

Dear Sir, Madam,

This e-mail constitutes the official response of Vereniging VNO-NCW (registration number: 13255254129-80) and Koninklijke Vereniging MKB-Nederland (registration number: 05673984520-73) to the European Commission's consultation based on the Green Paper on a 2030 framework for climate and energy policies.

First of all VNO-NCW and MKB-Nederland fully support the vision as laid down by BUSINESSEUROPE (of which VNO-NCW is a member) in its brochure "A Competitive EU Energy and Climate Policy". This brochure you can find attached to this e-mail.

Building on the recommendations of BUSINESSEUROPE, VNO-NCW and MKB-Nederland believe that the ETS needs structural reform as it is recognized by both federations that long term predictability (2030) is needed for a credible ETS, on which businesses can build their investment. Industries competing on a global level which are exposed to the risk of carbon leakage and which are CO₂-efficient in their sector should be rewarded by ETS, or at least not incur additional costs from ETS.

The current relative low CO₂-price is caused by the economic crisis, which reduced industrial production in the EU. Also, other EU climate change targets and policies related to renewables resulted in lower CO₂-prices. This structural flaw cannot be corrected by a one off "set aside" or "backloading". Moreover, the carbon price should not be directly steered by politic interventions, as this would reduce investment certainty.

What is needed is a clear EU ETS target for 2030, without binding targets for renewable energy or energy efficiency. Any additional targets interfere with ETS and do not result in additional reduction of CO₂-emissions. This would make ETS more credible and would increase the long term CO₂-price. Strengthening ETS towards 2030 would demand that businesses exposed to the risk of carbon leakage receive allowances based on real production and a realistic benchmarks, without any additional correction factors. This would make sure that ETS does not reduce the competitive position of global competing industries which are CO₂-efficient. In the context of relative high energy prices in Europe, and the effects of shale gas developments outside Europe on the competitive position of energy-intensive industries in Europe, full compensation of direct and indirect ETS-costs for globally competing businesses is indispensable for strengthening Europe's economy.

Best regards,

Erik te Brake

Secretaris Energie & Milieu

VNO-NCW – MKB-Nederland