



HUNGARIAN CHEMICAL INDUSTRY ASSOCIATION

Director

1036 Budapest Lajos u. 74-76.

Tel: 3638-720

E-mail: kozpont@mavesz.hu

Budapest, 09 03 2020

MAVESZ comments on the public consultation on draft ETS State Aid Guidelines – EU ETS indirect cost compensation

The Hungarian Chemical Industry Association (MAVESZ) supports the eligibility of the eight sectors on the list submitted by the Commission for indirect compensation.

However, MAVESZ considers that it is necessary to expand the list of eligible sectors. In particular it calls for consideration to include petrochemicals NACE 20.14 (other organic substances) in the sectors eligible for indirect cost compensation on the basis of qualitative assessment. The ETS Directive defines NACE 20.14 as a sector subject to carbon leakage in both direct and indirect emissions for ETS phase IV, too. On the basis of the transparent and logical qualitative assessment provided by the European Chemical Industry Council (CEFIC), NACE 20.14 is qualified for indirect compensation in ETS phase IV. MAVESZ agrees with the analysis and conclusion of CEFIC and supports it.

In order to achieve the objectives of the European Green Deal, sectors' efforts to reduce carbon dioxide emissions will lead to an increase in electrification, so it is incomprehensible why the ETS State Aid Guidelines are impeding this process. The carbon cost of ETS has multiplied in the past years, so the compensation scheme should provide an incentive towards electrification and prevent possible carbon leakage and relocation of industries outside of Europe due to rising indirect costs.

MAVESZ urges the Commission to regulate the indirect cost compensation of the EU ETS at EU level, as this is the only way to ensure internal market unity and to prevent the competition distortion in the internal market.

Budai Iván