

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

Indirects compensation remains the “missing link” after Emissions Trading System agreement

Brussels, 10 November 2017 – EU institutions yesterday agreed on a reformed Emissions Trading System (ETS), which should result in a significantly higher carbon price during the post-2020 trading period. Now more than ever, robust carbon leakage measures for direct and indirect costs will be vital.

In that context, the European non-ferrous metals association (Eurometaux) regrets that EU institutions have not found an adequate solution for fully compensating industry’s indirect carbon costs– despite significant goodwill. Policymakers had shown a real willingness to find a way forwards.

We now call on them to carry their ambition into next year’s revision of the Indirects State Aid guidelines, which provides a second opportunity for progress.

Guy Thiran, Eurometaux’s Director General, stated: ‘Today’s ETS reforms should result in a significantly increased carbon price by 2030. This has been partly balanced by some limited extra protection for industries impacted by direct carbon costs. The missing link? Electricity-intensive industries remain without equivalent compensation for their indirect costs. We must improve this situation when revising ETS State Aid guidelines on indirects compensation next year’.

Europe’s metals industry is particularly impacted by the indirect carbon costs passed through in electricity prices, which are up to seven times higher than direct costs. For example, aluminium producers will face extra costs equivalent to 20-25% of their total aluminium sales price if Europe’s carbon price reaches €30 per tonne – as now expected. This is an amount too high for companies to bear without compensation.

After today’s agreement, Member States will continue to partially compensate indirect costs on a voluntary basis. Measures have also been introduced to improve transparency on what compensation is given. Eurometaux had recommended a system of full and transparent compensation.

Guy Thiran continued: “Europe’s low-carbon transition will increase demand for all non-ferrous metals – in wind turbines, solar panels, low-carbon transport and energy storage. Our industry has an ambition to make those metals cleanly and locally in Europe. But we will only be able to invest into the low-carbon innovations required if we have a long-term and predictable regulatory framework. Here, our number one ask is for ETS indirect costs to be fully compensated across all EU Member States”

ABOUT EUROMETAUX

Eurometaux is the decisive voice of non-ferrous metals producers and recyclers in Europe. With 500,000 employees and 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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