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BUSINESSEUROPE

PRESS RELEASE

News release
For immediate release

EU ETS reform raises risk of investment leakage

(Brussels, 15/7/2015) Reacting to today's publication of the European Commission's Emission Trading Scheme (ETS) post-2020 reform proposal, Markus J. Beyrer, BUSINESSEUROPE Director General said:

"The Commission's proposal is failing to safeguard the competitiveness of European industries. It does not match with the objective of keeping a strong and competitive industrial base in Europe. By unnecessarily reducing the volume of free CO2 emission allowances so drastically, it raises the risk of investment leakage, exposing our industries to unfair competition from countries without comparable climate efforts.

We nonetheless acknowledge the efforts to increase the threshold for the innovation fund which will support innovative low-carbon technologies and processes from industry."

BUSINESSEUROPE has consistently advocated for the EU ETS to be the main driver for industry to reduce emissions and to incentivise investment in low-carbon technology. The post-2020 reform of the scheme is of strategic importance for European companies. It is the one chance to fix the problems for the next decade, making sure that it can work for every sector.

"Carbon leakage" or in better words "investment leakage" is already happening and just denying this fact will not help to bring Europe back to growth path.

The European Council in October 2014 clearly stated that post-2020 measures will have to provide "appropriate levels of support for sectors at risk of losing international competitiveness". By reducing significantly the volume of free CO2 emission allowances available post-2020, the Commission proposal fails to deliver on the European Council's mandate of a strong protection against carbon leakage. Making enough free allowances available is crucial as this proposal is coming just a few months ahead of the international climate summit in Paris.

BUSINESSEUROPE is strongly promoting a successful outcome in Paris: see our position on COP21. While we hope that the growing worldwide political momentum for a turning point in Paris results in an ambitious global agreement, it remains unclear whether and how industrial sectors from other major economies, acting on global markets, will embark on comparable emission reduction efforts as the EU industry.

ENDS

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