



P R E S S R E L E A S E

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ETS Vote: MEPs make important progress on indirects compensation and qualitative assessment

Eurometaux welcomes today's European Parliament Industry (ITRE) Committee vote on Phase IV of the Emissions Trading System. ITRE MEPs have made an important proposal to introduce a hybrid model for better compensating indirect costs, and recommended to maintain the option for qualitatively assessing a sector's carbon leakage risk. We now call for further improvements from Environmental Committee MEPs to ensure equal protection from both direct and indirect costs, and a specific recognition that globally priced commodities are unable to pass-on regional carbon costs.

Guy Thiran, Eurometaux's Director General, stated on indirects compensation: *"MEPs have taken bold steps forward to agree on a hybrid model for better compensating indirect costs. The combination of a centralised EU fund with optional Member State top-up is the right approach to achieve more balanced compensation across Member States. However, the proposal would still only compensate part of the eligible costs and would not enable full compensation, up to benchmark level.*

Today's proposal for a central fund of 260 million of the total quantity of allowances would only cover 11% of indirect costs faced across European industry. A much higher baseline for this EU-based central fund and the possibility, through Member State top-up, for full and stable compensation level across the entire trading period is now needed. This will minimise the risk of carbon leakage and provide industry with the needed predictability to stimulate new investments. The Environmental Committee should develop and improve the ITRE Committee's hybrid model framework, to secure the competitiveness of Europe's top-performing industries".

Currently, indirect costs are partially compensated by Member States on a voluntary basis. Only nine governments have done so to date. Eurometaux has called for a smart hybrid model. This should include a central EU fund and optional Member State top-up to benchmark levels, without degeneration over time.

Guy Thiran also commented on the Committee's decision to retain qualitative assessment: *"MEPs have recognised that a one-size fits all approach to carbon leakage protection is ineffective. Many sectors are too complex for assessing through a purely mathematical, quantitative formula. By keeping the option for qualitative assessment, MEPs allow sectors to prove their eligibility through other convincing evidence. We welcome this decision, but call for specific recognition of sectors unable to pass-on their regulatory costs".*

Non-ferrous metals are sold at the same price all over the world. Global prices are set by the London Metals Exchange or other mechanisms. Due to these fixed prices, EU companies cannot pass-on extra regulatory costs to their customers, placing them at automatic risk of carbon leakage.

Eurometaux is looking forward to work with the Environmental Committee members to find better solutions on these two areas.

About Eurometaux

Eurometaux is the decisive voice of non-ferrous metals producers and recyclers in Europe. With an annual turnover of €120bn, our members represent an essential industry for European society that businesses in almost every sector depend on. Together, we are leading Europe towards a more circular future through the endlessly recyclable potential of metals.

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