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Oil companies attacked for resisting climate targets

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Claims made by oil companies that an EU target to slash greenhouse gases emitted during the production, transport and use of fuels by 10% by 2020 is unachievable are false, according to a new report published by green NGO Friends of Europe.

Background:

The Commission has proposed revising its 1998 [Fuel Quality Directive](#) defining EU-wide specifications for petrol, diesel and gas oil used in transport, so as to better reflect the latest developments in fuel and engine technology and to step up the fight against climate change ([EurActiv 01/02/07](#)).

The proposed amendments would permit higher volumes of biofuels to be used in petrol and that would oblige fuel suppliers to ensure that greenhouse gases produced by their fuels throughout their life cycle (i.e. production, transport and use) are cut by 1% per year between 2011 and 2020 (Article 7a) (see [LinksDossier](#) on the [Fuel Quality Directive](#)).

The NGO insists that oil companies have the means to achieve the target, which the Commission is proposing to include in a review of its 1998 Fuel Quality Directive, even without having to resort to "harmful" biofuels.

In its report, published on 29 April, it calculates that oil companies, which have been resisting the proposal, could in fact achieve cuts in greenhouse gas emissions of between 10.5% and 15.5% through reduced gas flaring and venting, energy efficiency improvements and fuel switching in refineries. And this "without the need for agrofuels which can have negative environmental and social impacts and have not been proven to reduce emissions overall".

Positions:

"The oil industry is saying that it lacks the financial and technological resources to decrease its greenhouse gas emissions, but according to our research it has the potential to meet, and even exceed, the 10% CO2 reduction target of the directive," said Darek Urbaniak, extractive industries campaigner for **Friends of the Earth Europe**.

Pointing to the "record profits" of over \$125 billion announced by oil companies in 2007, Paul de Clerck, corporates campaigner for Friends of the Earth Europe, added: "Despite their sky-high profits oil companies are not willing to bear the costs of reducing emissions. It seems that since these investments are not profitable, companies will not make them unless they are forced by a regulatory body."

He therefore concludes that the EU must "oblige" oil companies to take the necessary steps. "The report shows that it is possible and they have more than enough money to pay for it," he added.

The NGO also criticised oil companies for "greenwashing". "Behind the scenes oil companies are lobbying against environmental legislation whilst in public they use advertising to suggest that they are reducing emissions," states the group, pointing to a case in which the Dutch and the British Advertising Standards Authorities found that the oil giant Shell was guilty of misleading advertising over an advert portraying an oil refinery with flowers sprouting from its chimneys.

The **European oil industry association Europaia** has not commented directly on the report's conclusions, but it insists that the industry's efficiency record is "very good". The group has been lobbying hard against the 10% reduction target, which it says is "premature", "unfeasible" and "inconsistent and overlapping" with two other legislative proposals. These are namely the Renewables Directive, aimed at promoting an increase in the use of biofuels for transport, and the review of the EU's Emissions Trading Scheme, under which oil producers and refineries are already required to make significant CO2 cuts.

"Carbon dioxide emissions from EU refineries and production are already fixed under the EU emission trading scheme, which has a cap," the group insists.

It further highlights the inconsistency between promoting higher quality fuels and biofuels on the one hand and introducing a lifecycle approach on the other. Such an approach puts highly-upgraded refineries, capable of more complex conversion techniques, at a disadvantage because they are often more energy-intensive, it explains. This ultimately creates a "perverse incentive" for the incomplete and inefficient conversion of crude oil, it stresses.

Europaia therefore concludes that fossil fuels should, at present, be excluded from the emission reduction targets until these unresolved issues have been addressed.

Next steps:

- **27 Nov. 2007:** EP's Environment Committee adopts first-reading report on the Commission's proposal to review the Fuel Quality Directive ([EurActiv 28/11/07](#)).
- **17 Jun. 2008:** Parliament's full house due to vote on the report.

Links

EU official documents

- Commission: [Proposal for a Directive amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and the introduction of a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels](#) (31 January 2007)

Industry Federations

- European Petroleum Industry Association: [EUROPIA Position on the Fuel Quality Directive Proposal to Regulate GHG Emissions from Road Fuels](#) (4 September 2007)

NGOs

- Friends of the Earth Europe: [Oil industry accused of undermining emissions reduction efforts](#) (29 April 2008)
- Friends of the Earth Europe: [Report: 'Extracting the truth: Oil industry attempts to undermine the Fuel Quality Directive'](#) (29 April 2008)