

PS/JKD Jan 20

3 February 2010

Open letter to the European Council

Dear European Heads of State and Government,

Public call for European Council support for steel sector R&D activities to achieve - 20% EU ETS target

In view of the weakness of the Copenhagen Accord, the EMF welcomes the Commission's decision on the 28 January to maintain the target of a 20% reduction in GHG emissions by 2020 on 1990 levels. Representing workers across European manufacturing, including the energy intensive steel and non-ferrous metal industries, the EMF was bitterly disappointed by the overall result of the Copenhagen UN conference in December, particularly the failure to reach a binding and comprehensive international agreement on the reduction of greenhouse gases (GHG) guaranteeing a just transition towards a low-carbon economy. The EMF would now like to see the revised Directive on the 3rd phase of EU emissions trading scheme (ETS), as adopted on April 23rd 2009, correctly implemented and enforced to ensure a stable and realistic regulatory environment for long-term investment in our industries.

To achieve a 20% reduction in GHG emissions, the EMF believes that much more investment is needed in the development of new process technologies in our industries. In their deliberations on EU policy post-Copenhagen, **we call on the European Council and member states to actively support politically and financially** the R&D programme of the European Steel Technology Platform and especially the development of full-scale demonstrations in the context of **the Ultra-low CO₂ Steelmaking (ULCOS II) project**.

The EMF has welcomed the announcement that the steel and non-ferrous metals sectors have been recognised as sectors at risk of carbon leakage, and we are following the Commission's benchmarking exercise carefully to **ensure that benchmarks encourage investment in best-available technologies (BAT) rather than penalising best performers**. To this end, we strongly advocate that member states demand that the forthcoming EU benchmark for the steel industry allocates waste-gas related CO₂ emissions resulting from steel production fully to the waste gas producer. We consider that splitting the emissions rights allocations will result in higher GHG emissions as incentives to recycle gases will be undermined.

Finally, not all European industrial sites have exhausted their potential for energy efficiency improvements based on existing technologies. This should be strongly encouraged through EU policy to ensure companies invest in BAT, particularly those companies which have made significant profits in recent years in the economic boom and through the sale of emission rights, as well as those who have banked large numbers of emission rights during the economic downturn. These **resources should be committed to maintaining and upgrading European steel production sites and employment**.

I would be welcome an opportunity to discuss our concerns in more detail with you.

Yours sincerely,



Peter Scherrer
EMF General Secretary