

EDITORIAL

EU Climate Change target: the European Commission brought to reason

Commissioner Hedegaard's attempt to prompt the EU to move unilaterally Greenhouse Gases reduction target from a minus 20%, compared to 1990, to a minus 30% attracted furore from all manufacturing industries. This attempt was thwarted as, on 26 May, the College of Commissioners adopted a much watered down version of the announced Communication. This is reflected in the change of the title from "Unlocking Europe's potential in clean innovation and growth: Analysis of options to move beyond 20%" to "Analysis of options to move beyond 20% greenhouse gas emission reductions and assessing the risk of carbon leakage" as well as in the action-oriented main conclusions.

A few Member States, France, Germany, Italy and Poland in particular, had made it clear that they would not support going for a further reduction now and, within the European Commission, the Commissioners for Energy, Mr Oettinger, and for Industry & Entrepreneurship, Mr Tajani, were also opposed.

CEMBUREAU welcomes the Communication in that it confirms 3 key points which are advocated by CEMBUREAU:

- » the conditions for a unilateral move by the EU from a minus 20% to a minus 30% reduction target are not yet met;

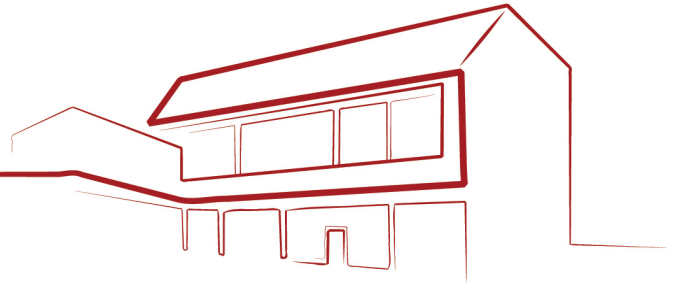
- » free allocation of allowances to energy intensive industries at risk of carbon leakage remains justified;

- » the possibility of a border tax adjustment is not completely excluded in the future but this would be as an alternative to free allocation and is therefore on the European agenda for the moment. At page 12, the Commission states that inclusion of importers in the ETS "could at best only be envisaged for a limited number of standardised commodities, such as steel and cement". On the first two points, the Commission has wisely heeded the arguments raised by the manufacturing industries, included CEMBUREAU. It must be kept in mind, however, that the assumptions made in the Communication, especially regarding the development of green industries and the analysis made the Commission of the carbon leakage risk were meant to underpin a different conclusion and are still there! Industry must therefore maintain its effort to demonstrate the flaws in the Commission's analysis and to argue the merits of its own case.

On the last point - inclusion of importers - it looks like EUROFER's and CEMBUREAU's message has been heard. It remains, however, that today the way to tackle the risk of carbon leakage is



The European Cement Association



and will, for the time being, remain free allocation.