

INCLUSION OF CONSUMPTION of carbon intensive materials in the EU ETS

European Parliament, Brussels, Room ASP 03H1

Tuesday, May 24, 2016,

8.00-9.00 am

- 7:30 Accreditation-Security Check (Entrance via ASP Building, Rue Wiertz; only for those NOT possessing a badge)
- 8:00 Welcome by Jens Geier MEP (S&D) and Host
- 8:10 Presentation of study: Prof. Karsten Neuhoff, DIW Berlin and Climate Strategies
- 8:30 Response: Carl de Mare, Head of Emerging Technology Development, Arcelor Mittal
- 8:35 Response: Rob van der Meer, Director Public Affairs, Heidelberg Cement
- 8:40 Response: Sam Van Den Plas, Climate and Energy Program, WWF
- 8:45 Discussion

The debate on the future of the European Union's Emissions Trading System (ETS) is in full swing. It will determine whether EU ETS can support innovation and investment opportunities in production and use of materials. Discussions to date are however largely focused on how to structure free allowance allocation to avoid the risk of carbon leakage.

The Paris Agreement on climate change, agreed in December 2015, means countries need to prepare a low-carbon transition for their economies. This requires stronger action than is currently planned, but also creates new policy opportunities. In particular, Europe could now consider the inclusion of consumption of carbon intensive materials in the ETS in addition to the upstream coverage of emitting installations. This would replicate similar systems China and Korea have implemented for their power sector. Thus incentives for investment and innovation in materials production and use could be aligned with carbon leakage protection.

The research network Climate Strategies has convened 17 international research partners led by DIW Berlin to analyse whether and how this can be implemented in practice. Legal and administrative assessments show that inclusion of consumption of carbon intensive materials can be aligned with existing procedures of public and private actors. The consumption-based approach also avoids WTO and political challenges with trade-related measures. Thus it offers a promising option for the further development of ETS mechanisms. Whether, when and how this would become an element of EU ETS shall be the subject of the debate.

Due to the limited space for this event please confirm your attendance by **Tuesday 17th of May** by sending an email to info@climatestrategies.org.

IMPORTANT: If you do not have a European Parliament pass, please also send us the following information ASAP:

- **Your date of birth**
- **Your nationality**
- **Your form of identification (passport or national ID) and corresponding number**