

EUROMETAUX PRESS RELEASE

**ETS: Business leaders unite in call to reconcile Europe's climate and industrial policies**

*25 February 2013, Brussels*

**Today, the CEOs of the largest European non-ferrous metal companies addressed an open letter to President Barroso, urging a rethink of short-term fixes to the EU's Emissions Trading Scheme (ETS) and a comprehensive review of Europe's industrial, energy and climate change policies.**

Underlining their continuous support to a well-functioning EU ETS as a central instrument in EU climate policy, CEOs express deep concerns that unilateral EU climate policies, hereunder the latest proposals on the "backloading" of allowances and other short-term measures, have a detrimental effect on the industry's global competitiveness. Under the current regime these measures will enhance industry closures and carbon leakage. Investments will be relocated to outside Europe contrary to the Commission's goal of increasing industry's share in the EU GDP to 20% by 2020.

Rather than focusing on quick fixes, the CEOs propose concrete long-term solutions for the re-design of the EU ETS. *"Long-term structural measures for the period after 2020 should include measures to adequately protect Europe's industrial competitiveness on a global scale"* stressed Oliver Bell, President of Eurometaux *"In our view, the lack of predictability regarding the future EU climate policies and the missing link with the EU objectives in terms of reindustrialisation, are major obstacles for our industries, making the necessary investments. The retention of the industry in Europe offers the biggest potential in emissions' reductions while safeguarding skills and employment."*

In their conclusions, the CEOs call for the rapid adoption of concrete measures to achieve the European Commission's recent industrial policy strategy in which it sets the goal of increasing Europe's industry share and support industrial investments in Europe. CEOs urge the Commission to engage in a review of the EU ETS which has to include at least the following three pillars: benchmark-based EU allocations for direct and indirect emissions to energy intensive industries; allocation based on actual industry production – rather than historic, and a symmetric and reciprocal linkage to other carbon trading schemes.

Signatories of the letter include high representatives from: Hydro, Rio Tinto, Alcoa, Wieland werke, Boliden, Trimet Aluminum, Atlantic copper, Aurubis, Elkem, Metallo – Chimique, Finnjord, IGMNir, Xstrata Zinc, Befesa, FerroPem, Voerdal, Nystar, KGHM and Norilsk Nickel.

The letter with all the signatories is attached to this press release.

*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.*

**For further information, please contact:**

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Brussels, 25<sup>th</sup> of February 2013

**Revision of the ETS should preserve the competitiveness of the EU NFM industries**

Dear President Barroso,

The undersigned CEOs, representing the European non-ferrous metals industry, which has an annual turnover of 275 billion Euros, wish to draw your attention to an issue of vital interest for European industry.

The European Parliament, Commission and Member States are currently discussing ways of improving the functioning of the EU Emissions Trading Scheme (EU ETS). It is our belief that a functioning cap and trade system is the most cost effective-tool to reduce Europe's GHG emissions, and the EU ETS must remain the central instrument in EU climate policy. However, such EU unilateral policies must not be to the detriment of the competitiveness of European industry. EU climate policy should therefore be aligned with the Commission's goal of increasing industry's share in the EU GDP to 20% by 2020.

The recent attempts to increase the carbon price by the "back-loading" proposal, together with the publication of the carbon market report listing various long-term structural measures, will result in higher carbon costs for European industry. If approved, these initiatives will not prevent industry closures and carbon leakage, but rather relocate investments in manufacturing industry outside Europe. A result of the climate negotiations in Doha has been that the European industry's competitors will not face similar carbon and energy costs in the foreseeable future.

We can support long-term structural measures only if they at the same time include measures to adequately protect Europe's industrial competitiveness. This will require a complete review of the EU ETS, which should include the following principles at the very least:

- Free EU-based allocation for direct and indirect emissions to the Energy Intensive Industries based on benchmarks,
- Allocation must be based on actual – rather than historic - industry production
- Linkage to other carbon schemes only on the basis of symmetry and reciprocity in terms of privileges and burdens on the industry.

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We note that, up to now, there have been very few concrete policy measures in EU aimed at keeping industry in Europe and attracting new investments. Your support in improving this situation is essential.

Industry representatives look forward to meeting you in order to elaborate on how we as industry, with our processes and products, are vital when it comes to achieving the EU's ambitious climate goals.

Yours sincerely,

**Svein Richard Brandtzæg, CEO  
Norsk Hydro A.S.A.**



**Harald Kroener, CEO  
Wieland-Werke A.G.**



**Javier Targhetta, CEO  
Atlantic Copper, S.L.U**



**Dirk Vandenberghe, CEO  
METALLO-CHIMIQUE N.V.**



**Santiago Zaldumbide, CEO  
Xstrata Zinc, S.A.**



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