

The Secretary General

Mr José Manuel Barroso
President of the European Commission
1049 Brussels
Belgium

Brussels, 20 January 2014

Subject: Open letter on EU energy and climate targets for 2030

Dear President Barroso,

On 22 January, the European Commission will present its much-anticipated package on the **EU's energy and climate framework for 2030**, along with the Communication for a **European Industrial Renaissance**. EUROCHAMBRES welcomes that this will allow for a joint debate on two major and interlinked challenges.

As the European business community is fully committed to climate change mitigation, it supports a strong role for the EU in international efforts to combat global warming. However, when setting new targets, the current pressure on EU's businesses, caused notably by high energy prices, growing investor uncertainty and the economic crisis, must be taken into account.

The alarming findings of the World Energy Outlook underpin Chambers' demand to reverse the declining role of industry in Europe and to accelerate the much-needed reindustrialisation of the European economy. According to the International Energy Agency, European Union exports of energy-intensive goods will decrease by one-third by 2035 – whereas the market share of our major competitors is expected to grow. Therefore, future energy and climate targets must not hamper growth, but instead **promote competitiveness and speed up the reindustrialisation of the European economy**.

Against this background, the Commission's 20% industrial sector GDP-target must be pursued in conjunction with climate and energy targets. Though EUROCHAMBRES supports the further **reduction of CO₂ emissions** through the ETS, the global competitiveness of energy- and emission-intensive industries must be guaranteed in the short and long term. The EU cannot be the only economic area in the world that undertakes major efforts to reduce CO₂-emissions. Overambitious unilateral action would not only lead to a skyrocketing of EU energy prices, but also cause a further transfer of carbon emissions to third countries via **carbon leakage**. A new CO₂-target should therefore reflect whether or not an international climate agreement is reached in 2015. Without a legally binding international agreement that creates a level-playing field regarding CO₂ costs, a unilateral target of 40% or above would undermine any efforts to reindustrialise Europe.

Regarding **renewable energy**, the EU should not only consider whether to set a target, but also how to support the uptake of renewable in a more-cost effective and harmonised manner. A further increase of the share of renewable energy can only be achieved cost-effectively if Member States provide the necessary infrastructure and complete the internal energy market. Subsidies for renewable should be temporary and degressive, rather than guaranteed over the long term.

Furthermore, EUROCHAMBRES calls for a more flexible and innovation-based approach to **energy efficiency**. Defining a rigid compulsory ceiling regarding overall energy consumption is inappropriate given that economic trends lead to fluctuations in consumption. Moreover, the EU and its Member States must provide the right framework conditions.

It is time to set all of the machinery for growth in motion, to keep well-established industries in Europe and to provide a long-term guarantee for cost-effective production conditions within the EU. At the same time, policy-makers must cease to create further obstacles to competitiveness. This is a basic requirement for the EU to thrive in the world economy and to ensure its growth and employment for the years to come.

Yours sincerely,



Arnaldo Abruzzini