

PRESS RELEASE

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The European Parliament's Environment Committee tightens EU emission trading (ETS)

Climate protection does not become better, just more costly – stronger pressure on competitiveness

The German chemical industry association Verband der Chemischen Industrie (VCI) criticises today's decision of the European Parliament's Environment Committee on the reform of EU emission trading (ETS) – as the course in the wrong direction. VCI director-general Utz Tillmann comments: "This reform proposal does not make climate protection in Europe any better – it just makes it more costly. This is a negative message for those companies which want to invest and grow in Europe. Today, their competitiveness was not taken into consideration in Brussels."

Tillmann expresses his complete incomprehension at the trade policy measures (border tax adjustments). With such measures, sectors with low trade intensity would not receive free allowances any longer. Tillmann thinks that this is incompatible with WTO law and weakens the export chances of the European Union. Therefore, Tillmann calls to keep up free allowances for the impacted businesses, in order to remain competitive in world trade.

Today's decision renders the situation for free allowances problematic overall. It is true that the Environment Committee raised the allowance budget for industry. But new rules in the ETS reform package cause high costs for energy-intensive installations; this runs counter to the budget rise. In this connection, Tillmann is also critical of the increase of the linear reduction factor to 2.4 percent for the annually issued amounts of CO₂ allowances. According to Tillmann, this further tightens the already ambitious climate goal for industry, even though there are no comparable burdens for international competitors. The concrete shape of the technical benchmarks, which determine the height of free allowance allocation, is seen as far removed from reality. The Environment Committee wants a steady tightening of these benchmarks, also where data show that there was no efficiency increase in an industrial process.

Tillmann believes that this bundle of measures will result in companies no longer receiving sufficient amounts of free allowances; this would destroy the basis for future investments in the impacted installations. The VCI director-general concludes: “Low amounts of free allowances stall growth, and growth is precisely what we need in Europe for climate protection. Most of the measures decided by the Environment Committee do not aim to lower greenhouse gas emissions in the EU, they are merely intended to generate extra revenue from the auctioning of allowances.”

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 2016 the German chemical industry realised sales of around 183 billion euros and employed 446,000 staff.

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Please note:

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