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## EUROPIA Response to the public Consultation on the 2015 international climate change agreement: shaping international climate policy beyond 2020

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This document is the response of EUROPIA to the public consultation on the 2015 international climate change agreement: shaping international climate policy beyond 2020.

EUROPIA represents the European Petroleum industry, the downstream sector of Europe's oil industry. Its 42 members account for almost 100% of EU petroleum refining capacity and over 75% of EU motor fuel retail sales. EUROPIA as a leading Industry Representative aims at contributing pro-actively and constructively to the development of policies to safeguard the secure and sustainable manufacturing, supply and use of petroleum products by providing competent and expert advice to the EU Institutions, Member State Governments and the wider community.

### **Bringing the international dimension to the forefront**

EUROPIA welcomes this consultation process as the adoption of an international climate change is essential in order prevent carbon leakage to other regions of the world (including at least Europe's major trading partners such as US, Russia, India, Middle-East and Far-East).

The EU represents just over 10% of global emissions and this share is declining. Therefore, the level of ambition in future EU climate policy should explicitly be made conditional on measurable and equitable commitments by at least the US, China and other significant economies. Further EU unilateral action will have little or no impact on global emissions, and will increase carbon leakage, something that is already a major issue in industrial sectors in particular.

European refineries are already facing competition from subsidized refineries and new big superscale refineries coming on stream in the Middle East but today, further pressure is coming from across the Atlantic where US refineries are benefiting from access to cheap unconventional oil and gas. At the same time, high energy prices in EU<sup>1</sup> put an additional burden on the competitiveness on the Refining Industry as they represent on average about 60% of operating costs for the sector.

### **How should an international climate change agreement look like?**

Any international agreement should strive to achieve a global level-playing field for industry in terms of Greenhouse gas regulation.

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<sup>1</sup> According to the Commission Industrial Policy Communication, energy prices for European industry went up to 27% in real terms between 2005 and early 2012 and are significantly higher compared to some of our competitors including North America.

Currently, the ETS Directive is not explicit on what would constitute an acceptable “International Agreement” and on the criteria to assess its consistency with the EU regulations. In order to mitigate climate change at a global level and to protect EU industry’s competitiveness, we believe that EU negotiators will need to consider the following key elements during 2015 international climate conference (COP 19):

- all developed countries and advanced developing countries should commit to emission reduction targets which share global reduction ambitions in an equitable manner;
- it should maintain a level playing field for the European industry;
- it should introduce a universal regime for monitoring, reporting and verification (MRV);

**Under the right conditions, the linking together of GHG emissions trading schemes** is desired as a step towards the creation of a global scheme. The EU ETS allows recognition of compatible schemes bi-laterally.

At the same time, when taking into account carbon leakage and competitiveness issues, it is not sufficient to mention that other global economic players are planning or putting in place their own scheme and linkages with the EU scheme. It is important that rather than the intentions, the actual level of commitment and its effects on the global carbon emission reduction are taken into account. Such assessment should be based on sound and transparent criteria including (but not limited to) compliance mechanism, impact in terms of reduction of emissions, regime for monitoring, reporting and verification (MRV). Until comparability of the various international abatement schemes is achieved, carbon leakage in industrial sectors must continue to be a key factor for the EU’s post-2020 climate policy framework.

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