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NOTE

from:	Presidency
to:	Competitiveness Council, 12 October 2010
Subject:	Any other business, item (e): Key messages of the Conference on Energy Challenges facing European Industry on 16 and 17 September 2010

Delegations will find attached a document entitled "Key messages of the Conference on Energy Challenges facing European Industry of 16 and 17 September 2010" for the Competitiveness Council on 12 October 2010.

ANNEX

Key messages of the Conference on Energy Challenges facing European Industry of 16 and 17 September 2010

Background:

In the context of the Belgian Presidency of the European Union, Jean Claude Marcourt, the Walloon Minister for the Economy, who presides over the Competitiveness Council (Industry), organised a conference to examine the energy challenges facing European industry.
Climate policy and issues relating to climate and competitiveness are putting new constraints on businesses. Bearing in mind that the Commission will shortly be publishing its communication on the new industrial policy, energy management and security of supply are key factors for the competitiveness of European businesses in the context of globalisation and greening of the economy.
With a view to the Competitiveness Council on 12 October, the Belgian Presidency has summarized below the key messages of the conference.

1. Implement a sustainable industrial policy that guarantees access to energy resources while delivering the transition to a low-carbon, resource-efficient and competitive economy

European industry is currently facing significant climate and energy challenges. However, new activities related to the transition to a low-carbon, resource-efficient economy are having an economic and social impact: new jobs, an impetus for innovation and growth without triggering relocations.
The main issues for the future sustainable industrial policy raised during the debate were:

- guaranteeing access to competitive energy resources and raw materials while at the same time conducting a climate policy to limit greenhouse gas emissions;

- managing the problem of carbon leakage to keep European businesses competitive but also, from an environmental point of view, to stop European industries relocating in order to circumvent the CO_2 reduction target;
- creating a virtuous circle: improve the energy and environmental performance of products throughout their lifecycle, stimulate demand for better products and production technologies and facilitate their adoption by consumers.

2. Support innovation for clean and competitive technologies

The development and deployment of new energy technologies are vital for security of supply, sustainable development and business competitiveness. Actions to speed up technological development and make new energy technologies cheaper must be accompanied by policies to open up the market and allow market penetration by existing technologies which can be used to fight climate change effectively.

3. Make progress in decarbonising the European energy system

Decarbonising the energy sector in Europe while ensuring security of supply and competitive prices is one of the greatest challenges facing Europe. It ensued from debate that the emphasis should be on the new Action Plan for Energy Efficiency, review of the emissions trading scheme, a safer and more sustainable energy mix, carbon capture and storage and initiatives to promote best practices.

4. Establish a genuine European policy on energy efficiency

If the EU is to meet its targets of "3 x 20 in 2020" – a 20% reduction in greenhouse gas emissions, a 20 % share of renewable energy and 20 % greater energy efficiency – adopted in December 2008, it must make much more of an effort with its energy efficiency policy.

Moreover, energy savings are not only the cheapest way of reducing greenhouse gas emissions, but also of ensuring the reliability of the electricity system and energy supply and of avoiding having to build new production, transport and distribution capacities.

5. Boost financing for energy security and the transition to a low-carbon economy

The development of new energies is faced with a major financing problem in the European Union, even though the EU has high ambitions for reducing greenhouse gas emissions and for renewable energies. Developing public financing instruments is supposed to remedy some of the shortcomings in the credit access market. However, public financing instruments also have certain weaknesses. This is why closer cooperation between public and private operators seems more appropriate.

6. Establish a clear and predictable regulatory framework

If European industry is to continue to make the necessary efforts to render the European energy system more safe, sustainable and competitive, a clear political line and predictable and transparent legislative frameworks must be developed. Specific instruments should be put in place to manage the carbon leakage problem.

7. Pay special attention to SMEs in transforming their production methods

The transition to a low-carbon economy does give rise to challenges (especially as regards improving energy efficiency), but also opens up opportunities for SMEs. It would seem that SMEs are finding it increasingly difficult to implement environmental legislation for various reasons. The European Commission has therefore set up various support mechanisms. It is also crucial to remain attentive to the financing problems encountered by SMEs.

8. Strengthen the internal market in energy

Firstly, massive investment in the creation of a genuine European energy network ensuring proper cross-border connections and "intelligent networks" guaranteeing an affordable low-carbon energy supply is vital. Then, given the problem of competition in the energy markets, it is imperative to work faster in establishing the internal market in energy, which will be a real means of achieving energy competitiveness.

9. Develop a strong and coordinated external energy policy

Growing global demand for energy, high fuel price instability and increasing nationalism with regard to resources require a coherent European response. Energy security and climate stability are two sides of the same coin. This issue requires new international cooperation as part of a global governance revisited in the light of these questions.

10. Adopt an integrated and multi-level approach to support European industry in tackling these energy challenges

Supporting European industry in tackling these energy challenges is not just a matter for "industrial" policy but also involves policies on trade, energy, environment, etc. An integrated approach in the EU and at international level must be developed to promote a sustainable industrial policy which dovetails with the policies already in place concerning energy use and production. The policies should also be redirected towards a holistic approach which takes value chains into account, instead of just the purely sectoral aspect. One of the structural changes most frequently considered for the transition to a low-carbon and resource-efficient economy is a fundamental rethink of "value chains": extending them both further upstream (R&D and technological development) and further downstream (service rendered and social innovation). This transition could also open up value chains which are more clearly regional in character.