



6 February 2013

Dear Mr/Mrs,

I am writing to you in relation to the upcoming vote on the Groote Report on a proposal for a Decision amending the ETS Directive to implement backloading.

BUSINESSEUROPE is opposed to backloading and believes it is necessary to have a debate involving all stakeholders on the structural reform of climate, energy and industrial policies for 2030. In preparation for this debate, BUSINESSEUROPE is working on competitiveness-friendly solutions for 2030 energy and climate policies and looks forward to engaging in constructive exchanges on these very important issues later this year.

Backloading as proposed by the European Commission is an ineffective piecemeal approach which has been clearly dismissed by the negative vote of the ITRE Committee on 24 January.

Consequently, we would ask you to reject the backloading proposal when voting in the ENVI Committee, in consideration of the following points:

- The EU ETS is a market-based instrument and must continue to work according to market principles. For ETS to play its role, the regulator must refrain from interventions to steer the allowances' price as that would reduce predictability for industry and the market's faith in the EU ETS.
- The ETS system is functioning as envisaged. 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 CO2 price is mainly due to the economic crisis. Re-launching the economy will boost industrial output and therefore increase the demand for ETS allowances without the need to change the legislative framework.
- 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.

It is also important that the backloading is not used as a tool to quickly start the implementation of the structural options for the ETS included in the Carbon Market Report presented by the European Commission.

BUSINESSEUROPE believes that the Carbon Market Report does not take a comprehensive view to solve structural inconsistencies of the current climate and energy package, as it concentrates upon narrow short term solutions. The hasty implementation of any of the proposed options in Report must be avoided as it would not provide solutions stimulating long-term growth and investment in Europe.

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

Yours sincerely,

Markus J. Beyrer