



EUROPEAN CHEMICAL INDUSTRY COUNCIL

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NEWS RELEASE

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European chemical industry to take active role in EU Energy Action Plan International commitment to emission reductions encouraged

Brussels, 9 March 2007 – Cefic, the European Chemical Industry Council, endorses the move towards a more coordinated, cohesive and integrated energy policy for Europe - reinforced by the Spring Council's adoption of the European Energy Action Plan today. Cefic supports an energy policy striving for further emission reductions through energy savings, additional increases in energy efficiency, increased use of renewable energy and better international cooperation.

The European chemical industry can make an important contribution in meeting this ambitious challenge. Its products and research capabilities can play a decisive role in the fight against climate change: for example, the chemical industry is essential to the manufacture of biofuels, lightweight high performance materials for transportation or enhanced housing insulation. And the industry has already contributed substantially to the development of low-carbon technologies and increased energy efficiency in its own production processes (1).

The European chemical industry encourages Europe's striving for leadership on climate change and strongly supports the Commission's efforts to obtain an international commitment to emission reductions. Europe cannot solve the global warming problem alone. Furthermore, the overall contribution of the chemical industry to society should be taken into account when considering further greenhouse gas emission reduction measures and mandatory use of renewable energy sources (2). Therefore, a more differentiated and in-depth assessment of policy effects on the environment, competitiveness and society is needed.

Cefic supports the Energy Action Plan's emphasis on the central role of market mechanisms to achieve cost-effective emission reductions. In its current form, the EU Emissions Trading Scheme (ETS) leads to huge, unjustified transfer of resources from the energy consumers to the energy producers - known as 'windfall profits' - without encouraging enough reduction in CO₂ emissions. As a member of the ETS review group set up by the European Commission to advise on a possible reform of the system for post 2012, Cefic will propose to carefully consider the allowance allocation according to performance. "In addition, interim solutions need to be found now", says Cefic Director General Alain Perroy. "The chemical industry cannot afford to wait until 2013."

The European chemical industry also strongly backs the aim to achieve functioning energy markets. Cefic calls for the urgent development of concrete Commission proposals based on the Spring Council's recommendations. "The high energy prices – which result to a significant extent from malfunctioning energy markets in combination with the ETS - pose an immediate threat to the global competitiveness of the European chemical industry", says Alain Perroy. "This is why transitional measures for energy-intensive sectors are needed until energy markets function properly."

Cefic will continue to offer input and expertise to help European institutions shape an integrated energy policy that maintains Europe's competitiveness while safeguarding environmental objectives and ensuring security of supply.

(1) For instance, the European chemical industry reduced energy consumption per unit of production by almost 40% from 1990 to 2004. In the same time, it decreased emissions of greenhouse gases by more than 20% despite overall chemicals production increased by more than 50%.

(2) The Energy Action Plan sets a 20 percent reduction of greenhouse gas emissions by 2020 compared to 1990 levels (a 30 percent reduction if other industrialised and emerging nations join in) and a 20 percent share of renewable energy in total energy consumption by 2020.

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