

Jose Manuel Barroso  
President of the European Commission  
Berlaymont,  
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Brussels, 25<sup>th</sup> of February 2013

**Revision of the ETS should preserve the competitiveness of the EU NFM industries**

Dear President Barroso,

The undersigned CEOs, representing the European non-ferrous metals industry, which has an annual turnover of 275 billion Euros, wish to draw your attention to an issue of vital interest for European industry.

The European Parliament, Commission and Member States are currently discussing ways of improving the functioning of the EU Emissions Trading Scheme (EU ETS). It is our belief that a functioning cap and trade system is the most cost effective-tool to reduce Europe's GHG emissions, and the EU ETS must remain the central instrument in EU climate policy. However, such EU unilateral policies must not be to the detriment of the competitiveness of European industry. EU climate policy should therefore be aligned with the Commission's goal of increasing industry's share in the EU GDP to 20% by 2020.

The recent attempts to increase the carbon price by the "back-loading" proposal, together with the publication of the carbon market report listing various long-term structural measures, will result in higher carbon costs for European industry. If approved, these initiatives will not prevent industry closures and carbon leakage, but rather relocate investments in manufacturing industry outside Europe. A result of the climate negotiations in Doha has been that the European industry's competitors will not face similar carbon and energy costs in the foreseeable future.

We can support long-term structural measures only if they at the same time include measures to adequately protect Europe's industrial competitiveness. This will require a complete review of the EU ETS, which should include the following principles at the very least:

- Free EU-based allocation for direct and indirect emissions to the Energy Intensive Industries based on benchmarks,
- Allocation must be based on actual – rather than historic - industry production
- Linkage to other carbon schemes only on the basis of symmetry and reciprocity in terms of privileges and burdens on the industry.

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We note that, up to now, there have been very few concrete policy measures in EU aimed at keeping industry in Europe and attracting new investments. Your support in improving this situation is essential.

Industry representatives look forward to meeting you in order to elaborate on how we as industry, with our processes and products, are vital when it comes to achieving the EU's ambitious climate goals.

Yours sincerely,

**Svein Richard Brandtzæg, CEO**  
**Norsk Hydro A.S.A.**



**Harald Kroener, CEO**  
**Wieland-Werke A.G.**



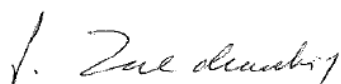
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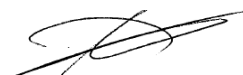
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