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**European Commission
Directorate-General Climate Action**

Consultation on structural options to strengthen the EU Emissions Trading System

Despite the efforts of the Commission to reach an agreement on a binding international carbon market, no such system is in place today. This is a critical element for the Hungarian refining and petrochemical industry, because our operations are directly exposed to international competition. But in the absence of an international agreement, the proposed measures would potentially have detrimental effect on the competitiveness of industries exposed to carbon leakage. Agreement on an **international regime** would remove these concerns, and would allow us to re-evaluate our position.

We consider the current surplus as a combined result of the crisis and overlapping climate policy measures that further weakened the potential of the EU ETS. Demand for quotas may pick up once the economy recovers, and it would be counter-productive to increase them administratively. We encourage the Commission to analyse the impact of overlapping measures, remove duplications and not to propose new measures before such an assessment is completed.

Best regards,

Iván Budai
CEO