



**F.E.C.C.I.A.**

**Fédération Européenne des Cadres de la Chimie  
et des Industries Annexes  
European Federation of Managerial Staff in the Chemical  
and Allied Industries**

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Affiliated to CEC – European Managers

Paris, 23/09/2008

Dear Sir, Madam,

As president of FECCIA – the European Federation of Managerial Staff in the Chemical and Allied Industries – I am writing to you on behalf of our members in order to express our concerns regarding the feared negative impact of emission trading scheme in EU.

With their high degree of creativity and achievement, executives and managerial staff in the chemical industry form one of the cornerstones of a modern knowledge-based economy in Europe. Thanks to innovation, know-how and motivation the managerial staff contribute fundamentally to the success of one of the strongest and most innovative European industries. These managers possess expertise in the planning, development and production of future technologies which consume less and less energy and thus contribute to the reduction of green house gas.

Managerial staff within the chemical industry is highly dedicated and strongly committed towards the success of their companies within the EU market and competitiveness in a global economy. Nonetheless the percentage of employees working in manufacturing in the EU fell from 31% in 1990 to 18% in 2003. Whereas the number of people working in manufacturing merely doubled in the EU-15 countries within that period, it grew to 23-fold in emergent countries such as China and India . The same development can be seen in direct investment in the chemical industry: The amount doubled in the EU, whereas in emergent countries direct investment was a hundred times higher. The emission trading scheme which the European Commission intends to put in place from 2013 onwards, will increase Europe de-industrialisation and lead to a massive reduction

of jobs.

Chemical industry is highly energy-intensive. Despite immense efforts and impressive successes in reducing the use of energy, chemical companies still have to shoulder high energy costs. Through the new emission trade scheme, FECCIA foresees that additional unquantifiable costs will occur for the chemical industry: certificates must to be bid for industrials and the emissions trade will lead in turn to a massive rise in costs for electricity. Additional costs of five billion Euros per year for the industry from 2013, going up to around nine billion by 2020 are to be expected.

A further problem to which the chemical industry will face is the degree of uncertainty in planning future investments. The EU Commission has recognized that this aspect of the emission trade scheme leads to unacceptable levels of additional costs. It is thus the intention of the EU Commission to deploy exceptional rules for energy-intensive industries. These rules, however, will only happen in 2010! And even if these rules are put into place, it is not certain that chemical industry will fall under them, nor ever if it will be considered as energy-intensive industry. In the meantime, companies are face an unacceptable situation in which it is impossible to calculate financial and economic risks.

These additional costs and risks will lead to a strong competitive disadvantage for the European chemical industry. Companies may decide to relocate in countries outside Europe which do not have any commitment to climate protection at all, or to those which will not sign a comparable commitment to climate protection as part of a future agreement. Some leading European enterprises already announced that they would relocate plants and jobs rather than buy emission rights. They would sell their own emission rights and move their production and research facilities to non-European countries, since the fierce competition would make it impossible to pass the costs of buying emission rights on to their products. The consequences would be massive job losses, substantial loss in tax revenue and additional burden for the welfare systems. Relocation also means an increased emigration of expert knowledge and thus the loss of expertise in innovation and development.

But also from an ecological point of view the effectiveness of emission trade scheme is questionable. The amount of emission will not be reduced – it will just be relocated to countries outside Europe. An effective climate protection can only be achieved through

a global solution.

FECCIA asks for:

- A full free allocation of emission certificates for facilities of chemical industry including CHP generation plants on the basis of ambitious benchmarks
- A relief for facilities with high electricity consumption, which are affected by the emission trade indirectly through rising electricity prices
- The rules for allocation of certificates and the relief from the auction process must be decided now through the new directive. They must not be left to be decided by the EU Commission alone at a later stage

Europe needs managers and executives in the chemical industry, and in turn they need a solid economic basis. They are experts and inventors, who, through the development of innovative and visionary products, contribute essentially to the economic power of Europe. FECCIA therefore calls on you and the relevant political institutions to use good judgement on the new emissions trading directive and to help prevent the loss of jobs and the loss of knowledge.

Sincerely yours

A handwritten signature in black ink, appearing to read 'Vincent', with a stylized flourish above it.

François VINCENT  
President