



Brussels, 10<sup>th</sup> September 2020

To: Frans Timmermans, Executive Vice-President in charge of the European Green Deal

CC:

Thierry Breton, Commissioner for the Internal Market

Kadri Simson, Commissioner for Energy

Virginijus Sinkevičius, Commissioner for the Environment, Ocean and Fisheries

**Re: 2030 Climate Target Plan – requirements from energy-intensive industries on carbon leakage and effort-sharing**

Dear Vice-President Timmermans,

As Director-Generals of Associations representing Energy Intensive Industries (EII), we are writing in relation to the forthcoming EU 2030 Climate Target plan.

Energy-intensive sectors have acknowledged the climate neutrality goal expressed in the Green Deal and are working on contributing their share towards that ambition. We also understand that a higher level of ambition for 2030 will accelerate the Union's progress towards climate-neutrality.

Climate neutrality will bring increased pressure on industry and its exposure to global competition. In its March 2020 Industrial Strategy, the Commission suggested a carbon border mechanism and a strengthening of the tools to address carbon leakage.

Carbon leakage measures should be aligned with the high level of ambition. As stated in the Green Deal Communication, carbon leakage can occur *“either because production is transferred from the EU to other countries with lower ambition for emission reduction, or because EU products are replaced by more carbon-intensive imports”*. In addition, complementary measures to prevent carbon and investment leakage should address both forms of risk, coming from direct and indirect carbon costs and we trust that the Commission will take this into account in all upcoming initiatives, including its soon to be published indirect state aid Guidelines.

We believe it is crucial that the 2030 Climate Target plan fosters a fair effort-sharing between the different sectors of the European economy. EUs have a strong record in reducing their GHG emission, having reduced them by 36% between 1990 and 2015<sup>1</sup>. When it comes to effort sharing, it will be particularly important to strike the right balance between ETS sectors on one hand, where emissions have reduced, and non-ETS sectors on the other hand, which in many cases have seen a stagnation or increase of their emissions.

The 2030 Target Plan should consider the marginal abatement costs for each sector, the length of investment cycles, exposure to global competition and their role in delivering emission reductions along value-chains. This should be noted in the upcoming Climate Law.

We thank you for your consideration and remain at your disposal should you have any question.

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<sup>1</sup> Source: European Environment Agency