

## WORKSHOP REPORT

### II Workshop Air Quality and Reduction of Sulfur in Transportation Fuels In the Central American Region

“Hotel Presidente”  
San Salvador, El Salvador – November 3-4, 2004  
Participants List

	Name	Institution
<b>GUATEMALA</b>		
1	Patricia de Pontaza	SIECA
2	Mario Escobedo	FIPA
3	César Augusto Corado	Ministry of Energy and Mining
4	Osmar Gómez	Ministry of Economy
5	Jorge Cabrera	Kukulkan
<b>HONDURAS</b>		
6	Perfecto Aguilera	SERNA
7	Fernando Lobo	SERNA
8	Nelson Trejo	SERNA
<b>NICARAGUA</b>		
9	Milton Medina	Ministry for Environment and natural Resources
10	Fernando Ocampo Silva	Nicaraguan Energy Institute (INE)
<b>EL SALVADOR</b>		
11	Jorge Palma	Ministry for Environment
12	Judith Panameño	Ministry for Environment
13	Leyla Zelaya	CCAD
14	Ricardo Andrade	Ministry for Economy-Bureau for Hydrocarbons and Mining
15	William Patterson	USAID
16	Carlos Pérez Mejía	CCAD
17	Roberto Rodríguez R.	CCAD
<b>COSTA RICA</b>		
18	Daniel León	Ministry for Environment and Energy
19	Lic. Roger Irías Campos	Ministry of Industrial Economy and Trade
20	Oscar Porras Torres	Ministry for Environment and Energy
<b>PANAMA</b>		
21	Fabián Maregocio	National Environmental Authority
22	Luis Agredo	Ministry of Health
<b>BELIZE</b>		
23	Albert Roches	Department of the Environment
24	Ann Rossington	Public Utilities Commission
<b>UNITED STATES</b>		
25	Pamela Teel	U.S. EPA
26	Edna D. Rodríguez	U.S. EPA
27	Orlando González	EPA
28	Bruce Bertelsen	Environmental and Energy Technology and Policy Institute
29	Michael Walsh	Consultant
<b>CANADA</b>		
30	Fred I. Sexsmith	Downstream Oil Advisors

**Background:**

In September 2002, at the World Summit on Sustainable Development in Johannesburg, the Central American region, through the Executive Director of the Central American Commission on Environment and Development (CCAD), signed on to become member of the Partnership for Clean Fuels and Vehicles. By 2001 all seven countries in the region had phased lead out of gasoline, however, sulfur content in transportation fuels is very high. For the first year and half as member of the Partnership the region was not actively engaged in the Partnership. To change that, EPA and CCAD, organized the first Central America regional workshop on Clean Fuels and Vehicles held on April 2004 in Guatemala City. The objectives of the workshop were to: bring together stakeholders to discuss the issue; establish a task group to develop a draft action plan to reduce the sulfur content of fuels in the region; to encourage the region to take ownership of the process; and to identify the next steps in the following 3 to 6 months.

One of the outcomes of the workshop was the establishment of the task group, Grupo Centro Americano Para La Reduccion del Azufre (GCAPRA). GCAPRA quickly began to identify the biggest challenges in reducing sulfur in fuels (per country) and other tasks groups in the region that have been working on related issues. Soon GCAPRA discovered that the region has signed an Economic Integration Plan. This plan includes as one key component, petroleum market integration. Among the most important elements of this integration is an effort to harmonize the fuel quality specifications. The group that manages this important element is the Hydrocarbon Task Group for Central America.

GCAPRA made the recommendation to EPA for a fuel expert to visit to the region to review the current status of several countries in achieving the goal of reducing sulfur in fuels. EPA requested the assistance of Mr. Michael Walsh, international fuel expert. As a result of Mr. Walsh's meeting with Hydrocarbon task group and other government officials in Central America, a report was produced which highlights the current fuel quality situation per country, vehicles emissions requirements, challenges and obstacles for the region to reduce the sulfur content in fuels and recommendations for next steps.

As a follow up action item and based on Mr. Walsh recommendations EPA held a second Central America workshop on clean fuels and vehicles. The workshop took place on November 3-4, 2004 in El Salvador. The objectives of the second workshop are described below.

**General Objective:**

Contribute to the improvement of air quality in Central America by reducing emissions, mainly of particulate matter, to decrease health impacts on the people in the region.

**Specific Workshop Objectives**

- Continue the sulfur reduction process and strengthen links with the Partnership for Clean Fuels and Vehicles.
- Strengthen the Central American network working on air quality improvement.
- Continue the dialogue for the reduction of Sulfur content in fuels in Central America with government officials and other stakeholders.
- Establish a Regional Action Plan to reduce the Sulfur levels in fuels in Central America.

### **Workshop Participants Expectations**

- Open and constant communication.
- Designate a main point of contact. Potentially someone within CCAD.
- Share results from this or any other related regional or national workshop.
- Share information health and environmental benefits of reducing sulfur levels in transportation fuels.
- A draft proposal action plan which should cover the following:
  - Short and long-term steps to reduce of sulfur level in transportation fuels in the region.
  - Mechanism for information sharing amongst related working groups.
  - Integration of sulfur reduction process with that of the Customs Union.
  - Definition of actions and coordination mechanisms.
  - Definition of principles to adopt a Central American Policy to improve air quality.
  - Establishment of commitments at regional level.

### **Workshops Outcomes:**

- Delegates agreed in the definition of short-term (2004-2005); medium-term: (2008); and long-term (2015).
- Delegates agreed on the information needed to conduct a cost-benefit analysis (included in the draft action plan)
- Delegates agreed there is a great need for a regional cost-benefit analysis. This report will be vital in getting political buy-in for sulfur reduction in transportation fuels.
- Delegates agreed on next short, medium and long-term steps.

### **Next steps (short-term 2004-2005):**

1. Engineer, Mario Escobedo, will draft an action plan based on the recommendations made by the delegates at the workshop in El Salvador, November 3-4, 2004. The draft action plan should be forwarded to the Secretariat and *pro-tempore* presidency for comments/approval. The Secretariat Office will send it to all delegates not later than the 20<sup>th</sup> day of November.

2. CCAD Secretariat will send a letter to Central American Environmental Authorities explaining the need to officially integrate and strengthen the working group in the general topics of air quality and sulfur reduction in transportation fuels.
3. The work group will be made official in order to continue with the air quality process. Generally the reduction of the sulfur content in fuels falls under the coordination of delegates from the ministries of environment and energy, and with the active participation of other ministries and institutions such as health, transportation, economy and others as may be deemed necessary.
4. Consultant, Fred Sexsmith will draft a template to serve as the format for the region to collect useful information which will be used later on for the development of the cost-benefit analysis. This format will be forwarded to Kukulkan for further distribution.
5. A representative from each country will complete the format with whatever information is available at the time. The information is due two weeks after receiving the template from Kukulkan. Each country will be responsible for submitting the information back to Kukulkan to be sorted out and formatted. A final draft report will be distributed amongst the delegates.
6. Representatives from the ministries of environment and energy will participate in the workshop scheduled for January 2005, to be organized by CCAD with COSUDE's support.

### **Recommendations:**

It is recommended that the region collect as much information as possible at the national level on air quality conditions. Such information should be made available to Kukulkan for dissemination prior to the CCAD/COSUDE meeting in January. This information will be very useful for the discussion with the transportation sector.

It is also recommended that a general cost-benefit analysis be conducted as soon as possible. The delegates believe, and we agreed, that to obtain political buy-in to reduce sulfur content in transportation fuels a hard data analysis specific to the region will be necessary. A cost-benefit analysis seems to be the most appropriate tool to get the political buy-in.

Given the region economic reality the reduction of sulfur content in transportation fuels will be a long process. However, the health and environmental impacts are well understood. We believe the facilitated workshop format provides the regional delegates the right forum to have open discussions, learned from each other and to realistically establish next steps for the region. For that reason, it is recommended that another facilitated workshop in the region be held in fall 2005.

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 to CCAD. It is also recommended that a technical advisory group be established.