



Head Office: 119 Chaussée de Charleroi B- 1060
Brussels

Tel: 32 2 542 06 87 Fax: 32 2 542 06 92

IFIEC Europe

Documents- Electricity

Brussels: 25/03/2004



PRESS RELEASE 25 MARCH 2004

EUROPEAN INDUSTRY NEEDS A COHERENT, STABLE AND REALISTIC ENERGY POLICY

Competitive energy prices are a vital component for ensuring the competitiveness of Europe's industry and this can only be guaranteed through a healthy and competitive market for energy and a stable regulatory framework, avoiding costly and distortive burdens. This is the central message of a joint statement* sent out to EU legislators and policymakers today by IFIEC Europe, the federation of European industrial energy consumers, and Union of the Electricity Industry-EURELECTRIC, the association representing the electricity industry at pan-European level. The two organisations urge European and national authorities to review their current energy policies in order to take into account the global competitiveness of energy-intensive industry and the impact of specific measures on the cost of energy.

As EU leaders meet at their Summit in Brussels, where issues surrounding the pursuit of the "Lisbon" goals and ensuring sustainable growth are high on the agenda, the two associations -representing Europe's electricity companies and their major customers - have made a joint statement expressing their concerns.

Since the European Council in Lisbon, in March 2000, competitive market-driven energy prices have been identified repeatedly as an important component for ensuring the overall competitiveness of Europe's industry. Both IFIEC and EURELECTRIC support the ongoing process of liberalisation of the European energy markets, though their points of view do not always converge. However, they are increasingly concerned about the business and investment climate in Europe for energy-intensive industries.

The joint statement underlines inter alia that:

While IFIEC Europe and EURELECTRIC fully support the development of new energy-generating technologies, they insist on technically and economically realistic objectives for renewable energy, and on leaving open all available energy

options. Introducing renewable energy unavoidably leads to higher electricity prices. Not only are production costs substantially higher, but intermittent energy sources like wind energy imply back-up capacity which adds considerably to the end price.

- A unilateral European approach to curbing greenhouse gas emissions will lead to further market distortions and loss of competitiveness with the “non-Kyoto” world. Economic reality will unavoidably drive energy-intensive industry to invest outside Europe, or even to close down existing plants within the EU.
- A series of energy regulations in place today are based on economically inefficient approaches which would have a further negative impact on the competitiveness of electricity. Current proposals on the table would allow for non-market support mechanisms for combined heat and power, non-market security of supply obligations, non-economic based objectives for transmission expansion, non market energy efficiency support, reduction of hydro power - all of these proposals made without thorough economic impact assessment to check whether the underlying environmental or security of supply objectives are being reached at minimum and reasonable economic cost.
- Uncompetitive electricity end prices constitute a clear threat to energy-intensive industry in Europe. This could lead to:
 - Loss of global competitiveness of European industry and thus of jobs, not only directly within the industry, but also indirectly on the side of suppliers and subcontractors of goods and services;
 - A negative global environmental balance, to the extent that industrial activities delocalise to other continents that impose less stringent environmental constraints on industry;
 - Loss of economies of scale and base load for electricity generators in Europe, thus leading to higher energy costs for remaining industrial activities, and to spiralling loss of competitiveness,
 - A deterioration of the investment climate in the electricity sector, leading not only to higher prices but also to a loss of economic efficiency in the sector and to weakening of security of supply.

*see www.eurelectric.org under Documentation/Positions/Energy Policy or www.ifieceurope.org

Contacts: IFIEC: Peter Claes, tel: 32 2 238 9735; email pclaes@fedichem.be
EURELECTRIC: Chris Boothby, tel: 32 2 515 1005; e-mail cboothby@eurelectric.org