

IFIEC Europe-press release on Stakeholder Workshops on Carbon Leakage post-2020 **IFIEC Europe urges EU policy makers to take serious precautionary measures for Carbon Leakage protection post-2020**

Brussels, 25 September 2014 – The EU stakeholder consultation on the Carbon Leakage provisions in the EU Emissions Trading System post 2020 is closing and the EU Council in October 2014 is approaching. If industry is to continue to generate wealth for the residents of the EU, the energy-intensive sectors on which this industry is built must continue to receive protection from competing manufacturers based in areas outside the EU, where reduction regimes are less strict.

Industry already plays a significant part in reducing emissions and accepts to do so in a CO₂ reduction regime post-2020 that will be stricter, and, hence, much more expensive than today. Worryingly, the latest signals give the impression that the EU underestimates the depth and the urgency of the problem that cost increases pose and neglects industries' fears. IFIEC Europe therefore urges EU policy makers to take serious action and adopt Council decisions that make available sufficient EU-ETS allowances to sustain industrial growth and maintain high-value employment in Europe.

Why is this so important? The post-2020 CO₂ cap will be much lower and carbon prices much higher than today. If by then the EU regime still continues to work in an isolated manner and competing regions don't impose a similar carbon cost burden on their industries, EUA prices will force multinational manufacturers to build where production is cheapest. New investments in Chemicals and Steel, for instance, are increasingly focused in places where energy is cheap and emissions unconstrained. Exporting CO₂ emissions to less concerned countries is neither good for the global climate nor for the EU.

Much more comprehensive carbon leakage protection measures therefore must be ensured post-2020 to effectively save CO₂ emissions globally. Hoping for a "happy ending" is not an option. If we want to achieve our longer term climate change policy goals with an EU that is still built on its industrial and economic power, we have to take precautionary measures now!

Fernand Felzinger, President of IFIEC Europe, confirms: "Primary manufacturing in the EU is already the most environmentally conscious and efficient in the world. Only with balanced carbon leakage protection measures in place industry will be able to invest in innovative clean technologies, and thus contribute to the climate policy goals. At the same time, however, it will also continue to bring jobs, welfare and growth to the benefit of EU societies."

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IFIEC Europe, International Federation of Industrial Energy Consumers, represents European energy intensive industrial consumers where energy is a major component of operating costs and directly affects competitiveness.

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