40, rue Belliard I B – 1040 Brussels
T: +32 2 880 52 91 I E: secretariat@cirfs.org
W: www.cirfs.org
VAT Number: BE0451.888.158

Energy and Climate Policy for the Transformation of the European Man-made Fibres Industry

CIRFS Key Issue Paper (2023)

The Man-Made Fibre (MMF) industry strongly supports the EU's Green Deal and the vision of a circular economy. Thus, a successful energy transformation of energy intensive industries, such as the MMF, is the only way to achieve our joint objectives. Hereby, EU Member States need to be fully aligned to ensure both initial and long-term success.

KEY RECOMMENDATIONS

- ✓ *A fast-track implementation of Carbon Contracts for Difference (CCfD) for energy intensive businesses across the EU.*
- ✓ *A European industrial gas and electricity price cap of 2 ct/kWh to allow competitiveness during the transformation phase.*
- ✓ *The eligibility of MMF for indirect cost compensation must be reinstated for the period of the transformation phase at least.*
- ✓ *All revenues harnessed from the EU Emission Trading System (ETS) must be re-injected back into the MMF industry for climate protection and transition projects.*

CARBON CONTRACTS FOR DIFFERENCE

The European MMF industry underlines the importance of Carbon Contracts for Difference (CCfD) as the key to boosting the transformation of our sector. CCfD promote climate friendly processes and mitigate cost differences and risks. CIRFS urges the EU-Institutions and EU Member States to fast-track the implementation of CCfD. Tendering and awarding of these contracts must be prioritized for energy intensive industries, such as MMFs.

EUROPEAN INDUSTRIAL GAS AND ELECTRICITY PRICE CAP

European fibre producers are in competition with distorted Asian imports that, in most cases, benefit from state-regulated energy prices and significant subsidies. In that context, the current energy crisis in Europe poses an existential threat to our companies. A European industrial gas and electricity price cap of 2 ct/kWh during the transformation phase is vital to remain competitive and to attract investments.

EMMISSIONS TRADING SYSTEM (ETS)

The MMF producers have been and still are committed to reduce CO2 emissions at both European and global levels. They have been solidly decreasing their own CO2 emissions and concretely contributing to lowering Europe's CO2 footprint. Our aim is to continue this path. Thus, the European MMF industry urges the EU-Institutions to continue providing carbon leakage protection to our companies and to reinstate the eligibility of the sector for indirect cost compensation.

Furthermore, the European MMF industry calls for the establishment of a refunding system under the ETS that enables companies to reinvest the capital used to purchase allowances during the past three years in carbon protection and transition projects on site that directly lead to a corresponding reduction of CO2 emissions. The amount of CO2 reductions per project has yet to be quantified by the authorities, together with the industry.