

**NOTE FOR MR JENS STOLTENBERG  
NORWEGIAN PRIME MINISTER**

**MEETING WITH UNICE PRESIDENT ERNEST-ANTOINE SEILLIÈRE  
AND NHO PRESIDENT ERLING ØVERLAND  
ON 25<sup>TH</sup> OCTOBER 2006**

**BUSINESSES CALL FOR A BOOST TO EUROPE**

- 1. Implement the reforms for growth and jobs**
  - Strengthen the link between research and innovation
  - Pursue a broad programme on better regulation
  - Fight against public deficits
  
- 2. Integrate the European market**
  - Achieve efficient European network industries, especially in energy
  - Apply the mutual recognition principle for all relevant markets
  - Adopt a services directive which will effectively foster growth and jobs
  
- 3. Govern the EU efficiently**
  - Solve the EU institutional problems arising with 25 and more Member States
  
- 4. Fight national protectionism**
  - Take strong action in favour of the respect to the Internal Market law
  - Ensure a level-playing field on world markets in the current WTO negotiations
  
- 5. Take advantage of the opportunities of enlargement**
  - Lift existing restrictions on labour market access for new Member States
  - Use the regional and cohesion policy to encourage economic development throughout the EU, especially in the new Member States
  
- 6. Reform European social systems to make them sustainable**
  - Improve people's employment opportunities
  - Adapt social systems to an ageing population
  - Give the necessary space for the social dialogue



UNICE Council of Presidents, Vienna 9 June 2006

## **UNICE'S COMMENTS ON ENERGY**

UNICE fully supports the decision of the 2006 March Spring European Summit to develop an Energy Policy for Europe (EPE). This European energy policy should coordinate and optimise actions targeting the following three objectives:

1. Enable consumers to have wide access to a spectrum of energy sources which:
  - is as diversified as possible in terms of both geography and technology, with a view to ensuring a high level of energy supply security
  - reflects the need to reduce the carbon intensity of energy supply.
2. Establish dynamic competition (within and between sectors) between sources of energy, enabling consumers to benefit from the most competitive prices possible.
3. Address the environmental impact of energy production and use through policies reflecting a sustainable development vision.

UNICE accepts that governments retain some responsibilities for determination of the conditions governing exploitation of their energy resources and the structure of their supply. However, the opening of energy markets makes it imperative to have more transparency on national decisions concerning energy policy on issues that will affect the common energy market.

Where market mechanisms have been left to function efficiently, they long ago proved their worth in terms of:

- quantitative development of resources;
- diversification of resources;
- maintenance of production costs and selling prices at the lowest possible level.

It is therefore essential that the European Union and the member states of the European Economic Area, each in its fields of competence, ensure that appropriate basic conditions are established to allow the market to play this role of engine. At secondary level, it is up to the public authorities to carry out certain actions to complement/amplify the results produced by market forces.

The following points set out the issues on which companies call for a strengthening of European cooperation.

### **1. Strengthen competition in electricity and gas markets**

While initial positive steps have been made towards liberalisation, progress towards creation of a truly open internal market for gas and electricity is insufficient.

The Commission should develop initiatives which ensure:

- that existing legislative texts are applied by Member States, not only to the letter but also in spirit. In particular, effective implementation of current EU legislation is essential in the area of unbundling of production and transport of gas and electricity. Furthermore, it is essential that national energy regulators be independent (from Governmental authority) and endowed with sufficient powers to effectively enforce competition rules at national level. More and better coordination among national regulators would also be a positive step forward;
- that obstacles to investments in cross-border connections and smooth day-to-day operation of cross-border trade are dealt with effectively;
- that new market players are stimulated to enter the gas and electricity market.

It is important to improve the predictability of electricity and gas prices in the medium- and long-term for energy-intensive consumers. This would be best achieved by developing liquid and transparent forward markets. Long-term contracts between producers and users, provided that the terms are not anti-competitive, could offer a means of providing a greater level of price predictability, while encouraging necessary investment in generation capacity and gas storage and import infrastructure. The broad view of users on this is that entering into long-term contracts should not become a prerequisite for enjoying security of supply.

## **2. Develop a more active external policy in the area of energy**

The EU should coordinate as much as possible the European Member states' positions in international forums and vis-à-vis non-EU energy suppliers. It is essential that the EU pursues the principles of market liberalisation and investor security in supplier countries and that energy questions have a greater presence on the agenda for trade negotiations between Europe and its economic partners.

UNICE attaches great importance to the development of new partnerships between the EU and energy producing countries. In this context, the EU should consider which initiatives it could take (itself or in the framework of international fora) with a view to facilitating the exploitation of the energy resources of the High North (Barents Sea).

The European Commission should secure ratification of the Energy Charter by Russia and rapidly conclude negotiations of the Energy Charter Transit Protocol with Central and Eastern Europe, the CIS, Russia, Turkey, Japan and Australia. UNICE also supports proposals to replace the EU-Russia Partnership and Cooperation Agreement with a full free trade arrangement that covers a broad range of issues including cross border energy trade and investment.

### **3. Competitiveness and environmental issues**

It is essential that the transition to a less carbon intensive society is made in a way that preserves the international competitiveness of European industry, which the Commission rightly describes as the “cornerstone of EU strategy for sustainable development”.

Genuine global cooperation involving all countries and regions of the world for tackling climate change is indispensable. It is essential that Europe’s contribution to climate protection is deployed in such a global framework and makes wide use of the instruments for international cooperation which already exist like the Clean Development Mechanism (CDM).

### **4. Supply of low-carbon or zero-carbon energies**

Support for research and innovation constitutes the most effective long-term approach for promoting development of energy technologies with low carbon intensity.

Opportunities for technological cooperation between Norway and the EU should be actively exploited, in particular given the important programs developed by Norway in the area of carbon sequestration and storage. The work done in the coming years on this area in Norway can be of significant importance for Europe.

Current national support schemes to the production or the consumption of renewable energies lead to high costs and dysfunctional power markets. With a view to remedying such problems, a Community-wide and cost-efficient market-based support framework for the use of renewables in electricity generation should be established.

### **5. Nuclear energy**

Nuclear energy is among the solutions available for meeting both economic challenges (security and competitiveness of electricity supply) and environmental challenges (reduction of greenhouse gas emissions). In this context, it is important that national debates on energy policy evaluate the nuclear option on the basis of objective and well documented elements.

## **6. Energy efficiency**

There is potential for further energy efficiency improvement in the industrial sector, but as energy forms core part of input costs, most energy-intensive sectors have already made exemplary improvements. Further efficiency gains in energy-intensive sectors will come at significantly greater cost.

The key channel for promoting energy efficiency in industry is a sound climate for business investment. This consideration should strongly inspire public strategies in the area of energy efficiency. Support of existing energy service companies (ESCO's) and promotion of establishment of new ESCO's is important. Significant potential for energy efficiency improvement remains in the household/residential and commercial sectors; it is essential to harness this potential.

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