



Department for Environment
Food and Rural Affairs



Andy Limbrick
Head of Environment
First Floor
17 Waterloo Place
London SW1Y4AR

19 February 2007

Dear Colleague,

A UK MANIFESTO ON THE EU EMISSIONS TRADING SCHEME

During the course of last year, we and our Departments have had wide ranging discussions with your business on both the detail and the future of the EU Emissions Trading Scheme. 2007 is going to be a critical year in securing the EU ETS for the long term as a keystone of European and in due course global efforts to reduce greenhouse gas emissions efficiently and at least cost to business.

We are writing to ask you to sign up to and promote the attached UK manifesto on the EU ETS drafted by the working party of business, NGO and Government representatives.

We have been struck in our dealings with UK industry and Non-Governmental Organisations by the level of consensus around the merits of the EU ETS. The level of informed debate on those areas of detail where different businesses or sectors have different opinions is also extremely encouraging and helpful.

Regrettably, the same level of debate is not taking place throughout Europe and there are still sectors in some countries who think the EU ETS might go away if ignored. As you know, this will not happen. We would like to move quickly to clarify the design of the EU ETS post 2012, as part of this year's review of the Directive. If we are to do this, and give the certainty about emissions trading that business needs, we must all play a part in improving the level of debate throughout Europe.

It is for that reason that we wrote to you last year suggesting a UK manifesto on the EU ETS. Our initial impression of the level of consensus on EU ETS was confirmed when we met some key industry figures to discuss the manifesto in November. Following that meeting, a working group comprising representatives of business and NGOs has taken forward drafting the manifesto, facilitated by our officials. That group has now agreed on the attached text. We would very much like to thank those involved for the time and effort they have put in. We believe that the text avoids the pitfalls of descending to the lowest common denominator while highlighting the key issues for the forthcoming Review.

Naturally there are elements of the manifesto which we would change if this were a Government document. There may well be areas where you may prefer different emphasis too. However, as a consensual summary of the key issues, I hope you will agree that this is a document you can support.

The objective of the manifesto is to help feed the debate in industry throughout Europe and to that end this needs to be a document taken forward by industry and NGOs, as well as Government, and promoted alongside your own contributions to the debate. We are currently looking at how best the UK can promote the manifesto but the virtue of this document is that it is not a Government creation. The rest of the EU is familiar with the UK's views and it is the voice of UK industry and NGOs that need to be heard, if we are to get the EU ETS that the UK wants.

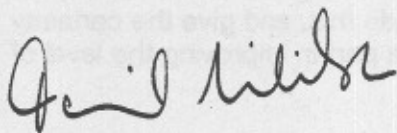
We have in mind a series of events which will help promote the manifesto which will include the following:

- business delegations accompanying Treasury, DTI, Defra Ministers' visits to EU capitals to discuss climate change and energy issues;
- an Anglo-German Government and Business EU ETS summit in Berlin in March;
- participation by UK business, NGOs and Government in scheduled conferences in Europe.

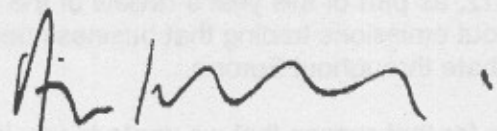
We will also look at promoting the manifesto through European media in conjunction either with groups of companies and/or trade associations depending on the target publication.

We would welcome both your personal participation and that of your businesses in our efforts to improve the EU ETS still further. We are looking to establish a launch event before the Spring Council meeting on 8 March. We should therefore welcome your agreement to sign the manifesto as soon as practicable.

We should be grateful for replies to be sent to David whose officials will co-ordinate the next phase of assisting business and NGOs promote the manifesto in Europe. We would welcome replies by 23 February.



DAVID MILIBAND



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