

Written Answers from the Department for Energy Security and Net Zero – carbon tax

Thus fails to reveal the impact of high carbon taxes in UK

Department for Energy Security and Net Zero provided the following answer to your written parliamentary question (187013):

Question:

To ask the Secretary of State for Energy Security and Net Zero, what comparative estimate he has made of the costs of carbon tax and emissions trading on steel production in (a) the UK, (b) Germany and (c) China. (187013)

Tabled on: 02 June 2023

Answer:

Graham Stuart:

UK Emissions Trading Scheme (ETS) industrial participants, such as those in the steel sector, receive free allocations limiting their exposure to the carbon price and mitigating the risk of carbon leakage.

Steel production in Germany is subject to the EU Emissions Trading System (EU ETS) which operates under similar rules and with a similar market price to the UK ETS. Carbon costs are comparable, although will be impacted by the performance of individual steel installations relative to benchmarks. The EU ETS price has been operating at a premium to the UK ETS price for several months.

China's National Emissions Trading Scheme currently only applies to the power sector and does not directly cover industrial installations such as steel.

The answer was submitted on 12 Jun 2023 at 14:45.