



Foreign and Commonwealth Office: Review of the Balance of Competences – Energy  
Written Response by Shell International Ltd  
4<sup>th</sup> August 2014

Shell welcomes the opportunity to respond to the Balance of Competences on enlargement. The format of Shell's response has grouped together some of the key themes we feel to be of importance in the Balance of Competences discussion.

### **Impact on the national interest**

The energy sector is, by nature, a cross border business. Shell believes that having a single internal market with a consistent regulatory environment provides a stable investment climate for the energy sector where long term horizons are crucial to decision making. Enlargement and the extension of business interests within a cross border (pan European) regulatory environment enables easier working versus dealing with multiple individual member states. The convergence of regulation also gives cross border clarity and stability to investors and operations.

### **Enlargement: challenges and opportunities for business**

Shell sees benefit to the UK being part of the EU. Shell's business has benefited from the ability to access markets across the EU and co-ordinate operations across Member States, for example linking our business service centres in Glasgow and Warsaw. In addition, the ability to leverage within larger government to government international agreements is far more beneficial from inside of the EU.

Globally there has been an increase in the number of government to government deals. These multi-sectoral deals offer packages on energy, infrastructure, finance etc. In many resource holding countries (for example, those in Central Asia) the host government is keen to deal with a single entity, for example, for energy exports. Shell believes there could be benefit from a stronger ability by the EU to represent commercial interests. There is also benefit from a European focus on Innovation and Technology leadership (including the pan EU funding programs for energy) as this promotes knowledge sharing and contributes to the position of the EU as a world leader in specific areas of technology development, for example Carbon Capture and Storage (CCS).

Shell believes there are some challenges around enlargement, such as the implementation of regulations at different speeds across new and old Member States. For example, the third



energy package has been implemented at different levels. In general, Shell would support a further focus on completing implementation of the existing reforms on the energy package before making further reforms. In addition, new regulations should, where possible, avoid adding additional complexity and burden to EU companies and detailed consideration should be made of the impact on competitiveness.

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If you have any queries regarding this submission, please contact:

