

Statement

**Utz Tillmann, Director-General of the German chemical industry association
Verband der Chemischen Industrie (VCI)**

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(The spoken word takes precedence)

Ladies and Gentlemen:

I am glad about this opportunity to speak to you – here at the Representation of the State of Hessen – about the topic of emission trading. Most of the political action is in Brussels, but companies in Hessen are impacted too.

Thank you for coming here and for taking the time to discuss the amendment of the emission trading regime.

This exchange is important to us, because emission trading – as the central instrument of the European climate policy – creates a long-term framework. This framework needs to be shaped in such a way that we achieve two things: The climate goals that we have set for ourselves in the EU **and** maintaining the international competitiveness of industry.

I take the liberty to point out that the German chemical industry has been actively engaged in climate protection for much longer than emission trading has been in existence. By optimising their plants over many decades, German chemical companies have already cut by half their greenhouse gas emissions since 1990.

Furthermore, our energy-efficient products help prevent emissions in daily life. Here, I could list many technologies that originate from chemistry. Once thing is certain: As an industry with an eye for an extensive decarbonisation by 2050, we are indispensable for climate protection in Europe.

But our event today is about the legislative and political components of climate protection in the EU. In the discussion, we also need to take into account the international background:

A new climate agreement was decided in Paris in December, where 194 signatories agreed to limit global warming to clearly below 2 degrees centigrade. However, according to UN calculations the existing commitments by the countries should rather lead to 2.7 degrees centigrade. There is a huge discrepancy between claim and reality.

CO₂ emissions are clearly rising by 2030 in most regions of the world. By contrast, we in the EU are pursuing the by far most ambitious climate goal globally.

We had linked Paris with the hope of reducing the existing distortions of competition for European industry. Unfortunately, this hope has not materialised: with the EU's trailblazer role, climate protection continues to be implemented at different speeds internationally.

Many regions mainly orient their climate protection measures to what is feasible in economic terms – while it is taken for granted in politics in Europe that further burdens can be demanded for industries like chemistry. This is also reflected in the deliberations on the reform of emission trading. The discussed tightening of rules will further increase the competitive pressure on us.

Here, it is worth noting that emission trading in the EU makes us the only industrial region globally which uses a comprehensive climate protection instrument. Its mechanisms ensure that the sectors covered by ETS – including chemistry – reliably achieve the European climate goals. With this approach, we measurably and reliably reduce our CO₂ emissions in Europe – unlike most other countries in the world.

The other side of the system: Emission trading also brings costs for industry. In the ongoing 3rd trading period, the political players have prevented a dramatic increase of these costs – by way of carbon leakage rules.

Up until now, the carbon leakage rules have prevented relocations of existing productions – and, consequently, of jobs – to regions without such cost burdens.

All the same, particularly we in industry note that more and more investments in new plants and in capacity expansions are made in non-European countries. One important reason is the lack of reliable planning due to the energy and climate policy in Europe. The relocation of investments is a major problem for preserving the industry location, and it keeps the most modern plants from being built in Europe. But today's investment leakage is tomorrow's carbon leakage.

So far, the carbon leakage rules in the existing ETS mainly rely on two elements:

Firstly: The allocation of free allowances for industrial processes, and

Secondly: compensation for higher electricity prices due to emission trading.

It is deplorable that in 2015 the European Commission significantly tightened these rules – in its draft for the ETS amendment. We are going to hear some examples in the following discussion.

Our position is clear and unequivocal: We do not need the proposed tightening of rules for achieving the EU's climate goals. Furthermore, I cannot see in what way these proposals are in tune with the European Council decisions of October 2014, which prescribe carbon leakage measures as mandatory elements of the ETS amendment.

Also in the future, our industry will continue to depend on a sufficiently high allocation of free allowances in emission trading. This is a prerequisite for our ability to realise further growth in international competition.

Ladies and Gentlemen:

Climate policy has many facets. One of them is reducing greenhouse gases. Another is the development of products that are necessary for a low-carbon society. For this, we need competitive companies in Europe – also in the future. Without a strong industry we will never reach the goal of decarbonisation.

Let there be no misunderstanding: We do not want less climate protection – we want more competitiveness. On the international level, other countries will only follow the EU in its trailblazer role if the EU can put climate protection into practice without damage to industry.

I am certain of the following: Successful climate protection is compatible with efficient protection against carbon leakage. We hope that solutions for this will come from the European Parliament.

Therefore, I am looking forward to the upcoming discussion. Thank you for your attention.

Contact:

VCI Press Department Phone: +49 069 2556-1496 E-Mail: presse@vci.de