

Statement of UPEI, Round Table on low Sulphur for inland waterways transport, 3rd May 2007 Strasbourg

My name is Erik de Vries and I am the general manager of NOVE, the Dutch association for independent oil traders and wholesalers, amongst them the fuelsuppliers for for inland waterways transport.

Mr Schittler, Secretary General of UPEI kindly asked me to give comments on a few questions that were raised by mr Pauli, since mr Schnittler has other obligations to fulfill at the same time.

We have talked about this subject on our UPEI Spring meeting in Brussels, April 18th 2007.

UPEI is the the association of independent European oil traders from most of the member states through national trade organizations. Independents - mainly small and medium enterprises (SME) - but all independent from major oil companies are active in all states of the European Union. Members of UPEI are active in all fields save crude oil production, that is in importing, wholesaling, retailing, distribution, logistics and refinings - and some in gas, electricity, and renewable energies.

We have been asked to comment on a number of questions on behalf of our organisation.

1. Availability low sulfur fuel

Since our members are not producers we have to refer to the oil companies for this question. We can state however that some members even find difficult sometimes to get enough product supply. It is obvious that a special fuel for inland waterways is seen a niche product by the majors. This raises questions on competition issues, however this may not be the platform to discuss this topic.

2. Blending with biofuel

This would certainly speed up the "greening" of inland waterways transport. We need confirmation of engine manufacturers that no problems will occur.

3. Lowering of sulfur content, one or two steps

Our members do not see the advantage of a two step reduction. A two step reduction will force the oil companies to produce a fuel that is already a relatively niche product for only a few years. We can expect higher prices. This means higher stock costs and higher costs

for the customers. We plead for a one-step introduction. In addition we heard the arguments of EBU, that we support.

4. Voluntary introduction per member state

This should not be encouraged. Our members fear this might lead to unfair competition when one member state rules low sulfur when others don't. This with the premises that low-sulfur will be marketed for a higher price, as mentioned by the EC.

5. Two product qualities

This will cause many problems. Most bunkering companies are not suited for keeping two product qualities at the same time

6. Time to switch

For our companies it is a matter of filling up the tanks with another product. This should not be a great problem. After a month the supply should be replenished. Some countries have quality labels for inland waterways fuel. These need to be adjusted. We expect a few months are needed.

7. Costs of logistics

Some companies have filters installed. A switch to a new product could make these filters obsolete. Filters cost about € 10.000,-.

8. Contamination (risk of)

We have no experience with this subject. We do however hear some incident in land transport where there is contamination with microbes in case of blending with bio-product, but this goes mainly for unleaded petrol.

9. Additives

Usually additives are blended at the refinery. From what we understand low sulfur fuel should not cause problems in lubricity, I have to add that we are not the experts on this matter.

10. Need for more research

We expect no problems with our storage and tank facilities. Some bunker companies are in fact already working with low-sulfur product and experience no problems whatsoever.

11. Roadmap

In the roadmap to a successful introduction we asked for clear statement of the oil industry and engine manufacturers. Furthermore we ask for a simple one step introduction, in all European countries at the same time. No exceptions and no dual phase.