EUROMETAUX
EUROPEAN ASSOCIATION OF METALS

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INDUSTRIAL POLICY

EUROMETAUX VIEWS IN IMPLEMENTING EU INDUSTRIAL POLICY OBJECTIVES FOR EU NON-FERROUS METALS INDUSTRIES

EXECUTIVE SUMMARY :

The EU Non-Ferrous Metals (NFM) industries strongly support the Commission's Communication, "An Integrated Policy for the Globalisation Era". We are eager to participate in the development of specific policies to help industry regain competitiveness. The EU must strive to level the playing field, vis-à-vis global competition, as the essential basis for industrial operations and sustainable growth. NFM products enable end-consumers to be more energy- and resource-efficient and are essential to achieve the EU climate ambitions, and a sustainable and competitive future for Europe.

This initiative is particularly timely, given the impacts of the financial crisis and Japanese nuclear incident which are forcing Member States and the EU to rethink their energy and related economic policies.

Energy policy, and in particular access to competitive energy supply, is absolutely vital for the survival of this key sector, which is the building block of the entire industrial value chain. An energy policy review is essential, in the context of climate and environmental policies which, owing to its energy intensity, disproportionately burden the NFM industry, while other key sectors are less affected. Unilateral EU measures with excessive ambitions will inevitably deter investment and, ultimately, will reduce industrial activity in Europe. The very existence of the EU NFM industry is threatened.

The EU must pursue a strong trade and raw material policy to ensure a secure and undistorted access to raw materials and address the EU structural reliance on non-EU countries for its supply of raw materials. It must also strive to reach a global level playing field in raw material markets in order to eliminate increasing competitive imbalances on global product markets.

Eurometaux supports a long-term vision of resource-efficiency and calls for a well-integrated approach at national, EU and international levels to guarantee the competitiveness and sustainability of EU industry. The unique properties of metals and their recyclability should be better recognised and encouraged.

Maintaining a sound industrial base is pre-requisite for innovation and employment growth. The development of a sustainable economy would not be possible without industrial production and the innovative capacity that comes from close cooperation with universities and downstream industries, such as the automotive, electronic, aerospace, IT, engineering etc.

As stated above, effective industrial policy requires full coordination with all other policies. Responding in more detail to the various chapters of the Communication, we will make specific recommendations as the basis for a successful implementation.

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INTRODUCTORY REMARKS :

The Commission's most welcome Europe 2020 Strategy acknowledges the need for a fresh approach to Industrial Policy by presenting it as a flagship initiative. Eurometaux strongly supports the objectives of developing "An Integrated Industrial Policy for the Globalisation Era". To this end, we consider essential the stronger commitment by the European Institutions to develop a **comprehensive industrial policy, fully integrated with other key policies,** such as: Energy, Climate Change, Trade, Resource Efficiency, Environment and Innovation.

The overall EU industry accounts for roughly a third of value added in the EU, a third of employment and almost ¾ of exports[1]. It is vital that the EU economy retains this value added. The recent crisis has clearly demonstrated the irreplaceable role of industry. Recovery will be led by industry, as in the past. In this respect, the European NFM sector is a particularly important link in the industrial chain, as a key provider of materials, technologies and innovation to downstream sectors such as transport, building and construction, telecommunications or energy.

While the European economy is recovering from the financial and economic crisis of 2008-2009, the landscape of the global economy is changing with increasingly competitive pressure from emerging countries such as China, India and Russia. European industry should maintain its historic leadership in key industrial domains and not become a follower. It is time for the EU to assert its own role in the future of global industry.

To develop an effective industrial policy, it is imperative that all EU policies and initiatives be coordinated to assess and address significant impacts on competitiveness. Available tools, such as the "Business Impact Assessment", have to be better utilised in policy decision making processes. **EU institutions must ensure stable conditions for industry to carry out its investments, operations and trade.** EU institutions must fully integrate industry-relevant policies involving the relevant DGs in the European Commission. This strategy must also, much more than is currently the case, take into account the challenges and opportunities of EU policies for different sectors and regions through a more micro-economic impact assessment and ensure that solid data and scientific evidence are used when making policy decisions.

SPECIFIC RECOMMENDATIONS ON TOPICS RAISED IN THE COMMUNICATION :

Following the structure of the Industrial Policy Communication, Eurometaux comments, below, on some topics of particularly high priority for the EU NFM industry:

- **COMPETITIVENESS-PROOFING AND IMPLEMENTING SMART REGULATION (CHAPTER 3.1)**

Eurometaux welcomes the commitment of the Commission to improve the analysis of impacts on industrial competitiveness for all important new policy proposals with significant effects on industry. We also look forward to the ex-post evaluations and "fitness checks" of EU legislation, such as on the EU waste acquis and on REACH, which should be conducted in a better integrated manner in relation to the EU overall objectives.

With respect to competitiveness-proofing and in particular in the energy policy area, Eurometaux strongly calls attention to the need for realistic assessments of the pass-through of emissions allowance costs in electricity prices and the impact of increased electricity prices on electricity intensive industries. Furthermore, the models do not take into account the industry's inability to recover increased electricity costs in the global product markets. Regionally imposed costs like CO_2-costs in power prices cannot be assed on into product prices due to the global price setting mechanism of the London Metal Exchange (LME). Even in the best cases, the European Commission's exercises so far show only a fraction of the real impact. These assessments have led to erroneous conclusions that must not be used as a basis for decision making. **For future policy, the NFM sector insists that these deficiencies must be addressed through improvements in existing models and/or the development of realistic bottom-up impact assessments.**

[1] Eurostat, as referred to in the Report of European Parliament on An Industrial Policy for the Globalised Era (9 March 2011)

- **IMPROVING ACCESS TO FINANCE FOR BUSINESS (CHAPTER 3.2)**

Independently of the conditions prevailing for access to finance, in a capital intensive industry like the NFM industry, an effective industrial policy should first focus on creating the conditions that will encourage investments in Europe. One necessary condition for that is stability and predictability of the overall regulatory framework (energy, environment ...) that directly determines the conditions into which business will operate. Currently **the uncertainty regarding the future regulatory conditions, the continuous changes in legislation and the way they are implemented generate a degree of uncertainty that discourages rather than support investment decisions**. In addition, since banks will have to bear with increasing capital restrictions in the coming years (including inter alia higher thresholds of assets on balance), small and medium-sized companies need to compete more intensely with larger-sized companies for bank loans since the former do not generally have similar access to public capital markets.

- **COMPETITION POLICY (CHAPTER 4.2)**

EU competition policy must take into consideration the global market realities faced by European industries. Rightly, the EU has strict rules on eligibility for state aid to prevent internal market distortion. It is at a loss, however, to address situations where EU legislation imposes costs on EU operations which they can not pass through into product prices owing to a global price setting mechanism, such as the LME. When competing regions do not impose similar costs, this destroys the competitiveness of EU operations. **As EU operations subject to a global price setting mechanism can not compete with each other on pricing, the EU must permit Member States to compensate them and/or find alternate mechanisms to address such competitiveness gaps**, **until the global competition is subject to similar measures**. Such compensation/alternate measures will not distort the internal market and will preserve our ability to compete, internationally. This is in particular relevant in the adaptation of state aid rules with respect to appropriate compensation to energy-intensive industries for indirect ETS costs passed on through electricity prices (see further below our recommendations under Addressing concerns of energy-intensive industries (Chapter 8.5).

- **STRENGTHENING THE SINGLE MARKET AND IMPROVING INFRASTRUCTURE (CHAPTER 4 AND 4.3)**

Under these Chapters, the Commission commits to improve the infrastructure and to step up its efforts to liberalise EU energy markets and implement the Third Internal Energy Market Package. Whereas Eurometaux strongly supports these intentions, it should be clearly recognised that such efforts do not only relate to 'improving infrastructure' but are part of formulating and implementing a comprehensive EU energy policy taking into account the concerns of energy-intensive industries. The following comments should therefore be seen as a part of our recommendations on how to ensure a sound energy policy for energy-intensive industries, whose energy costs range from 20 to 40% and even up to 50% for primary aluminium production.

The new Energy Strategy for Europe 2011-2020, must be based on three key principles: security of supply, decarbonisation and competitiveness. Eurometaux deplores the fact that, **in practice, the energy competitiveness issue has received far too little attention in this strategy, while there is a real risk of carbon- and job-leakage caused by the cumulative cost for industry of all energy policies**. Industrial policy should be closely interlinked with energy policy. There can be no sustainable industrial production without affordable electricity prices. While the policy documents are worded positively, in this respect, current measures explicitly seek to increase prices for energy consumers. This must be reversed by the Industrial Policy.

Indeed, European energy prices have already risen to levels that are unsustainable for industrial users. Cost increases have a number of components:

- Emissions allowance costs from 2005 – passed on into electricity prices also for the energy intensive industry but not yet compensated, despite explicit recognition of the principle in the ETS Revision Directive of 2009,
- Renewable energy subsidies – with uneven exemption or compensation for energy intensive industry from country to country,
- Increased grid costs due to new developments or costs for balancing due to the unstable nature of generation from renewable sources – passed on to customers without appropriate exemptions for energy intensive industry.

Furthermore, due to the way the market is organised and regulated, industrial consumers are not able to enter into long term contracts reflecting the full value of the industry as base-load customers. **Long term contracts are prerequisite for investments in major maintenance or upgrading of industrial facilities. Therefore, industrial policy must create the opportunity to access supply arrangements that are more suitable for large industrial consumers, such as the NFM industry.** It should take initiatives to promote best practices for the long term relation between energy suppliers and users through co-investment models. It should also remove the last regulatory hurdles concerning these contracts. Such long-term commercial arrangements will facilitate investment decisions and provide visibility of the economic conditions for future electricity supplies, an element which is particularly important for energy-intensive industries.

In this context, electricity price formation should be improved by rendering it more demand-oriented rather than only supply-oriented. The existing price formation mechanism does not provide any incentive (e.g. lower prices) to the most efficient base-load profile users to lower their "peak-burden" on the grid, hence reducing costs for power utilities, including their "start-stop" costs.

The wholesale markets need better transparency as well as improved regulatory supervision to allow normal producer/user relations. It is essential to ensure effective monitoring of marginal power prices and market functioning. This can only be done by using the mandate of the Third Energy Package and by using the new competencies of the Regulators to monitor the CO_2 pass through factor of marginal power prices. This should be introduced into the new transparency regulation of the wholesale markets.

- **INDUSTRIAL INNOVATION (CHAPTER 5.1)**

Technological innovation is necessary to assist transformation to a low-carbon and resource-efficient economy. Industrial innovation capacity is a key pillar and driving force for EU industry progress and development. Eurometaux supports, particularly the "European Innovation Partnership" concept which promotes a pragmatic and focused support to innovation, and welcomes the EC initiative on an Innovation Partnership on Raw materials (as currently in EC consultation). This will help to address the hurdles and challenges identified which must be surmounted to secure access to raw materials and a more resource efficient economy.

Eurometaux is a member of the European Technology Platform on Sustainable Mineral Resources and promotes support for further innovation recognising the fact that the high cost of raw materials and the sheer value of metals have encouraged the NFM industry to invest in research and innovation to extract, produce and recycle materials with ever greater efficiency. So, while further gains in primary production will be limited by the high degree of efficiency already obtained, support can be instrumental at all steps of the value chain, including to increase recycling. European industry leads the world in recycling efficiency, with rates varying between 40 and 60 percent and with exemplary environmental performance and capacity to recycle complex materials. The industry has the potential further to develop, provided the right framework conditions are created – including a sound and secure access to secondary materials and support to technological and structural innovation for recycling.

More partnership between actors in the value chains, and also between the various stakeholders (industry, authorities, NGOs), based on a good understanding of the value chain's characteristics, challenges and hurdles is desirable to enhance progress including in recycling.

We believe that the transition to a low-cost carbon economy opens many opportunities. Europe should be a leader in the innovation and rapid deployment of green technologies, products and services. Without affordable electricity prices, however, many of those new high-tech investments will be made outside Europe, often in capacity to product materials and products for export to the EU. As previously noted, it is unacceptable that the new EU Energy strategy is not devised to generate the much needed competitive electricity supply required to ensure European industrial competitiveness. This must be changed.

While an industrial policy underpinning competitiveness is a sine qua non, the EU can facilitate innovation also by improving access to finance and as a facilitator of research and knowledge sharing. Member States should be reminded of the guidance in the ETS Revision Directive under recital 18, which provides

that at least 50% of the proceeds from the auctioning of allowances should be used to reduce greenhouse gas emissions, notably by funding research and development for emissions reduction and climate change adaptation. This could take the form of direct grants to industry for competitive technology research; bank guaranteed soft loans with lower than market interest rates; and/or fiscal stimulus package for longer term technological research to foster energy efficiency.

- **TRADE AND INTERNATIONAL REGULATION (CHAPTER 6.1)**

International trade policy is central to sustainable growth and must be an important consideration of industrial strategy. **Trade policy should provide access to key growing markets on a free, fair and sustainable basis both to secure indispensable raw materials and to provide industry with desirable export outlets.**

From the EU NFM industry perspective, access to raw materials (primary and secondary) and security of supply are sine qua non to maintain an innovative and competitive industry, and to ensure that the EU reaches its global 2020 objectives. The EU priorities should ensure more level playing field and cooperation where desirable and to foster an international framework in which free and fair trade are recognized and effectively implemented. It is important that EU trade policy shapes conditions under which the NFM industry along its value chain is enabled to continue to develop high performance, innovative, sustainable and resource efficient production and products for the benefit of society.

During the past years, the EU non-ferrous metal industry has continuously encouraged the Commission to promote EU trade interests in the context of the WTO multilateral rounds and EU bilateral trade agreements. Concerns expressed mainly arise from:

- the EU structural reliance on non-EU countries for its supplies of raw materials
- the spreading and aggravation of distorting measures on these raw materials markets, which increasingly appear as the root causes of competitive distortions on products
- a lack of level playing field in industry operating conditions in respect of environmental and social protection
- a lack of convergence of tariff schedules on non-ferrous metals around the world and marked tariff escalation in certain countries that enables them to protect and subsidize the development of their domestic value chain eventually against the economic logic and irrespective of the actual market requirements
- the overall and ultimate detrimental impact of all these distortions or imbalances on the competitiveness of EU products

In view of current developments in the operating conditions of international markets, we need the EU to pursue its trade policy objectives even more vigorously at all levels (multilateral, bilateral and autonomous) by:

- making more offensive use of the WTO dispute settlement mechanism,
- being more demanding in WTO accession negotiations,
- being more offensive in bilateral trade agreements,
- raising again and again the issue of restrictive raw material policies, and the impact thereof, and the need for rule clarification and disciplines on export restrictions,
- raising systematically the issue of level playing field which is necessary to ensure access to markets on a free, fair and sustainable basis
- being consistent in the shaping of autonomous policies (e.g. in the EU Generalized System of Preferences (GSP)
- being consistent in the enforcement of waste management and recycling strategies inasmuch as these have a direct impact on the availability of a major source of raw material for the EU industry (e.g. enforcement of the environmental sound management (ESM) principle on scrap export, fight against illegal and fraudulent scrap exports)

- **ENSURING ACCESS TO RAW MATERIALS AND CRITICAL PRODUCTS (CHAPTER 6.2)**

Over many years the EU NFM industry has urged the Commission to address the critical issue of access to raw materials. Eurometaux therefore welcomes the recent Communications (2008 and 2011) on access to raw materials. The three pillars identified to ensure i) fair and sustainable supply of raw materials from 3rd countries ii) access to raw materials inside the EU and iii) resource efficiency and

recycling - are important and complementary. The European Commission should ensure **a holistic approach with respect to ensuring access to raw materials based on these pillars and the interested DGs should reinforce their activities to realize the objectives** of the Raw Materials Communications. Eurometaux supports the 2011 Communication's increased focus on innovation and the announced priority on enforcement of existing legislation such as the Waste Shipment Regulation as a means to address the critical problem of illegal exports of raw materials.

Eurometaux urges the Commission swiftly to implement the measures proposed in the 2011 Communication. Some of the concrete measures include the recognition of the benefits of recycling in other policies and methodologies, such as in energy policy and to promote recycling in efficient rather than in sub-standard facilities. In this respect, we welcome the commitment to "examine the feasibility of applying a global certification scheme for recycling facilities to the export of waste stream, building on environmentally-sound management criteria". It is also pertinent that the Commission continuously conducts trade actions in relation to 3rd countries that employ restrictive raw material policies. as discussed above, in the section on trade.

- **RESOURCE, ENERGY AND CARBON EFFICIENCY (CHAPTER 7.1)**

Resource efficiency is a cross-cutting objective that needs to be addressed horizontally while taking account of economic, industrial and environmental impacts.
Eurometaux supports a long-term vision of resource efficiency and a cost-effective, progressive approach leading towards this long-term objective and the progressive decoupling of economic growth from environmental impacts. It also calls for a well-integrated approach at national, EU and international levels to guarantee both the competitiveness and sustainability of the EU industry.

A sound understanding of the various value chains is pre-requisite to any effective resource efficiency policy. Different policy options for different value chains and different steps of a value chain, may be effective to reach optimal objectives. Such an analysis would need to assess the relevance of additional measures and whether they would be proportionate to the cost.

The NFM industry supports the development of good indicators and data to assess the challenges and hurdles. However, it calls for a cautious consideration of the requirements and impacts of measures such as the imposition of targets for the reduction of natural resource use. Improved recycling, alone, while essential, would be insufficient to meet the growing demand for metals, which are, among other things, indispensable to build a low-carbon economy; nor would penalisation of primary resources use be an effective way to promote recycling. It is important to recognise the specific situation of NFM with long lifetimes in the use phases, which delays their availability for recycling. Rather than a negative, this is a positive attribute, especially, given that metals remain in stock within society, as a reliable and growing energy bank.

The value of recycling should be better recognised so as to ensure progress towards a more circular economy, meaning that the material is re-used/recycled once the product can no longer be used (closing the loop).

Before introducing new market-based instruments, a proper assessment is required to assess the effectiveness of those instruments as compared to existing instruments, to avoid detrimental impacts and mitigate unforeseen risks/issues.

The revised Eco-design and Energy Labelling Directive will stimulate the transition towards an eco-efficient economy and improve the provision of energy-efficiency information to consumers. Their implementation must fully incorporate the principle of life cycle assessment and life-cycle costing of products, and take particular regard of the fact that metals can be recycled over and over again. **It is particularly important that in this regard metals' unique properties of infinite recycling are taken into account when undertaking comprehensive life cycle analysis using scientific and reliable data.**

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- **THE SECTOR-SPECIFIC DIMENSION – A TARGETED APPROACH AND OTHER SOCIETAL CHALLENGES (CHAPTER 8)**

The Commission recognises in its Communication the importance of the manufacturing value chain and in having a sector-specific dimension and targeted approach when defining its industrial policy. Policy objectives/measures for certain industry sectors, such as the space and construction sectors, are outlined and the importance of a value-chain approach is illustrated by some specific industrial sectors. With respect to this, Eurometaux would like to emphasize that metals are strategic raw materials for many important sectors of the economy. **The development of a sustainable economy would not be possible without the products of the EU NFM industry and the innovation capacity that comes from the good cooperation between EU NFM industries and downstream industries, such as the automotive, electronic, aerospace, IT, engineering industries, etc.**

The use of metals can make a positive contribution to tackling societal challenges as, for example:

- the cooperation between the European automotive and aluminium industries has made these sectors worldwide leaders in respect to the development and application of innovative, safe and cost efficient light-weighting aluminium solutions. Weight savings in cars reduce fuel consumption and CO_2 emissions. Aluminium use provides weight savings of up to 50%, compared to the use of competing materials in most applications without compromising safety
- precious metals properties are used in a wide range of environmentally and socially beneficial products such as emission control catalysts for vehicles, pharmaceuticals and catalysts for fuel cells.

It is recognised that the construction sector can make a substantial contribution in responding to climate change and other environmental and societal changes. The building sector is the largest consumer of energy in the EU with up to 40% share in final energy demand. The Energy Efficiency of Buildings Directive and the Construction Material Directive will both contribute to redefine the materials of choice. It is essential that the life cycle of all elements, including the recyclability of the latter, are taken into account when assessing and comparing their properties. In this respect, metals can by its specific characteristics make particular contributions, given that for example:

- copper can facilitate a typical 50% reduction in energy losses from inefficient equipment and systems in standard European homes and businesses. Copper's conductivity is key to improving the electrical energy efficiency of wires and cables, motors and transformers, and household appliances. This explains why 60% of copper demand is used in electrical applications.
- aluminium plays a key role in the sustainability and energy performance of buildings thanks to some of its properties such as lightness, flexibility, strength, conductivity, reflectivity and durability. As an example, intelligent facades incorporating aluminium systems can decrease energy consumption by up to 50%.

- **ADDRESSING CONCERNS OF ENERGY-INTENSIVE INDUSTRIES (CHAPTER 8.5)**

Eurometaux welcomes the specific attention of the Commission to the concerns of energy-intensive industries. Eurometaux supports the EU 2020 objectives of smart, inclusive and sustainable growth and believes that industry in general has a critical role to play in this respect. Eurometaux strongly believes that any successful resource efficiency strategy, energy and climate change policy and implementing measures need equally to consider sustainability and competitiveness, as well as impacts on employment, and on a level playing field in the global market.

- An important element of the EU legally binding Climate Strategy is to **work towards the conclusion of a comprehensive international climate change agreement**. Climate change can only be tackled successfully on a global basis. Despite some progress at Cancun, the world is still far from a comprehensive agreement that would constrain Europe's competitors, imposing on them environmental costs similar to those borne by EU industry. In the absence of such an international agreement, any further increase of the EU's unilateral 20% emission reduction target would accelerate carbon leakage. Therefore, in the context of the 2050 Roadmap discussion, we recommend that more ambitious targets be adopted only on the conditional basis that other major economies in the world adopt similar targets. Any other attempts to raise carbon prices further – e.g. by artificial set-asides of allowances, or minimum prices – would be counterproductive to industrial competitiveness and should not be pursued.

Together with the primary NFM production, metal recycling will be included under the EU ETS and regulated under the 'Fallback approach', post 2012. Implementation of these ETS allocation rules imposes severe costs on all metal recycling activities that are not based on natural gas. The urgency of this issue is very high as many investments have been deferred and companies are closing.

These negative impacts on metal recycling contradict EU recycling policy for which specific support for recycling activity is to be expected. Moreover, this increases the risk that strategic European scrap and other secondary raw materials will increasingly flow to non-EU27 countries. Those countries already are eagerly purchasing EU raw materials and often recycle the metals in less-environmentally/socially-friendly ways.

Our industry urges that the economic damage caused by the EU ETS implementation rules for metal recycling be corrected as quickly as possible.

- Renewable energy is an increasingly important element of the EU energy mix. The future grid infrastructure must cater for stronger use of intermittent energy sources like wind or solar. This makes it necessary to increase conventional energy sources as a backup when weather conditions reduce the effectiveness of wind and solar power. At the same time, it must be acknowledged that energy prices have risen significantly in some Member States due to renewable energy support. **Until such time as competing regions are exposed to similar environmental costs, transitional measures must be provided to compensate energy-intensive industries for their increased energy costs to reduce the competitiveness risks due to the cumulative impact of energy policies.** In the long term, renewable energy support schemes must be implemented where it is economically and environmentally most efficient, so that these energy sources can eventually become commercially viable.

- EU ETS CO_2 (opportunity) costs have been fully passed through into power prices, contributing to spiralling electricity costs for our companies, since 2005. Unlike our global competitors, which do not bear equivalent carbon costs in their power prices, many EU smelters, which have also seen their historic long-term electricity contracts expiring, are already fully exposed to the ETS cost pass-through in power prices. As the remaining long-term contracts come to an end, almost all smelters will be exposed within the next few years. The need for compensation is recognised in the ETS Directive, which stipulates that Member States may offset the emission-related additional cost of electricity for electro-intensive industries. Unfortunately, while the power price has been impacted since 2005, this compensation for carbon leakage will apply only as of 2013. Most European smelters are therefore in a critical situation, and closures have already started.

  We understand that the state aid guidelines will be modified to implement the ETS provisions. **To be effective and avoid carbon leakage, all member states have to provide the aid and the modification must permit full compensation based on the actual CO_2 costs in electricity, for as long as the risk of carbon leakage remains.** The aid will be based on efficiency benchmarks. Any further reduction of the aid should be avoided, as it would be counterproductive to the legislator's intention of avoiding carbon leakage.

  The non-ferrous metals industry has a global pricing system and cannot pass on regionally imposed costs in its end prices. Such a global pricing system should automatically qualify the industry for aid. As this procedure will take some time, equivalent interim measures must be adopted, like those proposed by Germany for non-ferrous metals, to prevent more closures and the very carbon leakage that the ETS is seeking to prevent. If member states cannot provide the aid, alternative measures have to be proposed to solve the carbon leakage problem. It is necessary and urgent for the EU to make it clear and transparent what measures can be taken by Member States to prevent Indirect Carbon leakage while respecting the EU competition rules. In this context, it is imperative that European Competition policy complement industrial policy, instead of hindering it.

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