



Dear Prime Minister,

On 17 and 18 June, EU leaders will discuss the recently published Communication of the European Commission, which analyses an increase of the EU's emission reduction target to 30% by 2020 ("Analysis of options to move beyond 20% and assessing the risks of carbon leakage").

As you consider the Communication, please bear in mind that if Europe remains with its 20% target, the catch-up actions needed post-2020 would be expensive and daunting in the extreme, if even possible.

Six months after the disappointing summit in Copenhagen, we see that the European Union is failing to deliver on the already moderate promises made there. **The Copenhagen Accord commits the EU to acting to keep global average temperature rise below +2°C.** Yet a multitude of research papers, including the European Commission's climate communication of 26 May, show that **the European 2020 20% reduction target is manifestly inadequate for achieving this objective.** Only a 40% reduction target by 2020 will give us a decent chance of remaining within this temperature goal.

This is not an unsolvable problem. Since 2008, European economics have changed. New emission projections show that achieving a 30% or more reduction target now is within arm's reach - moreover, the opportunities that come with such action far outweigh the costs. There is growing evidence that Europe is losing its comparative advantage in clean technologies compared to other major economic players across the globe. Increasing Europe's climate ambition is precisely in line with one of the core objectives formulated in the EU 2020 strategy, namely to reorient our industrial and economic model.

A 30% target will cut our energy dependence by €40 billion and lead to energy saving worth €100 billion. It has the potential to generate almost 1 million new jobs in the renewables sector by 2020 and to cut health costs related to air pollution by at least €3.5 billion.

Unfortunately, certain interest groups are trying hard to drown out this message. It is not a coincidence that those voices that are objecting the loudest to increasing climate ambition are right now making billions from the EU's current climate regime. A recent analysis by research institute CE Delft points out that **the steel, iron and petrochemical industries have made around €14 billion in windfall profits by passing on the price of emission allowances which those sectors received for free to consumers.**

On the other hand, **EU Governments risk losing up to €20 Billion annually through lower auctioning revenues following the collapse of the projected carbon price if more carbon scarcity is not created.** This price drop would be a body blow to the green stimulus package associated with the EU's climate and energy package. Worse still, a lower carbon price would force EU governments to provide more public financing to reach their 2020 renewables target. Immediate and active intervention in the EU Emissions Trading System (ETS) by reducing the supply of allowances is therefore necessary. The introduction of a carbon tax would bring similar benefits with regard to achieving renewables targets in the non-EU ETS sectors in an effective way.

The EURO fiscal crisis has shown that only uniform and strong action by European governments will make a difference in helping solve the major challenges that confront our society. Let it be clearly stated: the climate crisis is one of the biggest challenges we face right now. Taking the first steps in solving it requires a similar, continued commitment by EU leaders.

CAN-Europe therefore urges you to acknowledge the European Commission's communication as an important contribution to the EU's debate on its climate and energy ambitions and the broader debate on the reorientation and recovery of our economy. In addition, Europe cannot forget the promises made in Copenhagen to deliver on fast start finance for developing countries.

We call on you to commit to an extraordinary EU Summit in September with the goal of making the necessary decisions on the EU's climate ambition and the reorientation of the EU's industrial and economic model.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Matthias Duwe', written in a cursive style.

Matthias Duwe, Director, Climate Action Network (CAN) Europe