

Brussels, March 17th, 2015

OPEN LETTER TO THE EUROPEAN COUNCIL

Dear President Tusk,

The International Association of Oil & Gas Producers (IOGP) would like to share with you some thoughts about the Energy Union, as a contribution to the forthcoming debate at the European Council. IOGP represents companies that produce half of the world's oil and a third of its natural gas.

Oil and gas will continue to be crucial in providing consumers with secure, readily available and affordable energy: **in 2030, oil and gas will likely have to cover more than 50% of the EU energy mix.** IOGP is therefore glad to see that the European Commission recognizes, in its Energy Union Package, that domestic production of oil and gas – both conventional and shale – is critical to improving Europe's security of supply.

But future production is conditional on exploration now – and today exploration for oil and gas is at record lows in the EU. Exploration requires long-term investment plans, which companies will undertake in Europe only if the EU and the Member States clearly encourage more activity. At present we witness an increasing EU push for additional proposals that pose a threat of premature closure of some oil and gas fields and impacts on growth and jobs.

We urge the European Council to politically support future oil and gas exploration and production in Europe and hold back impractical regulations. We should make the most of the significant conventional potential available in areas such as the Mediterranean, the Black Sea, the North Sea, the Atlantic, the Norwegian and the Barents Sea – not to mention the urgent need to assess shale gas potential.

In particular, gas will contribute to a more secure supply but also to meeting climate targets. Switching from coal to gas in the EU would halve CO₂ emissions in electricity production and air quality would be improved. Gas power plants are needed alongside variable renewables, but are currently being mothballed across the EU.

IOGP agrees with the European Commission that, to live up to its ambitions, the Energy Union will need a fully-functioning internal energy market. We encourage the European Council to steer the Energy Union towards measures that increase gas market competition and liquidity. **We warn against common gas purchasing, and propose that you promote wholesale price liberalization across member states.**

We hope that these points will bring a positive contribution to your discussion. **European Council action along these lines will encourage companies to invest for the future success of the EU.**

I would be happy to discuss any of these issues personally. Please also find our detailed position paper on the Energy Union [here](#).

Yours sincerely,



Roland Festor
EU Affairs Director, IOGP