EU air quality laws have recently been revised. The last one is the recast of the Industrial Emissions Directive which instigates large investments by industry. As a result of implementation of this policy, European emissions of NO_x and SO₂ are expected to decrease by 47% and 66% respectively in the next decade and to come very close to the 2020 targets set in the Thematic Strategy on Air Pollution.

So, we must carefully assess the added value of bringing an effective policy into question. Is it the right signal to EU industry and to investors who are particularly sensitive to regulatory uncertainty?

The outlook in terms of cost-effectiveness is also key for industry. On this point, a number of warning lamps are flashing and we should not ignore them. In particular, the introduction of an emission trading scheme in an already densely regulated field and the costs associated with its practical implementation raise questions.

But I don't want to anticipate too much on the upcoming debates. I invite you to refer to the publication we have produced for this seminar. It gives you a concise business perspective on this important subject.

For today, we have proposed to structure the debate in two panels.

The first one will illustrate and review the existing air quality policy mix. It should help to clarify what are the strengths and weaknesses and what should be the top priority for action to reach NO_x and SO₂ emission reduction objectives. In one hour of debate, our intention is not to find all the answers today. This first panel must be seen as a starting point, not the end.

The second panel will discuss our core subject for today "Is NO_x and SO₂ trading a suitable alternative to existing legislation?". Here, we expect from the panelists clear views on whether the conditions for introducing an effective European trading scheme for NO_x and SO₂, as now being investigated by the Commission, are met.

For the last session, I am very pleased to welcome Mr Karl Falkenberg, Director General of DG Environment, who will join us later this afternoon. His views will be of great value in order to put NO_x and SO₂ emission trading into a broader perspective. In the first year of Commissioner Potocnik's mandate, it is essential for European companies to learn about DG Environment's approach for future work on the EU air quality policy and on the treatment of industrial emissions. In particular in view of 2013, which is announced as the "air quality year".

Ladies and gentlemen, before I give the floor to Marco Mensink who will moderate this event, I would like to thank you and all the speakers, once again, for your presence in this debate. I wish you a lively and fruitful discussion.

Thank you.

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