

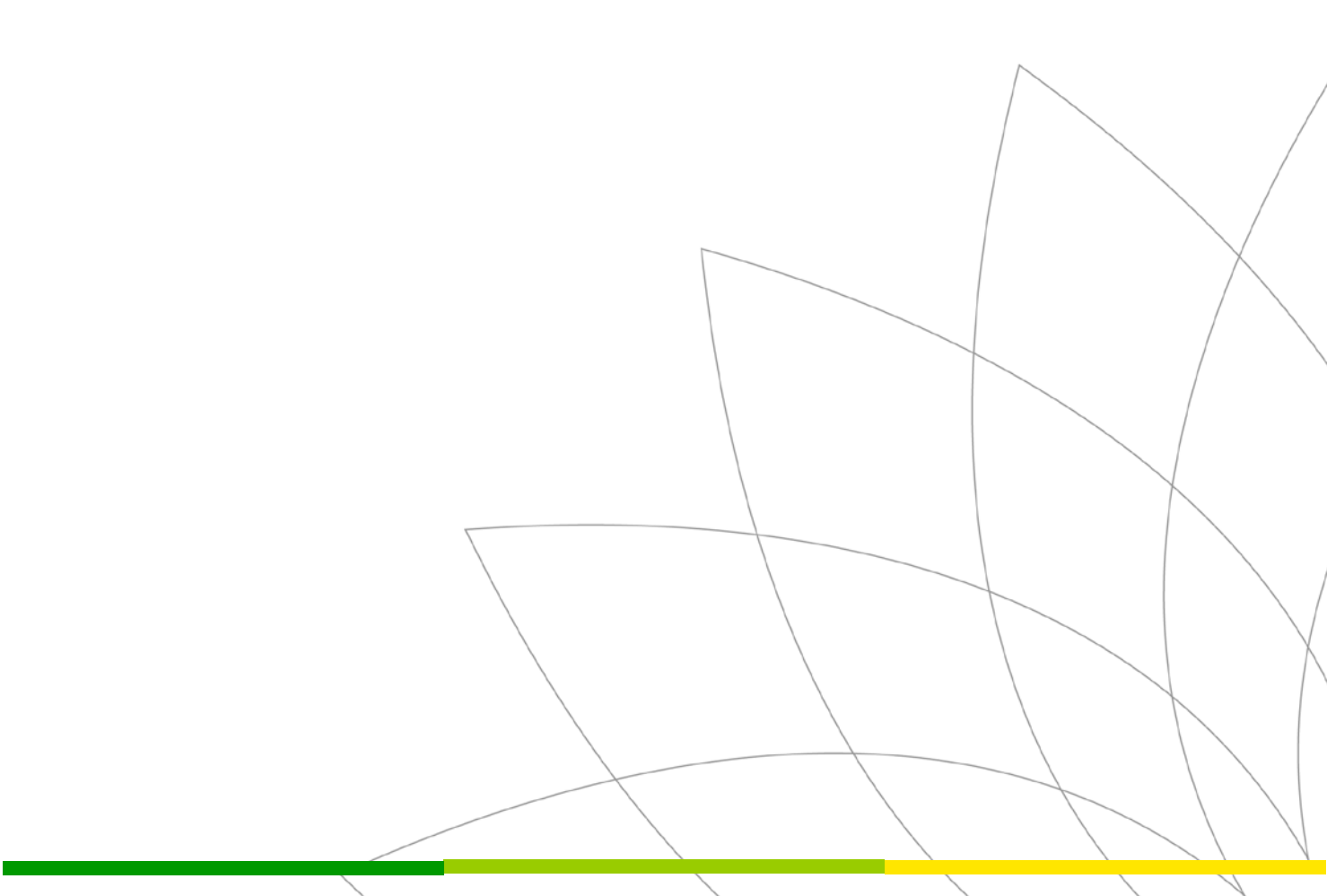


# Why carbon pricing matters

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Hello everyone.

I represent bp – an integrated energy company.

We fully support the Green Deal's aim to make Europe climate neutral by 2050.

Not only because it represents real political leadership on the greatest long-term challenge we face.

But also because the Green Deal is a plan to turn that challenge into opportunity – as together we invest billions of euros rewiring our energy system.

And this is where Europe's companies have such an important role.

Not only Europe's green companies – its many brilliant wind, solar, and hydrogen companies.

But just as important – perhaps more important – are Europe's greening companies.

Companies who are not green yet – but who have the ambition to become so.

These companies must be encouraged too: to take risks; allocate capital; drive innovation, and scale technology.

And if they are to do so effectively, efficiently, and – above all – fairly, we need carbon pricing.

At its most simple, carbon pricing means that those who emit carbon should pay a price for that carbon – either pay a tax or buy a permit.

At its best, carbon pricing is effective – it incentivizes cleaner choices.

It is efficient – it harnesses market forces.

And it is fair – those who emit the most pay the most – and governments can use the revenues to support a just transition.

The good news is that 45% of Europe's emissions are already covered by carbon pricing.

We need to reach 100%.

And we need something else too.

It would be a tragedy if Europe's businesses committed to change, only to be undercut by those operating more cheaply in places where there is no carbon price.

It would cost Europe jobs.

Worse, it could lead to an increase in emissions – as businesses relocate to places without the same environmental protections as Europe.

A big part of the answer is a Carbon Border Adjustment.

It means that anyone supplying carbon-intensive goods to Europe should also pay a carbon price – just like companies operating within Europe.

Designed well, it could protect European jobs, through creating a green level-playing-field for business.

Best of all, it could help protect our planet too - incentivizing countries around the globe to speed their own journey to net zero.

Thank you.