

PRESS RELEASE:

**EU ETS REFORM FURTHER ERODES THE GLOBAL COMPETITIVENESS
OF THE EUROPEAN FERRO-ALLOYS AND SILICON INDUSTRY**

The European ferro-alloys and silicon sector has a long European history in delivering essential materials for European economy, forming an integrated part of major value chains (cars, buildings, electronics, renewable energies, cosmetics).

EUROALLIAGES' members continuously back the European climate change policy and its cornerstone, the EU ETS Directive. With the Alliance of Energy Intensive Industries, EUROALLIAGES works to support the cost-effective global low-carbon transition necessary to combat climate change and deliver competitive low-carbon growth.

The European ferro-alloys and silicon producers expected that the EU ETS reform published by the European Commission on 15th July 2015 would allow European manufacturers to compete at equal footing with industry located in regions which do not apply such an ambitious climate policy. This is the pre-condition that would enable them to continue creating value in Europe while competing on global markets.

Yet EUROALLIAGES' members are disillusioned with the European Commission's goal to ensure favourable conditions for competitiveness, growth and jobs in Europe.

The EU ETS reform proposal recognizes that "*businesses covered by the EU ETS are directly affected*" but lacks consistency by failing to foresee compensation for carbon costs passed on in electricity prices and to effectively sustain sectors exposed to carbon leakage.

EUROALLIAGES' members are particularly vulnerable to indirect carbon costs from higher electricity prices, with electricity representing up to 50% of production costs. Their installations already operate at levels close to the uncompressible process emissions. At the same time, they compete on price in global commodity markets and they cannot pass through their direct and indirect carbon costs to consumers without losing market share to their non-EU competitors.

Without a climate policy that would be truly sustainable for European industry, investment leakage is taking place making it very unlikely that even the most efficient industries grow in Europe.

EUROALLIAGES' members, together with the Alliance of Energy Intensive Industries, call on the European Parliament and the Council to ensure that competitiveness, growth and jobs are European words translated into action.



16TH JULY 2015

Note to editors:

EUROALLIAGES is the European association of ferro-alloys and silicon producers. It represents more than 95% of the production based in the EU and the EEA. Its members provide major industries with essential base materials: they supply the iron, steel and aluminium industries, while representing the most efficient and economical way of introducing alloying elements into iron and steel melts in order to produce the required steel grades. It also provides to the electronic, chemical and solar industries with essential base materials for their products. All processes are energy intensive.

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