

The Chemical Industries Association (CIA) is the trade association and employers federation for chemical and pharmaceutical businesses located throughout the UK. The chemical and pharmaceutical industry contributes £20 billion per year to the UK economy, provides direct and indirect employment for over half a million people and is the UK's number one manufacturing exporter.

CIA welcomes the opportunity to the European Commission's consultation on an [EU strategy for LNG and gas storage](#). Please see below our position on LNG and storage:

- Natural gas will remain a key component of EU energy supply going forward. It is one of the most important and versatile fuels of the future because of its scalability, reliability and efficiency as well as its clean-burning properties and competitive costs.
- Overall, we support competitive markets and therefore advocate a position where there is as little intervention in the market as possible. Energy is best delivered through a large, interconnected, well-functioning and competitive market underpinned by stable legislative and regulatory regimes.
- Existing EU legislation and initiatives provide a robust foundation for strengthening security of supply. The strategic focus should be full and timely implementation of the Third Energy Package, the associated Network Codes and the Regulation on Security of Gas Supply.
- CIA has welcomed the surge in LNG imports to the UK and Europe and is supportive of measures to ensure that this is sustained in the future so long as it does not represent intervention in the market. LNG contributes to diversity of supply, a key factor in energy security.
- Our view is that the strengthening of global LNG trade is best served by policies which facilitate open markets, international co-operation and infrastructure development rather than market intervention. Completion of the Internal Energy market is key to efficient use of LNG terminals in Europe. The EU should also continue to pursue a reduction in barriers to international trade, such as engaging with the USA to accelerate the permitting and approval of US LNG export licences.
- We think that the focus should be more-so on the development of domestic energy production (in particular shale gas )rather than storage solutions
- There has been increased trade in LNG across Europe and CIA doesn't believe that there are any market indicators for more long range storage across Europe. Markets are best placed to determine whether and where gas storage infrastructure should be built. Regulatory interventions risk distorting the market for flexible response that includes a range options other such as indigenous production, pipeline imports, LNG imports and demand side response
- The UK gas market has facilitated investment in a diverse range of gas import infrastructure that has helped maintain energy security during a period when the UK shifted from being a net producer to a net consumer of gas. Over the past decade, the market has delivered an extensive

pipeline network providing direct connectivity to regional suppliers as well as three major import terminals providing access to the growing global LNG market.