

Caltex Slams Emmissions Trading

Caltex Australia, the nation's biggest oil refiner, is calling for an initial 100% free distribution of carbon permits to all emissions-intensive industries that compete against rivals outside Australia.

Once overseas competitors have comparable carbon costs, all permits can be auctioned, it said in its August-September company newsletter.

Under the proposed trading system, Australia's four oil refining and marketing companies will need to buy more than 25% of the available permits, mostly to cover emissions emitted by their customers, the Sydney-based company said.

Caltex itself will be the largest purchaser of carbon permits in Australia, approaching 10% of the market, it said.

BP Plc, Shell and ExxonMobil also own refineries in Australia.

If the system is implemented as proposed, Caltex's two refineries could face extra costs of about \$90 MM a year at a carbon cost of \$40.00 /t. That would make Caltex and other Australian refineries much less competitive against imports from Asian and other overseas refineries, it said.

"Unless the proposal is modified, our refineries will face high extra costs that can't be recovered from customers, because our international competitors that sell petroleum products into Australia, such as big Asian refineries, will bear no carbon costs for many years", Managing Director Des King said. ■
