

RHI calls for an open debate for the EU ETS post 2020

RHI is highly committed to climate protection and resource efficiency

RHI, world market leader in high-grade ceramic refractory materials, is **highly committed to climate protection and resource efficiency**. We contribute to these goals by continuously investing in innovative technologies and processes designed to reduce CO₂ and to increase efficiency. In 2012, RHI allocated € 25,8 m to environmental measures. This is equivalent to approximately 14 % of RHI's total investments in 2012. In addition, RHI introduced an energy management system designed to systematically save energy throughout the group. RHI has its own global research and technology centre in Leoben, Austria, and fully contributes to the ETS.

RHI calls to respect adopted framework conditions and to start a constructive debate on the level of ambition for the EU ETS post 2020

In the light of the ongoing discussions about a review of the ETS and the subsequent carbon market report of the Commission¹, where the Commission presented a shortlist of six options to 'eradicate' a surplus of allowances, RHI wants to stress the following points:

- The ETS was designed as a market-based instrument, which is supposed to promote the **reduction of emissions** in a cost-effective and economically efficient manner **and to give industry security and predictability**.
- The ETS is the cornerstone *to contribute* to the overall goal to combat climate change and to achieve the EU's commitment to reduce GHG emissions by at least 20% or by 30%, **provided the International Community would contribute adequately**.
- The ETS **fully meets its climate policy objectives** and the targets set by Europe. **The cap and trade system guarantees that given emission reduction aims are reached** in a cost efficient manner. **It is the cap that secures emission reductions, not the price**.
- Around **11% of GHG emitted worldwide each year come from within the EU** with a *decreasing tendency* as major emerging economies continue to grow. Climate change therefore can only be successfully tackled **if the EU's major economic partners get involved. In the absence of international action, however, the EU should not change its target unilaterally**.
- The proposed measures by the Commission carbon market report **seem to subsume structural action exclusively in the light of the CO₂-price**. Such approach should be avoided as it suggests a politically and politico-economic motivated action that will result in uncertainty and lack of confidence for business and all stakeholders. Such intention also **contradicts the primary ETS-objective of emission reduction and interferes with a more constructive discussion on how to achieve a systemic solution**.
- The 'price' related discussions and proposed actions also stand in **stark contrast to the industrial policy, which the Commission identified as necessary**: increasing the share of industry in the EU's GDP to 20% in the year 2020. The Commission itself states that the sustainable growth needed in Europe and high-quality jobs are created by industry.
- As energy intensive industry RHI wants also to stress that the CO₂ price is not an appropriate tool for innovation policy **and negates the basic conditions of different industries**. Raw material related emissions cannot be reduced. Three quarters of all emissions at RHI are related to raw materials.
- As market-leader RHI drives research and innovation and is committed to the highest standards when it comes to its own energy management system and CO₂-emission reduction. As long as the

¹ Commission report: The state of the European carbon market in 2012 - Brussels, 14.11.2012, COM (2012) 652 final

supplied energy is based on fossil fuels, reduction of energy consumption will also reduce carbon emissions. **This interaction between energy efficiency measures and compliance with the ETS should be acknowledged. Continuous investments by industry in energy efficiency measures that reduce demand for CO₂-allowances and hence lead to a lower CO₂-price tag would be undermined by any intervention to raise the CO₂-price artificially.**

RHI supports the central role played by the ETS in the EU climate policy and therefore calls on the legislator to respect framework conditions that were adopted until 2020. It was the declared political will to (1) set **long-term targets** and to (2) set a **predictable path** for the reduction of emissions with the ETS, in order to (3) **provide planning security** for the industry subject to it.

At the same time RHI calls on EU policy-makers **to start an open and constructive debate on the level of ambition for the EU ETS post 2020.** This needs to take place within the context of a comprehensive debate about the future of the EU's energy, climate and industrial policies. An improved coherence among these policies will be crucial for the competitiveness of EU industry.

About RHI AG:

RHI AG is the world market and technology leader in high-grade ceramic refractory materials. As a global player with Austrian roots, RHI employs approximately 8,000 people at 31 production sites in Europe, North and South America and China, and is represented by more than 70 sales offices on four continents. The headquarters is based in Vienna, Austria. In the financial year 2011, RHI realized revenues of EUR 1,758.6 million. The RHI share is listed on the Prime Market of the Vienna Stock Exchange (ATX).

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