PRESS RELEASE
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The chemical industry is calling for compensation for MSR

Threat of massive extra burdens

The German chemical industry association VCI is critical of the outcome of the trialogue negotiations on the so-called Market Stability Reserve (MSR), taking the view that MSR is irreconcilable with the market system of emission trading and artificially drives up allowance prices. The VCI’s director-general Utz Tillmann said: “As a result of the Market Stability Reserve, energy-intensive industries will be faced with massive extra burdens. If the projections by the EU Commission are correct, there is the possibility of additional costs of up to 2.2 billion euros per annum in the German chemical industry alone. Without adequate compensation, this would mean a blatant competitive disadvantage for our industry.”

For this reason, Tillmann called upon the EU Commission to avert such consequences of MSR for industry: by suitably adapting the carbon leakage rules. In order to have sufficient quantities of allowances for industry, Tillmann advocated, inter alia, to introduce an industry reserve in emission trading: “The Market Stability Reserve will cause much uncertainty among European industrial companies and adversely impact their readiness to invest – unless there is soon a clear-cut answer to the question how to make up for the costs. This is the only way to prevent a loss of jobs and investments to countries with lower climate protection levels.” According to Tillmann, the local industries should largely receive free allowances until a global system takes effect.
The VCI represents the politico-economic interests of over 1,650 German chemical companies and German subsidiaries of foreign businesses. For this purpose, the VCI is in contact with politicians, public authorities, other industries, science and media. The VCI stands for over 90 percent of the chemical industry in Germany. In 2014 the German chemical industry realized sales of more than 193 billion euros and employed ca. 444,500 staff.

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Please note:

VCI news about the chemical industry is also available via Twitter (http://twitter.com/chemieverband)