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# Europe needs more than a 2030 climate target____

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In March 2014 the Heads of State in the European Council will discuss a future 2030 climate change and energy package, with a possible 2030 target. This decision is linked to many policy debates – the 2050 reduction pathway, the negotiations on an international climate agreement, the future of the EU ETS and the future of renewable energy in Europe.

A 2030 target is seen to provide predictability to the longer term to industry, shaping expectations and therefore investment decisions made today. A 2030 climate target alone is however simply not good enough, **Europe needs a comprehensive package:**

1. **A competitive Europe.** *A single focus to improve our situation.* The next policy cycle can only but focus on bringing jobs, saving pensions, creating growth, preventing further social unrest and keeping Europe together. People believed in Europe when it had a clear vision, with all EU laws and policies working in one direction, as with the creation of the single market. Only a competitive and sustainable EU economy can and will deliver climate change solutions.

2. **An industrial policy target**. *Climate policy = industry policy.* The 2030 package is not a decision for climate policy alone. The 2030 climate and energy package is the largest decision in industrial policy the EU will make in the coming decade. Without a strong industrial policy, climate targets make no sense. So far industrial policy has been laid down in policy documents only, where climate policy has resulted in legislation. This situation needs a rebalance.

3. **Investments to reduce emissions**. *It is investments only that will bring solutions.* More costs to industry and consumers are not a solution. The development and use of low carbon technologies requires investments from industry in Europe. Any policy package needs to take this into account.

4. **A reassessment of the fundamentals.** *A new climate policy cannot simply change numbers.* Europe has very different circumstances from when the 20/20/20 package was decided upon in 2007. The economy stagnates, there could soon be no shortage of fossil fuels in the world, Energy markets are failing, CCS is not foreseen soon, renewables and grids become unaffordable and the EU ETS is burdened by many interacting policies. We have no international agreement yet. All this has to be taken into account when drafting a new policy package.

5. **A single CO2 target.** *A single EU-wide CO2 target brings the most cost-effective economic solution*. As options become less available and more expensive, having additional efficiency and renewables targets reduces Member States' flexibility, thus inducing unnecessary costs. Multiple targets interfere with the member states fuel mix choice – which is a national competence. Policies interfering with the functioning of the ETS and the carbon market should be removed. For the non-ETS sectors such as transport, insensitive to carbon pricing, additional policies to promote decarbonisation should be consistent with established 2020 policies.

6. **A target set in the context of a genuine global agreement.** All efforts need to be directed towards a global agreement that leads to comparable burdens for competing industrial installations around the world. As long as this does not exist, Europe will have to mitigate the impact of its policies for industries producing globally trading goods, be it via free allocation under EU ETS or indirect compensation for electricity consumers. In this respect as much certainty has to be given to industry as possible.

7. **A refocus on energy markets.** *Liberalised energy markets no longer exist.* With support for renewables extending well beyond 2020 and capacity remuneration for conventional power plants appearing all over Europe, "liberalised" energy markets no longer exist. Markets are nationalised, further integration halts and investments driven by feed-in tariffs and regulators. There is little appetite at member states for building more cross-border interconnection. Consumers cannot afford 1 trillion grid costs for market integration and renewables, whose benefits are still far for being assessed; Capacity payments for installations that do not run – replacing or even adding one problem with an even larger one. The add-ons- additional levies and charges, be it for grids, renewables, CHP, efficiency – become a competitive burden. As we operate in a global economy, energy price differences with other regions in the world are too large.

8. **A focus on innovation as the way forward.** *To be able to act on climate change, the focus has to be on technology development.* The EU needs to promote breakthrough technology development in industrial processes, in projects, pilots, demo's and implementation. For this the funding, structure and political system are missing. EU needs to be put in place something that should have already been established already long time ago.

9. **The political will to really act and build a comprehensive package.** All we need, is the political will to move a competitive, environmentally sustainable industrial policy, with innovation as the core element. **Consisting of:**
    a. **A mandatory industrial policy,**
    b. **A strong focus on technology development and implementation,**
    c. **EU ETS as a central tool in a global level playing field for industry,**
    d. **No EU-wide renewables target, but flexibility in Member States' choices,**
    e. **No EU-wide efficiency target, but flexibility in Member States' choices,**
    f. **And completion of the energy markets.**

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## Note to the Editor

**CEPI aisbl - The Confederation of European Paper Industries**
The Confederation of European Paper Industries (CEPI) is a Brussels-based non-profit organisation regrouping the European pulp and paper industry and championing industry's achievements and the benefits of its products. Through its 18 member countries (17 European Union members plus Norway) CEPI represents some 520 pulp, paper and board producing companies across Europe, ranging from small and medium sized companies to multi-nationals, and 1000 paper mills. Together they represent 25% of world production.

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