

# Refining Petroleum Fuels & Products in Europe

*Outlook | Proposals | Requests*

John Cooper, *Director General*



# Agenda

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- ❖ Outlook – Key market changes
- ❖ Short term challenges
- ❖ Long term challenges
- ❖ Tomorrow's energy mix in transport
- ❖ Innovation and investment
- ❖ Conclusions

# Outlook – Key Fuels Market Changes

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- ❖ Sulphur content of Marine Fuels
  - ❖ A major implementation challenge for Fuels & Shipping Industries
- ❖ Crude oil price changes
  - ❖ Lower for longer – Global demand still growing
  - ❖ Refining capacity build non-OECD
- ❖ Vehicle fleet changes
  - ❖ Less diesel in small cars in Europe
  - ❖ Impact of electrification

## Short-term challenges

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- ❖ EU refining needs to be competitive vs. non-EU refineries
- ❖ Fair deal on EU ETS among European Parliament, Commission & Member States
- ❖ Pragmatic definition of RED II: focus on and encourage wide range of sustainable bioenergies
- ❖ Action on air quality in cities: identify viable solutions, considering the specificity of individual cities

## Long-term challenges

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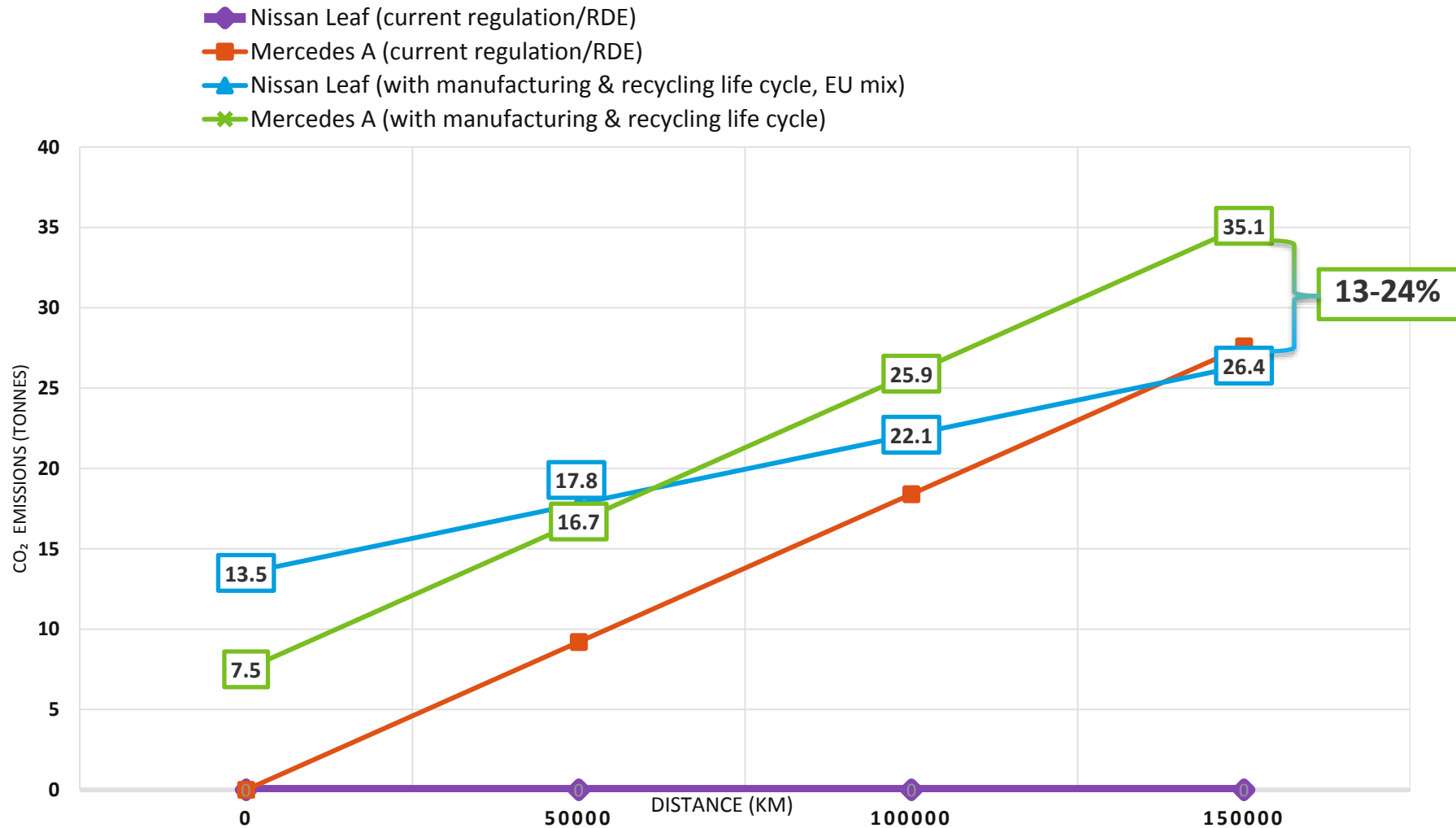
- ❖ Energy Outlook (IEA and others) – petroleum products will be needed for many decades
- ❖ Innovation in policy is needed to achieve global carbon price convergence
- ❖ Economy wide carbon price to serve as a reference for support of cost-effective carbon abatement technologies
- ❖ Tomorrow's transport energy mix is chosen by today's vehicle regulation

## Tomorrow's energy mix is chosen by today's regulation

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- ❖ Tomorrow's vehicle fleet is chosen by today's regulation
- ❖ Tomorrow's energy mix decided by tomorrow's vehicle fleet
- ❖ Therefore we need the best possible regulation for vehicles, today

# Life cycle GHG Impact: Nissan Leaf vs Mercedes A class



Source: University of Trondheim, 2012/2013/2016

# Tomorrow's vehicle fleet is chosen by today's regulation

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- ❖ Vehicle regulation should consider:
  - ❖ The carbon life-cycle throughout vehicle manufacturing, energy production, recycling
  - ❖ GHG improvements in fuels should be recognised
  
- ❖ Robust implementation of:
  - ❖ EURO 6 standards
  - ❖ Real Driving Emissions (RDE)
  - ❖ Worldwide harmonized Light vehicles Test Procedure (WLTP)
  - ❖ Best practice for maintaining vehicle performance in-use



# Innovation and Investment

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- ❖ We welcome the Commission's Innovation Fund initiative
  - ❖ Innovation in policy also desirable longer term to overcome current limitations
  
- ❖ Support for development and implementation of:
  - ❖ Low carbon technologies for use in the manufacturing of petroleum products
  
  - ❖ Alternative feedstocks and components for liquid fuels to complement the current fuels
  
  - ❖ This will allow to develop evolution of business models to include technologies such as:
    - ❖ *CCS & CCU*
    - ❖ *Power-to-gas/liquids*
    - ❖ *Sustainable biofuels*
    - ❖ *Advanced energy efficiency and low carbon technologies*

## Conclusions

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- ❖ The world will continue to use liquid fuels & ICE vehicles for decades to come
- ❖ European refineries and vehicles already the most efficient in the world
- ❖ We can demonstrate climate leadership:
  - ❖ By innovation and new technology in fuels and vehicles
  - ❖ With successful policy frameworks (including stable and predictable regulations)
  - ❖ Fostering the evolution of business models
- ❖ Refining industry and liquid fuels can be part of the solution for the longer term

THANK YOU  
FOR YOUR  
ATTENTION

This document was presented  
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