

CIRFS position regarding the set-aside/backload of allowances

Proposal for amending Directive 2003/87/EC (EU-Emission trading) and Regulation 1031/2010 (Auction Regulation)

CIRFS: European Man-made Fibres Association, rejects the idea to set aside/backload a substantial volume of allowances in order to manipulate the CO2 price in the upcoming Emission Trading System (ETS) to start in 2013.

- Indeed, it has always been stated by the Commission that ETS is the best system in place to control climate change. The criteria to calculate the number of allowances to be traded in order to reach the ETS goals have been carefully agreed upon and fixed in the ETS legislation. **There should be no interference in the number of allowances. The ETS system is working, and a manipulation of the number of allowances seems to be even questionable from a legal point of view.** The efforts made to reduce CO2 emission and the market will determine the price. If the CO2 reduction targets are not met a high price will have to be paid, and if the reduction targets are met, the price will be low. Industry has achieved substantial energy efficiency measures resulting in lower emissions. Moreover, the recession over the last years has also played a role, resulting in lower emissions and fortunately this had an effect in the right direction by reducing the CO2 price in order not to aggravate the recession. **Artificially increasing the price by reducing the number of allowances would only take place at the expense of the European industry, which is still struggling to get out of the recession, and would have no further effect on climate change.**
- Climate change should not be a completely isolated goal on its own, but considered in a broader social and economic context. Policy makers should not interfere in the rules of ETS in order to push up the price, estimating this to be for the benefit of climate change, but by doing so only creating uncertainty and harming economic policies. **High uncertainty about the real cost effects of ETS will result in less confidence in EU policies, and promote carbon leakage.** The carbon leakage status, which is to be reviewed in the coming years, already bears many uncertainties about its outcome, and these should not be further increased by CO2 prices being manipulated.

CIRFS: European Man-made Fibres Association, is the industry's representative in Europe. The European man-made fibres industry is the second-largest producer of man-made fibres in the world, and a global leader in innovation, quality and sustainable production methods according national and European legislation. CIRFS has about 40 members, representing 85% of the European MMF industry.