



5 April 2013

Dear Member of the European Parliament,

I am writing to you in relation to the upcoming vote on the Groote Report on backloading.

BUSINESSEUROPE is opposed to short term measures such as backloading which would contribute to locking the EU into high energy prices while failing to address substantial shortcomings of the current climate and energy framework.

We believe instead that it is time for a debate involving all stakeholders on the structural reform of climate and energy policies for 2030. BUSINESSEUROPE is working on concrete solutions, which we will present later this year.

**European business firmly calls on you to reject the backloading proposal when voting in Plenary**, in consideration of the following points:

- 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.
- Backloading is the first step towards permanently withdrawing allowances and therefore raising the emission reduction target for 2020. The ETS Directive makes this change explicitly conditional to the achievement of a global climate agreement for reducing emissions until 2020. The EU must acknowledge the failure of the UNFCCC negotiations to secure such a level playing field for EU companies and accordingly stick to the agreed ETS target.
- The ETS system is functioning and delivers on its objectives. Sectors covered by the ETS are on track to reduce emissions till 2020 by 21 % compared to 2005 as it was politically decided in 2008 and laid down in the ETS Directive.
- The current "low" CO<sub>2</sub> price is mainly due to the economic crisis, lower demand for energy and reduced energy-intensive production. Re-launching the economy will boost industrial output and therefore increase the demand and price of ETS allowances without the need to change the legislative framework.



- BUSINESSEUROPE supports the ETS as a market-based instrument. For ETS to play its role, legislators must refrain from interventions to steer the allowances' price as that would reduce predictability for industry and the market's faith in the ETS.

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

Yours sincerely,



Markus J. Beyrer