



To: Members of European Parliament

7 February 2012

Dear Member of the European Parliament,

On 28 February, the ITRE committee will vote on a number of amendments intended to "set aside" ETS allowances through the Energy Efficiency Directive as proposed by the European Parliament's ENVI Committee on 20 December.

BUSINESSEUROPE supports EU climate policy and considers emission trading the most cost-efficient instrument to reduce greenhouse gas emissions. European companies are committed to doing their share to reduce emissions. Under the EU ETS they are on track to meet the 21% emission reduction obligation by 2020 compared to 2005. This obligation was legally enshrined in the revised EU ETS Directive in 2009.

The "set aside" proposals to be considered by ITRE committee would, if implemented, create further uncertainty and price volatility, and establish a risky precedent of rapid political interference in the market. **BUSINESSEUROPE's members on balance urge you to vote against the proposals coming before ITRE committee on 28 February.**

BUSINESSEUROPE is committed to the ETS and a harmonised European approach, and thinks that discussions about its future should not focus only on the short term allowance price, which is strongly influenced by the depressed economic outlook. BUSINESSEUROPE members want an open discussion in the coming months involving all stakeholders about the general climate policy framework and the longer term future of the ETS. This must be based on a proper bottom-up impact assessment laying out all the options for emission reductions for ETS as well as non-ETS sectors.

This discussion must take into account the impacts on European industry, recognising that carbon pricing is not the only ingredient necessary for successful climate policy and that energy-using industries need support to avoid carbon leakage and loss of European competitiveness in global markets.

Yours sincerely,

Philippe de Buck