



Mr. José Manuel Barroso  
President  
European Commission  
B-1049 Brussels

27 September 2013

Dear President, *Dear Mr. Barroso,*

BUSINESSEUROPE appreciates your role in steering the EU agenda for competitiveness, growth and jobs. Your call for a strong dynamic industrial base as a condition for a strong European economy is the right political signal.

Unfortunately, the release of the European Commission decision on the cross-sectoral correction factor (C-factor) in the EU ETS Directive goes in the opposite direction of a strong and coherent industrial growth strategy for Europe.

Benchmarking for free allocation under the EU ETS has already provided tough targets for energy intensive industry in Europe. An average performance plant in some exposed sectors will have to buy a higher share of their allocation in auctions. Further reductions in free allocation as a result of applying the unexpected annual 11.58% average C-factor to 2020 will further damage the international competitiveness of European industry and could potentially result in carbon leakage. Furthermore, this Decision has been taken without in depth-consultation of the affected stakeholders.

To better understand these impacts, we ask the European Commission to clarify, as soon as possible, the data and calculations used to develop the C-factor (e.g. treatment of waste gases or CHP).

The cumulative effect of policies around pre-2020 EU emissions trading that include this decision, but also the potential impacts of the proposals on 'backloading' and 'structural measures' as well as revisiting the list of sectors deemed at high carbon-leakage risk, seem to ignore global competitive pressures on the industries impacted by the C-factor. This weakens perspectives for an EU economic recovery and undermines long-term investments security.


If Europe is serious about launching an industrial renaissance for growth and jobs in Europe, EU policies urgently need to much better reflect the competitiveness impacts. The preparation of the 2030 framework for energy and climate policy represents the opportunity to provide solutions and to adjust policies, putting cost-competitiveness, security of supply and climate objectives on equal footing.



You can count on BUSINESSEUROPE to support Commission efforts to ensure greater coherence in the EU agenda to really enhance our industrial competitiveness and pave the way to more growth and more jobs in the European Union.

A copy of this letter was sent to President Van Rompuy, President Schulz, Vice Presidents Rehn and Tajani, European Commissioners Hedegaard and Oettinger and the Chair of the Competitiveness Council, Minister Gustas.

Yours sincerely,



Emma Marcegaglia  
President



Markus J. Beyrer  
Director General