

ETS reform proposal fails to restore competitiveness of aluminium sector

Brussels, 15 July 2015: European Aluminium regrets the absence of an EU-wide solution to shield the most exposed industries from the indirect costs of the Emissions Trading Scheme (ETS) in today's proposal from the European Commission. Without a harmonised scheme for full compensation of carbon costs passed on by utilities in all Member States, Europe's entire aluminium value chain remains in jeopardy.

Director-General, European Aluminium Gerd Götz issues the following statement:

"Today's proposal falls short in terms of restoring our global competitiveness. It ignores unanimous calls from all 28 Member States and the European Parliament for harmonised EU compensation for indirect ETS costs. Our sector is the most exposed to carbon leakage as a result of these costs, which are 6 to 7 times higher than the direct costs and cannot be passed on."

Since 2007, 37% of primary aluminium production operations have been curtailed or closed down in Europe due to increasing regulatory costs, leaving 1 in 6 employees out of work and a broad range of EU businesses dependent on aluminium imports.

The current compensation scheme for indirect costs is based on a system of partial and decreasing state aid. It is applied to a varying degree in only a few Member States and renewed annually. This offers no predictability to the capital-intensive aluminium sector and leads to investment and carbon leakage. The European Commission is aware of the detrimental impact of ETS indirect costs on our electricity bills, documented in its 2013 Cumulative Cost Assessment¹ on the aluminium industry.

"Keeping the status quo is not an option. We are counting on the European Parliament and EU Council to address the gaps in the Commission's proposal and set the right conditions to safeguard the aluminium sector in Europe. The industry needs the political and legal certainty that indirect costs borne by the best performing plants will be compensated in full. The most efficient installations must not face undue carbon costs leading to carbon leakage." Gerd Götz added.

Aluminium is among the fastest growing metal industries in the world due to its unique properties such as lightness, durability, corrosion-resistance and infinite recyclability. It is critical for the future of sustainable growth in Europe, and actively contributes to achieving EU socio-economic and environmental objectives.

About European Aluminium:

European Aluminium, founded in 1981, is the association that represents the whole value chain of the aluminium industry in Europe. We actively engage with decision-makers and the wider stakeholder community to promote the outstanding properties of aluminium, secure growth and optimise the contribution our metal can make to meeting Europe's sustainability challenges. Through environmental and technical expertise, economic and statistical analysis, scientific research, education and sharing of best practices, public affairs and communication activities European Aluminium promotes the use of aluminium as a permanent material that is part of the solution to achieving sustainable goals, while maintaining and improving the image of the industry, of the material and of its applications among their stakeholders.

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¹ Assessment of the Cumulative Cost Impact for the Steel and the Aluminium Industry, 31 October 2013. Available at: http://ec.europa.eu/enterprise/sectors/metals-minerals/files/final-report-aluminium_en.pdf