PRESS RELEASE

EUROPEAN PARLIAMENT EMISSIONS TRADING SYSTEM VOTE SETS THE CORRECT COURSE FOR UPCOMING NEGOTIATIONS

Brussels, 15 February – The European Parliament plenary voted today on the revision of the EU Emissions Trading System (EU ETS). The European Steel Association (EUROFER) believes the text adopted broadly sets the correct course for upcoming negotiations with the other institutions.

"MEPs have produced a Report that tries to balance the ambition of strengthening the carbon market whilst limiting the impact upon industrial competitiveness. We hope the Trialogue negotiations will take stock of the positive elements and improve other points where more work is needed," said Axel Eggert, Director General of EUROFER.

"Industry stands by its position that at least at the level of the 10% best performing steel installations, there must be no direct or indirect costs resulting from the system. This was also the clear recommendation of Heads of State and government," said Mr Eggert.

The Report introduces several improvements to the Commission proposal. For instance, flexibility in the distribution of allowances between auctioning and free allocation is essential to provide more carbon leakage protection to the whole industry's value chain. Additionally, the exemption from the 'cross sectoral correction factor' for sectors most exposed to international competition such as steel is a sensible step. Finally, the Report recognises the environmental benefits of the re-use of waste gases for electricity production by granting full free allocation for these at the benchmark level.

Nevertheless, there are very tangible elements where further work is required in the upcoming Trialogue negotiations. The text retains the artificial flat rates on benchmarks. In sectors that are very close to technical limits, as is the case with steel, such rates cut free allocation below the actual performance of 10% most efficient installations and result in another correction factor.

The Report fails to provide a structural solution for the issue of indirect costs, as it introduces a very limited harmonised scheme with stringent limits on the possibility of additional compensation at national level. It the doubles of the intake rate of the Market Stability Reserve and includes the cancellation of at least 800 million allowances. Additionally, the linear flat rate, while adopted at 2.2%, includes the intention of this eventually being raised to 2.4%. These measures come at a time when priority should have been given to the implementation of the 2030 package.

"We appreciate the great efforts of MEPs to improve the Commission proposal in order to reach a broad political agreement", concluded Mr Eggert. "More work is required in the coming months to make the EU ETS viable. We will support MEPs and other policy makers in subsequent steps of the legislative process to make this happen."

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Notes for Editors

****Please check against website version****

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About the European steel industry

The European steel industry is a world leader in innovation and environmental sustainability. It has a turnover of around €170 billion and directly employs 330,000 highly-skilled people, producing on average 170 million tonnes of steel per year. More than 500 steel production sites across 24 EU Member States provide direct and indirect employment to millions more European citizens. Closely integrated with Europe's manufacturing and construction industries, steel is the backbone for development, growth and employment in Europe.

Steel is the most versatile industrial material in the world. The thousands of different grades and types of steel developed by the industry make the modern world possible. Steel is 100% recyclable and therefore is a fundamental part of the circular economy. As a basic engineering material, steel is also an essential factor in the development and deployment of innovative, CO2-mitigating technologies, improving resource efficiency and fostering sustainable development in Europe.