



# Eurocontrol Technics Group

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## Eurocontrol's Petromark system: govts should invest now, just look at Spain

Eurocontrol Technics (CVE:EUC) controls an Israeli technology that could have averted the ring in Spain that got busted earlier this month for adulterating diesel fuel, which led to profound economic losses and damage to unsuspecting drivers' vehicles.

"This fraud was perpetrated around a weak coloured diesel program," said Eurocontrol's CEO Bruce Rowlands of the major illegal operation discovered in early June.

"Our view is that any kind of fuel marking system for hydrocarbon systems that is visible is largely useless."

In comes Eurocontrol's Petromark technology, a four-part proprietary fuel marking system that identifies fuel that has been tampered with --- for example diluted with lower grade fuel, propane, water or even urine --- but in a covert way, without the use of coloured dyes.

The process works with a molecular marker that cannot be copied or removed, which is then injected at the terminal or pipeline with high precision parts per million concentrations. The marker, which is invisible to others and stable even in extreme environmental conditions, can be traced at any point in the supply chain, with small samples of the fuel tested at gas stations for immediate results. The technology is the only one in the world that has an ISO 17025 accreditation, meaning it is of sufficient forensic quality to be admissible into a court of law for evidence.

"It is the only fully covert marking system, where the full final forensic result is produced in the field where the test is conducted," said the chief executive.

"A more sophisticated covert, ISO-accredited technology like ours is where Spain should be going in terms of marking hydrocarbons," he opined, adding that the major shortcoming of coloured dyes is that the criminal in question can be perfectly confident the marker is being removed due to the visible colour.

Fuel adulteration is a growing problem for governments worldwide, which generate enormous tax revenue from hydrocarbons. Annual global losses from the illicit trade of fuels are currently estimated at over US\$200 billion per year, but unfortunately, coloured dyes are still the standard in the EU.

The recent raid in Spain that uncovered the adulterated diesel fuel ring worked in connivance with many gas stations, which sold the sub-par product to the country's drivers. The fraud could be worth between 5 million and 12 million euros a month, according to a local report in Madrid, which cited sources familiar with the investigation.

**Price:** C\$0.07

**Market Cap:** C\$6.591M

### 1 Year Share Price Graph



### Share Information

**Code:** EUO

**Listing:** TSX Venture

**Sector:** Oil & Gas Equipment & Services

**Website:** www.eurocontrol.ca

### Company Synopsis:

*Eurocontrol is a leading provider and innovator of detection and marking systems worldwide, developing and implementing innovative molecular marking systems for the oil industry.*

### Author:

**Deborah Bacal +44(0)1202770386**

action@proactiveinvestors.com



The report said that ring members transformed Type B and C diesel fuels, which are used for farm machinery, fishing, boats and heating --- and cost an average of 90 euro cents to 1 euro a liter in Madrid, respectively, into Type A diesel fuel, which is used by cars and trucks and costs 1.29 euros a liter.

The ring allegedly added chemicals to eliminate the red colouring from the fuel to pass it off as Type A diesel, which is liable for special levies of 0.307 euro cents per liter compared with just 0.078 euro cents for Types B and C. Thousands of drivers are thought to have unknowingly used the tampered fuel.

Eurocontrol's Petromark system, which is controlled by Eurocontrol subsidiary Global Fluids International, was developed by the Israeli government research labs at Soreq, certainly a plus for the company given Israel's experience in anti-terrorism and defense tactics.

Eurocontrol already has contracts for its proprietary technology with governments in Tanzania, Albania and Uganda. The company, which is based in Toronto, is expected to generate about \$8 million in revenue this year, up from \$6.5 million in 2013, of which 75% is derived from its fuel marking business.

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Contact us ■ +44 (0)1202 770386 ■ [action@proactiveinvestors.com](mailto:action@proactiveinvestors.com)

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