

PRESS RELEASE

IFIEC welcomes the Commission's Energy Policy findings

The package of measures reviewing the supply and demand factors in EU energy markets is welcomed by IFIEC. This is recognition that the complexity of energy delivery, demands for secure supply options and the expectations of different consumer groups, means energy policy can no longer be considered as a series of single issues.

In reviewing the package, IFIEC's initial focus is on market competition findings, where the Commission's review of EU energy markets points to the lack of open, competitive energy markets being available to European consumers. This lack of competition has increased IFIEC's members' vulnerability to global competition. Peter Claes, President of IFIEC Europe said, "This thorough study should mark a turning point in the operation of Europe's energy markets. These findings must be put into practice without further delay".

Market dominance has been shown to reduce options for consumers across Europe. For IFIEC, these findings are particularly important, as energy represents a significantly greater proportion of operating costs than for other consumers. IFIEC is ready to work with the Commission, as it will take time to introduce these measures and implementing change in a structured manner will be essential. As the Commission does not expect the necessary measures to be in place before 2009, the question of interim measures has to be considered to prevent further unfair damage for vulnerable consumers until the fully competitive market is in operation.

The package also raises wider questions:

- Climate policy based on setting a global example only prejudices Europe's position further without assurance that the principal global players are ready to make similar commitments. There is little evidence that this will happen based on current mechanisms and rules.
- Renewables have a role and with better research and development programmes these may match the demand patterns across more sectors. They do not necessarily match demand patterns for continuous process activities, where baseload stability and security are primary factors and where the Lisbon Strategy is a key objective. The recognition of the role of nuclear technology as part of the energy mix is welcomed, as this meets both "zero" carbon and supply security objectives.

IFIEC Europe represents energy intensive industrial consumers where energy is a major component of operating costs and directly affects competitiveness.

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Head Office: 200 Avenue Louise Box 132 B- 1050 Brussels
Tel: 32 2 542 06 87 Fax: 32 2 542 06 92

www.ifieceurope.org – E-mail : ifieceurope@ifieceurope.org

- Emissions trading has IFIEC support, but not as structured now. A system that allows all costs to be charged to consumers in a market without effective competition is flawed. Leaving the answer until 2012 is not satisfactory and is unlikely to convince others that the EU ETS scheme is credible.

Peter Claes continued "The Commission has opened the door to an energy policy approach rather than continuing with single issue, fragmented and often conflicting approaches. This is to be encouraged and offers opportunity for new and innovative thinking that recognises the different consumer positions".

Contact

*Peter Claes, President, IFIEC Europe. tel: +32 2 238 97 35. mobile: +32 496 59 36 20.
email: pclaes@fedichem.be*

*David Gillett, Director of Coordination, tel: +44 1249 816792, mobile: +44 7989 701480.
email: david.gillett@talktalk.net*