Equal opportunities mean fair competition

CEEP
Central Europe Energy Partners

The Transatlantic Trade and Investment Partnership (TTIP)
-- A Stakeholder event in Brussels on the 16th of July, 2014 --

1. **Central Europe Energy Partners (CEEP), AISBL,** represents 23 energy and energy-intensive companies and organizations from 6 Central European countries, employing over 300,000 workers, with a total yearly revenue of more than 50 billion Euros.

2. **Understanding TTIP as:**
   2.1. A chance to further develop trade between the EU and the US;
   2.2. Viewing our respective economies, investments, and treatment in trade relations equally.
3. **Greater transparency is needed:**
   „We have to fight for more transparency in the negotiations. I'd like to see the fundamental negotiating documents, especially the EU mandate being made public as soon as possible", - **Bernd Lange,** Chairman of the Committee on International Trade (INTA), in the European Parliament.
4. **Differences between the US and the EU economies in energy and energy-intensive sectors:**
   4.1. **CO_2 emissions**
   With regard to CO_2 emissions, the US has a big advantage over the EU economy: The less onerous environmental regulations in the US makes its production much more cost competative.
   But there is an environmental cost: CO_2 emissions per capita in 2012 amounted to 17 tonnes in the US. In the EU, the average was 7.5 tonnes.

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To be at the same level as the EU, the US should decrease its emissions by more than 56% immediately. The average cost of a decrease of one tonne of CO2 is around $600 - which has been borne by the EU, but not by the US, to the same extent.

4.2. **Cost of gas and oil**

The price of gas is 3 times lower in the US than in the EU, and oil prices are some 15-20% lower. This provides US industries a significant competitive edge over their EU counterparts, especially those in the energy sector and those which are energy-intensive.

4.3. **The EU regulations (REACH and other)**

The EU has a very stringent set of regulations governing the chemical sector (REACH), as well as other industrial sectors. US industries are not burdened as heavily by such regulations, and this is another advantage they have over EU industries, one that too often enables US products to out-compete their EU counterparts.

5. **What should be agreed:**

Refer to 4.1. Obligation of the US to lower its CO2 emissions by 2030 by a total of 86% so that would match the emissios of the EU. That would include a 56% reduction of existing differences + 30% as advised by the EU. Moreover, the ETS system should be implemented within the US.

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Refer to 4.2. Ensure free acess of the TTIP parties to energy markets and mineral resources, which means that they shall have the right to buy energy carriers (for example: gas, coal, oil) on their counterpart's internal markets, without any restrictions, and to be able to export these products.

Refer to 4.3. A Special Advisory Committee/Body should be established to deal with this issue.

6. **Bilateral safeguard clause:**
   The parties shall have the right to increase their import duties, informing the other party of the reasons for their decisions. Such measures should be obligatory through the validity of the TTIP.
7. **What to do if the proposal, (see item 5), is not possible to be agreed:**
   7.1. **CO2 Emissions**
   Energy and energy-intensive industries should be excluded from the ETS scheme to give them the same competitive advantages enjoyed by US industry. If the EU does not introduce such an exclusion clause, then under 'the carbon leakage' scheme, EU industries should get a guarantee of 100% free CO2 allowances (EUA), until the time when CO2 emissions in the US and the EU are at the same level.

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7.2. **Free acces to energy and energy sources.**
Until agreed, the TTIP should not come into force
7.3. **EU regulations:**
As proposed in point 5, a Special Advisory Committee should be established to setlle this issue.

8. Carbon leakage (if points 6 and 7 are not settled as suggested):

8.1. **A chemical industry,** based on gas as a raw material, might be eradicated in the EU within 5-10 years, which would cause **massive** job losses. We are already witnessing a transfer of the chemical industry from the EU to the US. 53% of total investments in the US chemical industry are being made by EU investors, as we speak.
8.2. **The steel industry** is a resource and energy-intensive sector. Its products are also heavily-traded globally. The EU's capacity utilisation rate is **ca 70%**, and the output is shrinking. Last year, a major US steel maker announced that it was moving back to the US from the EU: its decision being driven by energy and climate-related costs.
President Obama, who recently visited a steel plant in Cleveland, proclaimed: „This plant, if it's located in Germany, energy costs are double, maybe triple; the same in Japan. So, this gives us a big edge. […] *And if you're saving money on energy costs, that means* ***you can invest in equipment, invest in workers, hire more people, produce more products****".*

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How to defend the EU's energy and energy-intensive industries:

9.1. Provide the opportunity to have much cheaper indigenous energy sources as coal and shale gas, by supporting new investments, which employ BAT and are environmentally-friendly, as well as based on the best global standards.

9.2. Introduce import taxes, based on carbon taxes, to give industry the chance to compete with imported products from outside the EU, excluding the TTIP with its autonomous regulations.

Thank-you for your attention.

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