

## Auction of Emissions Certificates

The American Chamber of Commerce in Germany (AmCham Germany) is monitoring the emission trading negotiations with great concern. Climate policy must be cost-effectively organized in order to avoid compromising industry competitiveness.

Many U.S. investors are directly affected by emission trading. Through the auctioning of emissions certificates, costs would significantly increase in energy- and electricity-intensive branches. Germany has an especially high concentration of energy-intensive industries compared to other nations in Europe. Energy-intensive business invests more than 10 Billion Euros in Germany annually, generates more than 300 Billion Euros in sales revenue and employs roughly 875,000 employees.

We recognize a potential danger in that new investment into manufacturing businesses may no longer be directed towards Europe, but rather will increasingly flow to countries outside of the EU in order to avoid the „Production Tax“ of Emissions Certificates. Depending on the energy mix in these particular countries, it is possible that total CO2 emissions could actually increase.

Businesses need legal security and predictability when making investment decisions. AmCham Germany therefore calls for a decision to be made at the European Council Meeting in December regarding the revision of the directive. The directive should include definitions of technically and economically justifiable standards in order to guarantee long-term, predictable investment conditions for the auction-exempt sectors. Especially in these difficult economic times that we are facing, Europe as a business location, and particularly Germany, must not lose attractiveness through one-sided climate change policy. Climate protection is a global issue and necessitates global solutions.

Having said this, AmCham Germany member companies are also prepared to make their contribution. The German government should make a clear proposal at the Council Meeting in Brussels, ensuring that no EU-level decisions are made that would directly place a burden on the important German investment location.

With approximately 3000 members, AmCham Germany is the largest bilateral economic association in Europe. The promotion of German-American business relations is at the forefront of our efforts. Germany, as the business location with the highest concentration of American investment, represents approximately 130 billion Euros of investment and 800,000 directly-created jobs.

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