



AMERICAN PETROLEUM INSTITUTE
GLOBAL INDUSTRY SERVICES
ENGINE OIL LICENSING AND
CERTIFICATION SYSTEM

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FEE INCREASE NOTICE

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To API Engine Oil Licensing and Certification System Licensees:

Thank you for your participation in the API Engine Oil Licensing and Certification System (EOLCS) and your dedication to manufacturing quality engine oils. Your participation and dedication have helped to ensure that car and truck engines globally are protected against common causes of engine stress: heat, deposits, wear, oxidation and corrosion.

For the last few years, API has been working closely with heavy-duty diesel engine manufacturers, automakers, and oil additive suppliers on new engine oil performance standards, and two new diesel categories that are likely to be named API CK-4 and API FA-4 are expected to be introduced in late 2016. The former will be an upgrade to the current CJ-4 category while the latter will serve as one tool that heavy-duty diesel engine manufacturers might use to meet more stringent greenhouse gas emissions requirements. With the introduction of these new categories at hand, API will have to educate fleet operators, truck dealers, service providers and truck owners and operators on the importance of using these new heavy-duty diesel engine oil categories as recommended by engine manufacturers.

Keeping everyone informed about the introduction of new engine oil categories is something API has always taken seriously, but the new diesel categories and the gasoline engine oil categories expected in late 2017 or early 2018 will require significantly more effort. At minimum, API will have to fund an educational campaign on the new categories and increase the number of oils tested to ensure on a broader scale the quality of licensed oils and those making API claims.

To offset the cost of these efforts, API must increase EOLCS licensing fees. Specifically, the increase will help API meet the following goals:

- Launch an industry and consumer education campaign on the importance of using API-quality oils and following owner's manual recommendations. This API-directed PR-firm managed campaign will spread the API message on quality through social media, digital marketing, and other forms of media.
- Provide specific information on the new API CK-4 and FA-4 diesel engine oils being introduced in late 2016 and the new gasoline engine oils expected in late 2017 or early 2018.
- Promote the API Motor Oil Matters program so that it is readily recognized by industry and consumers as a mark of quality. Oil-change locations, automakers, distributors, and oil marketers have all asked API to promote the program so that it is recognized by consumers.

- Conduct audits on more packaged and bulk engine oil samples drawn from the global marketplace to ensure on a broader scale the quality of oils making API performance claims.
- Publish a list of nonconforming oils and regularly update the API unlicensed list.
- Take more enforcement actions against nonconforming oils. From 2009 to 2014, API found as high as 19 percent of the bulk oils it tested failed to meet API service category requirements. These were bulk samples purchased from oil-change locations that likely believed they were receiving quality oils.
- Ensure that API continues its more than 65-year commitment to developing voluntary, consensus-based engine oil standards. These standards, developed cooperatively by vehicle and engine manufacturers, oil marketers, and oil additive suppliers, are intended to meet the rapidly changing needs of today's cars and trucks.

The new EOLCS fee structure—effective December 15, 2015—is shown below:

| Fee Type | Fee (USD) |
|---|-----------------|
| License application fee | \$4,000 |
| License renewal fee | \$4,000 |
| Additional renewal fee based on volume | \$0.0070 |
| At time of annual license renewal, licensee must report volume of API-licensed engine oil sold. API assesses \$0.0070 per gallon fee on each gallon reported in excess of 1 million gallons. All API-licensed engine oil brands, whether sold in packages or in bulk, must be counted in the volume reported. | |

[Note that the application and renewal fees are per license, not per engine oil. For example, if an oil marketer submits an application for one oil, the application fee is \$4,000. If the marketer submits an application for more than one oil, the application fee is still just \$4,000.]

Benefits from API licensing include association with the 2016 campaign; independent verification of the quality of licensed oils sold in the marketplace; listing in the real-time on-line Directory of EOLCS licensees; participation in programs to ensure precision of new tests used to qualify oils; and rights to use the API quality marks (the API Service Symbol Donut and Certification Mark Starburst), symbols of quality that identify licensed engine oils to consumers. This includes using the marks on licensed oil packages, in media, and on promotional materials.

Again, we thank you for your participation in and dedication to the Engine Oil Licensing and Certification System. The program's goal is to provide the highest level of quality and service to the worldwide lubricants industry, and we are committed to meeting this objective.

Sincerely,



Kevin Ferrick
 Manager, Engine Oil Licensing and Certification