

PRESS RELEASE

13 September 2007

EUROPIA cautions against undesirable delay in the legislative process of the Fuel Quality Directive due to a pending resolution of issues related to the GHG emission reduction proposal

Of particular interest to the European Petroleum Industry in the Commission draft of the Fuel Quality Directive is the provision in Article 7a of the Directive which aims to regulate greenhouse gas (GHG) emissions from liquid road fuels. Specifically, this requires suppliers of road transport fuels to monitor and report the life-cycle greenhouse gas emissions from these fuels from 2009 onwards, and proposes a target of 1% p.a. GHG emission reduction from 2010 to 2020.

In anticipation of further debates regarding Article 7a both at the European Parliament and the Council level, the European Petroleum Industry Association EUROPIA, offers its position on the forementioned Article.

EUROPIA understands the desire of the European Commission to introduce cost-effective GHG legislation for road transport, addressing road fuels and vehicles as part of the Integrated Approach. In particular, EUROPIA supports a technology and sector neutral performance orientated approach for setting a GHG emission reduction target rather than mandating specific technology approaches.

However, EUROPIA believes that inclusion of Article 7a in the Fuel Quality Directive should be deferred until a number of concerns related to this Article have been adequately resolved. The Directive includes several other proposals; and among others, are those which are critical for the introduction of biofuels which should be adopted without further unnecessary delay.

With regard to the GHG emission reduction proposal, the Refining Industry highlights the following issues:

- The current proposal potentially duplicates and conflicts with a number of existing EU legislations, namely the Biofuels Directive (coupled with the 2020

biofuel target agreed at the 2007 EU Spring Summit) and the EU Emission Trading Scheme.

- Considering foreseeable increases in the refineries CO₂ emissions due to a rising demand for diesel and cleaner fuels, the introduction of biofuels is the only short and medium term option to reduce the GHG emissions of road fuels. The associated target for biofuel use in the transport sector should be consistent with overall biomass availability forecast, both from EU indigenous and imported sources and given the Commission's ambitions in other sectors.
- A clear and unambiguous life-cycle GHG emissions methodology as well as minimum standards for the sustainable production of biofuels need to be developed. Only then can the ultimate GHG emission target be decided on a sound and informed basis.

Last week, EUROPIA spoke at a Parliamentary briefing lunch entitled "*Reducing CO₂ content of Transport fuels – aspirations and reality*" organised by the EEF (European Energy Forum). Industry views were shared with 22 MEPs mainly from the Environment and Industry, Research and Energy Committees as well as Commission representatives. Isabelle Muller, Secretary General of EUROPIA, focused in her presentation on the practicalities of the transport fuels production and in particular pointed out that rising demand for diesel and clean fuels will likely increase CO₂ emissions from refineries, and thus limit the scope for further reductions. The presentation stimulated a constructive and fruitful conversation, which hopefully provided valuable input for the ongoing Parliamentary debate.

Isabelle Muller commented: "We await the outcome of the debates in the Parliament and the Council, and would very much like to see the Industry concerns are taken into due consideration. Equally, we are open for a constructive dialogue with the Commission to work together towards resolving these issues and developing the appropriate and cost-effective legislation".

Note to editors:

1) The European Petroleum Industry Association EUROPIA represents the downstream interests of the oil and gas Industry in Europe, covering around 90% of EU petroleum refining capacity and some 75% of EU retail fuel sales.

2) EUROPIA Position on Article 7a of the Fuel Quality Directive Review is attached.

Enquiries to: Joanna Janiak, EUROPIA: +32 (0) 2 566 9101

– ENDS –