

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

EU institutions must advance ETS indirect costs compensation

Brussels, 11 October 2017 – The European non-ferrous metals association (Eurometaux) calls on EU institutions to find an adequate solution for compensating indirect costs during tomorrow’s triologue negotiation on the post-2020 Emissions Trading System. Full and predictable indirects compensation is needed to protect electro-intensive industries from Carbon Leakage.

Guy Thiran, Director General of Eurometaux stated: **“We commend EU institutions for attempting to tackle the challenge of indirect costs during ETS triologue negotiations. Electricity is the lifeblood of Europe’s metals industry, and the decarbonisation of the industrial sector will likely be largely from electrification. Our global competitiveness is heavily dependent on full and predictable compensation of ETS indirect costs - for all non-ferrous metals exposed to carbon leakage”.**

At present, Member States partially compensate indirect costs on a voluntary basis, for most but not all non-ferrous metals. Eurometaux has recommended a system of full and transparent compensation across all Member States, somewhat equivalent to what is already provided for direct emissions for Phase IV of the EU ETS.

Europe’s metals industry is particularly impacted by indirect costs, which are up to 7 times higher than direct costs. For example, electricity costs make up 30-40% of total production costs for primary aluminium production. With Europe’s CO2 price predicted to reach €30 per tonne over the next decade, aluminium producers will face indirect costs equivalent to 20-25% of their total aluminium sales price – an amount too high to bear without compensation.

Guy Thiran continued: **“It’s imperative that the post-2020 Emissions Trading System further incentivises full compensation across all Member States, instead of hindering governments that already compensate. We welcome any improvements that allow Europe’s electro-intensive industries to compete on a level playing field with other world regions. All studies show that Europe’s low-carbon transition will demand a lot more metals than today. We want to keep making those metals where it is cleanest: here in Europe”.**

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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