

# PRESS RELEASE

## ENVIRONMENT COUNCIL MUST FACTOR IN HIGH CARBON LEAKAGE RISK FOR STEEL UNDER EU ETS

**Brussels, 27 February 2017 – The Environment Council will meet tomorrow to consider the proposal on the EU Emissions Trading System (EU ETS) post 2020. At this meeting, representatives of the member states will work towards a ‘general approach’ to take forward to the triologue negotiations with the other institutions. At this juncture, the European Steel Association (EUROFER) highlights the need for the Council to agree a position that reflects the fierce global competition faced by the steel industry.**

“Current Council discussions do not adequately take into account the situation of the EU’s overall manufacturing industry, nor of the European steel sector, which faces particularly fierce global competition”, said Axel Eggert, Director General of EUROFER.

On the other hand, the European Parliament refined the initial Commission proposal in a number of ways. MEPs reduced the auctioning share by 5%, gave sectors at the highest risk of carbon leakage – such as steel – greater shielding, and strengthened the provision that the carbon content of recovered waste gases for electricity production must be fully taken into account when calculating benchmarks. Finally, MEPs introduced a limited harmonised scheme for the compensation of indirect costs with stringent ceilings on the possibility of additional financial sources at national level.

Mr Eggert said, “The Council’s general approach must include this 5% reduction in auctioning share, to make sure that there are enough free allowances for sectors at risk of carbon leakage. The Council must also consider the need for benchmarks to be set at an achievable and realistic level, and for indirect costs to be fully compensated for at that level and in all member states”.

“Benchmarks should be set truly at the level of the 10% most efficient installations on the basis of real data from installations, without annually being automatically cut down. Additionally, eligible sectors should have the legal certainty that indirect costs are offset at the level of realistic benchmarks in all member states”, added Mr Eggert. “If not addressed, these will gradually make the European steel industry completely uncompetitive on the world market”.

“We invite the Environment Council to build a general approach that includes these essential elements. Several member states have put forward workable proposals that move in this direction, such as Germany, Italy, Austria, Belgium and Greece. No agreement should be reached which does not factor in the above considerations”, concluded Mr Eggert.

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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 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.