

Brussels 7 April 2020

Subject: IOGP contribution to the stimulus package of the European Commission

Dear President von der Leyen,

Dear Executive Vice-President Timmermans,

Dear Executive Vice-President Dombrovskis,

Dear Commissioner Breton,

Dear Commissioner Simson,

Cc: Heads of Cabinets

The International Association of Oil & Gas Producers (IOGP) welcomes the European Commission's work on a proposal for a stimulus package in response to the economic effects of the coronavirus pandemic and would like to share some initial views to help shaping it.

Our Industry's actions on COVID-19

The COVID-19 outbreak has unleashed an unprecedented socio-economic crisis in Europe, and globally, which is affecting all citizens and all economic activities. The energy sector is subject to an unprecedented crisis stemming from coronavirus.

Our member companies are prioritising above any other consideration the safety and health of their staff. They do so while maintaining an essential service: supplying energy to Europe allowing to sustain the response to the pandemic.

Despite the current market conditions, our companies are directly engaged in fighting the COVID-19, for example by supporting hospitals and healthcare workers by supplying free fuel, medical equipment, super computer calculation capacity and ramping up the production of chemicals used in the hand sanitizers (an overview is available on our website [here](#)).

What Europe needs to do

As our industry stays engaged in these shorter-term efforts, we firmly believe that national Governments and the European institutions must prepare a coordinated exit strategy, a comprehensive recovery plan and an unprecedented investment plan.

While the crisis is first and foremost human, the economic consequences loom large and raise several questions around Europe's future strategic industrial capacity. Without industrial activity in Europe, there will not be any future economic recovery and growth.

At the same time, efforts are being pursued to increase the GHG emission reduction ambitions of the Union. In order to deliver economic recovery and greater GHG emission reductions public and private sector efforts should now become more focused on scale and costs.

IOPG therefore believes that public support should concentrate on industrial-scale carbon management projects. Indeed, only industry can deliver the scale of projects required to reach the EU climate goals while, as a priority, maintaining existing jobs and stimulating the creation of new ones. Given the long investment cycles, these measures need to come along with long term visibility and investment security.

In this context, and as recently confirmed by the IEA, investments in large-scale industrial carbon management technologies, such as carbon capture and storage (CCS) and hydrogen, will play an important role to meet the European Green Deal objectives. **We therefore urge the European Commission to include these large-scale investments in its recovery plan.**

What technologies for a sustainable recovery

The establishment of the Clean Hydrogen Alliance, announced by the Commission's Industrial Strategy, is a critical and decisive matter and IOPG stands ready to join. This Alliance should encompass all clean hydrogen production technologies if it is to be successful. The production of hydrogen from natural gas with CCS or methane pyrolysis is a large-scale solution to the decarbonisation required for industry, maritime and heavy land transport and district heating.

Our members have developed many of the techniques integral to CCS/CCU and are investing in future [CCS projects](#) together with other industries in a cluster-based approach, where emissions will be captured from multiple industrial sources and then stored safely underground. Moreover, hydrogen produced through natural gas reforming or methane pyrolysis could, in anticipation of significant and affordable volumes of renewable based clean hydrogen, effectively facilitate the decarbonisation of the gas system and of the connected sectors, validly supporting the growth of sector coupling.

Several industries do not have other realistic low carbon alternatives for the near and mid-term and could with an economic recession risk closures and major job losses. **Public and Private Partnerships (PPPs) in CCS and hydrogen technologies will provide a solid contribution to both a growth strategy as outlined in the Green Deal and a just transition.**

What is key for Success this time

While IOGP believes the 2009 European Energy Programme for Recovery (EEPR) has been a success, we recognise that it did not deliver the foreseen CCS investments. Since then, CCS business models and technological designs have evolved, new partnerships and collaborations matured and new ways to look at integration across energy value chains emerged (see attached IOGP “New and Old CCS projects in Europe” paper).

Alongside coal-to-gas switching and use of gas and renewables in power, heat generation and transport, CCS and hydrogen technologies should receive a central attention in the stimulus packages, along with other energy interconnection infrastructure and renewable generation projects: Together they will provide short- and long-term solutions to the economy and to a sustainable future.

We stand at your disposal for further information and are ready continue this exchange with your respective offices.

Yours sincerely,

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Cc: [Redacted text block]

Annex: IOGP “New and Old CCS projects in Europe” paper