

***Oils Fraud Strategy:***  
**Summary of Consultation Responses**  
**Regulatory Impact Assessment**  
**HM Customs and Excise, April 2002**

## **Introduction**

Since the Pre-Budget Report, the Government has been consulting businesses and other interested groups on its strategies to tackle different forms of indirect tax fraud.

As part of that process, the Government announced proposals to tackle the growing problem of diesel fraud, which chiefly involves the misuse of rebated or low tax fuels supplied for non-road use, and issued consultation documents on the three specific proposals outlined below:

- introduction of a new **Approval scheme** designed to tighten controls on the distribution network for rebated fuels (e.g. 'red diesel' intended for off-road use and kerosene intended for home heating), helping Customs to prevent and detect their misuse;
- the introduction of tighter controls on the use of duty-free oils in industrial processes (known as the '**Tied Oils scheme**'); and
- the introduction of a new, EU-wide '**Euromarker**' to be added to rebated fuels, designed to make it easier to detect vehicles using rebated fuel purchased, at home or abroad, for illicit use on the UK's roads.

The Government made clear its desire to consult affected businesses and other interested bodies on the costs, benefits and practicalities of these proposals, with the aim of devising measures which would protect the revenue but avoid imposing disproportionately heavy burdens on legitimate businesses.

As a result of this consultation process, the Government announced in the Budget that it has decided to proceed with these three proposals as part of a comprehensive strategy to tackle oils fraud, and today issues the attached:

- Summary of responses to the consultations; and
- Regulatory Impact Assessment.

## **Oils Fraud Strategy: Summary of consultation responses**

1. The purpose of these consultations was to outline how the proposals might work in practice, what their intended impact would be, who would be affected, and to invite views on what other options there might be to tackle this type of fraud.

2. Consultation documents and questionnaires were issued to all major stakeholders, mainly through trade bodies and periodicals such as *Fuel Oil News*. Additional copies were sent out on request to individual businesses, and copies of the document were also available on the Customs' website.

3. In total, 54 responses were received, most from bodies representing several members, including the UK Oil Industry Taxation Committee, the Association of UK Oil Independents, the UK Petroleum Industry Association, the Federation of Petroleum Suppliers, the National Farmers' Union, the Solvents Industry Association and other representatives of the lubricants, solvents, paint and cosmetics industries.

4. There were also a number of individual responses from fuel distributors and chemical companies producing markers and dyes. The Government is grateful for the time taken by respondents to provide their useful and constructive comments. All responses have been carefully considered in taking final decisions on the proposals.

5. A summary of the findings is set out below, in relation to each of the main issues on which the Government was seeking information and views.

### *General views on tackling oils fraud*

6. All respondents were firmly in favour of action being taken to tackle oils fraud, although views varied considerably on whether the proposals subject to consultation were the best means of doing so. However, most of the reservations expressed by respondents about these proposals related not to their potential effectiveness, but to issues such as:

- whether it was right to place 'policing' obligations on distributors of rebated fuels;
- whether the compliance costs were proportionate; and
- whether they would be backed up by sufficient resources.

7. The Government is confident that – in its final form – the oils fraud strategy announced in the Budget addresses these concerns.

### *Compliance Costs*

8. In general, responses to the consultations were short on detail regarding the costs likely to be incurred as a result of implementing the proposals, and – where respondents did try to estimate the additional costs – there was considerable variation between their estimates, as illustrated in the table below.

Proposal	Range of estimated costs in responses	
	Initial	Ongoing
Approvals scheme	£15,000 - £400,000	Minimal - £40,000
Tied Oils scheme	£60 - £5,000	£120 - £6,000

9. In relation to the Euromarker proposals, estimates of additional costs were expressed in terms of the additional price of producing the product in pence (or Euros) per litre, and ranged from €0.00012 to 0.015 pence per litre.

10. Based on these estimates, and the latest available (calendar year 2000) statistics for annual production of rebated gas oil and kerosene<sup>1</sup>, this would equate to a cost to business ranging from £0.84 - £1.7 million. This would represent between 0.038%-0.077% of the total estimated turnover derived from this production (£2.22bn).

11. The variety of estimated costs from affected businesses (and the relatively small number of estimates offered) has made it difficult to quantify the overall impact on businesses accurately. However, Customs' own analysis would tend to indicate that costs fall towards the bottom of the range in these areas for tied oils and euromarker. For the approvals scheme, however, Customs believe that respondents have overestimated the extent of the additional record keeping that will be required, and therefore the burden and costs of collecting, retaining and processing information. Costs are expected to be less than those stated.

#### Reducing the compliance burden

12. A number of trade representative bodies expressed interest in taking part in a forum involving regular meetings between trade bodies and Customs officials to exchange information on fraud and experience in tackling it, monitor implementation of the proposals, and explore ways of minimising their compliance burden.

13. In the area of compliance burdens, one specific suggestion was made that the large numbers of households who use small quantities of kerosene for heating should be left out of the scope of the Approvals scheme. The Government recognises the concerns underlying this suggestion, but feels that – at least at the outset – the priority must be to identify the current weaknesses in the supply chain for rebated fuel which have been contributing to rising levels of fraud.

14. Domestic supplies offer a potential cover for smaller-scale laundering-type frauds, and – as such – the Government does not believe there is a case automatically to exempt these supplies from the approvals scheme. Nevertheless, this option will be kept under review as information from the scheme begins to emerge, and – in the meantime – the Government has proposed allowing quarterly (rather than monthly) returns to be filed in respect of domestic deliveries.

#### Timing

<sup>1</sup> Using the full annual figure for rebated oils production will tend to over-estimate these costs as this figure would be expected to fall as action is taken to reduce the size of the illicit market.

15. Several respondents expressed views in relation to when the proposals would be introduced and what transitional arrangements would be put in place to accompany their introduction:

- In relation to the **Approvals scheme**, respondents requested that the scheme should only be introduced once sufficient time had been allowed for the necessary systems and resources to be put in place to manage the additional information requirements under the system. With these provisos, an implementation date of 1 April 2003 (with the processing of approval applications to start from 1 January 2003) was broadly accepted;
- In relation to the changes to the **Tied Oils scheme**, respondents expressed concern that the proposed implementation date of April 2002 would not give sufficient time for traders to make the necessary adjustments. Customs accept these concerns, and have agreed a later implementation date of 1 June for the start of approvals and 1 September for the full implementation of the scheme; and
- Under the terms of the EU-wide agreement governing the introduction of the **Euromarker**, the UK is required to make the necessary changes by 1 August 2002. This implementation date was accepted by respondents, subject to early confirmation (given alongside the Budget) of the markers to be retained alongside the Euromarker. A transition period extending until 1 January 2003 has also been requested and accepted in respect of remote marking premises due to specific technical problems encountered there.

### E-Business

16. Respondents were asked whether they would welcome greater use of electronic communications with Customs to facilitate the exchange of information and reduce the compliance burden of the proposals.

17. In relation to the **Approvals scheme**, respondents welcomed the idea of filing electronic returns, and were attracted to the longer-term possibilities of Customs downloading the required information direct from company systems, with the prior agreement of the relevant distributors. It was noted that electronic filing might not currently be suitable for some smaller businesses, and so a choice of options for submitting information will be provided.

18. In relation to the **Tied Oils scheme**, respondents also welcomed the proposed facility to provide electronic returns of information, as well as the provision of a secure Internet site for checking approval numbers.

19. Respondents to both the approvals and tied oils consultations also stressed the need to be able to report suspicions of misuse quickly and easily, with a dedicated phone line among the suggestions received. Customs will make provisions in this area in further consultation with affected businesses.

### Alternative proposals

20. In addition to the proposals subject to consultation, the Government invited respondents' suggestions for alternative ways to tackle the problem of oils fraud.

21. In relation to the **Approvals scheme**, the main suggestions made were as follows:

- It was suggested that – if the tanks taking delivery of marked rebated fuels were themselves approved by Customs – distributors would only need to do a simple database check to ensure that the tank was approved before making a delivery;
- Similarly, it was suggested that Customs should run an approvals scheme for the end-users of the rebated fuel, so that only approved end-users could buy rebated fuel or – alternatively – that those end-users would pay full price for their fuel, but then (if approved) be permitted to claim duty refunds from Customs.

22. These proposals would impose large additional compliance costs on a much larger number of households and businesses than the Government's proposals, and make it much more difficult and resource-intensive to apply effective risk-based controls on the basis of the information gathered.

23. These proposals will be kept under review, alongside the development of other e-business and technological solutions, but – for now – the Government is confident that the scheme announced in the Budget strikes the best balance between tackling the problem of oils fraud effectively and ensuring that any additional administrative and compliance costs are proportionate.

24. In relation to the **Tied Oils** scheme, alternative proposals (both for tackling fraud and improving the targeting of the proposals) included:

- introducing a tiered system of control, whereby traders dealing in high risk oils would have to submit returns quarterly and would be subject to more regular visits and traders dealing in low-medium risk oils would submit an annual return and be subject to a very light touch assurance regime;
- introducing a repayment scheme for users of high-risk oils (e.g. gas oil and kerosene), who would be removed from the tied oils scheme, and instead pay the duty in full and reclaim it from Customs;
- re-introducing the marking of gas oil and kerosene when supplied under the tied oils scheme, so that their subsequent misuse could be more easily detected;
- excluding from the approvals scheme those oils sold for a higher price than the retail price of road fuel, and thereby perceived to be lower-risk; and
- prohibiting the sale of tied oil unless it is delivered to a specific set of premises.

25. While some of these suggestions concerning the targeting of controls have been accepted, the nature of risk assessment relies on gathering a broad base of information and using this to target controls, so it has not been possible to exempt

large categories altogether from the control regime. The Government also feels that some of the suggestions made above would impose increased administrative or cashflow burdens, or restrict free trade.

26. In relation to the **Euromarker**, a number of respondents suggested that – to minimize costs – fewer markers should be retained, or that only the Euromarker should be used. Alternatively, some respondents argued that Customs should make more use of the high levels of sulphur in rebated fuels as a natural ‘marker’.

27. Customs will keep up its discussions with the industry about the effectiveness of different markers and dyes. However, the Government has decided – at least in the first instance – to introduce the Euromarker alongside existing markers as proposed in the consultation document. This will only make a marginal difference to the costs of the proposal, while helping to ensure that the markings in rebated fuel offer the maximum protection against laundering and other misuse.

28. Customs agree that sulphur has a role to play in detecting misuse of rebated fuels, but – as higher sulphur fuels can be used on the road perfectly legitimately – it could never be relied on exclusively as an indicator of misuse. Furthermore, the Government has taken concerted steps in recent years to discourage the use of high-sulphur fuels, and therefore has no wish to enshrine their use as rebated fuels by relying on them as a statutory marking.

### Conclusions

29. The following changes have been made to the Government’s proposals as a result of issues raised during consultation.

30. In relation to the **Approvals scheme**, the Government will seek to minimise the additional compliance costs by:

- ensuring that traders are able to contact Customs quickly and easily to report suspicions by telephone;
- investigating further the possibility of accessing traders’ systems (with their agreement) to directly download the information required;
- requiring quarterly rather than monthly returns in respect of supplies to domestic customers in recognition of the fact that – while there are large numbers of domestic customers – it represents a relatively small share of the market; and
- developing the trade associations’ suggestion of a regular Customs/trade forum for the exchange of knowledge and best practice, and to pursue further reductions in the compliance burden of the scheme.

31. To assist distributors in exercising their responsibilities, Customs will also:

- set out the simple questions which they should ask of their customers, and give guidance on the sort of questions distributors should ask themselves about the supplies they make to ensure they are alert to suspicious orders;

- use the information supplied on returns and reports to develop improved risk profiles, and sharing them with distributors to enhance their awareness; and
- carry out a review of the scheme during 2004/05, designed to improve and refine the operation of the scheme, and review the frequency of returns and other burdens on the trade.

32. In relation to the **Tied Oils** scheme, the Government will reduce the compliance costs of the scheme by:

- raising the de minimis limit for approval from 25 to 210 litres, since the 210 litre container is considered unprofitable for use by potential fraudsters given the large amount of labour involved in decanting such small quantities;
- only requiring those traders dealing in 'low risk' oils<sup>2</sup> to be formally approved, but not at present to comply with any of the scheme's other requirements; and
- delaying the start of approvals until 1 June and the full implementation of the scheme until 1 September 2002, meeting concerns over the tight timetable originally proposed.

33. In relation to the **Euromarker**, the Government has also made the following changes:

- agreeing an extended transition period until 31 December for remote marking premises;
- considering further requests to reduce the number of markers for which those doing the marking are required to run tests; and
- agreeing flexibility in relation to under or over-marking resulting from technical problems during the transitional period, and in the treatment of large stocks of oil with the current markings.

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<sup>2</sup> As listed in Annex A.

## **Oils Fraud Strategy: Regulatory Impact Assessment**

This is the Regulatory Impact Assessment (RIA) for the measures announced in the 2002 Budget as part of the Government's strategy to tackle oils fraud:

- the introduction of a new approval scheme for distributors of rebated fuels;
- the introduction of tighter controls on the use of duty-free oils in industrial processes (known as 'tied oils'); and
- the introduction of a new, EU-wide 'Euromarker' to be added to rebated fuels.

### **Purpose and intended effect of the measures**

2. The great majority of diesel fraud in the UK involves the misuse of rebated or low tax fuels supplied for non-road use. Compared with the main diesel duty rate of 45.82 pence per litre, red diesel (intended for off-road vehicles) is taxed at 3.13 pence per litre, and kerosene (intended for domestic heating) carries no duty at all. At present, there is little or no control over the distribution network for these rebated fuels, enabling fraudsters to obtain and misuse them with relatively little fear of detection.

3. Total revenue loss from diesel fraud in the UK is estimated to have been around £450 million in 2000. While this represents only 4% of the market at present, it is estimated that the illicit market share will double by 2004/05 if concerted action is not taken to tackle the problem. Every one percentage point increase in the illicit share of the diesel market represents a revenue loss of around £125 million per year.

4. While Customs have increased their volume of intelligence-based investigations into oils fraud, and achieved much-improved detection rates as a result, they still lack basic information on the distribution of rebated fuels, without which they cannot target their resources and efforts effectively at the areas of highest-risk.

5. The Government is concerned that – without a significant tightening of the control regime for rebated fuels – diesel fraud will therefore continue to grow rapidly, with serious implications for revenues, the competitiveness of legitimate retailers and hauliers, and for the environment. Following consultation in the PBR, the Budget therefore announced a comprehensive strategy for tackling this form of fraud.

6. The strategy announced in the Budget is intended to reverse the growth in the oils fraud problem, reduce the illicit market share to 2% and secure £550 million against the pre-Budget revenue baseline by 2004/05. It will achieve this by:

- radically increasing the volume of intelligence available to Customs about the distribution network for rebated fuels;
- strengthening the obligations on (and assisting) oils distributors to take reasonable steps to check that their supplies of rebated fuels are made only to customers who intend to put them to an approved use;

- adding an EC-wide 'Euromarker' to rebated fuels, allowing Customs to detect the illicit use of rebated fuels purchased on the continent;
- making it far more difficult for those who intend to misuse rebated fuel to obtain it, or to do so without running the risk of detection; and
- helping Customs to identify trends and risks and to detect misuse, thereby improving the targeting and effectiveness of their enforcement activity.

## **Consultation**

7. Customs carried out a formal consultation with affected businesses and their representative bodies. This highlighted a number of concerns, which have been fully taken into account in determining the final shape of the proposals and in preparing this RIA. Customs also held discussions and workshops with a number of affected businesses on aspects of the proposed strategy. A paper summarising responses to the consultation exercise is published alongside this RIA, and includes details of the changes made to the proposals in the light of these responses.

## **Approvals scheme**

### Outline of the scheme

8. At present, there is no control on the distribution of marked rebated gas oil, red diesel and rebated kerosene after they pass the duty point. However, significant problems have been identified with the subsequent large-scale misuse of these fuels, purchased as if they were to be used for approved purposes, but then diverted for use as road fuels, for which they should bear the higher rate of road fuel duty.

9. The scheme will approve distributors of rebated fuels, requiring them to make regular returns of information on the supplies they make, and take reasonable steps to check that their supplies of rebated fuels are made only to customers who intend to put them to an approved use, and to report suspicious orders to Customs.

### Benefits

10. The main purpose of an approvals scheme would be to improve controls over the distribution of rebated fuels after the duty point in order to prevent fraud and protect the competitiveness of legitimate businesses. More specifically, an approval scheme would provide a regular flow of information about the distribution and use of rebated fuels and would therefore help Customs to improve:

- their intelligence concerning fraud involving misuse of rebated fuels;
- their ability to identify potential misuse; and
- their ability to target the use of anti-fraud resources effectively.

11. As part of the combined and comprehensive strategy to tackle oils fraud, the approvals scheme is estimated to contribute almost £400 million to the savings which the strategy will achieve by 2004/05. Aside from protecting revenue, the scheme will

therefore also make a significant contribution to the other objectives of the strategy (e.g. protecting legitimate businesses, tackling serious criminals, and reducing the environmental and vehicle-engine damage caused by misuse of rebated fuels).

Compliance costs for businesses

12. It is estimated that around 1,200 distribution businesses will be required to obtain approval from Customs under this scheme. The compliance costs for these businesses will fall into two categories: initial start up costs and ongoing costs.

13. The start up costs will entail setting up a system to record the requisite information about customers (e.g. their name, address, VAT number, intended uses of rebated fuels), and a system to provide information on the supplies made to those customers (e.g. what quantity of which fuels have been supplied to which customers, and whether they were delivered or collected). Ongoing costs will relate to the maintenance of these systems and the ongoing provision of information to Customs.

14. The size of these costs will vary widely depending on the volume of business, on the extent to which an affected business already records this information as part of their normal customer records, and on the ease with which it can transpose that information into the records to be supplied to Customs. Information supplied by the trade during the consultation process indicates costs within the following range:

Approvals scheme	Range of estimated costs in responses	
	Initial	Ongoing
Small businesses	About £15,000	About £3,000
Large businesses	£40,000 - £400,000	£20,000 - £60,000

15. In the wake of consultation on the scheme, a number of changes have been made to the proposed scheme to reduce these compliance burdens, set out in detail in the summary of consultation responses accompanying this RIA.

**Tied Oils scheme**

Outline of the scheme

16. While an approval scheme already exists for industrial users of rebated fuels, it does not provide a full picture of all traders dealing in these tied oils, and on those that it does, it imposes some unnecessary burdens. The scheme will therefore be reformed both to reduce these burdens and improve the effectiveness of the scheme.

Benefits

17. As part of the combined and comprehensive strategy to tackle oils fraud, the approvals scheme is estimated to contribute almost £50 million to the savings which the strategy will achieve by 2004/05. Aside from protecting revenue and contributing to the other objectives of the strategy, these reforms will also reduce or remove the administrative burdens of the existing scheme for a number of traders.

## Compliance costs for businesses

18. 650 businesses currently approved under the tied oils scheme will be affected by changes to the scheme, and a further 1,500 businesses will move from the Class Approval scheme<sup>3</sup> to the tied oils scheme under this proposal. Compliance costs for these businesses will fall into two categories: the initial start up costs and the ongoing costs of meeting the obligations of the scheme.

19. Where relevant, the start-up costs of the revised scheme may include obtaining an approval number, making any changes to existing administrative and computer systems, and training staff to complete records and returns. Continuing costs include maintaining any new stock records and computer systems to enable Customs to verify figures shown on returns, and routine administrative requirements (e.g. completing the relevant forms, dealing with visits from Customs officers).

20. The majority of those already approved under the current scheme have indicated through the consultation process that the additional costs to them of the changes are minimal or nil as they already submit returns and have computer systems in place. Some amendment to their computer systems will be required in order to record approval numbers, but this cost was not quantified by any respondent.

21. Businesses trading solely in any of the oils listed as 'low-risk' in Annex A of the consultation document<sup>4</sup> and those who deal in oils less than the de minimis for submitting returns should only incur additional cost in obtaining an approval number.

22. Costs will be higher for those businesses that are currently operating under the class approval scheme and will now need to be approved under the tied oils scheme. A handful of responses to the consultation quantified these additional costs, while others simply indicated there would be an increase but failed to quantify them either because they were considered insignificant or too difficult to assess.

23. While the varied impact of the reforms (from those who will see a reduction in compliance costs<sup>5</sup> to those who will see a relatively large increase) makes it difficult to give a global or average estimate of the impact, the range of estimated additional costs is set out below.

Tied oils scheme	Range of estimated costs in responses	
	Initial	Ongoing
Small businesses	£60 - £5,000	£120 - £6,000
Large businesses	No information provided	No information provided

<sup>3</sup> This scheme allows certain businesses to use and distribute oils without prior approval from Customs (e.g. a paint manufacturer obtaining tied oil in small containers for onward sale on the retail market).

<sup>4</sup> As listed in Annex A .

<sup>5</sup> These will include some businesses will be able to trade in small amounts of tied oils without formal approval, and some who will be able to trade in certain categories of low-risk oils with an approval number but then will not be required to comply with any other aspects of the scheme.

24. In the wake of consultation on the scheme, a number of changes have been made to the proposed scheme to reduce these compliance burdens, set out in detail in the summary of consultation responses accompanying this RIA.

## **Introduction of the Euromarker**

### Outline of the scheme

25. The EC Directives on the taxation of mineral oils require a common marker to be established for use in all rebated gas oil and kerosene across the EU. This is designed to assist legitimate cross border trade and help Customs to detect the illegal use of rebated fuels purchased in another Member State.

26. As part of trials to establish the best marker to help combat oils fraud on an EC-wide basis, a chemical compound named Solvent Yellow 124 was found to meet the majority of the 9 test criteria, and was subsequently chosen as the new 'Euromarker' to be added to rebated gas oil and kerosene in all Member States by 1 August 2002.

### Benefits

27. Misuse of rebated fuels is not confined to the UK and, because of the continuing growth in intra-EU trade, there is particular concern about the possible misuse of rebated oils from other EU Member States as road fuels in the UK. Although all other EU Member States have their own markers, there is currently no common standard, making testing extremely difficult. The introduction of an EU-wide marker (the 'Euromarker') will make it significantly easier to identify fraudulent use of rebated oils from other Member States in the UK.

### Compliance costs for businesses

28. Estimates of additional costs were expressed by respondents in terms of the additional price of producing the product in pence (or Euros) per litre, and ranged from €0.00012 to 0.015 pence per litre.

29. Based on these estimates, and the latest available (calendar year 2000) statistics for annual production of rebated gas oil and kerosene<sup>6</sup>, this would equate to a cost to business ranging from £0.84 - £1.7 million. This would represent between 0.038%-0.077% of the total estimated turnover derived from this production (£2.22bn).

30. In the wake of consultation on the scheme, a number of changes have been made to the proposed scheme to reduce these compliance burdens, set out in detail in the summary of consultation responses accompanying this RIA.

## **Sanctions**

31. Sanctions are already in place under the existing 'tied oils' scheme and also for distributors who supply rebated fuels knowing that they will not be put to a legitimate use. Sanctions are also in place for failure to mark rebated fuels appropriately.

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<sup>6</sup> Using the full annual figure for rebated oils production will tend to over-estimate these costs as this figure would be expected to fall as action is taken to reduce the size of the illicit market.

32. Both the approvals and revised tied oils schemes will have an escalating series of penalties for traders who do not comply with their conditions (i.e. warning letters, changes to the conditions of their approval, withdrawal of approval, and financial penalties). A light touch will initially be applied for simple record-keeping errors.

33. The new schemes will increase the responsibility of distributors to ensure that their customers put the oils to a permitted use. Traders who fail to take the basic reasonable steps to check that their supplies are not subsequently misused risk facing financial penalties or prosecution.

### **Other costs**

34. Customs will incur additional costs in introducing the new measures, particularly in the allocation of staff and other resources required to collect, process and make use of the increased volume of information arising from the improved control regime.

35. Customs will make an early start this year on implementing these measures by the deployment of additional resources from within their existing public expenditure allocation. For future years, the level of resources needed to sustain these measures will be decided as part of the 2002 Spending Review.

36. These costs have been taken into account in the overall impact assessment of the strategy, and the Government is confident that the additional costs are well in proportion to the benefits.

### **Summary and Recommendations**

37. The introduction of these measures will have a significant impact on the rising problem of oils fraud, thereby safeguarding the revenue, tackling serious criminals, helping to maintain a level playing-field for legitimate retailers and hauliers, and protecting the environment. They will ensure that – in future – the same sort of control environment applies to the domestic distribution of oils as currently applies to the domestic movement and distribution of other excise products in the UK.

38. In light of the significant revenue savings to be achieved from this strategy, the relatively limited and low compliance cost impact of the changes, and the extensive steps that have been and will be taken to reduce that impact, it seems clear that the costs of the strategy are proportionate to the benefits.

### **Declaration:**

I have read the Regulatory Impact Assessment and I am satisfied that the balance between cost and benefit is the right one in the circumstances.

**PAUL BOATENG**

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**OILS SUBJECT TO LIGHTER CONTROL**

- (a) Spirits of turpentine (including sulphate, gum and wood turpentines).
- (b) Crude dipentine and crude sulphate turpentine.
- (c) Refined oils (including terpinolene), of natural or synthetic origin which contain 50% or more of the following hydrocarbons:
  - terpenes (including alpha-pinene, beta-pinene, bornylene, cadinene, camphene, careen, carvene, cedrene, citrene, fenchene, limonene, longifolene, myrcene, phellandrene, propenyl-norbornene, sylvestrene, vetivene and zingiberene): cymene and its isomers (including paracymene); isoprene.
- (d) Styrene, alpha-methyl-styrene, alpha-methyl-styrene-dimer, vinyl toluene, di-vinyl benzene and ethylvinylbenzene.
- (e) Indene, decahydronaphthalene, tetrahydronaphthalene, monocyclopentadiene, dicyclopentadiene, di-isobutylene, tri-isobutylene, tetra-isobutylene, poly-isobutylene, cylo-octadiene, cyclo-dodecatriene, 4-methylpent-1-ene.
- (f) Alpha Olefins, the following:
  - C6 linear alpha olefin (1-hexene)
  - C8 linear alpha olefin (1-octene)
  - C10 linear alpha olefin (1-decene)
  - C12 linear alpha olefin (1-do-decene)
  - C14 linear alpha olefin (1-tetradecene)
  - C16 linear alpha olefin (1-hexadecene)
- (g) Creosotes (including anthracene oil and mineral oil derived creosote substitutes), and black varnishes (including cut-back bitumens) of types suitable for use as paints, surface coatings, preservatives, finishes, medicaments, insecticides and disinfectants. Benzole Absorbing Oil and Wash Oils.
- (h) Oils of the liquid paraffin type suitable for use as medicines or for use in contact with food for human consumption.