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TAGS: ECON, ETRD, EUN, GR
SUBJECT: EU CHEMICALS REGULATION: INDUSTRY REPRESENTATIVES STRATEGIZE ON ENGAGING THE GREEK PRESIDENCY

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SUMMARY
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1. (SBU) DOW CHEMICAL EXECUTIVES REPRESENTING INDUSTRY CONCERNS ABOUT NEW EU CHEMICALS REGULATIONS VISITED GREECE TO DISCUSS HOW TO ENGAGE THE GREEK GOVERNMENT IN ITS ROLE AS EU PRESIDENT TO INFLUENCE DRAFT LEGISLATION GOVERNING THE REGULATIONS. AMBASSADOR MILLER WITH FCS AND ECON OFFICERS ADVISED THEM TO USE LOCAL BUSINESS CONTACTS, ESPECIALLY SMES, TO RAISE THE LEVEL OF AWARENESS OF NON-ENVIRONMENTAL MINISTERS, ESPECIALLY THE MINISTER OF DEVELOPMENT WHO CHAIRS THE EU COMPETITIVENESS COUNCIL. SEPARATELY THE EU'S COMPETITIVENESS COUNCIL ON MARCH 3 TOOK UP THE ISSUE ON ITS OWN, ANNOUNCING THAT THE CHEMICALS REGULATION WOULD BE A "TEST CASE" OF ITS ROLE OF ASSURING "SYSTEMATIC AND COMPREHENSIVE IMPACT ASSESSMENT OF PROPOSED COMMUNITY LEGISLATION." EMBOFFS DISCUSSED THESE COMPETITIVENESS COUNCIL AMBITIONS WITH SENIOR GREEK ADVISERS TO THE MINISTER OF DEVELOPMENT (SEPTEL). END SUMMARY.

INDUSTRY CONCERNS
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2. (U) THREE DOW CHEMICAL EXECUTIVES, ANDREW LIVERIS, US GROUP PRESIDENT; LUCIANO RESPINI, EUROPEAN PRESIDENT; AND THANOS THOMAS, GENERAL MANAGER FOR GREECE; VISITED THE EMBASSY MARCH 4 TO PUSH FOR USG HELP IN CHANGING PENDING EU LEGISLATION REGULATING CHEMICALS. THEY ALSO VISITED AS REPRESENTATIVES OF THE AMERICAN (AMERICAN CHEMICAL COUNCIL) AND EUROPEAN (EUROPEAN CHEMICAL INDUSTRY ASSOCIATION -- CEFEC) CHEMICAL INDUSTRY ASSOCIATIONS, IN BOTH OF WHICH DOW IS A LEADING MEMBER.

3. (SBU) THE INDUSTRY REPS SAID THEY HAD VISITED ALL THE EU MEMBER COUNTRIES AND BELIEVED THAT THE GOVERNMENTS OF THE MAJOR CHEMICAL PRODUCERS WERE "ON BOARD", INCLUDING THE GERMAN. (COMMENT: THIS CONTRASTED SOMEWHAT WITH THE REPORT DURING THE FEBRUARY 6 USEU-ORGANIZED TELEPHONE CONFERENCE CALL WHERE IT WAS NOTED THAT THE GERMAN GOVERNMENT POSITION NECESSARILY WAS AN INDUSTRY-ENVIRONMENTALIST COMPROMISE -- OR OUR DOW INTERLOCUTORS SIMPLY ACCEPT THAT THE COMPROMISE IS AS GOOD AS POSSIBLE IN THE GERMAN CONTEXT.)

STRATEGY
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4. (SBU) EMBASSY ECONOMIC AND COMMERCIAL OFFICERS TOLD THE EXECUTIVES THAT THE USG WAS ALREADY ACTIVE ON THE ISSUE AND SUMMARIZED THE EXCHANGE THAT HAD OCCURRED, AS AN EXAMPLE, AT THE US-EU JANUARY TASK FORCE MEETING. WE ALSO ADVISED THEM THAT THEY SHOULD (A) ACTIVATE THEIR EUROPEAN INDUSTRY COLLEAGUES TO CONTACT COMMISSION OFFICIALS TO DELIVER THE SAME MESSAGE, AND (B) TRY TO RAISE THE CONSCIOUSNESS OF NON-ENVIRONMENTAL OFFICIALS, PARTICULARLY COMMISSION AND NATIONAL OFFICIALS CONCERNED ABOUT EUROPEAN COMPETITIVENESS, BUT ALSO TRADE OFFICIALS. AMBASSADOR MILLER JOINED THE MEETING AND IDENTIFIED APPROPRIATE GREEK GOVERNMENT OFFICIALS FOR INDUSTRY CONTACT AND EXPLAINED HOW BEST TO APPROACH THEM BASED ON THEIR POLITICAL AND PHILOSOPHICAL ORIENTATION. THE INDUSTRY REPS WERE PARTICULARLY APPRECIATIVE OF THE EXTENT OF HIS PARTICIPATION AND ADVICE. THEY THOUGHT THAT IN THE CASE OF GREECE, ABSENT A MAJOR INDIGENOUS CHEMICAL INDUSTRY, THEY HAD AN IMPORTANT MESSAGE TO DEVELOP REGARDING THE IMPACT OF THE PROPOSED LEGISLATION ON SMES. THEY ALSO AGREED ON THE IMPORTANCE OF ASSURING THE POWERFUL GREEK REFINING INDUSTRY WAS AWARE OF THE ISSUE.

5. (U) THE EXECUTIVES AGREED TO KEEP THE EMBASSY INFORMED OF THEIR ACTIVITIES WITH GREEK OFFICIALS, BOTH HERE AND IN BRUSSELS AND THE EUROPEAN PARLIAMENT, AND WILL GIVE US AN EVALUATION OF THE DRAFT LEGISLATION WHEN IT IS RELEASED FOR PUBLIC COMMENT.

COMMENT
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6. (SBU) THE COMPANY EXECUTIVES INITIALLY FOUND IT DIFFICULT TO GRASP THE COMPETITIVENESS ARGUMENT, SEEMINGLY PREFERRING

TO THINK OF TRADE WAR AS THE ALTERNATIVE TO THE ENVIRONMENTAL TRACK. EVENTUALLY THEY SAW THAT THEIR OWN POSITION ON THE INEFFICIENT APPROACH OF THE PROPOSED REGULATION AND THE COSTLY EFFECT NOT ONLY ON THE INDUSTRY BUT ON CHEMICAL USERS SHOULD PUT THE ISSUE AT THE CENTER OF THE EU'S LISBON AGENDA-RELATED ISSUES. THEY SHOULD ARGUE IN EUROPEAN CIRCLES, WE ADVISED, THAT CLARIFYING AND SIMPLIFYING REGULATION, AND IMPROVING THE COMPETITIVENESS OF THE EUROPEAN ECONOMY, ARE TO BE DISCUSSED -- AND ENDORSED -- AT THE MARCH EUROPEAN COUNCIL, YET AT THE SAME TIME CHEMICAL LEGISLATION IS BEING MOVED ALONG THAT WILL UNDERMINE BOTH. THE EU'S

COMPETITIVENESS COUNCIL APPEARS TO BE THINKING ALONG THE SAME LINES: SEE THE EU'S PUBLIC REPORT ON ITS MARCH 3 COMPETITIVENESS COUNCIL MEETING, PP 6 AND 23, AND SEPTEL REPORT ON EMBOFF DISCUSSION WITH MINISTRY OF DEVELOPMENT OFFICIALS. THE COUNCIL'S REPORT SAYS IT WANTS TO "ENSURE THAT A BALANCED APPROACH IS MAINTAINED" AMONG LEGISLATIVE OBJECTIVES AND "THAT EUROPEAN ENTERPRISES REMAIN COMPETITIVE...." THESE CONCERNS REFLECT ALMOST EXACTLY SOME OF THE CONCERNS THAT INDUSTRY HAS EXPRESSED ABOUT THE PROPOSED CHEMICALS LEGISLATION.
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