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

Question 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?

Many external factors have influence on the metal industry and the non-ferrous metallurgy, and the producers cannot impact on them. One of these factors is the pricing system, which is globally defined on the International market. The including of additional direct or indirect cost, as the cost for the CO₂ emissions in these prices is not possible and the costs will be borne by the producers.

Because of the energy intensive character of the processes in this industrial sector in the total production costs, the share taken by power costs, respectively the costs for electricity, is significant.

The measures on the climate changes taken by the EC will lead to growth in these prices.

In the discussions and the decisions of the EC at this stage these issues are under-estimated, therefore the assumption by the EU of unilateral commitments without accounting all negative effects, which will worsen the competitiveness of the European metal industry, will naturally be accompanied by a carbon leakage to other regions.

If an appropriate decisions and compensations mechanisms are not taken, this potential risk of carbon leakage will start to happen in the coming years.

Question 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?

The Copenhagen Agreement cannot lead to real positive results and reduction of GHG in global aspect. There was not specific and binding commitments by the competitors countries of the European metal industry.

The industrial policy of the European Union put on place higher criteria for the producers and will increase their costs with the costs of the CO₂ emissions, including trough the electricity prices.

This will impede the development and the investments in many sectors, respectively will lead to increasing the risk, and to the including of new sectors in the list of the carbon leakage sectors.

Question 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?

The free allocation in a long term aspect does not place at fairly and equal conditions all producers from the different regions and countries in the world. The indirect costs for the CO₂ emissions are not taken into account, which in many cases repeatedly exceed the values of the direct emissions costs.

The issues related to the good and secure free allocation are not solved in the cases of enlargement of existing or opening of new installations.

This will repels the potential investors and the European metal industry will have not a good conditions for development and growth.

Because of this, a serious analysis is necessary to be made and balanced measures to be implemented for supporting the EU (27) industry, in parallel with putting in place the strategic target for CO2 emission reduction in global aspect.

Question 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?

From the mentioned above, is clear, that the free allocations are not a enough measure for overcoming with the risk of carbon leakage. Alternative and additional measures are necessary, accounting all influences which the policy on climate changes will make over the European industry.