Belgium drafting new fuel quality law targeting exports to Africa

Belgium is set to shut the door on rising exports of low-quality gasoline and diesel to West Africa as it follows the Netherlands in tightening environmental rules, officials have said..

Source: Reuters.

The Amsterdam-Rotterdam-Antwerp (Ara) hub is the world's leading gasoline exporting region, LSEG data shows, and hosts some of Europe's largest oil refineries including plants operated by TotalEnergies and Exxon Mobil.

After the Netherlands introduced legislation in April to tighten the specification for its road fuels exports, Belgium's environment and energy ministries are now planning to introduce their own draft rules to tighten the quality of exported fuels.

That would further reduce northern Europe's role in supplying Africa with dirtier gasoline and diesel, which have been proven to cause significant health problems, but may also lead to rising costs for poorer nations.

The office of Minister of Climate, the Environment, Sustainable Development and Green Deal Zakia Khattabi is working with Energy Minister Tinne Van der Straeten to prepare a royal decree to introduce the law, a spokesperson for Khattabi said.

"It is evident that we must join forces and combine our expertise to halt the export of toxic fuels to third-party nations," Van der Straeten said in a statement.

The draft is expected to be ready within two weeks and, barring major political hurdles, could become law by February next year, the environment ministry noted.

Nigeria, Africa's most populous country and a big importer of refined products from Europe, has in recent years cut sulphur content allowances for imported fuels.

However its current specification for gasoline remains at 150 sulphur parts per million (ppm), three times above Belgium's proposed limits. The maximum allowed sulphur content for gasoline sold in the European Union is 10ppm.

"There can be no double standards when it comes to products that pose environmental and health risks," Van der Straeten said.

The Belgian government began researching the legislation in part due to concerns that "part of the export of these fuels from the Netherlands would come to Belgium", Khattabi's spokesperson Mathias Bienstman said.

The Netherlands' share of Northwest Europe's exports to West Africa fell from around 47% in the first quarter to just 15% in October, according to tracking data from analytics firm Vortexa, while Belgium's share rose from 34% in the first quarter to 65% last month.

The earliest the decree could be passed is February, the ministries hope, but the timeline will depend on the extent to which collaboration with the wider Belgian federal government, advisory council, and EU is required.

While an implementation date has not yet been decided, it usually comes six months after the publication of a royal decree, Bienstman said.

One source at a trading company involved in the trade said that if Belgium follows the Netherlands in passing the legislation, blending activity will have to move elsewhere.

The source said offshore ship-to-ship transfers off the Spanish coast or other Mediterranean islands could be used to blend cargoes for export to West Africa.

Level playing field

Stricter quality controls on exports from northern Europe raise the question of a level playing field if operations were to relocate to other jurisdictions.

This issue was raised during the Netherlands' legislative process in an unsuccessful lawsuit brought to the Dutch courts by storage operators Exolum and Zenith.

They claimed blenders could simply move operations and investments to neighbouring countries, allowing the continuation of low-quality fuel exports to West Africa.

"The minister will work together with the Netherlands to create a level playing field," Bienstman said.