

# How do EU companies react to the EU ETS?

## Results of recent surveys concerning the impact of the EU emissions trading system on companies

Compiled by Germanwatch 2013 (caspar@germanwatch.org)

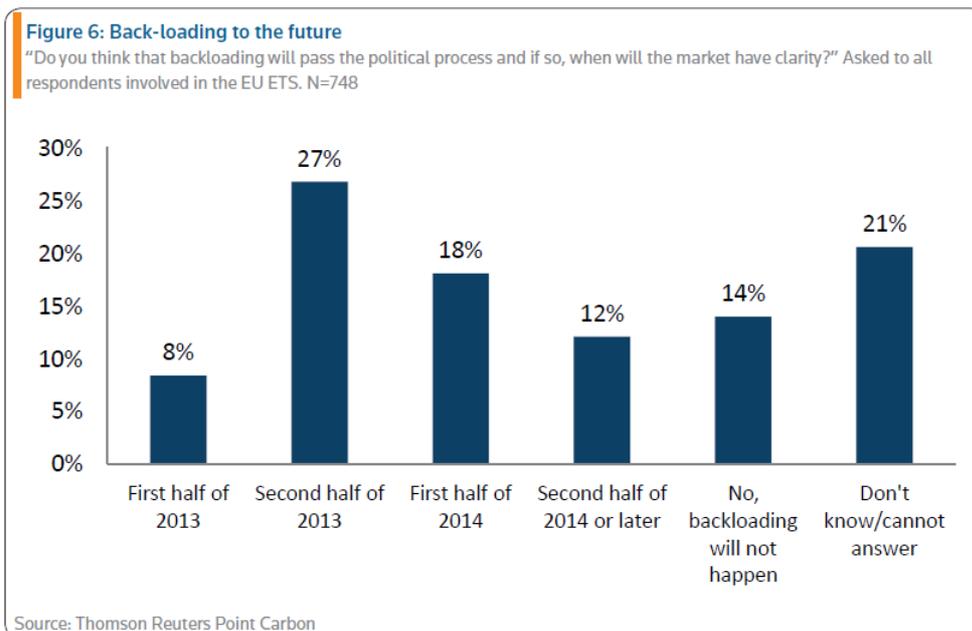
### Summary

This compilation of survey results shows how much companies involved in the EU emissions trading system (EU ETS) expect the EU to reform the ailing carbon market – by implementing the back-loading proposal of the European Commission as a first step. Respondents are confident that the EU will adopt a 30% emissions reduction target for 2020 as a corner stone of further ETS reform.

The survey also shows how little real impact on investments the EU ETS has so far. In a situation in which in 2012 only 17% of companies had to buy allowances – in comparison to 41% that wanted to sell allowances – the market has virtually collapsed. Under these circumstances, the ETS does not fulfil its task to provide for long-term price signals that encourage companies to invest into low-carbon technologies.

### Results in Detail

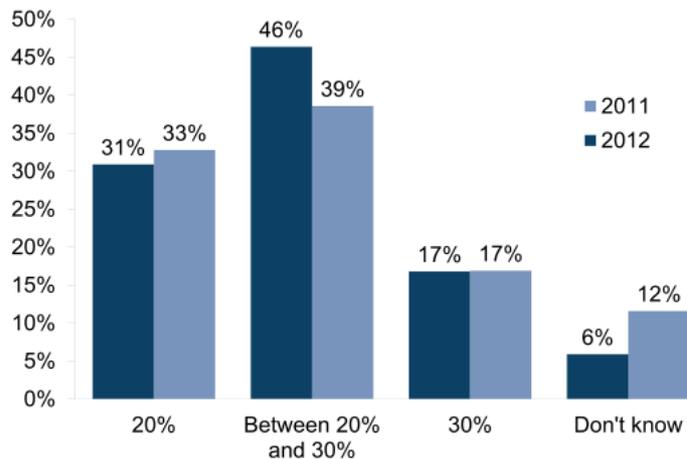
**65% of companies and experts involved in the EU ETS anticipate the EU to implement the back-loading. Only 14% do not expect the back-loading to be implemented.** (Source: Point Carbon 2013)



**63% of EU companies expect the EU to raise its greenhouse gas emissions target for 2020 to more than the current 20% below the 1990 level. A year ago (2011), only 56% of EU companies were of this opinion. (Source: Point Carbon 2012)**

**Figure 13: The EU's 2020 target**

Question asked to EU ETS companies, N=304



Source: Point Carbon

**At the start of 2013 already 77% of respondents were expecting the EU to increase its 2020 climate target to 30%. (Source: Point Carbon 2013)**

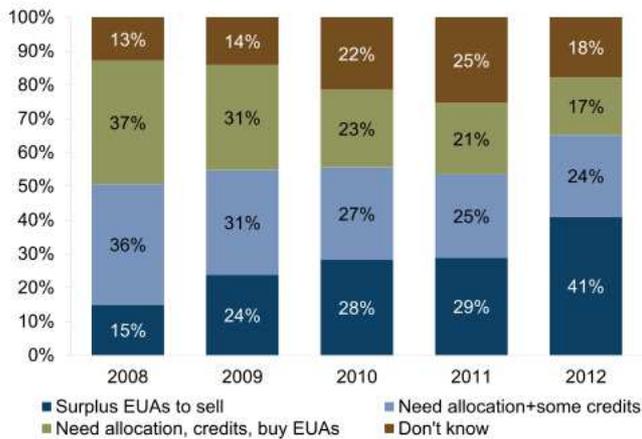
*“Looking at individual options for reform, the **highest share of respondents, or 77 percent, believes that the EU will increase its 2020 emission reduction target to 30%. One way to do this is to increase the linear factor, which determines the rate at which the cap is reduced each year. There are 61 percent of respondents who believe this factor will be revised.***

*The current linear reduction factor is 1.74 percent. We project that an annual reduction in the cap of 1.74 percent will not be sufficient to meet EU's long-term climate target - to reduce emissions by at least 80 percent by 2050, compared to 1990 levels.”*

**Only 17% of EU companies had to buy ETS allowances in 2012. This percentage is very likely to have declined further in 2013, thereby continuing the constant decline since 2008. (Source: Point Carbon 2012)**

**Figure 7: Carbon position in phase 2**

What best describes your company's situation in the EU ETS phase 2 (2008-2012)? Question asked to EU ETS companies, N=394



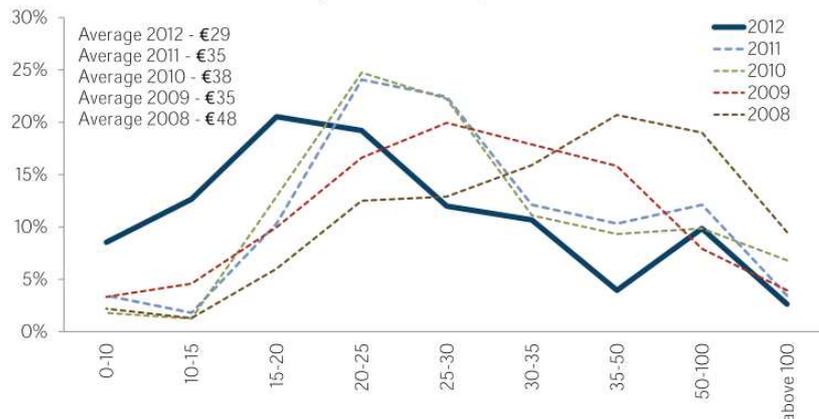
Source: Point Carbon

**EU companies see in average the need for the carbon price to reach 29 EUR (2012) until they would seek to reduce own emissions for selling certificates. (Source: Point Carbon 2012)**

**Figure 11d: Price expectations for EUAs**

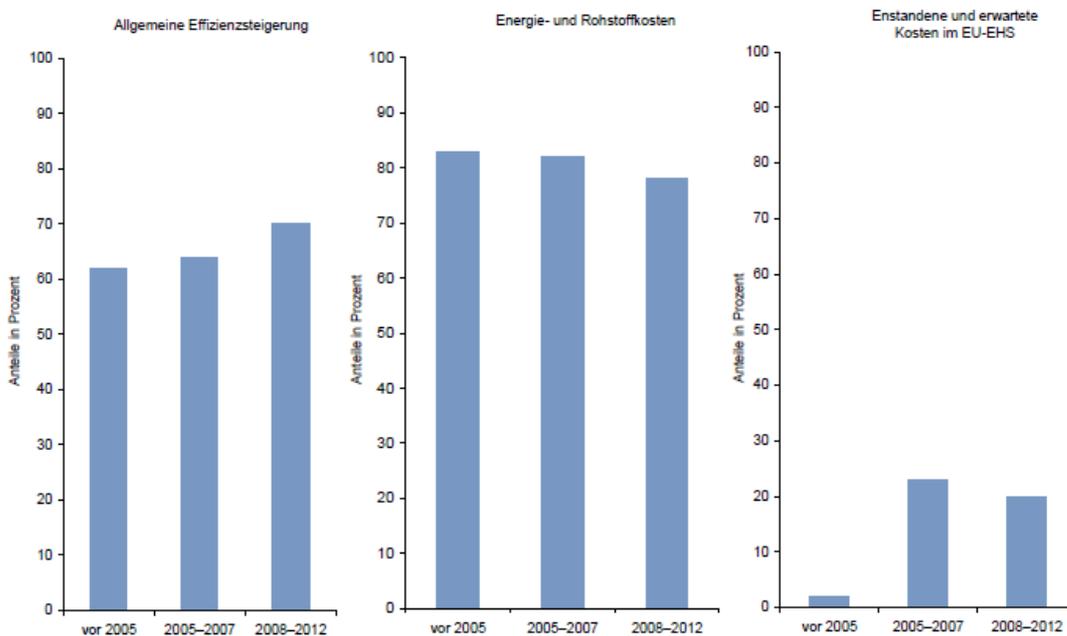
Question asked to EU ETS companies, N= 271

We would seek to reduce our own emissions and start to sell EUAs if the EUA price were to stay above €



Source: Point Carbon

**Only 20% of German companies have invested in GHG reduction measures in the 2005-2012 period, partly due to ETS cost calculations.** (Source: KfW/ZEW CO2 Barometer 2012)



Jeweils Mehrfachnennungen möglich.

Quelle: KfW/ZEW CO<sub>2</sub> Barometer 2012

**Grafik 4: Gründe für die Durchführung von CO<sub>2</sub>-Minderungsmaßnahmen**

**Sources**

**Point Carbon (2012): “Carbon 2012. A market waiting for Godot”**

Views of carbon market participants and observers across the globe surveyed, with a focus on the EU ETS. The online-based survey ran from 6 to 26 February 2012, with 3149 respondents, half of them involved in carbon trading.

[www.pointcarbon.com/research/promo/research/1.1804337?&ref=searchlist](http://www.pointcarbon.com/research/promo/research/1.1804337?&ref=searchlist)

**Point Carbon (2013): “Carbon 2013. At a tipping point.”**

Views of carbon market participants and observers across the globe surveyed, with a focus on the EU ETS. The survey ran from 30 January to 24 February 2013 and garnered views from a total of 2,041 respondents, using a web-based tool.

[www.pointcarbon.com/research/promo/research/1.2236309?&ref=searchlist](http://www.pointcarbon.com/research/promo/research/1.2236309?&ref=searchlist)

**KfW/ZEW CO2 Barometer 2012**

This survey, published in August 2012, is conducted on a yearly basis by the Centre for European Economic Research (ZEW) and the KfW Bankengruppe. Experts and all German companies in the EU ETS are surveyed, using a web-based tool. 19% of companies responded, comprising 68% of verified emissions.

[www.zew.de/de/publikationen/CO2panel.php](http://www.zew.de/de/publikationen/CO2panel.php)