

# Carbon leakage and competitiveness

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Sub title of the presentation

# Carbon leakage and competitiveness

**Strategic choices post 2020 on distribution between Member States and industry**

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# Who is FuelsEurope?

FuelsEurope was formed in 1989 (as Europa) to represent the interests with the EU Institutions of Companies conducting refinery operations in the EU.

Concawe was established in 1963 as a European association for research on health, safety, and environmental (HSE) issues of importance to the European oil refining industry.

The Associations merged on 1<sup>st</sup> January 2013 under a single President, Board and Director General to gain both efficiency and effectiveness, with each Division retaining its specific focus.



## Concawe

- Has a long standing reputation for sound scientific analysis and data development, and long term research.
- Endeavours to conduct its activities with objectivity and scientific integrity.
- Carries out research on environmental, health and safety issues relevant to the oil industry.
- Communicates the findings in order to improve understanding of these issues by all stakeholders (industry, the EU authorities, public at large).



## FuelsEurope

- Aims to promote economically and environmentally sustainable refining, supply and use of petroleum products in the EU, by providing input and expert advice to the EU Institutions, Member State Governments and the wider community
- Contributes in a constructive and proactive way to the development and implementation of EU policies and regulations.

# FuelsEurope represents 43 Member Companies ≈ 100% of EU Refining



## Beyond 2020

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- The Commission is considering addressing carbon leakage...
  - but currently there is no proposal
- The default position is:
  - No additional free allocation for carbon leakage beyond 2020
  - All other free allocation will default to less than 30% in 2021 with a *'view to reaching no free allocation in 2027.'*

## Strategic choices post 2020 on distribution between Member States and industry

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- Any arbitrary strategic allowance distribution between Member States and industry
  - Risks reducing free allocation below that required for carbon leakage mitigation in EU ETS industry sectors
- So the EU needs to prioritise carbon leakage protection for competitiveness over some arbitrary distribution

## No limit to free allocation for qualifying sectors

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- Because to allow EU industrial production to diminish in favour of imported products is a poor economic strategic choice, with little environmental benefit
- So **no** limit to free allocation for carbon leakage for qualifying sectors/sub sectors.
  - i.e. a bottom-up approach rather than top-down arbitrary targets

# Carbon leakage prioritisation benefits

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- Member States benefit from a viable industrial sector via:
  - taxes on profits, labour and land use,
  - contributions to social costs
- Otherwise non viable enterprises either close or need subsidies

## Conclusion:

Ensuring sufficient industry carbon leakage allocation must be the strategic choice.



THANK YOU  
FOR YOUR  
ATTENTION

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