

# RE: INDUSTRIALIZATION

## Energy Policies for Industrial Competitiveness

# Bulgarian Federation of the Industrial Energy Consumers

- \* 23 of the largest industrial energy consumers in Bulgaria
- \* Represent around 40% of the electricity at the liberalized market
- \* Represent more than 70% of the industrial consumption of natural gas in Bulgaria
- \* Member of IFIEC Europe since 2012



# MANIFESTO

EUROPE'S MANUFACTURING  
INDUSTRY CEOs CALL  
UPON HEADS OF STATE TO  
**STREAMLINE 2030 STRATEGY  
TOWARDS GROWTH AND JOBS**

150 CEOs  
Representing companies from 23 countries  
1.2 direct jobs and cumulative turnover exceeding EUR 400bn

**OVER 150 EUROPEAN MANUFACTURING COMPANIES JOINED  
THE MANIFESTO (5 March 2014)**

# The Challenge

EU industry does suffer from a disadvantage in total energy and climate costs in comparison with competing regions of the world.

## The Disadvantage:

- \* High cost for electricity and surcharges
- \* **Uncompetitive** price of natural gas
- \* Direct and indirect cost for CO<sub>2</sub>

Results: The industrial basis of Europe has declined.

Industry's share in EU GDP – down to 15.1%

3.5 million jobs lost since 2008.

# INDUSTRIAL RENAISSANCE

The most important objective to move EU out  
of the crisis

EU economic recovery and reversing trends in  
employment will not happen without industry

## Manufacturing industry accounts for:

- \* 80% of Europe's exports;
- \* 80% of research and innovation;
- \* 1 in 4 private sector jobs are in industry;
- \* 1 job in manufacturing industry generates up to 2 jobs in the services sector.

# Manufacturing industry needs access to globally competitive energy

- \* EC report (22 Jan 2014) confirms that electricity costs are 2 to 3 times higher in the EU than the US;
- \* 70% increase since 2000 for EU industry;
- \* The regulatory costs (subsidies for renewables, taxes, grid costs, etc.) are the main reasons for this widening gap;
- \* Natural gas prices are 3 to 4 times higher in the EU than in the US. (100% increase of natural gas prices in Bulgaria since 2006)

# Manufacturing industry needs access to globally competitive energy

- \* The transition to a low-carbon economy in a cost- and time- efficient way;
- \* Need for more R&D – immature technologies must not be scaled up too quickly;
- \* A functioning internal energy market and applying the Guidelines on State Intervention in electricity markets are important levers to limit the dramatic increase of system costs (including levies, surcharges, grid costs and taxes)

# Manufacturing industry needs access to globally competitive energy

- \* Voluntary demand response – much cheaper than capacity mechanisms;
- \* Grid tariffs must reflect the contribution of flat – band consumption;
- \* Long term electricity supply contracts for more visibility and predictable prices;
- \* Electricity surcharges – impact the total cost structure;
- \* The new Environmental and Energy Aid Guidelines must allow the full offsetting of the cost consequences for the promotion of non-competitive energy generation technologies.



# Manufacturing industry needs access to globally competitive energy

## For natural gas:

- \* Need for sufficient infrastructure;
- \* Slow progress in the development of interconnectors;
- \* Diversified supplies;
- \* Local exploration and production of conventional and unconventional gas in an environmentally acceptable way;
- \* Heavy administrative procedures for concessions in Bulgaria;

# In conclusion

## European Institutions and Member States should:

- \* Make EU Industrial Renaissance the most important objective to move Europe out of the crisis
- \* Restore globally competitive energy costs for manufacturing industry, addressing all energy cost components
- \* Focus climate policy reform on avoiding carbon leakage, allowing industry to grow, and obtaining a global agreement

# Thank you for the attention!

**BULGARIAN FEDERATION OF THE INDUSTRIAL  
ENERGY CONSUMERS**

**For more information:** [www.bfiiec.org](http://www.bfiiec.org)

**Phone:** +359 76 68 10 17; +359 887 60 12 62

**Fax:** +359 76 68 19 52

**e-mail:** [office@bfiiec.org](mailto:office@bfiiec.org)

**Postal address:** Sofia 1700, 1 Universitetski park Str