



Mr Stavros Dimas
Commissioner
European Commission
B-1049 Brussels

25 March 2009

Dear Commissioner,

Crucial details of the revised Emission Trading Scheme (ETS) Directive need to be rapidly determined in order to give business, in the current difficult economic situation, predictability to make further investments.

We attach particular importance to three elements that were included in the Directive with the explicit objective to prevent carbon leakage and loss of EU competitiveness: identifying sectors exposed to a significant risk of carbon leakage, compensating for indirect costs and benchmarking. The implementation of the Directive through comitology should not be allowed to dilute these key safeguards for EU industry. The upcoming decisions on these elements should take into consideration the following principles:

Definition of (sub-) sectors exposed to a significant risk of carbon leakage

For the "carbon leakage" calculations, the Commission must assume the worst-case cost scenario for EU industry. They must for example be based on a carbon price of 30€ and up to 47 € per tonne, which encompasses the range used in the Commission's impact assessment.

Official statistics should remain the starting point for calculations but in the case of discrepancies with industry's data, the Commission should undergo a constructive dialogue with the sectors concerned to determine an effective and practical process to improve data quality, accuracy or representativeness.

Only if an assessment using a wider definition of sectors does not lead to an identification of carbon leakage risk, the Commission should use a more narrow definition of (sub-) sectors for its assessment.

Compensation for indirect costs related to the ETS

Electricity-intensive sectors are exposed to a significant risk of carbon leakage due to ETS-related costs in electricity prices. While it is helpful that the revised Directive allows Member States to adopt financial (state aid) measures in favour of these sectors, the state aid rules need to be adapted to permit this. This process should begin as soon as possible.



There is no need for an additional process to qualify sectors for compensation for indirect costs.

To avoid competitive distortions, Member States that grant compensation to the electricity intensive sectors at risk should do so in a harmonised manner. The compensation should be based on the full CO₂ costs paid by the companies.

Identification of benchmarks for distributing free allowances to individual installations


Benchmarks should be designed to promote reductions of greenhouse gas emissions in an economically effective and efficient manner. They should encourage efficiency improvements and at the same time guarantee that installations receive a sufficient quantity of allowances to avoid the risk of carbon leakage, as long as all comparable industries in other world regions are not faced with equivalent burdens.

Benchmarks need to be community-wide rules and must avoid distortion of competition within the Community. Where possible, benchmarks must be compared with CO₂ benchmarks available from outside of the EU to ensure that benchmark-based allocation does not damage the international competitiveness of EU companies.

Benchmarks must be economically and technologically feasible throughout the EU, independent of local specific characteristics: some very low emitting installations have specificities which are not available for all installations of the same sectors. Moreover, the benchmarking process must take into account confidentiality of data.

On all the above elements, we urge the Commission to involve industry - and in particular the industrial sectors concerned - in a well-structured, fair, transparent and predictable comitology process with the overall aim to protect the competitiveness of EU industry. This process should allow individual industrial sectors to present their specific cases to the relevant comitology committee of the Commission.

Yours sincerely,

best regards,


Philippe de Buck