November 6, 2012

Growth and Employment first: Energy-Intensive Industries warn against current plans to increase energy costs for private and industrial consumers

In the face of recent plant closures, restructuring and lay-offs throughout the whole value chain of European manufacturing industry, the EU should avoid all political measures that would add to the cost burden of its economic base. The Alliance of Energy-Intensive Industries urges the European Commission to abandon its plans to amend the Emission Trading System (ETS) in a way that would increase energy costs for private and industrial consumers in Europe.

The European industry has been struggling for almost four years with recession conditions brought about by the financial and economic crisis. Unemployment has climbed to 25.3 million or 10.4 per cent in the EU 27 in September 2012, a historically high level.

The situation will become even more critical if the crisis is not overcome soon. Its impact will grow across EU societies, their manufacturing industries, their employees and their families. The same is true for the commerce and the communities that depend on them. Recent incidents in the manufacturing industries in France, Belgium or the UK represent but a few, though particularly striking examples of the critical state of Europe's economy.

As it is outlined in the Industry Policy Communication published recently, investments are much needed to reinvigorate industrial production and reestablish growth. The Commission proposals now on the table to artificially increase the carbon price in the EU Emissions Trading Scheme will further undermine the competitiveness of the European industry. It will add more costs and create confusion in the ETS market and damage its credibility. It forces industry to operate within a framework which doesn't provide any legal certainty.

Soaring carbon costs will be passed on by the power sector through higher power prices. The recent Industrial Policy Communication has highlighted that energy costs (electricity) in the EU are twice as expensive as in competing regions such as the US, Korea or Canada. Increasing ETS costs will further add to this competitive disadvantage. European industry cannot offset these additional costs.

The proposed amendment of the ETS is therefore neither helpful nor necessary. The EU ETS emission cap will be met in any case. The industry needs a stable legislative framework to operate in. And it needs political initiatives that strengthen its global competitiveness as well as protect the jobs of its employees.

The EU must stick to the 2020 package developed through full legislative process and not introduce ad hoc amendments to address perceived failings in such an important measure as ETS. The energy-intensive industries are ready and willing to participate as they did in 2008 and 2009 in establishing a framework for EU ambitions beyond 2020 which balances EU competitiveness and jobs with energy and sustainability issues.

Contact: Bernd Overmaat, Communications Manager, +32 2 738 79 32 (b.overmaat@eurofer.be)