

To: Heads of State and Government of the European Union, President of the European Council

Brussels, 14 March 2014

Dear President, Dear Prime Minister, Dear President of the European Council,

In view of the upcoming discussion at the European Council, the International Association of Oil & Gas Producers (OGP) would like to share with you some thoughts about the future of Europe's energy and climate policy.

The European Commission's proposal for a new climate and energy framework to 2030 is a welcomed step forward in the debate. Based on our global experience of the energy world however, we would like to stress two main features that we consider should be the centrepiece of such a long-term policy.

First of all, **the European Union should opt for one single greenhouse gas emissions reduction target.** A single GHG target would avoid some of the undesired consequences of the current 2020 policy, where three overlapping goals are undermining their own effectiveness. A single GHG target would guarantee the new EU measures are technology neutral and Member States could freely choose their preferred mix of low-carbon sources. It would also ensure that the Emissions Trading System remains the central EU mechanism to reduce CO₂ emissions, an approach which we support.

The ambition of the GHG target should be set with the aid of sound science. We are particularly keen for it to reflect progress in the international climate negotiations, which will define future commitments of the EU's major trading partners. Europe's unilateral action risks having little impact on global emissions, but could severely compromise our region's future growth and prosperity.

Second, security of energy supply will be fundamental for the delivery of any long-term policy. This also means **guaranteeing access to new oil and gas resources**, which the International Energy Agency estimates will meet about half of global energy demand for years to come.

We will continue to need oil for transport. No other energy source can yet compete with the flexibility and the energy intensity provided by oil at a relatively low cost. If we are serious about limiting emissions, we will also need more natural gas. Gas is the cleanest of all fossil fuels: a switch from coal to gas would be the most cost-effective path to quickly reduce emissions. Gas is also the perfect fuel to match the variability of renewable energy in power production.

For all these reasons, we would like to encourage you to support exploration for new domestic oil and gas resources. Shale gas can for example be a significant opportunity for Europe: a recent study¹ has shown how it could decrease energy imports, trigger the creation of more than a million jobs and support economic growth. More importantly, it can be produced in a safe and environmentally sound way.

We are convinced that, with this approach, the EU's long-term energy and climate policy will be sound and effective. We hope that these few points will help you bring forward the upcoming debate, and we remain at your disposal, should you like more information. Further, and in support of our comments, please find in attachment our detailed position papers.

Yours sincerely,



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¹ See The Macroeconomic Effects of European Shale Gas Production, Poyry Management Consulting:
http://www.poyry.co.uk/sites/poyry.co.uk/files/public_report_ogp_v5_0.pdf