



Position Paper

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EUROCHAMBRES position on the Commission's proposal for a policy framework for climate and energy in the period from 2020 to 2030

EUROCHAMBRES welcomes an early discussion on the post-2020 framework for climate and energy policies and considers the proposed 2030 package a key policy issue for the medium- and long-term economic development of the European Union.

However, the Commission's proposal published on 22 January perpetuates some of the structural shortcomings of the current framework and risks to undermine the important efforts to stimulate economic growth and to re-industrialise Europe. Thus, Chambers urge EU policy makers to prevent any measures that could weaken the global competitiveness of EU businesses. They must apply a holistic approach that does not run counter to other strategic EU objectives, like the 20% GDP target for industrial production or general growth and employment objectives.

Greenhouse gas reduction target

The level of ambition of a new CO₂ target should depend on whether or not an international climate agreement can be reached in Paris in 2015. Though Europe can continue its role as the forerunner in the fight against climate change, it cannot be the only economic area in the world which undertakes major (financial) efforts to reduce CO₂ emissions without losing its global competitiveness.

- EUROCHAMBRES calls on the European Council to set a **realistic and conditional greenhouse gas reduction target**. The level of ambition should depend on the conclusion of a legally-binding international climate change agreement by 2015, which must include all major emitters such as China, the US, India and Russia.
- Moreover, any target must be accompanied by **sufficient, robust and long-term protective measures**, especially for CO₂- and energy intensive industries (e.g. a guaranteed 100% allocation of free emissions allowances is needed).

Emissions Trading System / Market Stability Reserve

EUROCHAMBRES welcomes the Commission's decision to abstain from further interventions in the EU ETS before 2020. However, the proposed *market stability reserve* would clearly undermine the market-driven characteristic of the ETS. As stated in the ETS directive 2008/87/EC the schemes aim is to "promote reductions of greenhouse gas emissions in a cost-effective and economically efficient manner." Interventions with the aim of increasing the carbon price or fiscal revenues run counter to the original purpose. Moreover, the pro-cyclical nature of the system would risk to curb an increase of economic activities.

- Thus, Chambers oppose any amendment to the ETS directive undermining the **market-based characteristics** of the instrument. In order to ensure planning certainty (esp. with regard to long-term investments), the price development has to remain predictable.
- Auctioning revenues should be **reinvested to the benefit of businesses** (e.g. development of low-carbon technologies) in all Member States.

Renewable energy target

A new EU renewable energy target can only be reached cost-effectively once certain important conditions have been created. This includes an adequate energy infrastructure, the completion of the internal energy market and un-bureaucratic, cost-efficient support schemes. However, subsidies for renewables should be temporary and degressive, rather than guaranteed over a long period of time. In this context, EUROCHAMBRES welcomes the Commission's guidelines on state aid in the field of energy and environment as first step in the right direction.

- Chambers call for the development of **harmonised EU-wide support schemes** for renewable energy so that investments will be made where they have the greatest economic effects.
- In the mid-term, renewable sources of energy should have the potential to compete in the free market. Thus, subsidies should be **gradually phased out**.

Energy Efficiency

EUROCHAMBRES welcomes the fact that the Commission has, so far, refrained from proposing a separate energy efficiency target for 2030 and believes that no further policy actions should be tabled, before the existing EU-legislation has been implemented. A rigid compulsory ceiling regarding the overall energy consumption seems problematic, not least because economic trends and weather conditions can lead to unforeseeable shifts in demand. Thus, Chambers are convinced that energy efficiency has to be achieved by voluntary initiatives, rather than by mandatory requirements.

- However, the EU and its Member States have **to provide the right framework conditions**, including the facilitation of public-private partnership schemes between stakeholders (local authorities, financial institutions and Chambers of Commerce and Industry), in order to promote the use of energy management tools and practices.
- The **harmonized implementation** and enforcement of existing EU energy-efficiency legislation across Member States must remain a priority for the EU. Only then should new regulations be envisaged.
- Energy efficiency must be encouraged through **practical support measures**. Each year thousands of SMEs benefit from energy efficiency projects, implemented by trusted intermediaries like Chambers. Such concrete and voluntary initiatives, addressing the economic needs of businesses must be multiplied and expanded.

Governance system

In terms of planning certainty, it is important that Member States set out clear plans for achieving national objectives. However, all stakeholders must be given the opportunity to participate in the drafting process. Apart from that, the proposed indicators seem to vague in order to allow for in-depth monitoring processes, in particular on competitiveness issues.

- With regard to the preparation and assessment of Member States' commitments, Chambers urge a **systematic and compulsory consultation** of the business community.
- EUROCHAMBRES calls on the Commission to extend the list of indicators by including **concrete indicators on competitiveness** (e.g. 'share of energy costs in industry's total turnover'; 'share of network costs and taxes/levies in energy prices').

Conclusion

In order to preserve both Europe's prosperity and its environment, climate actions and growth policies must be developed and pursued in conjunction with each other. It is time to set policies that will ensure growth and jobs in the Union, keep well-established industries in Europe and to establish a long-term strategy to allow for cost-effective production conditions within the EU. At the same time, policy-makers must cease to create further obstacles to competitiveness. This is a basic requirement for the EU and its businesses to thrive in the global economy.

EUROCHAMBRES – The Association of European Chambers of Commerce and Industry represents over 20 million enterprises in Europe – 93% of which are SMEs – through members in 43 countries and a European network of 1700 regional and local Chambers.

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