17.6.2013

GREEN PAPER
A 2030 framework for climate and energy policies

Association of Large Energy Consumers (SVSE), Czech Republic

When evaluating climate change policy is necessary to keep in mind the basic fact: the EU's share of global emissions is less than 13.5% and it continually falling down. Even if the whole EU would completely disappear from the map it will not bring any solution from the point of view of global emissions.

At the time when Czech Republic became the EU member, Lisbon strategy was valid: To create the EU the world's most dynamic and competitive environment. This was clearly reasonable basic goal. And the liberalization of energy markets should serve as a tool to meet the goal.

But the reality is completely different: Instead of following the basic objective of increasing competitiveness we have been taking unilateral brave commitments. EU authorities take political decisions without respect to the economic reality. This have led to uncompetitive energy prices.

Commissioner Oetinger is surprised by the fact that the share of industry at GDP fell between 2000 and 2010 down from 22% to 18%. He proclaims the need to enhance the competitiveness of industry. The fact that the Commission is surprised by the consequences of their own decisions can hardly indicative of their competent and rational approach.

We are afraid that this approach of the European institutions may result in the efforts of some countries to leave the EU in the future. Such a move would have its own logic: Practical EU policy has departed from the basic objective of improving competitiveness. This led to a fundamental change in the conditions for Member States. This fact may be the motive for consideration whether it is reasonable to continue to stay in the EU, or to leave EU and to go own way.

The costs of climate change policies have very negative impact on the economy, especially in the Czech Republic. Total price of electricity due to business support in the field of renewable energy sources has grown by 30%. An average of 27.5% of profit before taxation is removed from industry by RES support in 2013. But this figure is much higher - around 60% - in some energy-intensive sectors (steel, paper, heavy chemicals, etc.). The promotion of renewable energy sources plunged some companies into the loss.

The main macro economical results are following:

- dismissal of employees from the industry
- increased social spending
- loss of income taxes (both natural and legal persons)
- industry retreat from the global market and they are moving production outside Europe

The State responds by raising all the taxes (income tax, VAT, etc.). Purchasing power of the population decreases as well as living standard. The dissatisfaction grows and extremist views begin to discover. The eurozone debt crisis further strengthens all these negatives.

If EU wants to survive in a global competition it has to react to the situation rationally: To reconsider its unilateral commitments and begin to behave in economically responsible manner. If it continues in this direction, the economic collapse can come soon. It can be followed by social violence, and the situation may result in the disintegration of the EU as a whole in the end.

Any measures taken must be assessed in terms of economic efficiency. If economic efficiency is not proven, the realization of such a measure is irresponsible waste.

17.6.2013

We are a member of IFIEC EUROPE. We fully support the responses provided by this organization.

Ing. Luděk Piskač,
tajemník Sdružení velkých spotřebitelů energie
http://www.svse.aem.cz/; svse@aem.cz
+420 737 727 835