

PRESS RELEASE

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*VCI comments the vote on the ETS reform in the Industry Committee of European Parliament***Competitiveness needs a higher standing**

Today the Industry Committee of the European Parliament adopted by a majority of votes the Committee's report on the reform of the EU Emission Trading System (ETS). From the perspective of the German chemical industry association Verband der Chemischen Industrie (VCI), the report brings first progress towards an emission trading system that keeps the right balance between climate protection and economic developments in Europe. Utz Tillmann, member of the VCI presidential council and director-general of the association, stated:

"The Industry Committee has realised that industry, as the main pillar of the European economy, needs scope for further growth. Therefore, the higher volume of free allowances proposed in the report is a step in the right direction."

Tillmann also welcomed the decision of the Members of European Parliament (MEPs) against a "tiered approach". According to Tillmann, that approach would have meant unequal treatment for the sectors on the carbon leakage list in the allocation of free allowances. Not pursuing the "tiered approach" was a central demand of the German chemical industry, so Tillmann.

However, the VCI director-general criticised those aspects of the report that will have negative impacts on the competitive situation of energy-intensive sectors. For example, the Industry Committee wants to tighten technical benchmarks even where there were demonstrably no efficiency improvements; these benchmarks are decisive for the volumes of allocated free allowances. Moreover, free allowances that should really fall to the share of industry are to go into a fund for the EU-wide harmonisation of electricity price compensation. Tillmann emphasised: "Altogether, the topic of competitiveness still needs a clearly higher standing in the ETS reform." Otherwise the reform plans would turn into a risk for competitiveness and further growth in Europe. Tillmann: "Our major global competitors outside the EU have no comparable burdens. The European Parliament should be serious about the risk of production and investment relocations and maintain an effective protection against carbon leakage."

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 2015 the German chemical industry realised sales of around 189 billion euros and employed over 446,000 staff.

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