



DRAFT FOR COMMENTS, DO NOT QUOTE

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BusinessEurope submission to the public consultation on a Strategy for long-term EU greenhouse gas emissions reductions

BusinessEurope is fully committed to the implementation of the Paris Agreement. It does so because it is the single most important tool in providing clarity in the direction that society must take to tackle climate change. Ahead of COP24 in Katowice in December this year, the European Commission will make an important next step in its climate policy through its initial strategy on long-term EU greenhouse gas emissions reductions. In order to make this strategy as concrete as possible, BusinessEurope proposes that the Commission considers the following points for effective climate action:

- **Predictability and investment security.** There is a fundamental need for clarity on the GHG reduction ~~trajectories scenarios~~ as defined in the public consultation, ~~whether they constitute GHG emissions reductions of 80%, 80-95% or a balance between emissions and removals.~~ Simply setting targets will not do. What is needed is a robust strategy that lays out a clear guidance how the EU will gradually shift to any economy. In order to achieve climate targets while also preserving competitiveness, eEach scenario should be properly supported with the expected associated investment needs as well as socio-economic impacts. Furthermore, in order to provide an environment where breakthrough technologies are created in Europe rather than elsewhere, it is important to explain how each scenario will manage to retain globally competitive industries, what the corresponding research and innovation framework should be to develop key low-carbon technologies, and what measures are envisaged to keep the EU's industrial production (running on low-carbon) competitive on both internal and global markets.
- **Cost-efficient market-based regulation and ambition within the EU.** ~~The risk of overlapping policies must be minimised.~~ The EU institutions have successfully reformed a set of key climate policies in the past year, in particular the Energy Efficiency Directive, the Renewable Energy Directive, and the EU Emissions Trading System (EU ETS). It is now important that these and other climate policies are properly implemented in the Member States as soon as possible. If these existing policies allow us to go beyond the EU's existing GHG emissions reduction target of 40%, which is already an ambitious goal, then this is a very positive outcome and it is a strong sign to the international community. The risk of overlapping policies must be minimised, and the EU's framework must strive to be cost-efficient, and promote efficient coordination across Member State borders.
- **International coordination is a must.**
- The EU has the world's most developed carbon market, and it is estimated that the EU's emissions will only constitute 5% of global emissions if each Party under the Paris Agreement reaches its current Nationally Determined Contributions (NDCs). Therefore, it is vital that the EU engages with the EU's main trading partners on how they can take elements from the EU long-term strategy as well as operational lessons learned into account to bring their ambitions up to speed with that of Europe. This includes agreeing on the Paris Rulebook as soon as possible, which



constitutes the rules and procedures for implementing the Paris Agreement. Doing so provides business with the confidence that the issue of climate change is tackled collectively and that major economies are working towards a global level-playing field.

- After the strategy is published, it is important to keep a close dialogue with social partners and other stakeholders in order to make sure that the transition happens with a full consideration of the socio-economic impacts.

BusinessEurope will continue to provide further comments to the EU GHG reduction strategy in the months to come. In particular, it will aim to provide a final version of its energy and climate vision report by early next year.