

DRAFT
Central American Action Plan
Reduction of Sulfur Levels in Diesel Fuels

The draft action plan for Central America is presented here in three terms: short-term (2004-2005); medium-term (2008) and long-term (2015). The format for this draft action plan has been established in a series of actions or “next steps”.

Short-term (2004-2005):

1. CCAD Secretariat should send a letter to Central American Environmental Authorities to officially integrate and strengthen the working group in the general topics of air quality and sulfur reduction in transportation fuels.
2. The working group should act as a secretariat office. It should define the data needs for the region, validate assumptions per country through the ministries and report and negotiate with CCAD the strengthening of coordination among collaborators in the themes of improving air quality.
3. The working group should consider the establishment of a technical advisory group.
4. Kukulkan should receive a draft a template to serve as the format for the region to collect information to be used later on for the development of the cost-benefit analysis. The template will to be provided by Fred Sexsmith, consultant.
5. Each country should complete the format (with as much information as possible). Some of the data may include:
 - Number of vehicles in each country of the area (type and years of service of all such vehicles)
 - Quality of fuels imported and produced in the area.
 - Health effects caused during life of all vehicles with current fuel quality conditions and current technologies (if available)
 - Projection of costs-benefits for sulfur reduction from the current value to 500 ppm (for example) and up to the ideal one (15ppm).
 - Analysis of legal basis for importing new and used vehicles (years of use permitted, obligation to have catalytic converters, etc.) in each country.
 - Conditions of refineries, plans to improve fuels.
 - Air quality conditions. Which are the main contaminants and their origin.
 - Contribution of other fuels to contamination, not only diesel, but also gasoline and bunker.
 - Determination of current conditions of refineries in the Caribbean area; plans to obtain better fuels.
6. A representative from each country should complete the format with whatever information is available at the time. The information should be sent back to Kukulkan two weeks after receiving the template. A final draft report will be distributed amongst the delegates by Kukulkan.

7. Representatives from the ministries of environment and energy should participate in the workshop scheduled for January 2005, to be organized by CCAD with COSUDE's support. This meeting will include the transportation sector which can help to move things along or not.
8. A general regional cost-benefit analysis should be conducted. This action should take place once Kukulkan had received and sorted all the information stated in action #3. This cost-benefit analysis should present scenarios with 500ppm and 15ppm in order to consider the feasibility of each option. It should also reflect the different costs at market places with different fuel quality (see chart below). The cost-benefit analysis is considered to be key factor in getting regional political buy-in to reduce sulfur content in transportation fuels.

Level of sulphur per year	High sulphur	500 ppm	15 ppm diesel 30 ppm gasoline
2005			
2007			
2010			

9. A meeting should be held in spring of 2005 with refineries and importers to discuss their technological capacity and investment possibilities for sulfur reduction in one or two stages up to 2015.
10. A third facilitated regional workshop should be conducted in fall of 2005 to discuss the progress, challenges and evaluate next agreed upon next steps for the medium-term period.

Medium-term (2008):

1. Once the cost-benefit analysis is completed ,and if is necessary, each country could schedule work meetings with environmental, energy (hydrocarbons), health, economy, transportation authorities, importers and NGO's to share the report findings and recommendations.
2. With the appropriate approval/buy-in at the political level and with the involvement of the local NGOs the working group should establish the communication mechanisms to disseminate, promote and consolidate the initiative. One of the primary goals of this step will be to communicate to the general public the health and environmental benefits of sulfur levels reduction in transportation fuels.
3. Promote the technical enhancement of existing refineries in the region to produce cleaner fuels (500ppm or lower).
4. Promote the development or better enforcement of fiscal mechanism to annul any incentives for the import of old model vehicles.
5. Consider development of a diesel retrofit pilot project in one of the seven countries.

Long-term (2015):

1. Have new and cleaner fuel and technologies available for transportation vehicles (both private and public)
2. Reduced sulfur levels in diesel fuels to 50ppm or lower.