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The EU's proposal for a chapter on energy and raw materials in TTIP

Friends of the Earth Europe analysis

The leaked EU proposal for a chapter on energy and raw materials in TTIP directly undermines the EU's policies on clean energy and energy efficiency. It also runs completely against urgently needed measures based on the Paris Agreement on Climate Change. Finally, it will contribute to higher energy costs for consumers and it will hinder a rapid transition from fossil fuels to renewable energy as it will lock the EU into further dependency on gas imports from the US. [1]

It undermines energy efficiency policies

“Parties shall foster industry self-regulation of energy efficiency requirements for goods where such self-regulation is likely to deliver the policy objectives faster or in a less costly manner than mandatory requirements” (art. 6.2).

- This undermines the EU's energy efficiency policies as it would threaten minimum energy efficiency requirements imposed on a large number of goods, appliances and equipment (ranging from fridges to cars, from TVs to washing machines), which save consumers billions of dollars while cutting hundreds of millions of tons of climate pollution each year.
- It will flood the market with cheap-to-build and expensive to run products.
- All this ignores the major benefits from ambitious EU energy efficiency policies. The Commission's own analysis predicts significant increases in jobs, investment, energy security and living standards with a strong push on energy efficiency. Research group Ecofys calculates that an upper end efficiency target could cut EU greenhouse gas emissions in half by 2030.
- It is not based on any evidence, to the contrary, there is a body of evidence that self-regulation is not effective in order to achieve public interest objectives.

It pushes for unlimited export of fossil fuels

“Parties must agree on a legally binding commitment to eliminate all existing restrictions on the export of natural gas in trade” (disclaimer) [sic].

- This will result in the inability of the US in taking climate change measures that would restrict further LNG export to Europe.
- It will promote more fracking in the US.

“A Party shall not adopt or maintain a higher price for exports of goods to the other Party than the price charged for such goods when destined for the domestic market, by means of any measure such as licenses or minimum price requirements” (art. XXX) [sic].

- This makes it impossible for both sides to restrict fossil fuel trade in order to achieve climate objectives by raising the price of fossil fuel export

It restricts clean energy policies

“Each Party shall ensure that operators of transmission systems in its territory grant access to their systems to entities of the other Party for the transport of gas and electricity. Such access shall be granted on commercial terms that are reasonable, transparent and non-discriminatory (including as between types of energy)” (art. 4.1).

- This will undermine EU policies that encourage clean energy production, such as renewable portfolio standards that require utilities to increase electricity from renewable sources, or feed-in tariffs that give wind and solar power producers preferential access to the electrical grid. Exemptions from this can be only very limited as they have to be “objective”, “necessary” and “legitimate”

It undermines protection for citizens and the environment against fossil fuel extraction, logging and mining in third countries

“The Parties shall cooperate to reduce or eliminate trade and investment distorting measures in third countries affecting energy and raw materials” (art. 8).

- This encourages the US and the EU to jointly pressure countries around the world to abandon protections against destructive fossil fuel extraction, logging, and mining

It contributes to weaker or delayed energy standards or no standards at all

“The proposal encourages the “harmonization” of “standards on energy efficiency and renewable energy”” (art. 6.1).

- Efforts of international “harmonization” are likely to result in lower standards, delays or no standards at all and will limit the possibility of the EU to introduce strong standards.

It provides a powerful lobby vehicle for business lobby groups

“The EU wants to establish a “Working Group for Energy and Raw Materials” to “monitor the implementation” of the obligations described above, including by “examining stakeholder requests”” (art. 9).

- This provision would provide an avenue for fossil fuel corporations to use TTIP rules to advocate against U.S. and EU policies that inhibit trade or investment in fossil fuels.

[1] This briefing has been prepared with substantial input from Ben Beachy from Sierra Club in the US.

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Friends of the Earth Europe

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