Meeting with Cefic, European Chemical Industry Council

29 May 2020

Participants: Ms. Louise Grønfeldt (Cabinet Vestager); [redacted]

Cefic reiterated the arguments presented to the COMP ETS team [redacted] namely that the sector is at significant risk of carbon leakage and should therefore be on the list of eligible sectors.

In particular, Cefic

- Questioned the assessment done by the Commission services and their consultant as regards the risk of carbon leakage, as their own assessment rendered the sector at a higher risk level than low-medium. Regretted that they had not had access to the "sector fiches" prepared for a range of sectors including their own; Cefic explained that they did not feel that the opinion of the sector had been taken sufficiently into account on the assessment.

- Explained that the sector needs investment in electrification in order to meet the green deal objectives. Crackers are at the start of the value chain for many products in Europe, compensation for indirect costs is necessary; [redacted]

Cabinet Vestager:

- Thanked Cefic for the data submitted in reply to the public consultation and assured them that all submissions would be taken into account in the finalisation of the guidelines; regretted that Cefic has the impression that the information provided by the sector is not sufficiently taken into account, and assure Cefic that all information submitted during the public consultation would be assessed during the further process on the Guidelines.

- Explained that there has been a qualitative analysis on all sectors with indirect carbon leakage indicator above 0.15 and on all sectors eligible under the Guidelines currently in force.

- The sector fiches themselves will form part of the final impact assessment but are currently drafts which are not publicly available. The Consultant's report, published together with the draft Guidelines describes the criteria which the consultant has assessed for each sector and therefore gives each sector amble opportunity to comment on these criteria.

- Explained that aid for indirect emission costs may have a negative impact on the efficiency of the EU ETS and the aid is poorly targeted, the aid would relieve the beneficiaries of the cost of their indirect emissions, thereby limiting incentives for emission reductions and innovation in the sector. As a result, the costs of reducing emissions would have to be borne mainly by other sectors of the economy; and further that such State aid may result in significant distortions of competition in the internal market, in particular whenever undertakings in the same sector are treated differently in different Member States due to different budgetary constraints.