"No trade-off on Fairness"

Recommendations from the Alliance for a fair ETS

April 2017

The Parliament, the Council and the Commission enter now the trilogue negotiations that will shape the ETS directive after 2020.

We, the 17 signatories of this paper, energy-intensive sectors representing about 2 million jobs in the EU and comprising many SME's, are fully committed in taking our share of responsibilities and reducing our emissions.

However, we are also very concerned by the impact that some proposed measures would have on our global competitiveness.

We stand by one principle: sufficient free allowances must be available to allocate every carbon leakage installation at the level of the benchmark, as to avoid additional direct and indirect costs, resulting from the implementation of the ETS that are not faced by our non-EU competitors.

This is true more than ever, especially when some measures, which have been proposed without any impact assessment on our sectors, **might have a dramatic impact on our competitiveness** if adopted without the necessary flexibility in the share of free allocation, like the permanent cancellation of allowances, or the doubling of the intake rate of the MSR.

We therefore ask the trilogue negotiators to acknowledge, in their final compromise, the mutual importance of our sectors for the EU economy, in particular for European jobs, and all our economic value chains by:

1) Ensuring enough free allowances are available to allocate all carbon leakage installations at the level of the benchmark. This is not a free lunch for industry as less than 5% of the installations will receive enough to produce, the remaining 95% will have to buy allowances. **We therefore support the Parliament proposal to reduce the auctioning share by max 5%** (from 57% to 52%) if the CSCF is necessary.
2) Rejecting any approach which aims at discriminating a few from other sectors exposed to carbon leakage risks, namely **the "tiered CSCF"** in the event that the 5% reduction mentioned above is not sufficient. This discrimination between industrial sectors goes against the principle set in the October European Council Conclusions that best performing companies in ETS carbon leakage sectors should not bear further carbon costs. Indeed, a tiered CSCF would entail that even best performers in most sectors would bear significant carbon costs.
3) Supporting the proposal from the Parliament by which the Innovation fund is fully financed from the auctioning share.

OoO

Signatories:

1. Cefic - European Chemical Industry Council
2. CEMBUREAU – European Cement Association
3. Cepi – Confederation of European Paper Industries
4. Cerame-Unie - European Ceramic Industry Association
5. EDG – European Domestic Glass Association
6. Epmf – European Precious Metals Federation
7. European Copper Institute
8. ESGA – European Special Glass Association
9. EUROALLIAGES - Association of European ferro-Alloy producers
10. EUROGYPSUM - Gypsum Industry
11. EuLA – European Lime Association
12. EXCA - European Expanded Clay Association
13. FEVE – The European Container Glass Association
14. FuelsEurope - European Petroleum Refining Industry
15. Glass Fibre Europe – The European Glass Fibre Producers Association
16. Nickel INSTITUTE
17. International Zinc Association