



European Commission

Enterprise and Industry
Directorate-General

Preparations For A Survey On The Impact Of Future Carbon Constraints On The International Competitive Position of European Energy Intensive Industries

DIRECTORATE-GENERAL for ENTERPRISE AND INDUSTRY
&
DIRECTORATE-GENERAL for ENVIRONMENT
EUROPEAN COMMISSION

Disclaimer: The views expressed are purely those of the author and may not in any circumstances be regarded as stating an official position of the European Commission



EII-survey

- **Objective:** Collection and analysis of relevant data & information in order to obtain a survey on the factors that may lead to carbon leakage in all EU-EII-sectors
- **A concerted approach** by Commission services, notably DG ENTR and DG ENV
- **Industry involved** through the provision of relevant de-aggregated data.



What is **NOT** the objective

- To take a decision on which EII-sectors would be “on ” or “off” a future list of EII-sectors eligible to EII-specific measures under the future ETS



Work Programme

Task 1: Review by industrial stakeholders of detailed data produced by Commission services on the impact of carbon price on costs of EII-sectors:

- **Which de-aggregation of EII sectors?**
 - Ferrous metals
 - Non-ferrous metals
 - Minerals: cement, lime, ceramics, glass
 - Chemicals: basic organic and inorganic chemicals, fertilisers
 - Refineries
 - Pulp, paper & board.



Work Programme (task 1 cont'd)

- Should de-aggregation take account of regional differentiation or differentiation between Member States?
- **Industry review of the Commission's energy, CO₂, product, trade and cost data.**



Work Programme

Task 2: Acquisition of information and data from industrial stakeholders on the potential to pass carbon related costs through to prices and on the risk of carbon leakage

- **Information on prices and sales:**
 - Time series ('97-'07) on price levels and price changes of products concerned
 - Time series on sale volumes and changes in sales of relevant products



Work Programme (task 2 cont'd)

- **Market information:**
 - Capacity-utilisation rates of the industry sectors concerned
 - Product inventory (stock) levels
 - Typical average capacity-utilisation rates and typical average inventory levels over the period concerned
 - Transportation costs
 - Market share of the most important suppliers on the market
- **Information on cost-pass-through capacities**
 - E.g. after previous asymmetric shocks such as higher taxes, appreciating currencies or tighter environmental legislation



Work Programme (task 2 cont'd)

- **Exposure to international competition:**
 - the level and changes of imports and exports in relation to domestic production
 - changes in world-market shares and world market size, excluding intra-country or intra-region trade
 - levels and changes of prices for the same product on different world markets
 - levels and changes in import and export prices and comparison to (EU) domestic prices



Work Programme

- *Task 3* (tbd):
 - Validation and analysis method
 - Follow-up (coordination with complementary sources of information & data)



Conclusions

- The information & data collection programme is an essential and enabling preparatory exercise for an assessment of the risk of carbon leakage of energy intensive industries and for a future decision on how under the ETS allowances shall be allocated to such industries in the post 2012 period.
- This programme is not substituting in any way efforts by the Community to achieve an equitable and ambitious global climate change agreement for the post 2012 period, which would remain the best way of addressing the competitiveness issues.
- Industry has exhibited a high degree of cooperation and it is important that it remains fully engaged.