

(English version)

**Question for written answer E-004408/19
to the Commission
Rosa D'Amato (NI), Eleonora Evi (NI)
(13 December 2019)**

Subject: Arcelor Mittal and the ETS

The ETS system (Directive 2003/87/EC), as updated by Directive (EU) 2018/410 for the period 2021-2030, works on the 'cap and trade' principle.

A cap is set on the total amount of greenhouse gases that can be emitted by industrial plants covered by the system. The cap is then reduced over time so that total emissions fall.

Within that cap, companies receive for free, or buy, emission allowances. At the end of each year, if a company has produced fewer emissions than expected, it can re-use its allowances to cover its future needs or else it can sell them on.

Arcelor Mittal has acquired Ilva, inheriting USD 200 million as a result of the ETS scheme. In 2020, it could receive the same figure by reducing its production and laying off some 4 000 workers, as part of the redundancies included in the latest plan it has submitted to the government ⁽¹⁾. It is a scheme that has already been adopted for the steel sector in Liège, where an initial idea to revive the sector led to the gradual dismantling of the Belgian hub.

Can the Commission answer the following questions:

1. What action does it intend to take to put an end to the misuse of the ETS by multinationals?
2. What emission allowances does Arcelor Mittal say it did not use in 2018 in relation to the former Ilva plant?
3. Will it say which Member States have requested an optional allocation of allowances free of charge (Article 10c of Directive 2003/87/EC)?

**Answer given by Executive Vice-President Timmermans on behalf of the European Commission
(11 March 2020)**

In the fourth trading period of the EU Emissions Trading System (ETS) starting in 2021, the level of free allocation of emission allowances will be adjusted when production increases or decreases by more than 15% compared to the historical activity level. In phase 3 of the EU ETS (2013-2020), however, the activity level had to be reduced by 50%, 75% or 90% in order to adjust the allocation.

Under the EU ETS, a robust monitoring, reporting and verification system is in place. The emissions and allocation to Ilva and other installations under the EU ETS are publicly available on the Commission website. The installations report their emissions annually to the competent authority in the relevant Member States, which are obliged to submit to the Commission all relevant information about changes to the capacity, activity level and operation of an installation.

The free allocation of emission allowances of the Ilva plant exceeds the emissions as they received 12 151 525 allowances and emitted 6 069 617 tonnes of CO₂ in 2018, mainly because the production did not reduce below the applicable 50% threshold in the reference year (2017). In addition, the free allocation also covers the emissions of the waste gases produced as by-product of the steel production and exported to another plant for combustion, where they are reported.

With regard to free allocation pursuant to Article 10c of the ETS Directive, in phase 3, Bulgaria, Cyprus, Czechia, Estonia, Hungary, Latvia, Lithuania, Malta, Poland and Romania were eligible. Malta and Latvia opted not to use that derogation. In phase 4, Bulgaria, Czechia, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Croatia and Slovakia are eligible. However, only Bulgaria, Romania, and Hungary chose to apply it.

⁽¹⁾ <http://europa.today.it/lavoro/ilva-arcelormittal-ets.html>