



# **Global Fuel Harmonization An Oil Industry Perspective**

**Daniel J. Sullenbarger**

VP Corporate Responsibility – Marathon Oil Company

Chairman – IPIECA

# Introduction to IPIECA



- Founded 1974
- Provides principal channel of communication with the UN
- Single global association representing upstream and downstream
- Working Groups
  - Oil Spill Preparedness and Response
  - Global Climate Change
  - Biodiversity
  - Social Responsibility
  - Operations, Fuels, and Product Issues
  - Health
  - Sustainability Reporting
- Help identify new global issues and their potential impact

## IPIECA's purpose



- Main Purposes
  - Raise awareness and share good practice
  - Encourage networking and partnerships
  - Provide access to the latest thinking on key issues
  - Provide direct interface with United Nations Agencies
  - Organise workshops and produce publications and guidance
  - Communicate oil and gas industry action
- Does not set nor enforce standards
- Helps establish 'good practice'
- Facilitates engagement between stakeholders

## Global Harmonization



- Is it feasible?
- Costs and realities
  - The example of MARPOL Annex VI
- Developing country priorities
  - Health
  - Clean water
  - Housing & sanitation
  - etc!
- Even the US has multiple fuel standards!

## IPIECAs view on harmonization



- In the area of fuel quality and emissions – particularly in developing countries - we believe:
  - Air quality (rather than emissions per se) must always be considered as the prime objective
  - Investment in fuel quality to improve air quality must be proportionate to overall health expenditure and give ‘bang for the buck’
  - Global fuel harmonization will not prove cost effective for developing countries in the short term
    - As a stepping stone, and matched to vehicle fleet sophistication, phased regional harmonization of key properties affecting air quality may be cost effective

## Refining in the real world



- Developing country refining differs from the US and Europe
  - JVs, partly or wholly state-owned refiners are common
  - Technical support (“housekeeping”) often provided by a major oil company
  - Upgrade investment is constrained by government priorities
  - Convincing governments of the value will be a challenge
  - Regional harmonization could help make the case

## Why Regional Harmonization?



- Regional harmonization helps to strengthen efforts to prevent:
  - Fuel adulteration
  - Smuggling
  - Misfuelling
- It facilitates regional trade
- It encourages market transparency and leads to less market distortion
- IPIECA actively promotes this approach in Africa

# Roadmaps



- Roadmaps to regional alignment are key
  - IPIECA and the ARA promulgated the AFRI standards: we see an overriding ‘framework’ by the AU as essential
  - ‘Owned’ by the countries, refiners and importers
  - Should be championed and integrated into a regional policy framework e.g. the EU, African Union, ASEAN, etc.
  - Political as well as a technical process
  - Partnerships are key
  - Timescales MUST be sanctioned by governments

# Partners in Lead Phase-Out Initiative



## IPIECA

- Technical Input
- Operational Impacts
  - Supply Impacts
  - Costs



## World Bank / UNEP

- Regional Conferences
- Ministerial Involvement
- Policy Guidance

## Auto Industry

- Technical Input
- Existing Fleet Impacts
  - Path to Catalyst Vehicles

## SSA Governments

- Decision Makers
- Change Fuel Specs
  - Implement Rules
  - Enforcement

## IPIECA is willing to engage



- IPIECA is willing to be a part of the debate
  - Modification of the existing agreements may not be the best way
    - May be difficult and time-consuming to get ratification
    - Not all countries are signatories to the agreements
- A partnership process has worked in the past
  - UNEP PCFV: 4 years to phase out Leaded Gasoline in Sub-Saharan Africa
  - Now a global process
  - Can we do the same at WP 29?

## A final suggestion



- Take small steps in the journey
- There is much low–hanging fruit
  - We talk about global harmonization
  - Over 100 years after the invention of the first light bulb the world is still unable to agree on a uniform domestic electric power plug, voltage, or frequency
  - Can we at least set an example and standardize our nomenclature for reporting Octane?
- Thank you for your attention