

Maiju Westergren

26 February 2013

10/13/L/A

Organisation: Finnish Forest Industries Federation

EC Register ID number: 39671713910-36

Response to the European Commission consultation: Consultation on structural options to strengthen the EU Emissions Trading System

Finnish Forest Industries' opinion on the options to strengthen the EU Emissions Trading System

EU Emissions Trading scheme was created in order to reduce the greenhouse gas emissions in a cost-effective and economically efficient way. That is, when ETS delivers the EU 2020 climate targets at the lowest cost for society, the goal is met.

The ETS does not aim at a certain price. A low price in carbon market is not a sign for dysfunctional system, quite the opposite. In a recession the prices bend that helps the industry to recover.

Also member states have increased their share of renewables significantly and the new Energy Efficiency Directive will enhance the energy use. This means that both RES and EED will reduce the carbon emissions too. When EU has three binding targets that are so overlapping this creates a conflict.

None of the six options in the carbon market report brings any structural changes to ETS but only increase the carbon price. EU is going to meet the emission reduction goal and no changes are needed to ETS at the third emission trading period. A global international agreement is needed to stop the Climate change and EU should focus on these negotiations. After an extensive global agreement is delivered, it is time to evaluate the possible needs for structural changes. In the future we have a need for schemes which are compatible with systems outside EU.

The competitiveness should be a key driver in EU. Relatively high energy prices compared with e.g. USA and the additional costs of ETS, which the competitors outside EU do not have, have a negative impact especially on energy intensive industries competitiveness in EU. Until there is an extensive global international agreement it is crucial to prevent the carbon leakage and have free allocation to the industry. Therefore all kind re-evaluation in the middle of third period crates regulatory uncertainty.

EU ETS states today that burning of biomass is carbon neutral as climate impact of forestry is already reported according to the LULUCF –principles Policies concerning Land use, Land Use Change and Forestry (LULUCF), Indirect Land Use Change (ILUC) and biomass sustainability will strengthen the carbon neutral status of biomass. ETS should promote the

Maiju Westergren

26 February 2013

10/13/L/A

use of sustainable biomass also in the future and maintain the carbon neutrality of biomass.

Finnish Forest Industries contact person for ETS issues is

Mrs Maiju Westergren

maiju.westergren@forestindustries.fi

+358 400 27 6660

The Finnish Forest Industries Federation represents companies in the wood-processing industries in Finland. We promote the competitiveness and profitability of the forest industries by strengthening its operating environment and public image in Finland and abroad. Our membership covers the pulp, paper and paperboard industries and most of the sawmilling, wood-based panel and wood products industry in Finland.