Press Release

ENC-085-13

ETS allowances – CSRF: Europe needs an industrial vision, not another burden

Brussels, 10th of September 2013:, Eurometaux, European association of metals, is highly concerned about the consequences and timing of the European Commission's decision on the allocation of ETS allowances, more precisely on the cross-sectoral reduction factor (CSRF), published on Friday, 6 September.

Following the implementation of the ETS Directive, the CSRF is foreseen if the calculated amount of allowances exceeds the maximum amount of allowances available for allocation. Eurometaux is concerned about the procedure that led to such a decision, in particular with regards to the data handling, particularly as preliminary estimates show that the top 10% benchmark already achieves the 21% reduction foreseen by the industry in 2020.

While Eurometaux is supportive of ETS as a market-based instrument to fulfil EU objectives, a pragmatic approach is needed to avoid carbon leakage and further deindustrialisation. The non-ferrous metals sector will be particularly affected by this decision on CSRF:

- As new entrants into the ETS since January 2013, the NFM-sector has not received any free allowances and has no reserves to be used from previous trading periods.

- As both an energy-intensive industry and part of a global price-setting mechanism (i.e. with no possibility to pass on costs), the nonferrous metal sector shall have to face massive additional costs related to power prices. As other competitors in the rest of the world do not bear such additional costs, our competitiveness is jeopardised.

"Europe's non-ferrous metals industry is more than ever under the pressure of high international competition and high energy costs", states Oliver Bell, President of Eurometaux. *"Instead of an industrial policy boosting productive investments and progress*

on sustainability, the Commission gives us yet again another penalty which will damage the economic sustainability of our sector", he insists.

"To maintain production, jobs and innovation within Europe, our sector needs solid and immediate EU action on industrial competitiveness. The current aluminium sector fitness check and related policy measures could be the perfect example of Europe taking on its responsibilities provided that it receives the needed political support."

Eurometaux and its members are also surprised by the process that has led to this decision, particularly transparency on the data used, which has taken place without any stakeholders' consultation, following the notification by Member States of national implementation measures (NIMs). "*The Commission has decided to go for a stringent solution that sends another negative signal to the industry in Europe and is not accompanied by the supporting measures that some energy-intensive-industries deserve,"* Mr Bell concludes.

***

About Eurometaux:

Eurometaux is the Brussels-based 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, Sb), precious metals (Au, Ag, PGMs) and technical metals (e.g. Co, W, Cr, Mo, Mn, Si, FeSI), manufactured from both virgin and recycled raw materials.

For further information, please contact:

Jernej Vernik, Climate Change and Energy Policy - vernik@eurometaux.be