

Fagerblom Ahti

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Finnish Forest Industries Federation's contribution to Commission's public consultation on

The 2015 International Climate Change Agreement: Shaping international climate policy beyond 2020

EU does not have a climate of its own and thus unilateral actions in the fight to climate change do not pay off. Only investments that will contribute to the climate change challenge. Increasing costs to EU's industry is not a solution. Domestic GHG emission reduction policies have to go hand in hand with competitiveness and industrial development.

It has been shown that globally countries are not willing in committing to reduction patterns that would harm their economic growth perspectives. At least in the short-to-medium term it is reasonable to expect a fragmented climate change policy. Coupled with high energy prices, this will make carbon leakage a constant threat for the EU.

Thus leadership in climate change negotiations does not lie in setting the most ambitious domestic GHG reduction target and paying for the highest costs, but by developing and deploying the most innovative and competitive low-carbon technologies.

To achieve growth, jobs, and investments EU needs to do a U-turn in priorities in international negotiations. Competitiveness and industrial policy should be at the core of EU policies. Domestic climate policies have become a general issue for competitiveness: the additional costs to mitigate GHG emissions have an impact when there are no constraints on operators in other countries.

To be successful in international negotiations, the EU should prevent investment leakage, not only carbon leakage. CO₂ price differentials will exist also in the future. They result of many factors, including macro-economic developments, industrial structure, fuel mix differences, energy prices, marginal abatement curve costs, taxation, etc. Key question is what effect would derive from these price differentials. Because once investments are gone, there is no successful story to tell to other regions in the world.

Finnish Forest industries Federation

The membership of the Finnish Forest Industries Federation covers the pulp, paper and paperboard manufacturers of Finland as well as about 80% of all wood products companies, such as sawmills and plywood mills as well as makers of joinery products and other wood-based articles.