

## FuelsEurope at the Informal Meeting of EU Energy Ministers in Bratislava: high energy prices result in a competitive disadvantage for the EU Refining industry

**Bratislava, 13 July 2016:** At the Informal Meeting of EU Energy Ministers, FuelsEurope presented its views on the current state of energy costs faced by EU refining. FuelsEurope expressed support for the Energy Union's focus on security of supply and competitiveness, but also raised concern about EU refining's capacity to compete internationally and attract investment given the disproportionately high energy prices. There is an urgent need for effective carbon leakage protection in ETS as well as continued use of the Refining Fitness Check to ensure a careful assessment of the cumulative impact of new legislation.

FuelsEurope, representing the European refining industry was invited by the Slovak Presidency of the Council of the European Union to express its views on energy prices and industry competitiveness at the Informal Meeting of EU Energy Ministers on 13 July 2016 in Bratislava.

In his keynote speech on energy prices and competitiveness Maroš Šefčovič, EU Commission Vice-President for Energy Union anticipated the release of a study on energy costs and prices by end 2016, which will include an analysis of their impact on the competitiveness of the EU industry.

The intervention of Ministers and other high-level Member States' Representatives showed a widespread recognition of the critical importance of a competitive industry for the EU economy.

John Cooper, Director General of FuelsEurope, welcomed Vice-President Šefčovič's recognition of the key role energy prices play for energy intensive industries and reiterated FuelsEurope's continued support of the Energy Union focus on industrial competitiveness and security of supply.

He commented "the EU Commission's *Refining Fitness Check* concluded that energy cost, constituting some 60% of operating costs, coupled with EU-only legislation<sup>1</sup> that competitors do not face are two main factors significantly impacting the international competitiveness of EU refining

*sector. As a result, relocation of manufacturing industry and investment leakage are concrete threats requiring urgent measures".*

Concerns stressed by EU refining industry are echoed by other energy intensive industries who call for full carbon leakage protection in ETS – including on indirect costs - for best performers in sectors exposed to international competition.

FuelsEurope believes that the recent decline in energy prices, being a global phenomenon, does not eliminate the competitive disadvantage for EU refiners. Expressing appreciation for the inclusion of the energy costs among the priorities of the Slovak Presidency, John Cooper commented that "the existing and upcoming legislation should ensure transparency in energy prices and guarantee a competitive level playing field for EU refining industry. This could be achieved by ensuring that future impact assessments on new regulations take into account the Fitness Check results in order to inform policy-makers on the cumulative impact on competitiveness of EU refining".

FuelsEurope is ready to work closely with the EU institutions in addressing energy prices and other hurdles undermining the competitiveness of domestic industry.

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<sup>1</sup> According to the EC's Fitness Check EU Refining suffered a net loss of 0.47€ per barrel due to EU regulation from

2000 to 2012, accounting for a 25% of the sector's decline in competitiveness.

**FuelsEurope, the voice of the European petroleum refining industry**

FuelsEurope represents with the EU institutions the interest of 41 companies operating refineries in the EU. Members account for almost 100% of EU petroleum refining capacity and more than 75% of EU motor fuel retail sales.

FuelsEurope aims to inform and provide expert advice to the EU institutions and other stakeholders about European Petroleum Refining and Distribution and its products in order to:

- Contribute in a constructive way to the development of technically feasible and cost effective EU policies and legislation.
- Promote an understanding amongst the EU institutions and citizens of the contribution of European Petroleum Refining and Distribution and its value chain to European economic, technological and social progress.

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