

Subject: Public consultation in preparation of an analytical report on the impact of the international climate negotiations on the situation of energy intensive sectors

Article 10(b) of the Emission Trading System (ETS) Directive mandates the Commission to submit by end of June 2010 an analytical report, in the light of the outcome of the international negotiations and the extent to which these leads global greenhouse gases reduction, assessing the situation of energy-intensive sectors and sub-sectors which have been determined to be exposed to significant risks of carbon leakage¹. The report should be accompanied by any appropriate proposals as regards measures to address carbon leakage, if they were deemed necessary. These measures may include adjustment of the proportion of allowances received for free or inclusion in the ETS of importers of products which are produced by sectors deemed to be exposed to a significant risk of carbon leakage. When considering what measures are appropriate, it should also take into account any binding sectoral agreements.

Also in accordance with article 10(b) and as announced at the ad-hoc ECCP stakeholder meeting on benchmarking on 17 March, the Commission would like to consult all relevant stakeholders (industry, NGOs, trade unions and Member States) allowing them to effectively contribute to that report. The Commission would like to hear stakeholders' opinion on the set of questions listed below. However, if deemed necessary, stakeholders are free to comment on other related issues.

1. In your opinion, how have key indicators of the risk of carbon leakage (such as exposure to international trade, carbon prices etc.) for the EU energy intensive industry changed since the adoption of the climate change and energy package implementing the EU's unilateral 20% emission reduction target at the end of 2008?
2. Do you think that the outcome of Copenhagen, including the Copenhagen Accord and its pledges by relevant competitors of European energy-intensive industry, will translate into additional greenhouse gas emission reductions sufficient to review the list of sectors deemed to be exposed to a significant risk of carbon leakage? If so, how and why?
3. In your view, what would be a compelling new general economic or other factor which would require a change of the level of free allocation to sectors deemed to be exposed to a significant risk of carbon leakage?
4. Do you consider free allocation of allowances as sufficient measure to address the risk of carbon leakage, or do you see a need for alternative or additional measures?

Please send your views to Clima-ETS-Benchmarks@ec.europa.eu by 12 April 2010.

We thank you for your cooperation!

¹ COMMISSION DECISION of 24 December 2009 determining, pursuant to Directive 2003/87/EC of the European Parliament and of the Council, a list of sectors and subsectors which are deemed to be exposed to a significant risk of carbon leakage (2010/2/EU9 OJEC L-1 05.01.2010).