

PRESS RELEASE

EUROFER COMMENTS AHEAD OF INDUSTRY & ENERGY COMMITTEE EU ETS VOTE

Brussels, 13 October 2016 – The European Parliament’s Industry and Energy Committee (ITRE) will vote today on a series of three compromise amendments on the EU Emissions Trading System post-2020 (EU ETS) proposal.

The political compromises reflect a broad agreement across the largest political groups. The European Steel Association (EUROFER) highly appreciates the efforts of Members of the European Parliament to improve the proposal, who have acknowledged the need to strike a better balance between climate ambition and industrial competitiveness. However, we must call on policy makers to improve the proposal.

Axel Eggert, Director General of EUROFER said, “The combined effect of the compromises would expose the steel industry to more than 35% shortage in free allowances by 2030 and around 25% on average across the period from 2021-2030, and would entail compensation for indirect costs that would be much too low. Such costs would lower the ability of the sector to invest and sustain jobs in Europe. We call on policy makers to try to improve the proposal in subsequent steps of the decision making process in order to ensure free allocation and offsetting of indirect costs at the level of realistic benchmarks, with no artificial haircut or correction factor.”

The compromises introduce more flexibility in the distribution of allowances between auctioning and free allocation, which is essential if policy makers wish to provide carbon leakage protection to the whole industry. Furthermore, an increase in the size of the Innovation Fund as well as the range of eligible technologies is proposed.

“While acknowledging these improvements to the Commission proposal, the compromises do not ensure sufficient carbon leakage protection to sectors at most risk, such as steel,” said Mr Eggert. “In particular, they do not address the issue of waste gases, do not fully remove the mechanism of cutting benchmarks through arbitrary linear flat rates, nor provide a structural solution to the cross sectoral correction factor (CSCF).”

“The proposal to not apply the CSCF to the best 10% installations creates a major distortion of competition within sectors, over-penalising all other installations, including those closest to the benchmark. Furthermore, it does not reward investment made during the trading period and creates more legal uncertainty,” emphasised Mr Eggert.

“Indeed, the compromises fail to ensure the legal certainty that indirect carbon costs will be fully offset at the level of realistic benchmarks in all member states, thereby putting further at risk the competitiveness of EU electro-intensive industries”, concluded Mr Eggert.

EUROFER is committed to proposing ways to improve the ETS proposal so that the steel industry can continue to create jobs, invest and develop low carbon technologies.

Notes for Editors

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About the European Steel Association (EUROFER)

EUROFER is located in Brussels and was founded in 1976. It represents the entirety of steel production in the European Union. EUROFER members are steel companies and national steel federations throughout the EU. The major steel companies and national steel federations in Switzerland and Turkey are associate members.

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.