

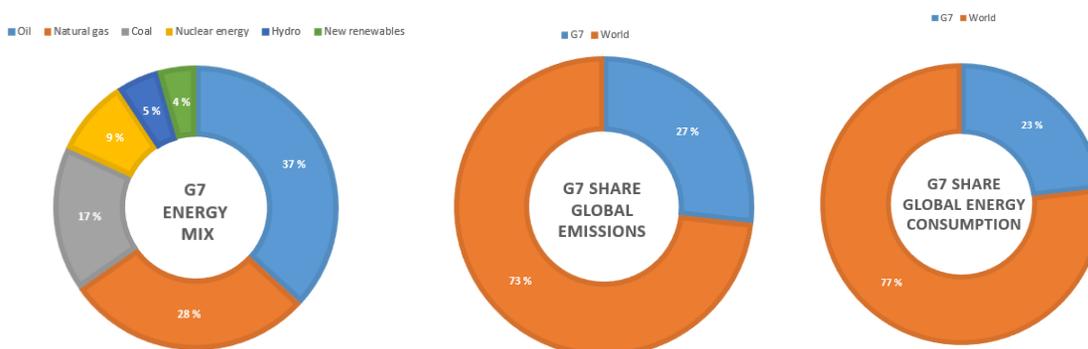
TABC Statement to the G7 Meeting of Energy Ministers
Rome, April 2017

On April 9 and 10, the Italian presidency of the G7 will bring together the Ministers of Energy of the world's major economies to deal with the biggest world challenges of this sector and with the aim of tackling global issues such as security of supply and climate change.

TABC strongly believes in the importance of promoting innovation and advancing market liberalization worldwide. We are an association of American and European companies with significant investments and operations in the EU and U.S. which serves as a platform to improve transatlantic collaboration in areas such as energy, trade and innovation.

TABC welcomes the gathering of G7 Energy Ministers in Rome. We believe that the G7 can provide positive and actionable leadership in the global energy sector, and we are ready to provide recommendations to this purpose.

ENERGY TRANSITION



The G7 is a torchbearer in the global energy transition and its members should continue to play a leading role in the work towards achieving the 7th UN Sustainable Development Goal: affordable, reliable, sustainable and modern energy for all. Business is, and will need to continue to be part of this effort, and G7 Countries can help release the potential of business participation through the following measures.

- **A price on carbon:** The risks of climate change are real and require rapid and meaningful action. The most cost-effective way to do so is through putting a price on carbon. Carbon pricing systems, if properly designed, drive fuel switching from coal to gas and investments in energy efficiency and low carbon technologies. G7 countries should lead global efforts to adopt and internationalize carbon pricing regimes – and avoid intervening in the market to pick technology winners.
- **Phasing out fuel subsidies:** Fossil fuel subsidies distort energy markets and we encourage that all forms of subsidies are phased out, unless they are designed to support R&D and innovation. We are in favor of using a clear and simple methodology aimed at calculating the net result of government expenditures on energy sources, subtracted from government revenues from the same sources.
- **Better frameworks for global investments:** According to the IEA total energy investments in 2015 reached \$1.8 trillion, 8% less than the year before. At a time when more energy investments are

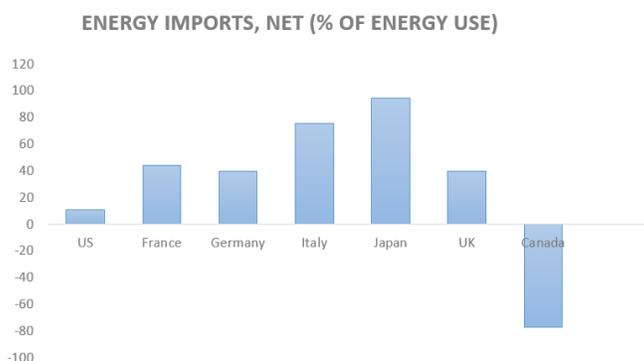
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needed, the G7 should take note of this decline and should work with industry to develop policy frameworks that can promote the investments needed to deliver on the energy transition.

- **Promoting innovation:** The energy transition will require innovative technologies, business models and policies. The commercial uptake of emerging technologies will play a crucial part in helping reduce emissions in a cost-effective way. G7 should promote research and testing of promising technologies, such as hydrogen and CCS, which hold great potential for reducing emissions in the transport, industrial and heating sectors.

SECURITY OF SUPPLY



Energy is essential to economic development, security and basic human well-being. TABC members welcome the progress that the G7 has been able to achieve in terms of energy security. TABC continues to believe that the following three principles are the key to achieving security of supply for G7 countries.

- **Making use of indigenous resources:** Continue supporting and promoting the diversification of energy sources and routes and the exploitation of their indigenous energy sources.
- **Strengthening the relationship with producing countries:** G7 Countries should continue to strengthen diplomatic ties with key producing regions.
- **Improving the European internal market:** Market integration holds the key to a resilient and secure energy supply for the EU. EU countries should continue to integrate its energy infrastructure to make use of the full strength of a 28-strong market.

TRADE

International trade is one of the supporting pillars of our modern society and has created wealth in G7 Countries and beyond. Trade in energy helps fuel the engine of global economic growth, allowing energy to be channeled from those countries with plenty, to those countries that have less. It is extremely important for the G7, and for the world in general, that energy continues to flow freely.

- **Export restrictions:** G7 Countries should promote the removal of export restrictions on energy sources, including crude oil, natural gas, finished oil products and feed stocks. Liberalization of energy trade through free-trade agreements will avoid distortions and dislocations in energy markets and will bring net welfare benefits to businesses and consumers. We believe that both sides should promote the removal of export restrictions on energy sources, including crude oil and natural gas. In particular, LNG exports are important. Access to global LNG stands to make a sizeable contribution to EU security of supply and storage strategy is welcome.
- **Environmental Goods Agreement:** Moreover, we call upon Ministers to reaffirm a strong commitment to conclude the EGA at the shortest delay.

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