

A Well-Documented U.S. Government Study Indicates That CO₂ Reductions Can be Achieved by the Use of Renewable Biodiesel vs. Conventional Hydrocarbon Fuels

SAN DIEGO--(BUSINESS WIRE)--July 23, 2002-- The following is an opinion editorial provided by Joseph LaStella, president, BAT International Inc:

Yesterday Governor Gray Davis signed into law a bill (AB 1058, Pavley) that will provide the authority to California Air Resources Board (CARB) to consider CO₂ in their regulation of air emissions.

Eighteen other U.S. Governors announced at a Governor's Conference last week that they would consider passing similar legislation at the state level to reduce CO₂ emissions. CO₂ is caused by the burning of hydrocarbon fuels and is a major greenhouse gas responsible for global warming. The rate of glacial melting has doubled in the past five years, compared to the 40 years before, and rising sea levels could threaten more than 100 million people that live on land within three feet of sea level in coastlines around the world.

This is a very controversial decision and draws powerful political lines between some state governors and the Bush administration. President Bush refused to sign the Kyoto Treaty, which will regulate CO₂ emissions on a global scale and has been ratified by 186 countries around the world. The world CO₂ issue is controversial because there is a misconception that there is no feasible way to reduce CO₂ emissions without injuring the economy. A USA Today article dated yesterday, 7/22/02, page 6B, stated, "The main green house gas is carbon dioxide (CO₂), and the only way to reduce emissions of it is to burn less fuel." This generally accepted perception is not the only answer.

BAT International, in its research about biodiesel, has identified a 300 page comprehensive government study (NREL/SR-580-24089 UC Category 1503 "Life Cycle Inventory of Biodiesel and Petroleum Diesel for Use in an Urban Bus," sponsored by USDA & USDOE May 1998 <http://www.nrel.gov>), which clearly indicates that the use of biodiesel can reduce CO₂ emissions by 78% on a life cycle basis. That means that the use of renewable biodiesel fuel produced by our American soybean farms will reduce CO₂ emissions by 78% versus the use of conventional "out of the ground" diesel fuel. The alternative to burning less fuel is to use a renewable fuel with low life cycle CO₂ emissions that can be used in existing vehicles and equipment without having to change infrastructure or engines.

BAT International Inc. (OTCBB:[BAAT](#) - [News](#)), announced today the acquisition of a 35% interest in American Bio-Fuels, a biodiesel company (see companion press release dated today 7/23/02). Biodiesel is the name of a clean-burning, oxygenated ester hydrocarbon fuel made from soybean or vegetable oils, recycled vegetable oils or animal fats. A renewable fuel domestically produced from agricultural resources, biodiesel is simple to use, biodegradable, non-toxic and essentially free of sulfur and aromatic compounds.

The benefits of biodiesel are as follows:

- 1) Puts American farmers to work
- 2) Creates new production jobs and a new industry
- 3) Insurance against oil embargos
- 4) It's biodegradable and non-toxic -- no danger from oil spills and safer to handle
- 5) Reduces life cycle CO₂ by 78%
- 6) Reduces dependency on foreign oil
- 7) It's a renewable energy source
- 8) Reduces hydrocarbon and carbon monoxide emissions
- 9) Reduces particulate emissions and smoke
- 10) Has higher cetane value than conventional diesel
- 11) Has higher flashpoint than diesel (safer)
- 12) Longer shelf life and more stable -- study by U.S. Navy
- 13) Has no sulfur and contains 11% oxygen by weight (diesel has 0% oxygen)
- 14) Quality is assured by ASTM standards

The biodiesel story is enormously broad and complex, covering everything from state and federal issues to global implications and technical and political issues. Since articles appeared in the Wall Street Journal (5/9/2002) and N.Y. Times (5/12/02), Wall Street investors have been calling the National Biodiesel Board (NBB) seeking additional information on biodiesel and companies involved in this new emerging industry (American Bio-fuels is a member of NBB).

Furthermore, the issues related to climate change, CO₂ reductions and petroleum dependence have come center stage as a result of actions by California and other states and progress on developing national energy legislation. The story is now much broader than the initial coverage by these publications. The series of press releases to be published by American Bio-Fuels and BAT International will not only address all the various policy and environmental issues but will outline how American Bio-Fuels has developed advanced processing methods and additives to advance this industry's technologies even further.

The recent steps taken by the 19 U.S. Governors are consistent with international policy actions as reflected in the Kyoto Protocol and are in stark contrast to the positions taken by the Bush administration. U.S. Newswire June 14, 2002, World Wildlife Fund (WWF) press release stated: "The Kyoto Protocol contains legally binding commitments for industrialized nations to reduce their emissions of global warming gases 5 percent below the 1990 level by 2008-2012. The European Union (EU) would need to make an 8 percent cut in emissions. The United States signed up to a 7 percent cut back in 1997 but the energy plan recently approved by President Bush would increase emissions around 35 per cent above current levels by 2020."

The WWF release further states: "President Bush wants a missile defense shield. But WWF is pleased that the EU is building a shield against global warming -- the Kyoto Protocol. The treaty can enter into force without the United States but WWF would like to see America come on board as soon as possible," said Jennifer Morgan, Director of WWF."

In a Reuters reprint from Brussels, Belgium: "Bush is saying "we need more energy," but he doesn't say that the United States uses 70 percent more energy per million dollars (generated by the economy) than the EU. The EU's greenhouse gas emissions are down four percent from 1990 levels, but U.S. emissions are up 11 percent," states Jimenez-Beltran, head of the EU Environmental Agency."

The international consensus is that global warming will melt the polar ice caps, raise sea levels, flood coastal cities, change weather patterns and destroy agricultural capacity of major areas of the U.S. and worldwide.

Biodiesel can play a leading role in solving the CO₂ problem without causing major changes in the distribution infrastructure for fuel or vehicles we now use for transportation. This can help wean the U.S. from foreign oil, clean our air, reduce global warming and revitalize the agricultural sector by producing a clean renewable energy source from surplus crops and recycled waste products.

This is only the first of a 6 part series outlining facts about biodiesel and the role of American Bio-Fuels in the progress of the industry. If you are interested in receiving the next five parts send your email address at info@baat.com or send us your fax by mail or phone. Also see our other press release announced today.

BAT International Inc. is organized as a holding company with major ownership positions in a set of subsidiary companies now commercializing advanced automotive and energy technology products. For more information, see BAT's Web site at <http://www.baat.com> or call Investor Relations 619/409-8977, 619/409-9598 fax, or email info@baat.com. Information about trading prices and volume can be obtained at several Internet sites including <http://www.bloomberg.com> under the ticker symbol "BAAT."

Forward-looking statements in the release are made pursuant to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995. Investors are cautioned that such forward-looking statements involve risks and uncertainties, including without limitation, continued acceptance of the company's products, increased levels of competition for the company, new products and technological changes, the company's dependence on third-party suppliers, and other risks detailed from time to time in the company's periodic filings with the Securities and Exchange Commission