

**Sector Social Dialogue
Committee of the
European Chemical Industry**



**Joint Statement of ECEG and EMCEF
on the Proposal of 22 June 2011 for a Directive on energy efficiency and
repealing Directives 2004/8/EC and 2006/32/EC (COM (2011) 370 final)**

Preliminary remarks

The European Chemical Employers Group (ECEG) and the European Mine, Chemical and Energy Workers' Federation (EMCEF) have adopted the following joint statement on the draft proposal for a Directive on energy efficiency.

In consideration of

- **the important role of the European chemical sector in producing 24 % of the world's chemicals, employing 1.2 million workers and contributing €449 billion to the EU economy;**
- **the fundamental role of energy in the production processes of the chemical industry.** In certain cases, as for example in the production of chlorine, ethylene and ammonia, energy costs can exceed 50 % of total production cost. Thus, the chemical industry is an energy-intensive sector relying strongly on affordable and secure supply of energy;
- **the European chemical social partners welcoming the comprehensive proposal on energy efficiency, combining both demand- and supply-side measures, and hence, acknowledging that energy efficiency is the most cost-effective and fastest way to reduce CO₂ and other emissions as well as to increase security of supply;**

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- **energy efficiency already today being a core competence of the chemical industry** in both reducing its own energy use as well as contributing to other sectors' improvement in energy efficiency;
- **the demonstrable achievements of the chemical industry in decoupling energy use from growth.** The sector has taken many voluntary measures to considerably improve its energy efficiency. The European chemical industry has over the last decade increased its output while keeping energy input constant. According to Eurostat data the industry's energy intensity, that means energy input per unit of chemicals production, shows a total decrease of 54% between 1990 and 2009¹. However, as the chemical industry strongly relies on fossil fuels as raw material there are limits to achieving energy efficiency gains and especially absolute reductions.
- **the increasing demand for chemical products due to the growing energy efficiency and renewable energy markets;**
- **the chemical products' role in enabling greenhouse gas emission reductions in other parts of the economy,** their CO₂-footprint being smaller than that of the nonchemical alternatives. The chemical-based building insulation products, for example, significantly reduce the energy needed to heat residential and commercial buildings. Indeed, the International Council of Chemical Associations (ICCA) report² has confirmed that the global chemical sector saves more CO₂ than it produces. The report shows that the chemical industry has a vital role to play in decarbonising the economy;
- **the recent economic crisis** that has rendered the European chemical sector even more reliant on investment-friendly framework conditions in Europe in order to retain its international competitiveness and, thus, generate positive effects on the European labour market;
- **the positive labour market effects that could be obtained from realising the opportunities lying in the development of energy efficiency technologies,** yet which are dependent on the chemical sector maintaining its international competitiveness as well as its ability to sustain an attractive working environment for highly qualified work force.
- **the chemical sector's commitment to contribute towards a more sustainable chemicals production in Europe** as expressed in the common declaration of both European chemical social partners and Cefic, the European Chemical Industry Council, signed on 6 September 2011 in the presence of the Commissioner for Employment, Social Affairs and Inclusion, László Andor, and seeking to substantiate upon its commitments.

¹ Cefic Chemdata International and Eurostat.

² ICCA report on carbon life cycle analysis of the chemical industry:
http://www.cefic.be/Documents/PolicyCentre/Life_Cycle_Analysis_Innovations_for_Greenhouse_Gas_Reductions.pdf

Common position

ECEG and EMCEF call on the EU institutional actors to take into account the following concerns regarding the pending proposal for a Directive on energy efficiency policy:

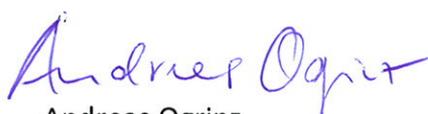
1. While a European initiative on energy efficiency is welcomed by the European chemical social partners, they are worried that measures aimed at absolute energy savings instead of increasing energy efficiency could constitute a barrier to economic growth leading ultimately to negative social impacts. Imposing a cap on the maximum amount of allowed energy consumption could be contrary to the Directive's objective to generate growth in line with the strategy "Europe 2020".
 - As demonstrated, the chemical industry has made successful attempts towards decoupling growth from consumption, therefore, has continuously increased energy efficiency. Yet, due to its energy-intensive production processes the sector cannot thrive economically while the overall use of energy is restricted. Consequently, any measure setting a target, such as suggested in Art. 6 of the draft Directive on energy efficiency obligation schemes, should be understood as a **relative target**. **That means improving energy intensity**, i.e. energy input per unit of chemicals production, **as opposed to setting an absolute energy saving target**.
 - **The proposed measures should target sectors according to their indicated potential for improvements.** In the impact assessment on the draft proposal, it is clearly shown that compared to sectors such as buildings and transport, European industry has a low economic potential for energy efficiency improvements³ due to their previous as well as expected achievements resulting from impacts of measures taken in connected policy fields such as the emissions trading system (ETS) or the Directive on renewable energy sources.
2. The European chemical industry consists up to 96 % of small and medium sized enterprises (SME) with less than 250 employees. They provide 37 % of all jobs and generate 30 % of all sales. While large companies profit quickly from cost-intensive energy efficiency measures, SME often lack the resources to invest in energy-efficient technology. Thus, **SME would be most affected by the new legislation while they are, at the same time, dependent on incurring as little additional bureaucratic burden as possible. The European chemical social partner urge to keep this in mind when negotiating the Directive.**
3. Due to the above mentioned cost constraints the energy efficiency potential lying with SME is difficult to tap. Projects implemented throughout the EU have revealed that there

³ The Commission assumes in its impact assessment that industry - the other categories being commercial, residential, transport, energy sector - has a -11% energy saving potential without additional measures taken, whereas the economic potential including the measures proposed in this Directive would lead to a potential of -13%, merely 2% more (Impact Assessment, p. 9).

is a 15 % efficiency potential in SME⁴. **Nationally drawn up incentive schemes and voluntary agreements can serve as useful instruments to facilitate implementation of costly measures.** Voluntary energy efficiency management schemes are already being implemented autonomously in the enterprises with the help of self-audit guides developed especially for the purpose. Such bottom-up approach would allow for national policy makers and stakeholders to take into account national particularities when designing policy schemes as well as previously accomplished progress with regard to energy efficiency. This includes a possible link to the ETUC project on 'Green Workplace Representatives'⁵ in other branches to share the experiences from workers representatives within the chemical industry.

4. The strategy "Europe 2020" confirmed the 20 % energy efficiency target for 2020. However, it is not yet certain how progresses towards this goal can be assessed in a sound and comparable manner across Member States. Thus, **a common methodology is required in order to enable a meaningful evaluation of the measures adopted in this Directive.** In the view of the European chemical social partners, a methodology based on energy intensity – energy use in relation to economic output indicators – would be reasonable.
5. Energy efficiency is part of a wider set of policy fields aimed at shaping a more sustainable European economy. Accordingly, numerous measures incentivizing industrial sectors to produce more efficiently while using fewer resources have been put in place. When coping with the sort of economic pressure as imposed by binding targets on reducing CO₂ emissions or regulated energy prices resulting from politically favoured renewable energy sources, **it is of utmost importance to provide the chemical industry with a coherent and stable regulatory environment in order to withstand competitive pressures outside the European regulatory area.**

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⁴ To help companies tap into this potential, Cefic initiated CARE+, a European project aimed at supporting chemical SMEs in improving their energy efficiency. The project is funded and supported by the European Commission under the framework of Intelligent Energy Europe.

⁵ VP/2011/003/0208 – Budget line 04030303