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This consultation has been submitted to clima-ets-structural-measures@ec.europa.eu

Consultation on structural options to strengthen the EU Emissions Trading System

The Danish Agriculture & Food Council would like to thank the European Commission for the opportunity to provide our views on the Commission's report on The State of European carbon market in 2012.

The Danish Agriculture & Food Council would like to use this opportunity to voice our firm support for the EU Emissions Trading System (ETS) which, in theory, ensures cost-effective greenhouse gas abatement across the European Union Member States. DAFC therefore welcomes the present report which discusses the current market, and lists six possible structural measures aimed at maintaining and improving the functionality and sustainability of the ETS.

We find that the carbon market is already functioning well in terms of reducing greenhouse gas emissions from the ETS sectors. The low carbon price is signaling a European industry strongly affected by the financial crisis, and imposing additional costs by politically induced higher carbon prices is not a viable solution to the current challenges.

It is our view that the Commission's report marks the beginning of a broader debate about EU policies on climate change, sustainable energy, energy efficiency etc., and measures targeted towards the ETS alone should as such be seen as only one part of this discussion. Rather, the discussion needs to have a broader focus which also includes a focus on long term solutions and goals.

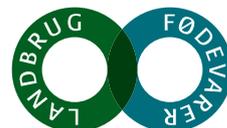
The single best way of ensuring the cost-effectiveness of the ETS, as well as the ability of the EU ETS to meet the long-term target of an 80-95% reduction in a cost-effective manner, is to move fast on the targets for the period after 2020. If there are clear political targets for the reductions in e.g. 2030, the market will move accordingly. Along the lines of the proposed *option C*, the DAFC could be open to discuss whether the current linear factor is the suitable for the period 2021-2030.

On the basis of the points above the DAFC hopes that the Commission will help initiate momentum in this broader 2030 debate. There will be plenty of questions that need to be addressed, e.g. how to share the burden between ETS- and non-ETS sectors, what to do with LULUCF, and how to advance renewable energy targets beyond 2020. We look forward to engaging in fruitful discussions with the Commission in this regard.

Sincerely

The Danish Agriculture & Food Council is a trade association representing agriculture, the food and agro industries. With annual exports in excess of DKK 100 billion and with 145,000 employees, we represent one of Denmark's most important business sectors.

Through innovation and promotion of the industry's contribution to society, we work to ensure a strong position for our members in Denmark as well as in international markets.



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