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The Fit for 55 Package should contribute to achieving the EU climate objectives while ensuring that the legal certainty, long-time goals as well as the international competitiveness of the industry are not endangered

Brussels, 14th July 2021 – The European Carbon and Graphite Association (ECGA), the representative association of EU carbon and graphite producers acknowledges the publication of the Fit for 55 Package as the largest and probably the most significant EU level cluster of measures, all supporting the achievement of the 2030 and 2050 climate goals.

It is our firm conviction that these measures should set up the basis of a coherent, environmental, socio-economic, and feasible policy framework allowing the implementation of most efficient measures to reduce greenhouse gas emissions while ensuring that long-time goals the future and international competitiveness of the industry is not undermined. In this context, the package published today should follow the following aspects:

- **The Emissions Trading System (2021 – 2030) should remain the main market instrument for Europe's industries to cost-effectively reduce their emissions**.

A clear, predictable and effective free allocation at European level should continue to be the key tool for sectors exposed to carbon leakage alongside with financial compensation for CO2 costs and electricity prices (electricity represents a substantial share of the carbon and graphite industry operating expenses), as long as a global commitment to price carbon is not reached.

The revised design of the EU ETS should not undermine the competitiveness of the industry, in particular the energy-intensive sectors that are most vulnerable to unilateral carbon and energy cost increases. Energy intensive industries, among which the EU carbon and graphite industry are key contributors to the implementation of the Fit for 55 Package and will not only stimulate innovation in technologies and products but will also consolidate EU's leadership in the reduction of carbon emissions.

- **The European Carbon Border Adjustment Mechanism (CBAM) should be designed in such a way as to address the risk of carbon leakage while fully comply with the World Trade Organization rules, maintain the competitiveness of the European industry and reward contributions to a low-carbon Europe.**

The CBAM should also not put at risk the position of EU exporters. The new instrument must consider the international importance and competitiveness of EU exporters. Excluding exports from this mechanism will also weaken the ability to counteract carbon leakage, as EU production exposed to carbon leakage faces no protection outside the EU. Multinational companies outside the EU are competing directly

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against EU companies and any advantage given to non-EU businesses will consequently disadvantage the EU industry.

- **The Energy Taxation Directive should ensure double taxation and overlapping measures with other EU level legal acts such as ETS or CBAM are avoided while the legal certainty, long-time goals as well as the international competitiveness of the industry are ensured.**

The scrapping of several electricity levies, subsidies or additional taxes should be avoided without a through sectoral and national impact assessment. Alignment of taxation of energy products and electricity with EU energy and climate policies should only be done after a careful consideration of regional and national level potential.

- **The disaggregated, up to PRODCOM level assessments should be maintained in all legislative proposals included in the Fit for 55 Package for subsectors for which NACE-4 is not a relevant level.**

For several sectors, the assessment at NACE 4 - level is not appropriate. Even though those sectors meet the requirements needed for a specific objective when assessed individually at PRODCOM level or via qualitative assessment, they are still not on several eligibility lists because their corresponding NACE 4 codes thresholds do not. Often this is due to the wide heterogeneity of the sector found under the NACE code.

As the same rules (trade and CO2 intensity) have to be applied for small, dissimilar and big homogeneous sectors, they should be treated equally either at NACE or PRODCOM level, and small sectors, unable to pass through CO2 related cost increases to customers should not be disadvantaged. In addition, to ensure equal treatment of large and small industries – a simple, cost effective way to proof of the trade and CO2-intensive could be established to minimize the cost for both the small industries and the administration.

- **Investments in low-carbon products and technologies should be stimulated.**

It is essential that the new technologies are cost-effective, so to maintain the competitiveness of the carbon and graphite industry and its jobs. The sector is already a front runner and has already taken several measures to improve its energy efficiency and decrease emissions. Our industry is committed to take the step to net-zero emissions but there is a need for financial support. The financing instruments at EU and Member States level should continue to be present and to facilitate investments. Support for development, piloting, and up-scaling of key innovative decarbonisation and energy efficiency technologies is still needed.

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About ECGA - The European carbon and graphite producing sector has production activities in seven European Member States (Spain, Norway, Austria, Poland, France, Germany, and Slovakia), and is active all over Europe through trading and selling activities. It is a multimillion 'added value' generating sector, with a worldwide turnover volume of €3 to 5 billion annually. The European carbon and graphite industry employs roughly 40,000 people directly or indirectly.

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