

## Public Eye reply to Vitol's response to the Dirty Diesel report

The Public Eye document entitled "Dirty Diesel" is a highly effective piece of propaganda. Regrettably, as an objective or meaningful report it falls short. Its use and misuse of selective information to portray the actions of Vitol and a select few of its peers means that the report does not reflect reality and its recommendations are consequently flawed.

Some of the basic facts misrepresented in or omitted from the document include:

- In Africa, governments control and manage the import of fuels and only they are able to determine local fuel standards.

**Public Eye:** Only governments can strengthen legal fuel standards which is why we are working with partner organizations in Africa to achieve exactly that. However, the UN Guiding Principles on Business and Human Rights clearly state that the responsibility of corporations does not end with respecting the law if people are harmed. Therefore, if the legislation of any given country is not sufficient to protect human rights, which includes the right to health, companies must go beyond the law. That is why Vitol and others urgently need to take the lead in supplying European quality fuels to the African markets they are active in.

- The supply chain is comingled and it is not possible for a supplying company to determine the quality of fuel sold at the pump.

**Public Eye:** Strangely, Vitol states that "in Africa, governments control and manage the import of fuels", which implies that all African countries proceed that way. Vitol's downstream company, Vivo Energy, on the other hand, relativizes that statement by saying "in most African countries". The latter means that retailers such as Vivo Energy do have control over their supply chain in some countries, contrary to what Vitol claims above. Moreover, Vivo Energy, which is only active in Africa, stated in a corporate brochure: "We are fortunate that, through Vitol and the fast-growing storage and terminals business, VTTI, we benefit from unique access to a truly global integrated supply chain with the world's largest physical energy trader." What would be the point of such synergies if Vivo Energy had no control over their supply chain? And how can Vivo Energy advertise the quality of their fuels if they have no control over their supply chain? We regret that both Vitol and Vivo Energy fail to answer these questions.

- Governments and local regulators may have to consider many issues when deciding on the appropriate specification, including the capabilities of local refining capacity.

**Public Eye:** African refineries produce around half of the continent's fuel supply; however, there are many countries on the continent that don't have refineries. While the financing of refinery upgrades needs to be solved urgently, the lack of financing doesn't hinder the improvement of import standards now. An important reason why fuel standards are only slowly improving is a lack of awareness of the major health problems associated with fuels and the solutions available. Our Dirty Diesel report and the work of our partner organizations in Africa is aimed at raising awareness among civil society and governments on air pollution caused by toxic fuels. Moreover, we hope regulators will realize that solutions, especially for the fuels they import, are readily available. They will get what they ask for. To put it in the words of Jane Akumu from UNEP: "Regulators, you need to be on top of your standards. Otherwise any product that doesn't meet the specifications in other countries will end up in yours".

- It may not be possible for African governments to secure the billions of dollars of funding required to upgrade local refineries so they can produce fuels to a different specification. The alternative, to rely solely on imports and close local refineries, would mean redundancies.

**Public Eye:** Regrettably, with this answer, Vitol provides a distorted representation of reality. There is an alternative to these two choices which would significantly and immediately improve traffic-related air quality: African governments can adopt stricter standards for imports and grant a temporary exception to local refineries until the necessary investments are available. This is in line with UNEP's approach:

immediate strict import standards and a waiver of three to four years for the refineries to be upgraded. If this approach were applied, all fuel consumption could be low sulphur by 2020. It is the imports that can and need to become clean immediately.

- African countries have already made significant steps in improving product quality. Furthermore, working with UNEP, the African Refiners Association has set up a clear road map to raise fuel quality across Africa by 2030, with an intermediate step in 2020, a target set in conjunction with the World Bank.

**Public Eye:** Is Vitol implying that these efforts are sufficient to significantly improve air quality? Even when many countries, especially in West Africa, still allow Sulphur levels that can reach several hundreds times the European levels? We believe that now is the time for the public and the industry to realize that African countries and African lungs must also benefit from recent innovations in the refining industry. Given the urgency of the problem and the prospect that the African urban population will triple by 2050, we need change now. African people cannot wait another 25 years.

- Other leading market participants, including major oil companies, were omitted from the report.

**Public Eye:** This is explained in the introduction of our report. Swiss commodity traders are key players in the African fuel business. As our report demonstrates, they are dominant in many countries. As a Swiss-based organization, Public Eye feels responsible for pointing the finger at problems caused by Swiss companies and for showing how they could solve those problems by changing their practice. Other companies should, of course, also stop selling African Quality fuels.

- African countries can be supplied from refineries worldwide. Europe represents less than 20% of global refining capacity, so any restrictions on European or Swiss companies and refineries would not improve fuel quality – governments would simply source product elsewhere.

**Public Eye:** The market is globalized, so leading traders like Vitol could source clean fuel and clean blendstocks from many different places. They are not tied to Europe. We do not call upon European or Swiss companies to stop supplying fuels to Africa. Instead, we are demanding they stop profiting from weak fuel standards in Africa. We also state it is illegitimate for European countries such as Belgium and the Netherlands to host infrastructures that serve said purpose. The Dutch Minister for International Commerce, Mrs. Ploumen, shares this view and calls it a “gross scandal” that companies intentionally export toxic fuels to countries with weak standards. So does UNEP’s Executive Director, Erik Solheim, who said: “It is unacceptable that we continue to supply developing countries with sub-standard fuels and vehicles, which result in major health impacts by increasing air pollution.”

- To achieve improved air quality, it will also be necessary to improve the performance of the car fleet in Africa. This will require significant investment. In the current economic environment it is not clear that this can be achieved quickly.

**Public Eye:** While it is true that the car fleet needs to be improved, the adoption of low sulphur standards for fuels would instantly improve the air quality. UNEP’s head of transport Rob de Jong confirms to us that “reducing fuel sulfur levels will have immediate impact in pollutant emissions from all vehicles, old and new. Reducing fuel sulfur levels always has benefits, and these benefits are even bigger, much bigger, with the right vehicles. It is important to note that most developing countries that still have high fuel sulfur levels, including those in West Africa, do not produce their own vehicles - most vehicles are imported, new or used. That means that these countries receive cars that are some years behind the latest western technology, but already equipped with emissions control technologies. In other words they need to get cleaner low sulphur fuel now, as the vehicles that are coming in need that fuel! With low sulfur fuels these vehicles will reduce small PM emissions by 98%, but with the high sulfur fuels of today, these fuels will destroy advanced technologies and these cars will all soon become smokers.” Also the Managing Director of Marketing at Nissan Sub-Saharan Africa, Xavier Gobille said recently: “We will not import the latest technology in terms of engines if we can’t guarantee that the consumer will find the right fuel matching the requirement of the engine.” We regret that Vitol fails to address such an important issue responsibly.

- Europe introduced the first limits on sulphur in diesel in 1993, it was for 2,000 PPM , it took Europe almost 20 years to reach current levels of 10PPM ; it is unrealistic to suggest Africa could achieve it “from one day to the next”.

**Public Eye:** It is precisely because Europe (and the US and others) strengthened standards and upgraded their infrastructure long ago, that there is no bottleneck that would pose hindrance to improving the quality of African imports immediately.

There are additional factual errors in respect of Vitol, such as; the attribution of cargoes which are not Vitol cargoes, inaccuracies regarding Vitol's shareholding in Vivo Energy, misrepresentations regarding Vitol's business etc.

Vitol takes its HSE responsibilities seriously wherever it works and is investing extensively in upgrading Africa's energy infrastructure, from EU standard terminals in Kenya, Nigeria and South Africa to a large gas to power project in Ghana in partnership with GNPC, ENI and the World Bank, which will provide 15 years of thermal power to their economy. In respect of the quality of fuel sold at the pump however, there is no unilateral action that Vitol, or any other company, could take which would influence quality.