



22 January 2013

Dear Members of the ITRE committee,

In view of your key vote on the Decision amending the ETS Directive to implement the “backloading” proposal, I would like to bring to your attention the position of European companies on this very important issue.

BUSINESSEUROPE and its members are strongly opposed to the “backloading” proposal, and would therefore ask you to reject it (amendment 1). The reasons are:

1. Costs deriving from policy measures which drive investments away from the EU or lead to carbon leakage must be avoided especially at times of slow growth. Strengthening the competitiveness of all European business sectors while promoting their sustainability is crucial.
2. The EU ETS is a market-based instrument and must continue to work according to market principles. For ETS to play its role, the regulator must refrain from interventions to steer the allowances' price as that would reduce predictability for industry and the market's faith in the EU ETS.
3. The ETS system is functioning as envisaged. Sectors covered by the ETS are on track to reduce emissions until 2020 by 21% compared to 2005 as it was politically decided in 2008 and laid down in the ETS Directive.
4. The current CO2 price is mainly due to the economic crisis. Re-launching the economy will boost industrial output and therefore increase the demand for ETS allowances without the need to change the legislative framework.

Moreover, it is important that the backloading is not used as a tool to quickly start the implementation of the *structural* options for the ETS included in the Carbon Market Report presented by the European Commission.

BUSINESSEUROPE highlighted the need for a debate involving all stakeholders on *real structural reforms* of climate, energy and industrial policies post 2020. In this respect, the Carbon Market Report does not provide the necessary comprehensive view, as it concentrates upon short term solutions and addresses only one part of this much broader issue.

BUSINESSEUROPE considers that hasty implementation of any of the proposed options, including a change of the cap to 2020, would not provide a comprehensive solution that would stimulate long-term growth and investment in Europe.

I thank you in advance for taking our views into consideration. Should you have any questions or comments, please do not hesitate to contact us.

Yours sincerely,

Markus J. Beyrer