



Monsieur Didier Reynders

Vice-Premier Ministre
Ministre des Finances
12 rue de la Loi
B – 1000 Bruxelles

22 December 2010

Dear Minister,

The Commission adopted on 12 November a Regulation on the *auctioning of allowances in the EU's Emissions Trading Scheme* (EU ETS) during its third trading period starting in 2013. This Regulation provides the administrative framework for a fundamental change of the EU ETS, where most allowances presently are allocated free of charge to operators covered by the scheme. Auctioning will generate tens of billions of Euros between 2013 and 2020 for Member States, depending on the future carbon price.

The revised EU ETS Directive specifies that Member States “should” use at least 50 per cent of the generated revenue for measures aiming at – *inter alia* – further emissions reductions, development of renewable energy and improved energy efficiency. I recall that the use of “should” rather than “shall” resulted from intense discussion in the Council when the draft Directive was discussed.

We fully understand that many Member States face the important challenge of reducing public deficits and attaining sustainable debt levels. However, a flourishing European business community will be the prime tool to get back on a sustained growth path. In this context, BUSINESSEUROPE encourages Member States to indeed use at least 50 per cent of the revenue generated through the auctioning for low carbon investments, and in particular for financing research and development in energy efficiency and clean technologies in the sectors covered by the scope of the directive. Such investment would have a very significant impact on boosting competitiveness, growth and jobs in Europe, and would also contribute significantly to meeting our climate and energy objectives in the long run.

As little is known about the Member States' intentions in this regard, I would like to ask you to bring attention to this issue during your handover to the Hungarian Presidency as well as during your future interventions in the Council.

Yours sincerely,

Philippe de Buck