



PRESS RELEASE

15th July 2015

ETS reform proposals: a missed opportunity for effective compensation of indirect costs

Eurometaux, the European non-ferrous metals association, expresses initial disappointment at the European Commission's proposal for post-2020 reform of the EU Emissions Trading System (ETS). Although we recognise the Commission's substantial efforts, carbon leakage provisions for direct and indirect costs remain insufficient and uncertain.

Despite several scenarios being developed for harmonised EU compensation of indirect carbon costs, today's proposal would retain a system of partial and imbalanced Member State compensation; thereby perpetuating the risk of carbon leakage for electro-intensive industries. An EU and global level playing field is needed.

Guy Thiran, Eurometaux's Director General, reacted: *"Today's proposals ignore the European Council's request that best performers should be protected from any undue indirect carbon costs, with the system to remain largely unchanged. Regrettably, although several alternatives were offered for EU-level compensation of indirect costs, administrative simplicity has prevailed over the competitiveness of Europe's electro-intensive industries."*

The European non-ferrous metals industry is particularly vulnerable to indirect carbon costs from higher electricity prices, with electricity representing up to 50% of production costs for metals such as aluminium, copper, zinc and ferro-alloys. Due to the global pricing of metals, these extra costs cannot be passed on to customers, creating a competitive disadvantage for Europe's metals companies while there is no global CO₂ price.

Guy Thiran supplemented: *"The proposals presented today do not incorporate a global perspective; crucial for the competitiveness of our sectors. The European non-ferrous metals industry is fundamental to Europe's sustainable development and committed to reduce its industrial emissions. Yet without effective EU-level compensation for our indirect ETS costs, we will have challenges to continue attracting investment after 2020"*.

Together with other energy intensive industries, Eurometaux will now maintain a constructive dialogue with all EU institutions, in order to deliver an ETS that drives both emissions reduction and industrial competitiveness.

Alliance of Energy Intensive Industries

Eurometaux's wider position on the EU ETS proposal is expressed through a Press Release from the Alliance of Energy Intensive Industries, of which it is a member

About Eurometaux

Eurometaux, the European non-ferrous metals association, represents the enterprises and organisations that make up the broad non-ferrous metals supply chain – from mining and refining to processing, fabrication and recycling. Europe's non-ferrous metals industry represents 2% of EU GDP and creates 500,000 direct jobs and over 3 million indirect jobs in Europe.

For more information please contact: Chris Heron, Manager, Communication and Sustainability – heron@eurometaux.be ; Tel: +32 (0) 2775 63 21

