The **Alliance of Energy Intensive Industries** welcomes the opportunity to comment on the draft 2030 Target Climate Plan. Our main policy recommendations are outlined below.

**Climate and industrial transformation agendas should be implemented simultaneously**

In the *Masterplan for a Competitive Transformation of EU Energy-intensive Industries Enabling a Climate-neutral, Circular Economy by 2050* the High Level Group on Energy Intensive Industries has highlighted the need for rapid progress on the demonstration of first-of-its kind technologies by 2030, considering the short time left until 2050. Energy-Intensive Industries (EII) support the Commission’s long-term vision for industry, but we now need to go beyond the vision and the high-level statements: industry needs an enabling regulatory framework and specific supporting measures creating the framework conditions for the transformation of our sectors. **Setting up the “right enabling framework conditions for this transition” is a must, here and now:** hence we call for a *Clean Industry Package with concrete actions* in the next 12 months, matching Europe’s climate ambition.

**An increase of the 2030 targets should be based on a thorough impact assessment**

EII welcome the fact that the EC conducts an in-depth impact assessment, to be published by September to underpin the decision to raise the EU’s 2030 climate ambition. It should include a full assessment of the social and economic impacts and a comparative analysis of the costs and benefits of different levels of ambition.

Investment cycles should also be taken into consideration as **innovation will not follow a linear path**. Disruptive breakthrough technologies needed for the climate-neutrality objective require sufficient time to be developed, upscaled and commercialised. Similarly, major energy- and other infrastructure changes will need to be identified and implemented to enable disruptive emission reductions.

It also remains important that the Commission’s analysis also takes into account **levels of climate ambition from our main trading partners** and where available, their Nationally Determined Contributions. Unfortunately, we note that the timing of the 2030 target decision making process does not allow to consider third countries’ climate ambition to be submitted to the UNFCCC. The plan also leaves comprehensive analysis regarding the **revision of the effort-sharing regulation and the ETS directive**, including carbon leakage measures, for a separate initiative at a later stage. A simultaneous debate would be more appropriate.
Fair effort-sharing between ETS and non-ETS sectors

EIIs have a strong record in reducing their GHG emissions. When it comes to effort sharing, it will be particularly important to strike the right balance between ETS sectors on one hand, where emissions have significantly reduced, and non-ETS sectors on the other hand, which in many cases have seen a stagnation or increase of their emissions. In order to prioritise the sectors where most efforts to reduce GHG emissions are necessary, in the perspective of increased GHG emission reduction target for 2030, the impact assessment should consider marginal abatement costs, the length of investment cycles, exposure to global competition and their role in delivering emission reductions along value-chains. While welcoming the increased focus on non ETS sectors to accelerate their contribution to emission reductions, we would be reluctant to include in the same EU ETS, sectors that are more resilient to carbon abatement and that are less exposed to the risk of carbon leakage. Sectors such as road transport at present require a much higher carbon cost incentive than sectors currently covered by the EU ETS.

Protecting industry during the transition

A possible increase of EIIs’ carbon leakage exposure should be assessed alongside the revision of the 2030 climate targets as it is inherently linked to our climate targets. Carbon leakage measures should be commensurate with and effective for the high level of pursued climate ambition. As stated in the Green Deal Communication, carbon leakage can occur “either because production is transferred from the EU to other countries with lower ambition for emission reduction, or because EU products are replaced by more carbon-intensive imports”. Measures to prevent carbon and investment leakage should address both forms of risk, coming from direct and indirect carbon costs.

The Commission says it will assess how increased ambition in the EU ETS may impact the risk of carbon leakage in the industrial sectors, looking at “historical empirical evidence and what the techno-economic potential is to achieve further GHG reductions in industrial sectors”. Considering the high level of climate ambition and underlying carbon price to be expected in the coming decade, any historical evidence based on very different conditions- including very low carbon prices and effective carbon leakage measures - does not represent an appropriate basis for the forward-looking analysis and the need to attract future low-carbon investments. It also seems appropriate to involve EIIs in any study or assessment to understand their own views on future risk of carbon and investment leakage.

Stakeholder’s involvement on impact assessment

Transparent and open stakeholder consultation, not only via web-consultation but with interim report on status of work from EU Commission/consultants, should be organized.

Comprehensive dataset of assumptions and findings supporting impact assessment reports should be made available timely to ensure stakeholders can carry out informed reviews and contribute constructively to consultations.

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1 Between 1990 and 2015 EIIs have already reduced emissions by 36% (Source: European Environment Agency)
2 Recent analyses by Bloomberg NEF and Center for Climate and Energy Analyses (CAKE) project EUA price between 45 and 70€/ton by 2030