Key findings

**BACKGROUND**

BusinessEurope’s first carbon pricing survey studied the effects of carbon pricing on investment decisions by EEA-based companies. Companies do not move their manufacturing installations outside of the EU overnight (“carbon leakage”). Before this happens, they may first decide to gradually shift more investments outside of the EU (“investment leakage”) - with carbon costs as one of the possible factors.

**MAIN RESULTS**

Though the view on the impact of today’s EU ETS carbon price is mixed, the large majority of companies expect the EU ETS carbon price to increase in the future, and that this will negatively impact their investment decisions in the European Economic Area (EEA).

**ABOUT THE RESPONDENTS**

120 EEA-based companies responded to our survey on the condition of anonymity. 91 were from industries on the current carbon leakage list. The top 5 industries responding were that of chemicals (18), steel (14), cement (12), paper (9) and hollow glass (6). 78% of respondents were classified as “large enterprises” with more than 250 persons employed. 61% of respondents invested both in the EEA and in countries outside of the EEA (non-EEA). Respondents that answered “Don’t know / Don’t want to say” were not included in the results.
Investments in the non-EEA have generally increased more than those in the EEA

**EEA : How has your company’s annual rate of investment changed in the past 5 years?**

- Increase 0-10%: 24%
- Increased +10%: 42%
- Decreased 0-10%: 23%
- Decreased +10%: 11%

**Non-EEA : How has your company’s annual rate of investment changed in the past 5 years?**

- Increase 0-10%: 36%
- Increased +10%: 53%
- Decreased 0-10%: 7%
- Decreased +10%: 4%

**Today’s importance of the EU ETS carbon price in investment decisions is mixed**

Compared to your costs for labour, raw materials and infrastructure, how important was the EU ETS carbon price for your investment decisions until now?  

- A criterion of same/similar weights as other factors in the investment decision: 36%
- It is not a criterion: 16%
- A criterion with less than other factors in the investment decision: 8%
- A criterion with more weight than other factors in the investment decision: 6%
- Not yet a criterion, but anticipate it will be in the next 5 years: 34%
Most respondents expect the carbon price to increase in the future and to negatively impact their investment decisions in the EEA.

I expect the EU ETS carbon price (direct and indirect) to increase in the future.

- 89% expect the EU ETS carbon price to increase.
- 3% expect it to stay the same.
- 8% expect it to decrease.

I expect this to impact my investment decisions in the EEA.

- 71% expect it to impact their investment decisions.
- 9% do not expect it to impact their investment decisions.
- 20% are unsure.

Most respondents are already using an internal carbon price or expect to do so in the coming years. By far most apply this in the EEA only.

Is your company using an internal carbon price for investment decisions? (n=109)

- 34% use an internal carbon price.
- 25% do not use an internal carbon price.
- 41% do not yet use it but anticipate doing so in the next 5 years.

Do you apply the internal carbon price(s) only for the EEA, or do you apply it/them to non-EEA regions as well? (n=33)

- 78% apply it only in the EEA.
- 22% apply it in both EEA and non-EEA regions.

Note: only 16 respondents actually stated this internal carbon price, averaging about EUR 19-22/ton CO2e.
BusinessEurope is the leading advocate for growth and competitiveness at the European level, standing up for companies across the continent and campaigning on the issues that most influence their performance. A recognised social partner, we speak for all-sized enterprises in 34 European countries whose national business federations are our direct members.

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