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CEE industry and employer federations declaration in view of the ongoing energy crisis

The current energy crisis resulting especially from the war in Ukraine, marked by unseen scarcity and price hikes in the EU, represents an unprecedented challenge for the industries of Central and Eastern Europe. With up to 6 to 10 fold increases in electricity and gas prices in the course of this year compared to 2021, the survival of companies in entire sectors is at risk. Especially also considering expectations for continuously high prices in Europe, with a significant price gap compared to major international competitors (even after the recent easing, gas prices remain at historically high levels in the EU and are 4-5 times higher than in the United States). At the same time, for ensuring security of energy supplies and successfully decreasing Europe's reliance on single suppliers, massive efforts with the implementation of a large number of infrastructure, energy and industry projects will be needed.

Therefore, as Industry and Employer Federations from Central and Eastern Europe we call on policymakers at national and EU level to ensure in parallel the following measures:

- **Continue to insist that an EU-wide measure is proposed by the European Commission and implemented as soon as possible to decouple electricity and gas prices**, in line with the conclusions of the European Council from 20 and 21 October.
- **Implement energy cost compensation at national level in line with the recently revised Temporary Crisis Framework state aid rules.** Making full use of EU state aid rules, in terms of maximum aid, qualification criteria and scope of energy intensive sectors. This is crucial, in order to enable companies to sufficiently balance the extreme energy prices as well as to ensure a level playing field within the EU in terms of support received.
- **Ensure a sufficient level of carbon leakage protection, by making sure that the availability of free allocation in the European Emission Trading Scheme (EU ETS) is not being reduced.** This concerns on the one hand the negotiations to revise the EU ETS and the introduction of a Carbon border adjustment mechanism (CBAM). Free allocation and a CBAM should co-exist as complementary carbon leakage measures (in an adjusted manner to avoid double protection and thus ensure WTO compatibility), as long as other regions do not apply similar carbon pricing.
- **On the other hand, free allocation should also not be reduced for the financing of the RePowerEU plans of Member States or due to the current exceptional situation in terms of production.** The European Commission should take the necessary initiatives and legislative action to ensure that production and emissions reductions related to the current circumstances will not unduly reduce the future amount of free allocation for industry under EU ETS.
- **Adjust also indirect CO₂-cost compensation in view of the increased carbon leakage risk from extreme energy prices, by expanding the sectors eligible for indirect CO₂ cost-compensation** and synchronizing Annex I of the ETS state aid guidelines with the energy-intensive sectors list of the Temporary Crisis Framework.

- **Ensure that the Commission proposals to speed-up permitting of renewable energy and grids projects (as part of RePowerEU and the most recent Council Regulation), are being expanded in scope to cover all projects that are relevant for the security of energy supply.** Hence the proposed shortened maximum permitting durations and the overriding public interest, should cover also broader infrastructure projects including interconnectors and LNG terminals, all renewables and alternative energy projects such as hydrogen, as well as the adaptation of industrial plants.

In view of the dramatic situation that we all face, we trust that you take into consideration our suggestions in the upcoming decisions.

Industriellenvereinigung – Austria
Hrvatska udruga poslodavca – Croatia
Svaz průmyslu a dopravy ČR – Czech Republic
MGYOSZ – Hungary
Republiková únia zamestnávateľov – Slovakia
Združenje Delodajalcev Slovenije – Slovenia