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The EUBA warns against a tiered approach to the carbon leakage list

A number of the sectors which are fundamental to the implementation of the EU Bioeconomy strategy, represented by the European Bioeconomy Alliance (EUBA), are identified as being subject to the risk of carbon leakage under the Commission's proposal for the ETS post 2020. These are: starch, oilseeds and protein meals, pulp and paper and sugar. The EUBA supports this approach because there is indeed a real risk that these sectors may relocate their operations outside the EU in the absence of a global level playing field on energy cost.

However the EUBA is also aware of the so-called tiered approach towards carbon leakage put forward by the French and British governments. Under this proposed approach some of the sectors being exposed to carbon leakage would receive more compensation than others. In practise this would mean that fossil-based industries, who are intrinsically most carbon-intensive, would receive 100% free allocation, to the detriment of the sectors which are contributing to the bioeconomy and thus reducing the EU's fossil fuel dependence (who would receive from 0% to a maximum of 80% free allocation). This would create a competition distortion, undermining efforts to develop renewable bio-based materials to replace fossil fuel based ones.

The objective of the EU Emission Trading System is to combat climate change and reduce greenhouse gas emissions. The objective of the European Commission's bioeconomy strategy, endorsed by both the Council of the EU and the European Parliament, is that fossil fuels should be replaced with "sustainable renewable alternatives as part of the shift to a post-petroleum society". The objectives are and must remain complementary and consistent.

According to OECD, "*the full climate change mitigation potential of biotechnology processes and bio-based products ranges from between 1 billion and 2.5 billion tons CO₂ equivalent per year by 2030*".

Both the EU ETS and the EU bioeconomy strategy are fundamental to the European Union's policy to reduce industrial greenhouse gas emissions cost effectively. The EUBA therefore congratulates the European Commission for being consistent and strongly warns against any attempts by Member State governments to undermine that consistency.

Note to the Editor

Innovating for Sustainable Growth: A bioeconomy for Europe: http://ec.europa.eu/research/bioeconomy/pdf/bioeconomycommunicationstrategy_b5_brochure_web.pdf

European Parliament report on innovating for sustainable growth: a bioeconomy for Europe: <http://www.europarl.europa.eu/sides/getDoc.do?type=REPORT&reference=A7-2013-0201&language=EN>

European Bioeconomy Alliance

The European Bioeconomy Alliance (EUBA) is an informal alliance of leading European organisations representing sectors active in the bioeconomy.

Members of the European Bioeconomy Alliance:

Starch Europe
European Starch Industry Association

EuropaBio
The European Association for Bioindustries

CEPI
Confederation of European Paper Industries

PFP
Primary Food Processors

EUBP
European Bioplastics

CEPF

¹ Industrial Biotechnology and Climate Change: Opportunities and challenges, OECD: <https://www.oecd.org/sti/biotech/49024032.pdf>