

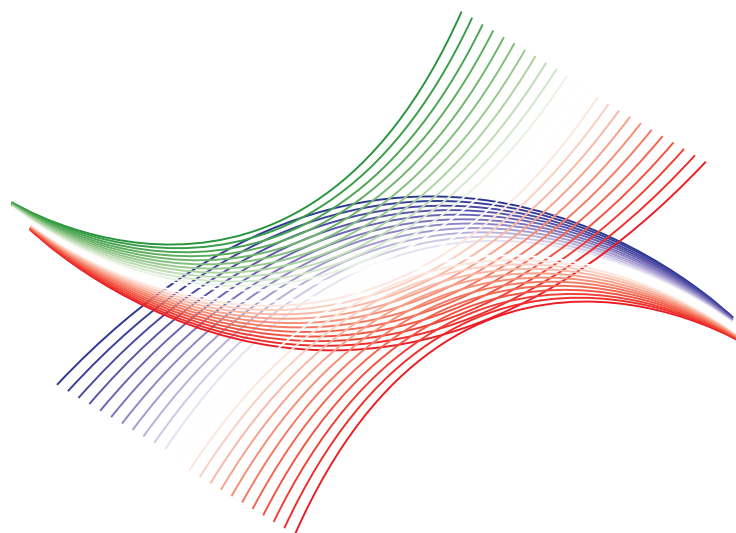


# MEDEF - CONFINDUSTRIA

## Joint letter

Thursday, October 20th, 2022

Paris



French, Italian, European entrepreneurs and businesses are facing unprecedented challenges since the beginning of the aggression of Ukraine by Russia and the energy crisis escalation. This crisis is entering a new phase showing that it is getting urgent to act to curb prices and their impact on the European economy. **Damages are increasing as long as no decision with immediate effect is taken.**

The magnitude of the crisis is turning into reality and consequences are starting to be visible in every European country. Studies<sup>1</sup> demonstrate that between august 2021 and august 2022, production prices in the industry have raised by 28% in France, 40% in Italy and 33% in the EU as a whole. We already know that European fertilisers and aluminium producers have reduced their production respectively by 70% and 50%. This is only the beginning. Production losses and shutdowns of thousand of companies will rise dramatically over the coming winter. There is a huge risk that the damages on the economy exponentially explode with relocations of energy intensive industries, shutdowns of businesses of all size, loss of competitiveness and jobs.

**It is urgent to mitigate the impact of high prices and strive to fix the crisis with strong European decisions.** The ongoing war in Ukraine is putting a strain on the proper functioning of the electricity and natural gas markets. Indeed, the inability of the market price signals to guarantee the integrity of the European energy system has led the EU to put forward emergency measures dedicated to the gas market. Measures, proposing **capping gas prices should be implemented as soon as possible as a temporary measure.** Some additional signals have already been sent with interesting mechanisms such as common purchasing of gas. **Furthermore, to achieve a EU integrated gas market and strengthen liquidity and security of supply, a European dedicated gas platform for regulation should be created.**

**An immediate temporary EU-wide price cap mechanism for gas needs to be enforced. This measure will have a direct impact on prices for all end consumers** (including businesses). And it has a proven track record on electricity prices, since its implementation in Spain and Portugal earlier this year.

**We, MEDEF and Confindustria, call for a EU-wide cap on gas price taking into account the impact on security of supply and demand to effectively lower the energy bills.**

Such a cap is a measure which must remain temporary. But this is the only answer with a real and immediate effect on electricity prices. This system is also a truly European answer and a proof of European solidarity as the cost can be shared across all member states. Furthermore, a structural solution has to be the setup of a new European gas market platform to achieve a full European market integration.

Immediate action is needed. In a few months, it will be too late for European businesses: their survival is at stake.

Geoffroy Roux de Bézieux

President of MEDEF



Carlo Bonomi

President of Confindustria



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<sup>1</sup> [Acteres et CEP, october 14th 2022](#)