



# **IFIEC Energy Forum 2014**

## **“European Industrial Renaissance requires Competitive Energy”**

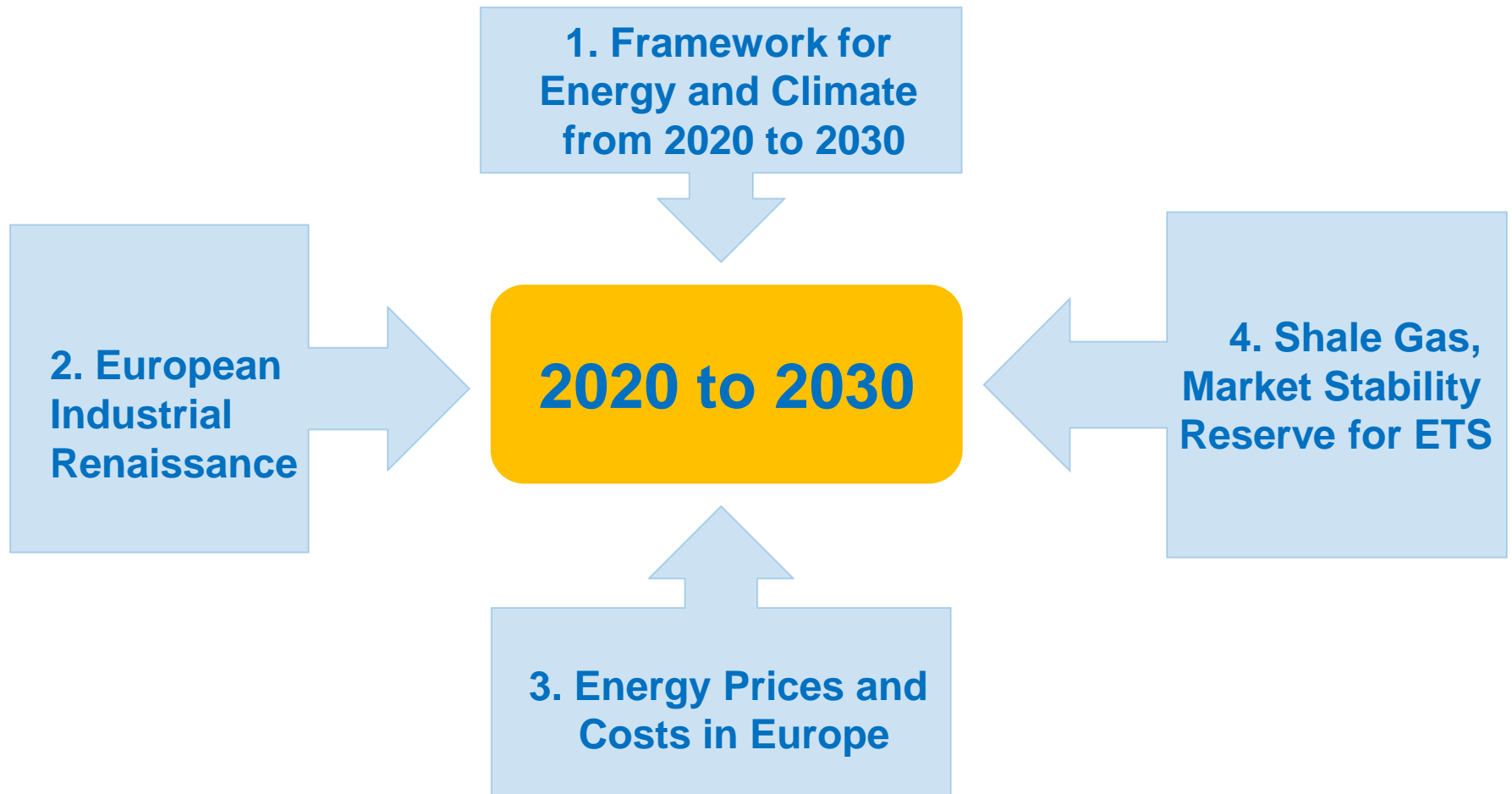
12 June 2014

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**Managing Director German Federation of Industrial**  
**Energy Consumers (VIK)**



# EU Climate and Energy package 2020 to 2030

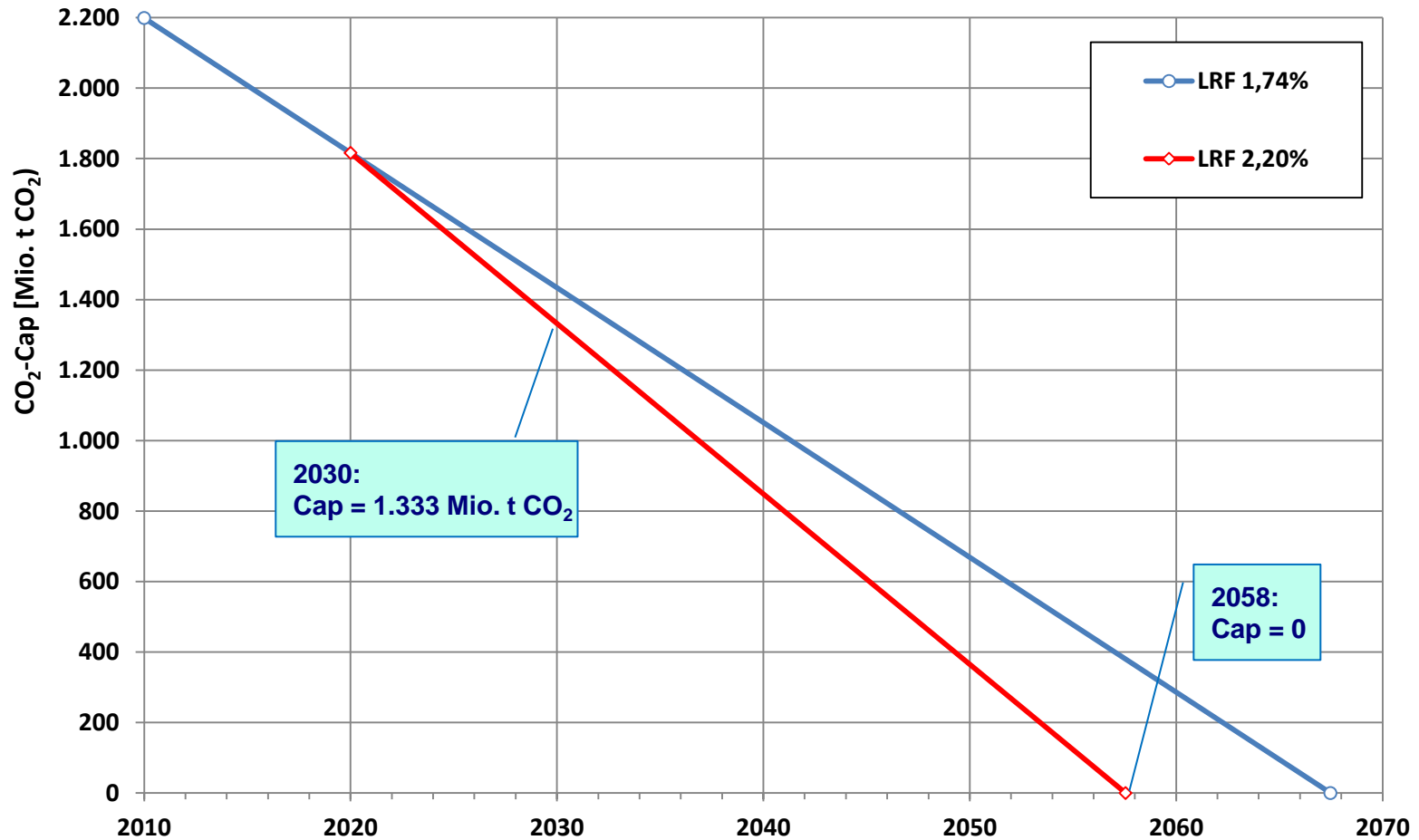


# 1. Framework for Energy and Climate from 2020 to 2030: EC proposals

- Binding CO<sub>2</sub>-reduction target until 2030: - 40 % (compared to 1990)
  - - 43 % in ETS-sectors (compared to 2005)
  - - 30 % in non-ETS-sectors (compared to 2005)
- Binding 27 % renewable energy target in primary energy consumption by 2030
  - no binding national targets
  - At least 45 % renewables in electricity consumption
  - Revision of renewable energy directive expected
- Energy Efficiency target for 2030: EC proposal expected in autumn 2014

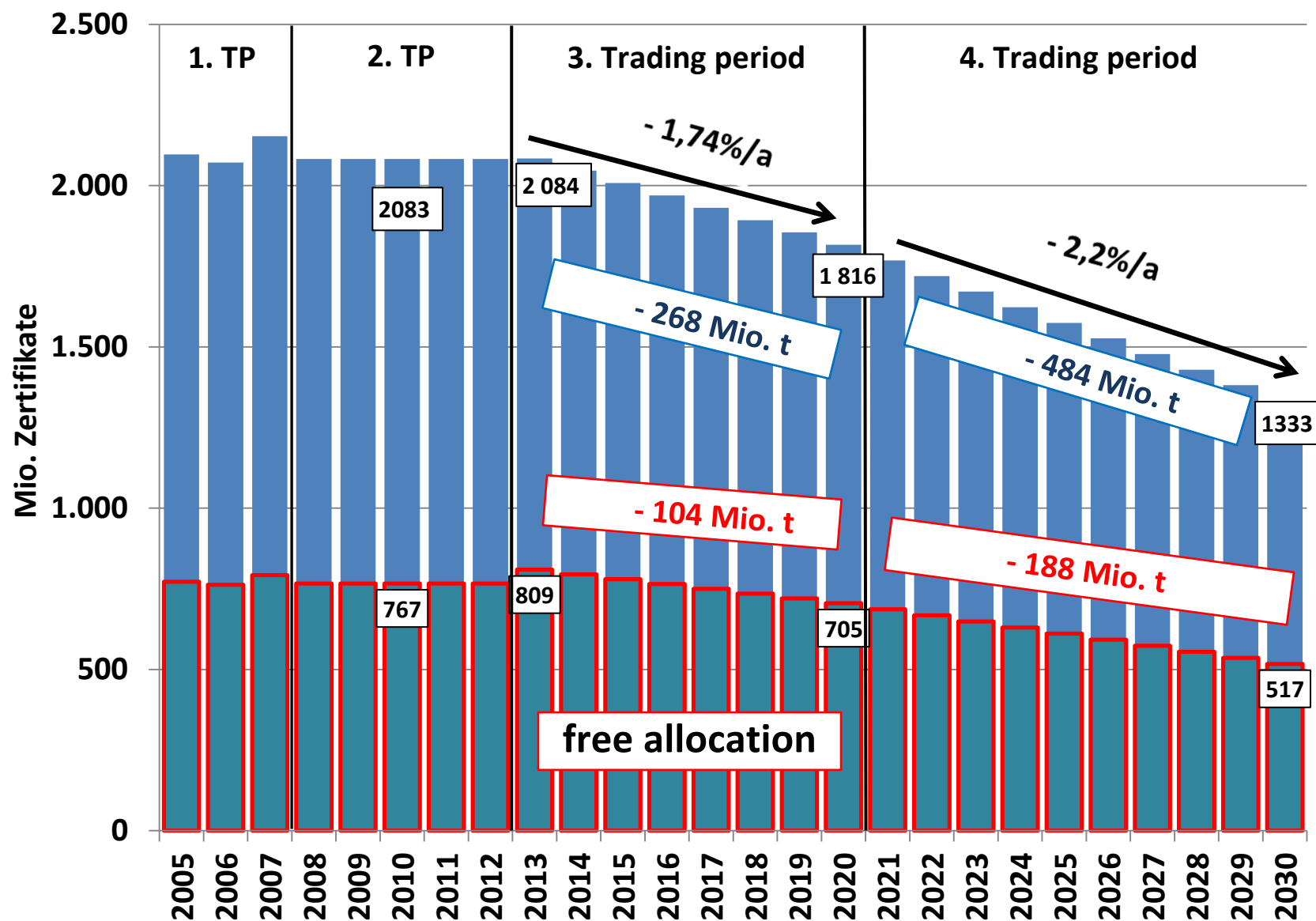
# - 43 % CO<sub>2</sub> reduction target for ETS sectors: Impact on ETS cap

Entwicklung des CO<sub>2</sub>-Cap abhängig vom linearen Reduktionsfaktor (LRF)



Source: VIK graphic, EC numbers

# - 43 % CO<sub>2</sub> reduction target for ETS sectors: Impact on ETS cap (II)



## 2. European Industrial Renaissance

“A strong dynamic industrial base is indispensable for a strong European economy”

M Barroso, 2013, State of the Union Address

**Aim:** Increase industry contribution to GDP to 20% by 2020

1. Increase of productivity, resource and energy efficiency necessary
2. Completion of internal market (for energy by 2014)
3. **Mainstreaming industry-related competitiveness concerns** across all policy areas
4. **Energy must be available at competitive prices**

# 3. IFIEC request: Streamline 2030 strategy towards growth and jobs

Strong support from companies all over EU

## MANIFESTO

EUROPE'S MANUFACTURING  
INDUSTRY CEOs CALL  
UPON HEADS OF STATE TO  
**STREAMLINE 2030 STRATEGY  
TOWARDS GROWTH AND JOBS**

# 3. IFIEC request: Streamline 2030 strategy towards growth and jobs (II)

## MANIFESTO

EUROPE'S MANUFACTURING  
INDUSTRY CEOs CALL  
UPON HEADS OF STATE TO  
STREAMLINE 2030 STRATEGY  
TOWARDS GROWTH AND JOBS

- 
- ✓ **Climate objectives must be set in a way to keep a high performing industry in Europe**  
↓
  - ✓ **Enabling the EU manufacturing industry to grow will reduce global GHG emissions**  
↓
  - ✓ **The precondition: An EU Climate Change Policy without Carbon Leakage**



# 3. IFIEC request: An EU Climate Change Policy without Carbon Leakage

## Carbon Leakage – today

- The problem: investment leakage (the longer term perspective)
- Only little production carbon leakage because sufficient protection at low carbon prices (the short term perspective)

## Carbon Leakage – in future

- The problem: investment and production carbon leakage if no globally aligned binding action and burden after 2020 because
  - EU reduction target leads to extreme shortage of allowances: without breakthrough technologies not enough allowances to continue industrial activity in the EU
  - High carbon prices in the medium- (in case of market intervention) or long-term



**The existing approaches to avoid carbon leakage will not work under these circumstances**

# 3. IFIEC request: New approach to Carbon Leakage needed - „just go on“ not an option

## Medium term strategy

- ✓ A „dynamic ETS“:
  - ✓ Realistic benchmark (technologically feasible)
  - ✓ No reduction factors
  - ✓ Allocation based on actual production
  - ✓ A new (industry) reserve to balance the difference between forecasted and actual production
  - ✓ Complete and stable compensation of indirect costs (indirect allocation)

Minimise

But only to a certain point in time / at system  
a certain carbon price level

# 3. IFIEC request: New concepts necessary after 2020 if no globally comparable effort achieved

## Long term strategy

- ✓ High EU reduction targets as planned only with globally aligned binding action/burden

### Request to EU politicians:

- ✓ Make a clear commitment for a climate policy strategy review after 2020
- ✓ No unconditional target setting

**Thank you**