

BusinessEurope survey results:

WHAT IS THE EFFECT OF THE CURRENT AND FUTURE EU-ETS CARBON PRICE ON INVESTMENT DECISIONS BY COMPANIES ?

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

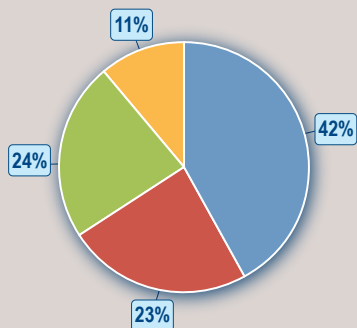
Though the view on the impact of today's EU ETS carbon price is mixed, the large majority of companies expect the EU ETS carbon price to increase in the future, and that this will negatively impact their investment decisions in the European Economic Area (EEA).

■ 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.

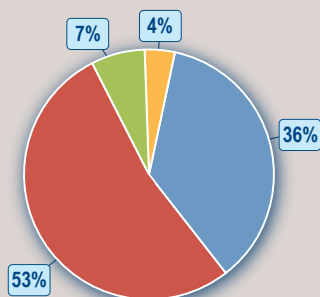
Investments in the non-EEA have generally increased more than those in the EEA

EEA : How has your company's annual rate of investment changed in the past 5 years ?
(n=87)



■ Increase 0-10% ■ Decreased 0-10%
■ Increased +10% ■ Decreased +10%

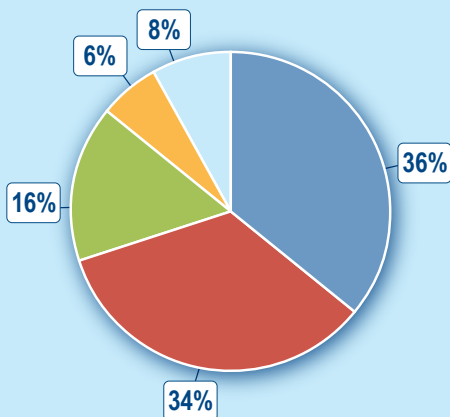
Non-EEA : How has your company's annual rate of investment changed in the past 5 years ? (n=48)



■ Increase 0-10% ■ Decreased 0-10%
■ Increased +10% ■ Decreased +10%

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? (n=114)

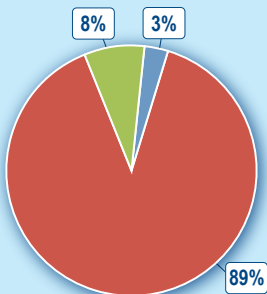


■ A criterion of same/similar weights as other factors in the investment decision
■ It is not a criterion
■ A criterion with less than other factors in the investment decision
■ A criterion with more weight than other factors in the investment decision
■ Not yet a criterion, but anticipate it will be in the next 5 years

Most respondents expect the carbon price to increase in the future and to negatively impact their investment decisions in the EEA

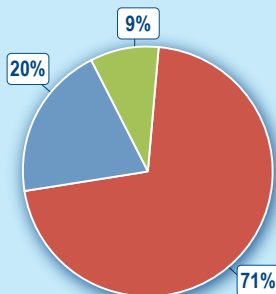
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I expect the EU ETS carbon price (direct and indirect) to (n=114)



- Decrease
- Stay the same
- Increase

I expect this to impact my investment decisions in the EEA (n=107)

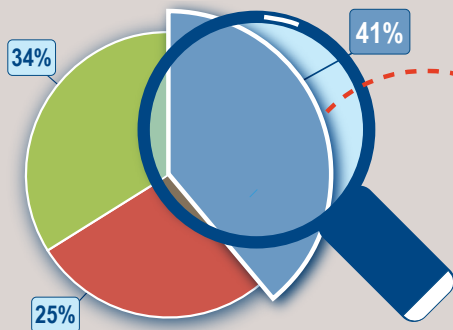


- Not at all
- Positively
- Negatively

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

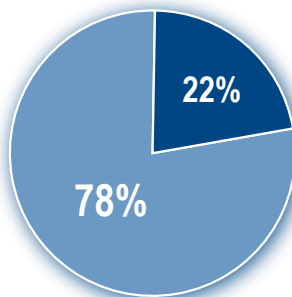
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Is your company using an internal carbon price for investment decisions? (n=109)



- Yes
- No
- Not yet, 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)



- EEA-only
- Both EEA and non-EEA

Note: only 16 respondents actually stated this internal carbon price, averaging about EUR 19-22/ton CO₂e

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