

## Statement on

European Commission public consultation in preparation of an analytical report on the impact of the international climate negotiations on the situation of energy intensive sectors (ETSD, Carbon Leakage Decision)

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Contribution of the Confederation of the German Textile and Fashion Industry to the consultation

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*The Gesamtverband der deutschen Textil- und Modeindustrie e.V. (Confederation of the German Textile and Fashion Industry) represents approx. 1,300 enterprises and approx. 130,000 employees inland and approx. 400,000 employees abroad. It represents the sector as regards economic policy and bargaining policy. The annual turnover of the German Textile and Fashion industry accounts for 25 billion EUR.*

## **The confederation of the German textile and fashion industry**

**Supports the contribution of the Federation of German Industries (BDI) to this consultation**

**Highlights additionally those points, which are of a special significance to the enterprises of the German textile and fashion industry**

**Asks to take those into account, as not to endanger the competitive situation of the German textile and fashion industry**

### Background information:

The German textile and fashion industry is subject to a global competition, which is more severe than in most other branches of industry. From 2013 on an additional burden will be the emission trading.

The textile chain is complex: From fibre to final textile product it passes through lots of process steps, where different energy sources are being used. While spinning and weaving mills need electric power to operate their machinery, in the sector of textile finishing nothing is possible without heat energy for the washing and drying operation.

As different as the processes occur, are textile companies affected by the amending directive “to improve and extend the EU greenhouse gas emission allowance trading system”:

Spinning and weaving mills will mainly be affected *indirectly* by the increasing electricity prices in connection with the emission trading. Further increasing electricity prices would have severe consequences for the competitiveness of the German textile industry.

For companies in the sector of textile finishing, the emission trading means a *direct* affect, because they operate combined heat and power generating plants for heat production.

The EU Commission has confirmed officially, that *all* sectors of the textile industry are at risk of relocation because of the emission trading. That risk, known as the “Carbon Leakage”, could be reduced by politicians with a sense of proportion.

**The „Copenhagen Accord“ as the result of international negotiations in December 2009 is from our point of view no sufficient basis to secure the competitiveness for the German textile and fashion industry in the long-term.**

**Due to that fact, we furthermore consider it important, to hold on to the list of industrial sectors endangered by “Carbon Leakage” and to take into account the following points when formulating the benchmarks.**

**Our main demands – as well under the “Copenhagen Accord” – are still the following:**

1. **Protection of industrial combined heat and power generating plants (CHC)** by the allocation of 100% free emission certificates on the basis of a practicably organized heat-benchmark;
2. The **allocation of certificates for heat production should principally be guided by the “exposed”- status of the heat power using plant.** So for heat, that is consumed by “Carbon Leakage”- sectors, a 100% free allocation of certificates must take place on the basis of heat benchmarking.

3. The **definition of the term “electricity producer” should be revised.** Here it is to be considered that industrial power plants, which produce power and heat as process energy for their own needs, must not be put on the same level as electricity producers in the traditional sense. Industrial enterprises, producing electricity and heat with combined heat and power for their own use, should receive a 100% free allocation of emission certificates after 2013 as well.
4. Benchmarks valid throughout Europe must not **discriminate** plants of different national **authorisation systems.**
5. **For enterprises** of the textile and fashion industry **endangered by “Carbon Leakage”** there has to be a compensation for electricity prices increased due to emission trading.