



SAK



Akava



October 11, 2017

1 (2)

Finnish employers and employees:

The EU needs a functioning and fair energy and climate policy

The EU's Energy Union and the related targets for the year 2030 are now in a critical decision-making phase. According to the Finnish labor market central organizations, the requirements of the Paris Climate Agreement and the EU's energy and climate policy must be shared between the Member States in an equal manner, taking into account both international competitiveness and employment.

In general, the legislation proposed as part of the Energy Union is heading in the right direction. However, we wish to highlight the following critical issues, which require attention in the coming months:

- In the **EU emissions trading system (ETS)**, the amount of free emission allowances should be increased by 5 percentage points in order to ensure that the most climate efficient plants will be allocated the amount they require. This also helps to prevent the risk of carbon leakage, i.e. the transition of industries and jobs from Europe to countries with lighter climate policy regulation. At the same time, the amount of emission allowances to be transferred to the market stability reserve instead of the use of the carbon market could be doubled, thus improving the price competitiveness of low-carbon investments. The auctioning revenues from emissions trading should primarily be directed towards the compensation of indirect costs resulting from emissions trading and to the UN climate fund. Possible negative employment effects of climate policy can be minimized by increasing R&D investments, as well as by increasing national funding for retraining, continuing education and adult education.
- With regard to the **LULUCF regulation**, it is important to ensure the fairness of the accounting rules for carbon sinks: Member States should not be penalized for sustainable forestry. In this way, it is possible to safeguard the prerequisites and competitiveness of businesses, which would otherwise be weakened either in the form of imported wood or in the increase of costs for taxpayers, businesses and consumers. This, in turn, would have an adverse impact on employment and the national economy. At the same time, Finland should commit itself to increasing the cumulative carbon sink of forests, thus mitigating global warming. This requires forest management that pays more attention to biodiversity.
- Concerning the Renewable Energy Directive (RED2), we support the Commission's proposal regarding the risk-based approach for **bioenergy sustainability criteria**, for example applying them only to plants over 20 megawatts, same as the EU ETS. This would still include 75 % of Europe's bioenergy and avoid additional bureaucracy and cost burden. Certain requirements should, however, be reconsidered: according to the Commission, greenhouse gas emissions over the life cycle of bioenergy should fall below 80-85% of the coal level, possibly making some bioenergy chains (e.g. use of wood pellets) unsustainable, which might jeopardize replacement of coal with bioenergy (see calculations of VTT Technical Research Centre of Finland: <http://www.vtt.fi/inf/julkaisut/muut/2017/VTT-R-04453-17.pdf> (in Finnish)).



SAK



Akava



2(2)

- The EU **Energy Efficiency target** should be maintained in the format approved by the European Council in October 2014 – indicative both at the EU and national level. This would allow energy use to become more efficient flexibly and at minimum cost.

We hope that the dialogue will continue in an active and respectful manner.

Mr Jyri Häkämies, Director General, Confederation of Finnish Industries EK

Mr Jarkko Eloranta, President, Central Organisation of Finnish Trade Unions SAK

Mr Sture Fjäder, President, Confederation of Unions for Professional and Managerial Staff in Finland Akava

Mr Antti Palola, President, Finnish Professionals STTK