



**Lecture for the 2<sup>nd</sup> year of the international conference:**

**TRENDS IN THE EUROPEAN ENERGY INDUSTRY**

**23TH - 24TH OF MAY 2011, PRAGUE**

**National Technical Museum, Kostelní street no. 32**

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**Title of the lecture:**

**Competitiveness in the UE in light of existing and planned directives/regulations (legal aspects)**

**Abstract:**

EU economies are at different stages of development and have varying degrees of access to the energy sources available to them. As we look at the EU countries, there are two distinct types of economy: Non-Saturated (Central European EU Countries), and Saturated (EU 15). The latter group, being the most influential, have been driving ambitious goals for the entire EU, as for example, with GHG regulations, amongst others.

The introduction of a carbon tax will influence European economies differently, with those countries for whom coal plays a significant role in their energy mix, feeling very negative effects indeed.

Furthermore, the decision taken by the European Commission on Article 10a of Directive 2003/87/EC will also impact negatively on the economies of Central Europe. For the determination of benchmark values, the Commission has decided to use, as a starting point, the arithmetical average of greenhouse gas emissions output, based on the most efficient 10% of installations. This leads us indirectly to assume an equivalent benchmark for natural gas installation efficiency. These developments will ultimately produce major deficits in the free allocation of emission allowances for companies operating in the CE market. The proposed rules automatically increase manufacturing costs because of their energy-mix, that is when the majority are based on solid fuels. Companies will, therefore, struggle to stay competitive.

CEEP proposes that each Directive, or any other legal solution planned to be introduced by the EU, in terms of energy and CO<sub>2</sub> emissions, should be justified by economic analysis pertaining to their influence on:-

1. the economies of EU countries: taking into consideration their level of development and GDP, along with their resources of energy and their ability to adopt such measures, which give the non-saturated economies a chance to fulfil such obligations in a reasonable time;
2. the EU's competitiveness (based on analysis) against the USA, China, India, Brazil, and Russia, with a special chapter relating to the competitiveness of Central European countries, otherwise the EU will be over-powered by outside economies and rendered non-competitive.

**TRENDY  
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