From: [redacted]

Sent: 01 June 2015 11:17

To: [redacted]

Subject: Meeting with European Chemical Industry Council (CEFIC) – 29 May 2015:

Meeting with European Chemical Industry Council (CEFIC) – 29 May 2015

Participants:

Commission: T. Baltazar, [redacted]

CEFIC: [redacted]

CEFIC representatives welcomed the new approach of the Commission, moving to a more coherent and holistic attitude to the decision making process, which would lead to a more inclusive interservice consultations and impact assessments process. They subsequently concentrated on their views on the Energy Union and revision of the EU Emissions Trading System (ETS):

- Chemical industry's interest, as an energy-intensive industry, lies primarily in a simple metric of how much energy costs them in Europe. What concerns CEFIC is that the cost of fossil fuel generation is pushed up to match the cost of renewables, rather than the other way around. They are willing to stay in the EU not for the sake of staying, but because they think they have a societal impact. Business decisions cover a number of elements, including energy cost and political framework. The private sector only invests when it sees potential for return, and for chemicals there are currently two sets of places for that: China (due to growing demand) and the US and Middle East (due to collapse in raw materials and energy cost). Oil and gas are not only an energy source but also feedstock for chemical processes.
- Energy Union strategy is more than welcome. E.g. creating interconnections, market (re)design are ways of bringing elements of competition back to the EU energy markets, as they see in particular the electricity market as a monopoly. But the EU is not there yet. The rhetoric is there but not the action.
- CEFIC supports finding sustainable ways towards a low-carbon economy. The industry is part of the problem due their emissions during the production of products, but also part of the solution due to emission reductions made possible during the use of their products.
- EU ETS has proven to be doable, but has flaws. One them is ex-ante allocation of allowances. The Market Stability Reserve is a step forward, but they would like to turn it into a reserve for growth. The benchmark for free allocation should be updated once, ahead of each trading period.

CEFIC promised to send their contribution and views on both issues.

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