

Brussels, 25 July 2012

European Non-Ferrous Metals Industry: The Emissions Trading System (ETS) should remain a cost-effective tool to reduce emissions, not worsen the economic crisis

Today, the EU Commission will adopt a proposal aimed at modifying the Emissions Trading Scheme (ETS).

The Non-Ferrous Metals Industry does not see an ETS revision leading to the cancellation or set-aside of allowances as a cost-effective tool in the EU's pursuit of decarbonisation. Instead, it believes that any proposal to change the ETS should be made in the proper legislative and regulatory framework: the official ETS Review. The latter should include all relevant aspects of the ETS: solution to impacts on electricity prices, allocation methods, realistic impact assessments, etc.

The EC proposal cannot be used as a proper basis for decision-making as it lacks a realistic assessment of the impact on industry at installation level, with real electricity prices, real industry pass-through abilities, and real international level playing field impacts, etc. Europe's ETS policy should not only be directed at a part of industry for which high carbon costs are beneficial. Such a policy is clearly to the detriment of the larger part of the energy intensive manufacturing industry, for which higher carbon costs and market uncertainty lead to even less investment in low carbon technology in Europe, ultimately worsening the EU crisis.

The Non-Ferrous Metals Industry therefore calls upon policy-makers to make cost-effective climate legislation. It is only for EU companies that this proposal will lead to higher uncertainty, higher carbon costs and higher electricity prices. Hence, it will simply lead to more closures of companies and investment outside Europe, exacerbating the already heavy EU-dependency of commodities like copper, aluminium, and zinc, and worsening the on-going carbon leakage.

Eurometaux is the Brussels-based EU association of the non-ferrous metals industry, representing the main EU and international metals producers, EU and international metal commodity groups and national metal federations. The industry covers base metals (Al, Cu, Pb, Ni, Zn, Sn), precious metals (Au, Ag, PGM's) and technical metals (e.g. Co, W, Cr, Mo, Mn), manufactured from both virgin and recycled raw materials.

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