

PRESS RELEASE

EU ETS TRILOGUES MUST REACH A WORKABLE COMPROMISE

Brussels, 4 April 2017 – Trilogue negotiations between the EU institutions began today on the EU Emissions Trading System (EU ETS) revision for the post-2020 period. Given how key a workable EU ETS is for the competitiveness of the steel sector, the European Steel Association (EUROFER) calls on all parties to reach a compromise which balances environmental and economic sustainability.

“On 15 February the European Parliament reached an agreement that included a 5% reduction of the auctioning share, a method for shielding sectors at high risk of carbon leakages from the application of the Cross Sectoral Correction Factor (CSCF), and strengthened the provisions on recovered waste gases used for electricity production”, said Axel Eggert, Director General of EUROFER. “These solutions would have gone some way to protecting the climate, more carefully underpinning the ability for European industry to invest in the innovation needed to reduce emissions”.

“By contrast, the package put together by member states on 28 February would unfairly penalise even the most efficient players in the market. If even European steel’s most advanced facilities face undue carbon costs, then industry will suffer and the environment will nevertheless go unprotected”, added Mr Eggert. “We also need a structural solution to the issue of indirect costs. This is a key concern for the recycling of steel scrap in Europe, particularly as future carbon prices are forecast to be much higher. The centralised fund proposed by the EP would introduce a minimum level of compensation at EU level. Such a fund should be fully financed from the auctioning share. Arbitrary ceilings on potential additional compensation at national level should also be removed”.

The trilogue negotiations are a critical point in the legislative process. Member states, European Parliament representatives, and European Commission policy makers meet to work out a compromise between their various versions of the proposal.

“European industry needs a balanced EU ETS which takes into account industrial competitiveness in order to remain viable and keep the ability to invest in CO₂-mitigating innovation”, emphasised Mr Eggert.

EUROFER calls on the EU institutions negotiators to:

- reduce the auctioning share by five percentage points if the CSCF is applied;
- shield the most at-risk sectors such as steel from the harmful impact of the CSCF;
- recognise the environmental benefit of the re-use of waste gases for electricity production by granting full free allocation at benchmark level;
- ensure the EU ETS revision provides the legal certainty that indirect costs will be offset at the level of realistic benchmarks in all member states;
- ensure that funding opportunities from the Innovation Fund are available for the whole range of low carbon technologies in the manufacturing industry, including Carbon Direct Avoidance, Process Integration and Carbon Capture and Use (CCU).

“This is a final opportunity to build a post-2020 EU ETS that works for Europe and for European industry”, concluded Mr Eggert.

Notes for Editors

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

Contact

Charles de Lusignan, Communications Manager, +32 2 738 79 35 (charles@eurofer.be)

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 320,000 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.