

BUSINESSEUROPE



# **2030 Energy and Climate Policy for Industrial Growth**

Conference

Smart Industrial Policy – Key Condition to Economic Growth

Perspectives ahead of the Lithuanian Presidency

Adrian van den Hoven

# The Renaissance of European Industry

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- Renewed attention to a **strong and competitive European industry**
- A strong **industrial base is vital**
  - 16 % of GDP and 80% of EU exports
  - 80% of private sector R&D expenditure
  - 45% of Europe's workforce
- Europe needs an **integrated industrial policy**
  - Foster industrial growth
  - Strengthen Europe's competitiveness
- **Industrial policy** at the centre of EU policymaking



## Why a discussion on 2030 energy and climate policy?

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- **EU** debate on the 2030 Energy and Climate Policy
- **Global Energy markets** are changing fundamentally
- **EU economy** needs a long-term energy strategy for investment, growth and jobs in Europe
- **Companies** need predictability regarding cost-competitiveness, security of supply and climate objectives



## EU political context of 2013

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### **Irish Presidency** with focus on

- The Commission Communication on the internal energy market
- The post-2020 agenda on energy and climate

### **European Commission** work program 2013 with focus on

- The completion of the internal energy market
- A long-term perspective for a low-carbon economy
- A new strategy on adaption to climate change
- The 3<sup>rd</sup> phase of Emission Trading Scheme (2013-2020)



# Challenges with current EU energy and climate policies

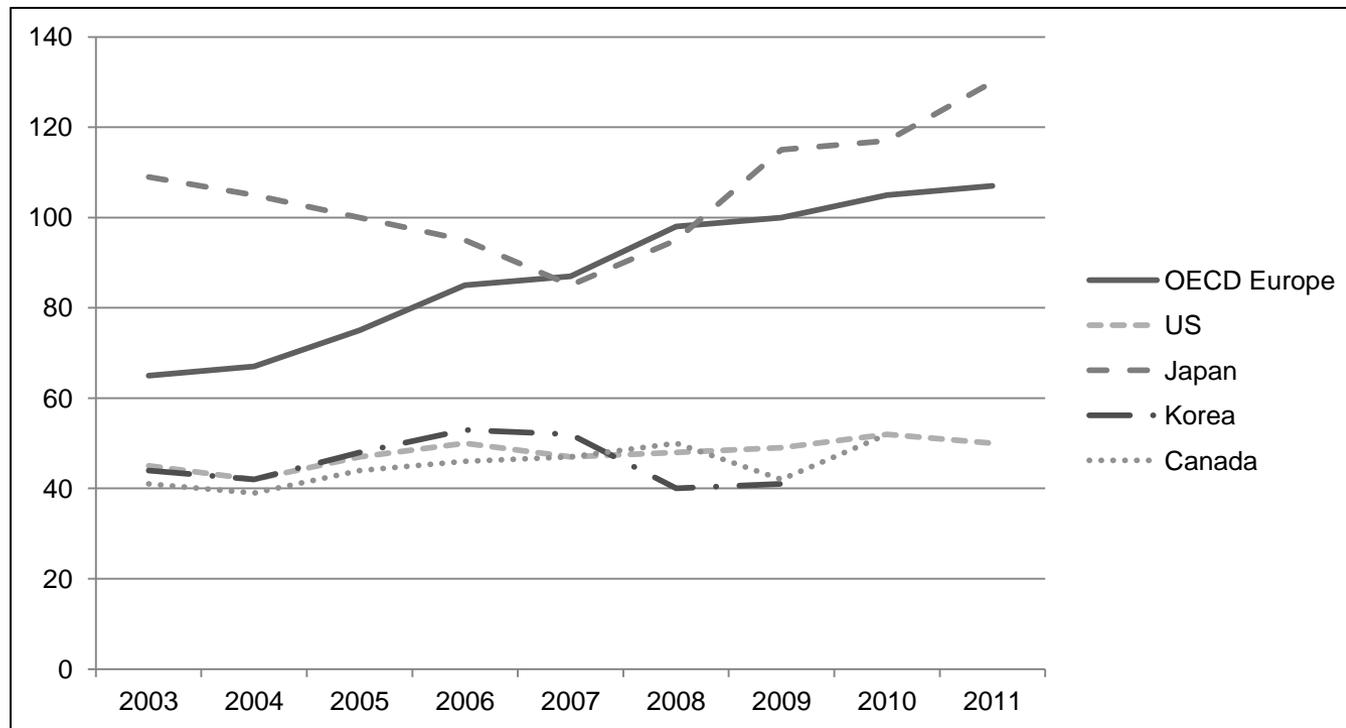
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- **Balance:** climate vs. competitiveness and security
  - more focus on cost and security impacts
- **Coherence:** climate legislation overlap
  - eliminate inefficiencies caused by multiple objectives
- **Coordination:** Internal energy market to support growth
  - better coordinate national energy policies
- **Dependence:** Growing reliance on external supplies
  - external strategy for security and competitiveness



# Challenges with current EU energy and climate policies

- Energy prices for European industry went up by 28% between 2003 and 2011

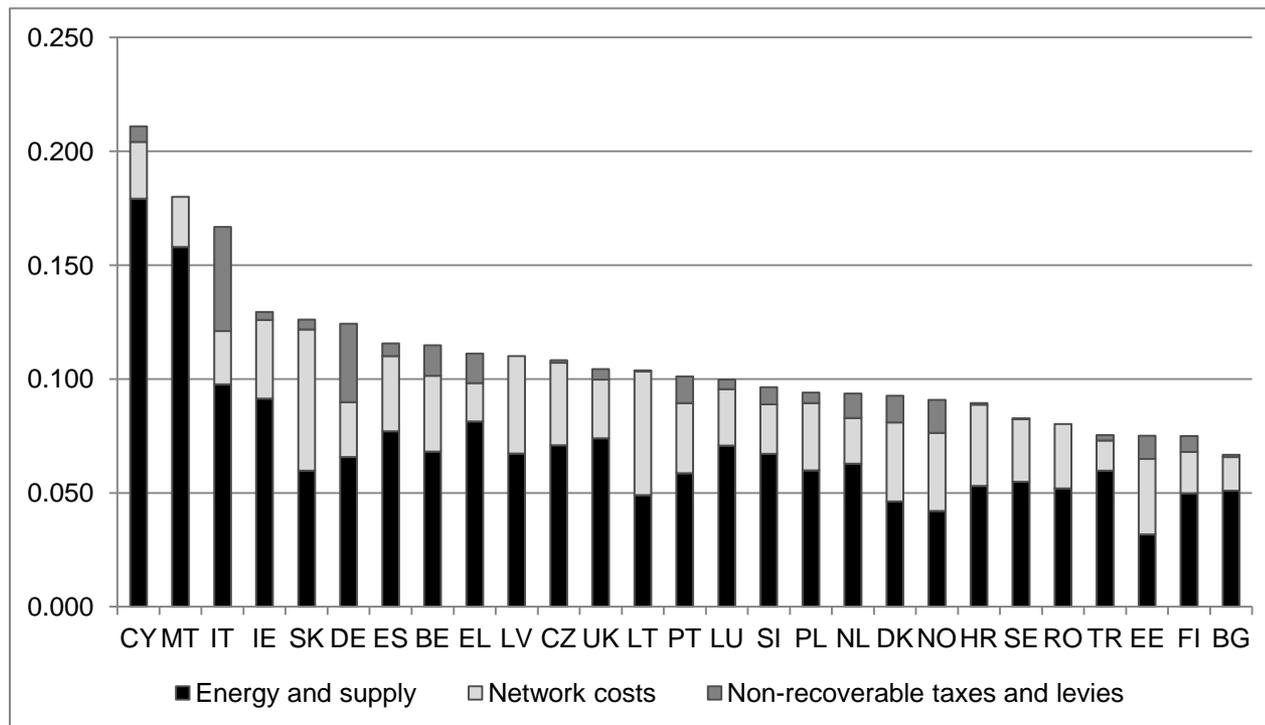


**Graph:** Energy prices for industry in EUR/MWh, US data excl. tax (European Commission 2012, Staff working document industrial policy communication)



# Challenges with current EU energy and climate policies

- Uncoordinated national measures with far-reaching impacts e.g. energy electricity prices

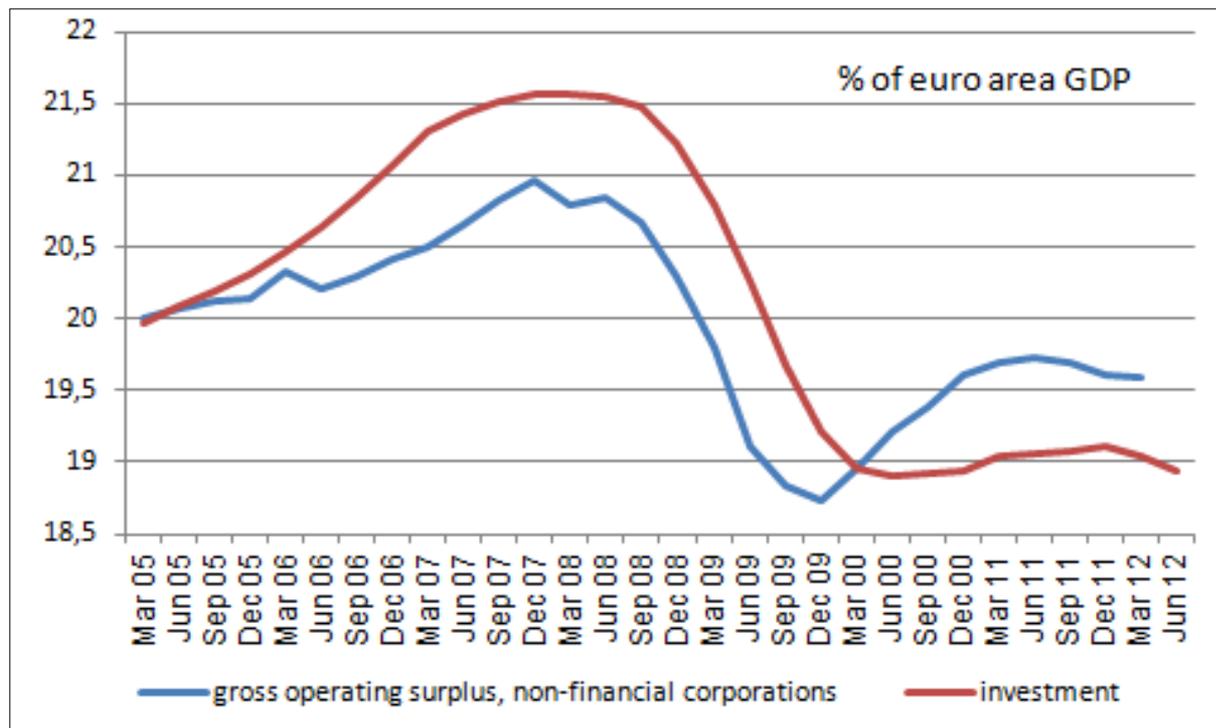


**Graph:** Composition of the 2011 electricity prices for industrial consumers in EUR/kWh (Eurostat, 2011)  
 NB: Data for France, Hungary and Austria were not available



# Challenges with current EU energy and climate policies

- Businesses are reluctant to invest



**Graph:** business performance and investment activities in relation to EURO area GDP (BUSINESSEUROPE calculation)



# Technological developments to the horizon 2030

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**Technological innovation** as a key element of future industrial competitiveness

- Improvements in efficiency of **nuclear and gas-fired power plants**
- Further developments in **wind power technologies**
- New promising technologies as **CCS and shale gas**
- Developments in **energy-storage technologies**
- Progress in **heat production and recovery technologies**



## 2030 energy and climate policy project goal

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To develop a BUSINESSEUROPE vision on a **2030 Energy and Climate Change Policy**

- To promote the **sustainability and competitiveness** of the European economy
- To address a **coherent and cost-effective** EU energy and climate policy
- To address a **fully functioning** EU internal energy market



# 2030 energy and climate policy project

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## Process

- Council of Presidents: Orientation for project objectives
- Policy and Executive Committees: Deliver coherent strategy based on Presidents' objectives
- Working Groups: Develop policy options for specific challenges

## Timing

- Jan-March 2013: Technical work
- March/April 2013: Adoption of strategy
- May-Dec. 2013: Advocacy/Communications strategy



## Council of Presidents on 6-7 December

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- Pursue a **triple objective**
  - Cost-competitiveness, security of supply and climate
- Impose a **European view on energy**
  - Balance the interests of supply and demand
- Boost **industrial development** and fight climate change
  - Regulatory target approach vs. technology approach
- Reduce **excessive regulation**
  - Spur investment and growth and reduce unemployment



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