

ETS-Backloading: wrong signal at the wrong time

EUROCHAMBRES has criticised the Emissions Trading System backloading proposal published yesterday by the European Commission for adversely affecting the recovery of the European economy and its industrial base. The proposed amendment to the auctioning regulation, which allows withholding 900 million units of carbon emission allowances in order to artificially increase the price of ETS certificates, would jeopardize growth and employment at a time when Europe is striving to bring an end to the economic downturn.

Commenting on the proposal, EUROCHAMBRES' Secretary General Arnaldo Abruzzini said: *"At a time when the economic situation is fragile, European business must not be subject to new burdens and further uncertainty."*

Ensuring predictability is most essential

Chambers argue that the proposed intervention in the carbon market would considerably undermine businesses' ability to plan their development and investment. Apart from the increased CO₂ price, the lack of predictability of the ETS makes it even more difficult for businesses to produce cost-effectively inside the EU. As a consequence, the Commission's proposal raises the risk of inducing a shift of production and emissions to third countries.

"For energy-intensive businesses in particular, the limits of acceptability have been reached and this inevitably has a knock-on effect on the wider economy," said Mr Abruzzini, who also calls for consistency with the recently adopted Industrial Policy update. *"On the one hand, the Commission intends to boost innovation, but on the other hand it limits businesses' capacity to invest in green technologies. Where is the logic and consistency in this?"*

Global cooperation instead of unilateralism

EUROCHAMBRES' also offered a critical assessment of the options for long-term structural measures listed in the draft carbon market report, due out on Wednesday.

"Instead of discussing stand-alone actions, creating obstacles to growth and adversely affecting the competitiveness of European industry, the Commission should attach far more importance to international cooperation", Mr Abruzzini concluded.

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