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MANIFESTO

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

IFIEC Europe's Member Federations

Belgium.....	Federation of Belgian Industrial Energy Consumers (FEBELIEC)
Bulgaria	Bulgarian Federation of Industrial Energy Consumers (BFIEC)
Czech Republic.....	Sdružení velkých spotřebitelů energie (SVSE)
Denmark.....	Foreningen for Slutbrugere af Energi (FSE)
Finland	Suomen ELFi Oy
France	Union des industries utilisatrices d'énergie (UNIDEN)
Germany	Verband der Industriellen Energie- und Kraftwirtschaft (VIK)
Greece	Hellenic Union of Industrial Consumers of Energy (UNICEN)
Hungary	Ipari Energiafogyasztók Fóruma (IEF)
Italy.....	Associazione Italiana Consumatori Energia de Processo (AICEP)
Netherlands.....	Vereniging voor Energie, Milieu en Water (VEMW)
Norway	Federation of Norwegian Industries (FNI)
Poland	Izba Energetyki Przemysłowej i Odbiorców Energii (IEPiOE)
Portugal.....	Portuguese Association of High Electrical Energy Consumption Industries (APIGCEE)
Spain.....	Asociación de Empresas con Gran Consumo de Energía (AEGE)
United Kingdom	Energy Intensive Users Group (EIUG)

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Make industrial renaissance the most important objective to move Europe out of the crisis

We, the undersigned CEOs of Europe's major manufacturing industries, call upon the Heads of State and of Government to align the EU's industry, energy and climate policies towards a new strategy with regulatory stability, consistency and predictability for industrial investment, innovation, growth and jobs in Europe.

In particular:

- Make EU industrial renaissance the most important objective to move Europe out of the crisis
- Restore globally competitive energy costs for manufacturing industry, addressing all energy cost components
- Focus climate policy reform on avoiding carbon leakage, allowing industry to grow, and obtaining a global agreement

Highly efficient European manufacturing will reduce global carbon emissions and contribute to greening the EU economy.

EU economic recovery and reversing trends in employment will not happen without industry

Manufacturing industry accounts for over 80% of Europe's exports; 80% of private research and innovation goes into industry. In total, 1 in 4 private sector jobs are in industry and 1 job created in manufacturing industry generates up to 2 jobs in the services sector.

These industries are at the core of industrial clusters, and are important elements of the supply chain, thereby contributing to the EU's economy competitiveness.

But the industrial basis of Europe has been continuously declining since the 1990s

Industry's share in Europe's GDP is now down to 15.1%.

Since 2008, 3.5 million jobs have been lost in manufacturing.

European institutions and Member States must confirm the Industrial Renaissance objective with a 20% target of industry's share in Europe's GDP by 2020, and propose concrete action.

Manufacturing industry needs access to globally competitive energy

The EC report (22 Jan.) confirms that electricity costs are 2 to 3 times higher in the EU than in the US, with a 70% increase since 2000 for EU industry (stable in the US). Regulatory costs (subsidies for renewables, taxes, grid costs, etc.) are the main reasons for this widening gap.

Natural gas prices are 3 times higher in the EU than in the US.

Energy intensive industry is a price taker and cannot pass on additional costs to its mainly global customers.

Restoring global energy cost competitiveness is a priority. Solutions exist but must address all energy cost components and require a strong political support.

The transition to a low-carbon economy must be driven in a cost- and time-efficient way

More R&D and innovation are needed: immature technologies must not be scaled up too quickly.

A functioning internal energy market (IEM) and applying the Guidelines on State Intervention in electricity markets (DG Energy, 5 Nov. 2013) are important levers to limit the dramatic increase of system costs (including levies, grid costs and taxes).

Energy intensive industry efficiently contributes to this optimization

Voluntary demand response is much cheaper than capacity mechanisms to tackle grid peaks but a stable regulatory framework with adequate visibility and remuneration is needed.

Grid tariffs must reflect the contribution (predictability, modularity) of flat but flexible consumption profiles to system stability and integrity.

Long term energy supply contracts give more visibility and should be supported.

For natural gas, the price gap is such that all possible levers must be activated

Complete the IEM without delay and continue efforts for a more competitive gas market (sufficient infrastructure, diversified supplies) where gas prices are determined by supply and demand.

Speed up the exploration and production of shale gas in an environmentally acceptable way.

For electricity, enable a global level playing field when addressing surcharges

The ever increasing surcharges in Europe impact the total cost structure and create an unprecedented burden for manufacturing industries.

The new Environmental and Energy Aid Guidelines must allow the full offsetting of the cost consequences of the promotion of non-competitive energy generation technologies.

Climate objectives must be set to keep a high performing industry in Europe

Carbon leakage should be effectively addressed

Energy intensive industries are already energy efficient compared to global competitors; technical limitations and the need of significant resources and lead time for further improvement mean that the allocation of emission allowances under ETS must be based on realistic benchmarks and actual production.

Realistic benchmarks require a careful balance between an ambitious long term goal and a continued adequate protection against carbon leakage.

Unrealistic reduction factors and a frozen historical production volume will stop investments in carbon intensive industries in Europe. The first issue must be addressed urgently.

The EU ETS should be reformed for Phase 4 and simplified to tackle the structural shortcomings and to support growth of efficient production. Industry needs visibility.

Indirect climate costs also need to be tackled

Financial compensation for indirect emissions is too restricted and only applied by a minority of Member States: real visibility - via a clear framework - is needed.

The CO₂ costs passed through in electricity prices should be fully offset.

In the absence of a global level playing field, there should be no direct or indirect climate policy costs for efficient industrial installations in sectors exposed to the risk of carbon leakage.

Enabling the EU manufacturing industry to grow will reduce global GHG emissions and contribute to the "greening" of the EU economy

EU industry is more energy efficient than its competitors

This has been strongly confirmed by the 22 January EC Report.

Due to technological limitations, the progress will slow down and further improvement will require economies of scale. This will require growth.

It must be assured that sufficient allowances are always available for growth and new investments, including for the indirect electricity emissions.

Energy intensive industries are key actors for greening the economy

But these industries are also confronted with a structural imbalance of climate and energy costs in comparison with their global competitors.

Enabling the manufacturing industry to grow will not only stimulate innovation in technologies and products but consolidate EU's leadership in the reduction of carbon emissions

There should only be one single realistic GHG target, matched by a second target addressing industrial growth. Both must be closely monitored and readjusted if Europe is not on track to deliver on both.

Growth of efficient industrial production must be welcomed within the EU.