

## Reply to Puma Energy response to the Dirty Diesel report

As a major fuel supplier in Africa, Puma Energy welcomes Public Eye's call for a tightening of fuel quality specifications in African countries, and will continue to support co-operation between governments and industry to achieve this goal.

Puma Energy has a strict policy of delivering petroleum products that meet the specifications set by national regulatory authorities. Permitted sulphur content in fuels varies from one country to another, and it is important to recognise that such regulatory requirements are a matter for national governments to determine, and not for the companies supplying these markets. Permitted sulphur content depends partly on the technology and age of vehicle fleets and equipment in these countries. Contrary to the simplistic and misleading assertions in Public Eye's report, it is simply not possible for individual companies to supply fuel to a higher specification than that imposed by the national regulator, not least because in many of these markets fuel is supplied at uniform quality through a single logistical supply chain.

As a member of the African Refiners Association (ARA), Puma Energy supports efforts by national governments in Africa to reduce permitted sulphur levels in fuel and welcomed the agreement last year by five East African countries to introduce a lower-sulphur specification for diesel. We also support the discussions currently underway between the ARA and the Economic Community of West African States (ECOWAS) about implementing the ARA's Africa Fuel and Lubrication (AFRI) specifications in West Africa, and when the process is concluded Puma Energy will of course comply with the new specifications established. It is unfortunate that Public Eye makes no reference to this co-operative effort aimed at producing a substantive answer to the problem it has identified.

### Comment of Public Eye to the above statement by Puma Energy:

Puma Energy mentions "the technology and age of vehicle fleets" as reasons for high sulphur content in fuels. Puma seems to suggest that old cars cannot drive on low sulphur fuels, which is completely inaccurate and misleading. UNEP's head of transport Rob de Jong confirms to us in an email that old vehicles operate perfectly well on low sulphur fuels and benefit from lower pollutant emissions, better maintenance, longer engine lives and savings. De Jong stresses, that "reducing fuel sulfur levels will have immediate impact in pollutant emissions from all vehicles, old and new. Reducing fuel sulfur levels always have 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."

### Q and A from Puma Energy concerning Public Eye report on fuel quality in Africa

**Q. Public Eye accuses fuel distributors operating in Africa, including Puma Energy, of "dumping" low-quality fuels with high levels of sulphur and other toxic ingredients in African countries. How does Puma Energy respond to this claim?**

A. This assertion is not correct. Fuel quality standards are a matter for national governments, which tightly regulate fuel prices as well as content. It is the strict policy of Puma Energy to supply fuel that meets national quality specifications in all the markets where it operates.

**Public Eye:** The Dirty Diesel report stresses that our analysis of the fuels indicates that most deliveries meet national specifications. But given that, in the countries covered, the legal sulphur levels are very high and limits for other toxic substances such as benzene or polycyclic aromatic hydrocarbons are

missing altogether, the use of such fuels seriously damages people's health. Puma Energy and the other companies involved are not responsible for weak national specifications, but they systematically exploit those standards for the sake of maximizing profits. Only the 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 state clearly that the responsibility of corporations does not end with respecting the law if people are harmed. Therefore, if the legislation of a given country is not sufficient to protect human rights, which includes the right to health, companies must go beyond the law. That is why Puma Energy and others urgently need to take the lead in supplying European quality fuels to the African markets they are active in.

**Q. Do fuel distributors have an interest in keeping quality standards down in Africa to maximise profits?**

A. On the contrary. Puma Energy, as a leading fuel distributor in the region, has an interest in raising fuel quality standards as a key differentiator in the market-place. It has invested very significant sums in recent years in upgrading the supply chain and distribution infrastructure in Africa, precisely in order to be able to benefit from rising quality standards as they evolve – as indeed they already have in eastern and southern Africa. But it is simply not possible for companies importing and distributing fuel to markets unilaterally to vary quality standards. In many African countries fuel supplies are still commingled in a single supply chain. Furthermore, African fuel markets are overwhelmingly driven by price considerations, so in the absence of effective regulation and control higher-quality fuel would be swiftly undercut by cheap competition.

**Public Eye:** Fuel distributors profit from weak specifications because they allow them to import fuels at lower prices because cheap blendstocks were used to make these fuels. We are surprised to hear that Puma Energy claims to have no control over its supply chain. If fuel supplies are indeed commingled and, Puma Energy isn't in a position to vary fuel quality, how can they advertise that they sell quality fuels, as they do on their website: "Puma Energy is an empowering energy business: Supplying affordable, high quality products in 47 countries across five continents."

**Q. Given the findings of this report, will Puma Energy change its supply strategy and supply cleaner fuels to African countries?**

A. As the African Refiners Association (ARA) has pointed out, if suppliers were to follow the recommendations of Public Eye's report, their role would be filled by traders from other countries who would supply fuel required to meet the official specification. In consequence nothing would change on the ground.

**Public Eye:** Puma Energy seems to believe in a race to the bottom where even more aggressive traders would take over their business. We have a different view. We believe that now is the time for the public and the industry to realize that also African countries and African lungs must benefit from recent innovations in the refining industry. Cleaner fuels already exist. We are not asking Swiss traders to quit the African fuel business but to be the first ones to act responsibly and supply European quality fuels. No African government would refuse to get better quality.

**Q. Given the proven health damage from pollution in African countries, can nothing be done to improve fuel quality?**

A. Poor air quality in African cities is a serious issue which demands action by governments. But achieving change is a complex challenge and needs time. It is worth noting that Europe had standards similar to those in Africa today until the early 1990s. It took European countries 25 years to arrive at their current low-sulphur standards for fuel, and the effort involved significant investment in upgrading the region's infrastructure and the closure of numerous refineries.

**Public Eye:** We fully agree that upgrading African refineries is necessary and that international donors and others urgently need to help bring about the necessary investments. Precisely because Europe (and the US and others) upgraded their infrastructure long ago, there is no supply bottleneck to improve the

quality of imports immediately. Africa already depends for more than 50 percent on imports already and this share is growing in the future. This alone would improve the air quality considerably. 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; their governments must improve fuel standards now, starting with strict import standards where a refinery upgrade is not possible in the near future.

**Q. What is Puma Energy doing to address the issue?**

A. Puma Energy supports the ongoing work of the ARA to improve fuel quality. There has been some progress. For example, African countries have largely eliminated lead from petrol in the last 10 years. As the report acknowledges, a number of East African countries have recently moved to lower sulphur content. Public Eye's research is focused on West Africa but inexplicably fails to mention the efforts also underway to improve fuel specifications in the countries of the Economic Community of West African States (ECOWAS). Working with the United Nations Environment Programme and the World Bank, the ARA has established a clear road map to raise fuel quality across Africa in coming years. Puma Energy is investing significantly to improve the supply chain (storage, transport, service stations) and promoting quality of products and services to customers.

**Public Eye:** We would like to know specifically how Puma Energy “supports” the work of ARA. We are hopeful that the public attention around the health effects of bad quality fuels will help to achieve a more ambitious roadmap that allows West Africa to replicate the success of five East African countries and will force fuel suppliers to go clean. The UNEP Ministerial meeting to be held in Nigeria in November 2016 will mark an important political opportunity for West African countries to require imports in their countries to be of European quality.

**Q. Why is progress in improving fuel standards in Africa so slow?**

A. One of the challenges is the need to upgrade African refineries, which typically produce diesel fuel with sulphur levels up to 3000 ppm. Reducing sulphur levels would require very substantial investments by state-owned refiners that would likely render the industry unviable. As the ARA points out, “when faced with a choice between implementing lower specifications and closing a large employer, governments have, to date, chosen to maintain fuel quality at current levels”.

**Public Eye:** African refineries produce less than half of the continent's fuel supply and many countries don't even have refineries. While the financing of refinery upgrades needs to be solved urgently, the lack of financing doesn't stand in the way of improving import standards now. An important reason why fuel standards are improving slowly 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”.