



15 July 2015

SUBJECT: TTIP stakeholders event

The energy chapter in TTIP is important from an economic and a strategic point of view: **not only EU companies depend on open raw material and energy markets to be able to source at competitive prices, but access to secure, reliable and competitive energy sources is also in Europe's strategic interest.**

The recent political developments in some of the EU's major energy suppliers highlighted the urgency of broadening sources of supply to enhance the EU's energy security. The EU must define a clear and consistent cost-effective strategy to diversify its energy sources both domestically and externally.

We ask that TTIP:

- 1) Improves **market access** conditions
- 2) Establishes transparent, non-discriminatory **rules**
- 3) Addresses the problem of **export restrictions**
- 4) Promotes **sustainability**

Let's see in detail each of the above.

Firstly, by **improving market access** conditions, TTIP will also contribute to rebalancing the market situation: it will provide EU companies with a wider choice of energy and raw materials.

Bringing new suppliers to the market can potentially lead to lower energy and raw material prices for industrial users in Europe. This is particularly important as the EU is currently confronted with high energy prices that hinder the competitiveness of its industries, particularly in energy intensive sectors.

There are two completely diverging paths on the two sides of the Atlantic: in the US, prices are decreasing; in the EU they remain high. Even with the recent fall in oil prices, industrial energy prices remain almost 2¹/₂ times higher in the EU than in the US. As a result, the International Energy Agency predicts that by 2035 the EU's share in global exports of energy-intensive products will drop by 10% while the United States' share will increase by 1%.

This has also an impact on investment in Europe particularly in energy intensive sectors. For example, between 2008 and 2013 investment in Europe by major



chemical companies fell ten percentage points, from 55% to 45% of total investment made. In the US there are presently over 200 chemical projects totalling \$140bn of investment.

Secondly, we ask that TTIP establishes **transparent, non-discriminatory rules** in the area of energy and raw materials. Both the EU and the US have been advocating for clearer rules in what concerns access to raw materials in the multilateral context. TTIP should set the right framework that hopefully could be taken up by WTO. Export restrictions in raw materials and energy are not sufficiently covered by the current WTO rules. Therefore, we need TTIP to set up WTO+ provisions.

Thirdly, we want TTIP to address the problem of **export restrictions** that are creating artificial market conditions in this important sector. In the US, there are restrictions to the exports of crude oil that date back to the 1970s and the energy crisis. There are also limitations to exports of LNG. The EU and the US have joined forces not long ago to present a WTO case against China and its Export Restrictions on Rare Earths. So we are asking the US to be consistent in this field.

Fourth, the **sustainability** aspect: BUSINESSEUROPE supports the conclusion of an agreement that would lead to an EU/US leadership in support of global efforts to environmental objectives and the fight against climate change. In particular, TTIP should promote and increase the collaboration in the field of energy technologies such as smart grids, energy storage, energy efficiency, renewable energy sources, carbon capture and storage and unconventional hydrocarbons to facilitate their deployment.

What is the situation today? The US has been reluctant so far to discuss energy-related matters in TTIP. **The crisis in Ukraine resulted in a slight change in the US approach, but no concrete proposals have been made so far.**

We favour of a dedicated energy chapter but can live with specific provisions across chapters provided that we address effectively all export restrictions.

Now that TPA has been adopted and that all issues are back on the negotiating table, we urge the US to move from its initial position and make progress in this field.

We remain committed to have an ambitious and comprehensive TTIP including on Energy and Raw Materials and we think this can still be achieved during the Obama Administration.