

During the 5th Refining Forum the Commission concludes that the Refining Fitness Check shows the impact of EU legislation on EU refining industry

Brussels, 17 June 2015: The 5th meeting of the Refining Forum under the lead of DG Energy took place in Brussels on 15th June, with participation of Member States, Commission, European Parliament, Industry, experts and other stakeholders. The Commission concluded in the report presented by DG Grow and the Joint Research Centre (JRC) that the final results of the Refining Fitness Check show a material impact of legislation in place in the period 2000-2012 on the competitiveness of the European Refining Industry.

Over a hundred participants from Member States, Commission services, European Parliament, Industry and other stakeholders attended the 5th Refining Forum organised by the Commission.

On the follow up of the Energy Union, Alessandro Bartelloni, Policy Director at FuelsEurope strongly supported MEP Philippe De Backer comments that an EU Energy Policy is crucial for the competitiveness of European Economy, that the European Refining Industry has its place in Europe's energy framework, and that it needs clear regulations.

Alessandro Bartelloni, thanked Gianni Murano, CEO Esso Italiana, for his participation to the Forum by providing a view from a major global refiner on the status of the European refining industry. He commented *"I share Gianni Murano's concerns on the fact that the European refining industry is not globally competitive due to higher energy costs, global change in demand and supply patterns, and severe regulatory burdens"*. He added *"Gianni's reference to the Concawe Report on the Cumulative cost of legislation between 2012 & 2020 for the European Refining industry is very important. The estimated cost between 2,5 and 4\$/barrel is extremely threatening for our competitiveness"*.

The main focus of the fifth edition was the presentation of the final results of the Fitness Check. FuelsEurope recognises the importance of

such study for the refining industry and emphasized the excellent co-operation between Concawe/FuelsEurope & DG Grow/JRC. Bartelloni commented *"FuelsEurope recommends using the Fitness Check as a part of Better Regulation tools and including it in any future Impact Assessments of legislative proposals affecting our sector. The Fitness check should therefore become a living document to remain relevant"*. Jesus Barreiro Hurlé from DG Grow and Ruslan Lukach from the JRC announced that the total cost impact resulting from the Directives in place between 2000 and 2012 could be quantified at 0,47 cents/barrel. They underlined that the cost impact from regulation is significant, increasing from 2000 to 2008 and stabilising afterwards. In his analysis Ruslan Lukach added that this impact implies diversion of revenues towards regulatory compliance rather than making other investments that improve the competitiveness. Finally, the refining Fitness Check also shows that the increase in energy cost had the most important impact on the competitiveness of the industry.

Alessandro Bartelloni welcomed the joint declaration made during the meeting by 8 Member States. He commented *"It is very important to see such a strong support for our industry from Member States, it shows the strategic role we play for Member States economies and Security of Supply"*.

In that joint declaration, United Kingdom, Ireland, Spain, Poland, Germany, France, Netherlands and Italy acknowledged the progress made by the European Commission in assessing the fitness of EU legislation affecting the refining sector and expressed concerns that legislation contributed to a relative loss of competitiveness for EU refining against its main competing regions. They proposed to take 4 actions: invite Vice-President Timmermans to intervene at the next Refining Forum to detail how the outcome and conclusions of the Fitness Check will be used to further improve the regulatory framework of the sector; call a meeting with the Commission to discuss the conclusions of the staff working document on the Refining Fitness Check; ensure that future impact assessments affecting refining should take into account the Refining Fitness Check results prior to the finalisation of that impact assessment; And finally use the Refining Fitness Check as a basis for future assessment of the sector given the success of its analysis to date.

Alessandro Bartelloni also commented on the presentation of the conclusions from the study on the Refining Sector in Greece "Mr. Anastasios Chrysochoou from the Greek Ministry of Reconstruction, Production, Environment and Energy, presented yet another example of the critical role of the refining industry in Member States, and the study shows that even during a strong economic crisis, refining not only survives, but is a vital factor in a country's economy, adding economic and societal value".

Alessandro Bartelloni concluded "I should thank DG Energy for calling this 5th Refining Forum meeting, in particular Mechthild Wörsdörfer, Director at DG Energy and Chair of the meeting. I also welcome Mechthild's confirmation that a 6th Refining Forum will take place in the autumn with the potential participation of Commissioner Arias Canete".

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FuelsEurope, the voice of the European petroleum refining industry

FuelsEurope represents with the EU institutions the interest of 42 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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