



European Petroleum Industry Association

**EUROPIA position on the
Thematic Strategy on Air Pollution
COM(2005) 446**

Following its Sixth Environmental Action Plan, the Commission launched the Clean Air For Europe (CAFE) programme in 2001, which was completed in 2005 with the adoption of the Thematic Strategy on Air Pollution (TSAP)¹. This Strategy sets the objectives of the Commission for further protecting human health and ecosystems against the effects of air pollution at the 2020 horizon, and evaluates the corresponding costs. Although not binding per se, these objectives represent an important commitment from the Commission, and will influence the subsequent Air Quality legislative initiatives.

EUROPIA welcomes the approach chosen by DG Environment in undertaking CAFE i.e., an effects driven, knowledge-based integrated approach, designed to produce cost-effective policies. EUROPIA and CONCAWE actively participated in all aspects of the programme.

However, in the initial proposal for the strategy the Commission put forward very high ambition levels which could not be justified. EUROPIA joined other industry sectors in expressing serious concerns over these proposed ambition levels.

During the Commission's interservice consultation process the College of Commissioners also considered the initial proposal too ambitious and its economic implications (some 12 b€/yr) difficult to justify. The strategy was revised and in its present form adopted with reduced ambition levels and corresponding costs of 7.1 b€/yr.

TSAP ambition levels remain still too high

Despite the reduction in ambition level in the revised proposal, the TSAP ambition levels remain in the steep part of the cost curve, where incremental benefits are not cost effective. (see Fig. 1). At the proposed ambition level, an additional improvement in effects of 1% (vs. the 2000 situation) would increase the cost generated by the Strategy by nearly 50%.

TSAP does not give enough consideration on time factor to reach targets

In reaching objectives, time is as important as level. Enough time should be given to allow already enacted legislation to become fully effective, since its penetration depends on structural factors such as equipment replacement rates and vehicle fleet turnover.

Analysis shows that whilst some Member States are unlikely to be able to meet some of their National Emissions Ceilings mandated by 2010 (even if they tried to implement the most expensive measures), they could easily meet the same ceilings 3 to 5 years later at minor or no additional cost.

In setting new requirements, careful attention should be given to the time needed for introducing measures. Sufficient flexibility should be allowed for achieving compliance.

Uncertainties on assumptions underpinning the TSAP are huge

Whilst uncertainties cannot be avoided in such a complex area, they are critical to the design of robust policy as soon as minute variations in benefits entail large swings in costs. Furthermore, it is important to recognise that uncertainties do not only affect the additional improvements projected by TSAP, but are also very significant in defining the base case.

TSAP forecasts that the Current Legislation will already deliver 68% of the projected improvements versus the 2000 situation. This substantial contribution relies in particular on the 2020 energy scenario since

¹ accompanied by a draft proposal for a consolidated Ambient Air Quality Directive



European Petroleum Industry Association

emissions are linked to energy sources and consumption by sector. There are indications that the accelerated phase-out of coal and the significant reduction of particulate matter emissions from the domestic sector (home heating) which were assumed in the base case scenario are overestimated. If this is the case, the TSAP objectives will be even harder to achieve, at significantly higher costs, to the economic sectors and Member States. It may even make it impossible to reach TSAP objectives in 2020.

Benefits are very difficult to quantify

Benefit valuation in TSAP is rightly focussing on potential impacts on human health. But there still are large knowledge gaps in this area concerning in particular:

- the relationship between exposure to pollutant concentration and resulting health impact, which can differ by a factor of 3 depending on the studies
- the monetisation of the health impacts, which is evaluated by an empirical approach based on 'willingness to pay' interviews of population samples. Results can vary by a factor of 10 or more depending on the studies.

Further studies should be carried out in order to better understand and possibly reduce some of the uncertainties in the critical area of human exposure effects.

Attainability of TSAP objectives is very uncertain in some sectors

In the Agricultural sector ammonia emissions are a major source of particulate matter in ambient air. TSAP assumes Agriculture will spend one third of the total TSAP costs to reduce its ammonia emissions. This seems very uncertain since no significant reduction of these emissions is forecasted in the base case between 2000 and 2020, and no clear regulatory enforcement measures to achieve the sharp reduction in emissions required by TSAP have been communicated (see Fig. 2).

The Domestic sector (home heating) is also a major source of particulate matter. In some Member States, the reduction of emissions assumed vs. 2000 in this sector may be as high as 65%. This seems also very uncertain, since this sector involves millions of decision-makers on which fuel switches and abatement measures are difficult to impose. Furthermore, the development of wood burning, a major source of particulates, has been encouraged for CO₂ reduction purposes in some Member States.

Detailed Impact Assessments will be needed for all accompanying proposals for Air Quality legislation that implements the TSAP.

Special emphasis should be given in these assessments to verifying the attainability and cost-effectiveness of binding objectives. This should apply first to the National Emission Ceilings Directive Review.

A Review of the TSAP ambitions should be planned by 2010

It will allow reassessing validity of the ambitions in the light of new scientific information, updated forecasts, and of the practical experience that will have been gained in implementing the TSAP follow-up legislative proposals. This Review should re-confirm that the EU environmental goals are being delivered in the most cost-effective manner.

February 2006

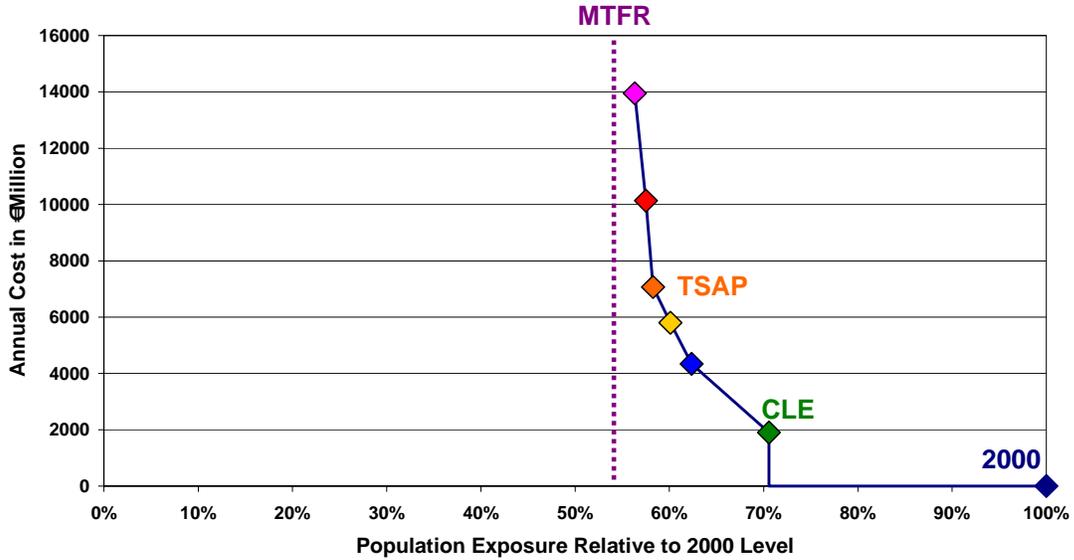
For further information, please contact:

B. Celard (Direct line: +32 2 566 91 02 / E-mail: bruno.celard@europia.com)

Annex 1: Figures

Figure 1

EU-25: Cost versus Reduction in PM2.5 Population Exposure Index (Versus 2000)



MTFR: Maximum Technical Feasible Reduction

CLE: Current Legislation in 2020 (With Euro V/VI)

Figure 2

Cost versus Ammonia Emission Reduction From 2000

