



Irish Petroleum Industry Association

# Contaminated Motor Fuel

Motorists in Ireland will be familiar with media headlines regarding ‘illegal fuel laundering’ and some will have had the misfortune to have inadvertently purchased such fuel with consequent problems for their car. While the authorities are taking significant steps towards shutting down these illegal operations – which are often controlled by organised criminal gangs - there are several ways in which the fuel you may put in your vehicle can be illegally contaminated for financial gain. Two of these – diesel laundering and petrol stretching - are prevalent in Ireland. Both damage your vehicle. Both are illegal. Both involve a service station making undue gains by putting something inappropriate in your fuel tank.

## **Diesel laundering**

The State imposes less excise duty on diesel used for off-road purposes (e.g. agriculture, forestry, construction, inland navigations) than it does on diesel used in road vehicles. As the product is essentially the same, off-road diesel is marked with a harmless marker dye to distinguish it from road diesel. Illegal traders take agricultural fuel, remove the marker dye and sell it as road fuel.

The marker dye is not easy to remove but the fuel can be ‘washed’ with acid or passed through filters which remove it. This illegal ‘laundering’ of the off-road diesel can have a number of harmful side effects, including:

- acid corrosion of the engine and fuel system if removal of acid after washing is inadequate;
- the potential removal of lubricating additives from the fuel which in time can severely impact the functioning of the fuel pump and the engine;
- if gasoil containing up to 1000 ppm sulphur is laundered then the high sulphur content could damage the vehicle’s exhaust gas after-treatment system.

The benefit to the illegal trader is that just one 38,000 litre load of washed off-road diesel could generate €20,000 to the criminal.

*Potential Symptoms:* The car may run more erratically with a noticeable loss of power. It could also cause the Malfunction Indicator Light (MIL) on the dashboard to illuminate due to internal damage of fuel components causing loss of fuel pressure to the engine.

**Petrol stretching**

Petrol ‘stretching’ involves adding to it up to 10% of a product which would attract less duty before selling it to the service station and then on to the motorist. There are reports that kerosene (which is used for domestic heating purposes) has been added in this way.

The benefit for the illegal trader is that – by thinning petrol out with these cheaper products - the trader can make up to €700 extra for every 10,000 litres of petrol they sell.

*Potential Symptoms:* Illumination of the MIL on the dashboard, a noticeable loss of power, the engine misfiring, a knocking sound and additional smoke from the exhaust. The damage to the engine can be severe due to the build-up of carbon deposits in the combustion chamber. Ultimately these symptoms could lead to catastrophic engine damage. Damage could also result to the exhaust gas after-treatment system due to over-heating of the catalyst.

**Direct cost to motorist**

For both of these criminal activities, the direct cost to the motorist is potential damage to the engine and exhaust gas after-treatment system.

**Indirect cost**

The environmental cost is also very considerable. The waste from the washing of off-road diesel is a tar-like sludge. Diesel launderers dump this with little regard for the environmental damage they cause and local councils are left to clean up the mess.

This illegal trade is a severe cost to the Exchequer (and so to legitimate taxpayers).

**What is being done to tackle it?**

The Irish Petroleum Industry Association works very closely with the Revenue Commissioners to eradicate this criminal and very costly activity.

The Revenue Commissioners completed an analysis of the oil market in Ireland early in 2015. Their analysis involved assessing oil market trends prior to 2013 and extrapolating them forward into 2013 and 2014. It found that Revenue’s compliance activity may have been responsible for an additional €200 million in taxes and duties for the Irish Exchequer in 2014. The Revenue Commissioners has drawn special attention to their work with the industry and in particular to the Irish Petroleum Industry Association.<sup>1</sup>

At IPIA’s instigation a new oil movement tracking system was introduced and this is starting to deliver significant results.

Penalties for selling contaminated fuel are severe. Where the accused are pursued through a higher court, such persons would be liable ‘on a conviction on an indictment, to a fine of €126,970 or, at the discretion of the Court, to imprisonment for a term not exceeding 5 years or to both.’

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<sup>1</sup> Revenue Commissioners Annual Report 2015, pp 33-34

**What you should do**

Firstly, remember the old adage – particularly if you are not buying from your regular supplier – ‘if a deal looks too good to be true...’

If you are unfortunate enough to purchase contaminated fuel, report this to the service station from which you believe the fuel was purchased. Do note that this may not be the last place from which you bought fuel. If they are unable or unwilling to remedy the problem, report the matter to the Garda Síochána.

Your engine may have been damaged at some cost to you. If you are to succeed with financial redress, it may be necessary to use the services of an appropriately accredited fuel testing agency

Your vehicle is precious. Value it. Only refuel from a reputable and trustworthy supplier.

**Monitoring standards**

Fuel quality standards in Ireland are set by the European Union and are monitored by the Department of Communications, Climate Action and Environment.

The fuel you put into your vehicle has been through rigorous testing procedures at every stage from the refinery to the petrol pump. At the refinery, the refiner checks the quality of the fuel prior to sale to ensure it meets the appropriate EU fuel specifications. The purchaser will generally arrange for an independent inspection at this stage. When the oil is being transported and stored, oil companies and shipping companies have quality management procedures to ensure that the product remains at the quality it was when purchased. If there were any doubt or dispute about fuel quality along this path, the product would be checked again by independent inspection.

EU Directive 98/70/EC requires each country to put in place a regime of sampling motor diesel and petrol and testing the products to ensure that the key environmentally related quality parameters are in compliance with EU standards. In response, the oil industry – in consultation with the Department of Communications, Climate Action and Environment and with their agreement – put in place a nationwide fuel quality monitoring system.

At the level of the individual distributor, there are independent inspections through the year. An independent inspector performs random checks on petrol pumps by taking samples from forecourt pumps and subjecting the fuel to exhaustive examination. The inspector carries out these checks at a number of service stations so that product from every oil company is checked in each province of the Republic. This happens twice a year and the inspectorate reports its findings to the Department of Communications, Climate Action and Environment, who in turn report them to the EU.