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PROPOSAL FOR WORLDWIDE HARMONISATION OF FUEL QUALITY

The IPIECA position and a proposal for a process going forward

Introduction

This working paper presents IPIECAs position on global and regional fuel harmonization and a proposal for moving forward on this issue in the informal group on Fuel Quality in WP 29. It stresses the need to avoid developing global specifications in a vacuum, and without reference to the implementation process as well as the broader political and social actions that need to be taken to facilitate regional changes in fuel specifications. Failure to take account of these factors will hamper the implementation of the technical work agreed in this committee. The paper further proposes the development of two work streams: a UNECE-based technical workstream that focuses on the alignment of a handful of key parameters that will enable a degree of regional – and possibly even global - harmonization to occur, and a UNEP-based implementation workstream which will take this information and facilitate the implementation of the technical proposals at the regional and country levels.

The IPIECA position

The IPIECA position is well known to the members of the informal group on fuel quality. As presented in November 2007 by IPIECA Chairman Dan Sullenbarger, IPIECA understands fully the needs of the auto industry to have fit for purpose fuels of a consistent quality that are matched to the technology requirements of the vehicles they serve. Equally, the IPIECA point of view is that the debate should never lose sight of the other reason why we would want to make improvements in fuel quality, and that is to improve air quality.

Developing country urban air quality is an issue of international concern, reflected in the fact that there are development bank sponsored Clean Air Initiatives in Sub Saharan Africa, Latin America and Asia; as well as the United Nations Environmental Programme Partnership for Clean Fuels and Vehicles (PCFV) formed after the Johannesburg World Summit for Sustainable Development. The UN PCFV has over sixty members including NGOs, the Autos, Oil Industry, academic institutions, and governments.

IPIECA has reviewed the submissions made and the discussions held at the informal group on fuel quality. As with all of these discussions, it is predictable that the focus remains on tailpipe emissions and its relationship to fuel quality. In and of itself these relationships are valid, and while in the developed country context where emission inventories show similar ranges of pollutant arisings between countries when broken down by sector, this is not at all the case with developing countries and particularly the industrialized cities of Asia where air emission inventories from other sources (stoves, charcoal burning, industry, etc) completely skew the data in respect of motorized transport. We understand the rationale espoused in working paper FQ-01-01 (Transmitted by the expert from OICA) but feel that the categorization of "emission level/technology type" is helpful only up to a point in the developing country context. Outside of the US and Europe and similar countries and regions, air quality objectives are not set in this way, and neither, on an inventory or affordability basis does it make sense to do so, particularly in the mega-cities of Asia, who we will need to convince of the value to participate in the harmonization process.

IPIECA's view is that for developing countries at least -- and it will be the developing countries that are most challenged to implement the technical recommendations from this committee -- regional harmonization, matched to vehicle fleet sophistication, may be a good short-term goal on the road to a more global harmonization objective.

In discussing global harmonization, IPIECA accepts that the majority of the issues encountered will be in the developing world, and more particularly in Asia, where, whether developing country or wealthy country, public-private Joint Ventures (JV's), and partly or wholly state owned refiners are the norm.

In that situation, refinery upgrade investment is constrained by government priorities, and convincing governments of the value of harmonization will be a challenge. IPIECA believes that promoting regional harmonization makes short-term business sense and could help make the case for an eventual broader agreement.

IPIECA members believe in regional harmonization, not only of fuel quality but also of taxation and subsidy regimes because they help eliminate fuel adulteration (that is the addition of other lower quality fuels, such as the dilution of Diesel with Kerosene), smuggling fuels across borders, and misfuelling (the mislabelling or substitution of one fuel with another of lower quality – for example the substitution of premium gasoline by regular gasoline).

It also helps to facilitate the flow of regional trade, and encourages market transparency, which is in accord with the principles espoused by the major donor institutions such as the World Bank. IPIECA has actively championed this approach in Africa by defining the AFRI standards previously presented to the informal group.

The AFRI standards are an example of a regional roadmap to improved and harmonized fuel quality, and IPIECA believes that for them to be effective, there has to be an overriding framework owned by a regional body. We have seen this with the European Union and the widely adopted Euro standards, and in the case of the AFRI standards, the African Refiners Association is currently seeking ratification at the African Union. This process of harmonization is already underway therefore, and while the technical formulation on a global basis can proceed in Geneva, this process risks being regarded as irrelevant unless it is done in consultation with the regional bodies, as a precursor to the implementation by the countries and the other stakeholders involved. It is a political as well as a technical process, and IPIECA recognizes from its work with the UNEP-PCFV that both are needed for success.

Proposal

IPIECA proposes that the informal group on fuel quality develop two linked workstreams: a UNECE-WP29 based technical workstream that focuses on the handful of key parameters that will enable discussion on regional – and possibly ultimately even global - harmonization to occur (as has for example been done for the AFRI specifications) and a UNEP-PCFV based implementation workstream which will both contribute stakeholder views and take and promote implementation of the technical proposals on harmonization as they become available at the regional and country level.

IPIECA stresses that the initial number of key parameters considered in this system should be restricted consistent with reaching early agreement, and could include, for example, minimum Octane specifications and nomenclature for Gasoline ("premium" "regular" etc.), as well as perhaps certain other ***ranges*** of specifications for other parameters – examples might be density and flashpoint – as well as other parameters. In the case of parameters where environmental variables affect performance (e.g. altitude effects), it may never be possible to satisfactorily define a regional, let alone a global standard. It would be useful, as an initial step, to harmonize the worldwide nomenclature for Octane (i.e. RON vs R+M/2), and that should be considered an essential first step.
