ETS Plenary Vote: MEPs show ambition on indirects, but hybrid system requires improvement

14th February 2016 – In today’s Plenary vote on the EU Emissions Trading System, MEPs have solidified their vision of a hybrid compensation system for indirect carbon costs.

An EU centralised scheme combined with voluntary national top-up has potential to provide our smelters with the support they need to stay competitive. However, the hybrid system will not be effective unless it is amended to permit full compensation levels up to benchmark levels, for the entire trading period. Member States now have a big responsibility to make that happen.

Guy Thiran, Eurometaux’s Director General, stated “We applaud MEPs for their efforts to introduce a new hybrid compensation system for indirect costs. This clearly signals to Member States and the Commission that the current set-up requires fundamental changes. Regrettably, the European Parliament’s proposal has one fatal flaw: MEPs have requested that the maximum level for national compensation should decline over time, putting the longevity of our industry at risk. We now call on Member States to rectify this problem, and deliver full compensation up to benchmark levels as called for in the 2014 European Council Heads of State Conclusions”.

The hybrid system agreed today would allocate 475 million allowances towards a central EU compensation of indirect costs. This fund represents 20% of the industry’s overall needs, with an option for additional Member State top-up according to State Aid rules. Crucially, the system indicates that compensation levels decline over time. This contravenes the 2014 conclusions which acknowledge that in assessing carbon leakage risk, both direct and indirect emissions will be taken into account and that “the most efficient installation…should not face undue carbon costs”.

Moving away from indirects, Guy Thiran welcomed the Plenary’s recognition of globally-priced sectors: “The non-ferrous metals industry is globally-priced, meaning that our top-performing EU installations cannot pass unilateral regulatory costs onto their customers. MEPs are right that this situation should be considered in EU carbon leakage assessments, as it creates an automatic disadvantage against competitors outside of Europe. We hope that Member States will align with the European Parliament on this aspect”.

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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