

EBB

European Biodiesel Board

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EBB position paper on the Commission proposal for a new Directive on Renewable Energies revising Directive 2003/30 on the Promotion of Biofuels

The European Biodiesel Board (EBB), representing the major industry producing biofuels in the EU, acknowledges the important signals given by the European Commission towards the creation of a new Common Energy policy based on the key principles of sustainability, security of supply and competitiveness of energy production.

As regards the new proposals for the revision of Directive 2003/30 and for a new Directive on Renewable Energies, EBB:

- acknowledges that, even though a 14% minimum binding target for biofuels would represent an ideal basis for the promotion of biofuels, **the 10% biofuels target endorsed by EU Heads of State in March 2007 represents a major step forward, provided that such objective will have a real impact on Member States's policies, while providing an appropriate incentive for an increased use of biofuels.**

- calls for the setting up of **intermediate binding targets for biofuels applying to all EU Member States**. The difficulties experienced until now in implementing long term targets at national level not only suggest the need for mandatory targets, but also the necessity that those targets are detailed over shorter periods of time, certainly not over a decade. A sustained and progressive growth in the use of biofuels could be best achieved by establishing intermediate targets of **7% in 2012 and of 8,5% in 2015** (in energy content).

- believes that priority should be given to the creation of a genuine internal market for biodiesel and biofuels based on an European obligation, putting an end to the present fragmentation of national systems, while maintaining the possibility for long-term biofuels detaxations at national level. This would confirm the principle that **a policy-mix (as adopted in many Member States) of obligations coupled with excise exemptions/reductions** is the best way to distribute the extra-costs of biofuels between State's budget and final consumers, thus reducing both the impact on national finances and on consumers' price inflation.

- reminds the important advantages linked to the development of biofuels in terms of independence and security of supply. More specifically, EU decision makers cannot ignore that the EU fuel market is experiencing since several years a growing gasoline surplus and an enduring **diesel deficit¹ - the EU is more and more dependent on Russia for conventional diesel imports.**

¹ In 2005 EU gasoline surpluses amounted to more than 19 Mio tonnes, while the EU had to import 24 Mio tonnes of diesel from Russia. In 2006 this as grown to more than 30 Mio tonnes of gasoline surpluses, while the diesel deficit (and diesel imports from Russia) have exceeded 30 Mio tonnes. This trend is expected to continue leading the annual EU diesel deficit over 50 Mio tonnes in 2007 (over 1/4 of 2010 EU consumption) according to Wood MacKenzie.

- urges EU authorities and the CEN **to increase to 10% in 2010 and to 15% in 2015 the biodiesel (FAME) content authorised in diesel without separate labelling**. Today, most of biodiesel is sold in blends up to 5% with conventional diesel. The 5% ceiling is becoming a major hurdle for the development of the biodiesel market. Although required by the Commission, the CEN normalisation process leading to the amendment of the EN590 diesel standard in a sense that would increase the biodiesel content in conventional diesel is progressing at very slow pace since too many years already. The ambitious move towards an EU binding target of 10% (in energy content, which means 12,5% in volume) will imply that **in the future all EU diesel selling points shall be authorised to market normal diesel containing up to 10%² and later 15% of biodiesel**. This should be done by modifying the EU diesel definition and not by creating a new separate product. A separate product with specific labelling requirements and separate pumps would imply huge logistics, infrastructure and segregation costs. Given that the large majority of old and new vehicles can run with diesel blends containing up to 20% of biodiesel³, a separate labelling and product would be useless. Since the CEN did not reach so far any conclusive agreement on this crucial issue, EU authorities shall take the initiative to allow such higher percentage of biodiesel in diesel by law. Among others, this requires that Art. 3, § 5 of Directive 2003/30 has to be repealed at least as far as biodiesel is concerned. This could also be secured via the current revision of the Fuel Quality Directive 98/70.

- underlines the **important GHG savings linked to biodiesel use** (with typical values ranging from 50% to more than 95% GHG savings depending on the raw material used for biodiesel production). This should not be overlooked in the confusing frame of public opinion campaigns indicating biofuels as a potential source of threat while the real threat is represented by maintaining the status quo with an exponential increase of conventional fuels and of CO₂ emissions deriving from transport. The important potential of biodiesel for rural development and employment should equally be taken into account in the new legislation.

- raises the attention of the European Commission on the **need to establish a neutral set of criteria for assessing the GHG performances of biofuels**, based on sound scientific expertise. In that sense, it is critical that the biofuels industry is entirely associated to the forthcoming revision of the JRC-Eucar-Concawe study on CO₂ performances of biofuels, from which regrettably biofuels experts have been excluded so far.

- stresses that, in the absence of such a neutral scientific reference, **the 35% minimal cut-off value for GHG savings from biofuels – which is contemplated by the European Commission – should be lowered to 30%**. Indeed, this 35% threshold is based on a single, and quite restrictive, methodological approach, which might exclude biofuels pathways that will be critical in reaching the 10% target. On the contrary, it is necessary to adopt a more inclusive approach, to ensure that the potential of current available technologies is fully taken into account.

- highlights the importance of establishing a **sustainability certification for biofuels raw materials**, which will need to be simple and transparent, in order to avoid hindering the development of the biofuels market. On a longer term perspective, such a scheme should apply to all biomass regardless of its final use (food, feed and bioenergy) if the intention is really to protect high biodiversity lands.

² in volume

³ P. Gateau, *Twelve years of using 50% RME fuel mixture in heavy trucks and light vehicles*, April 2006. This study performed by the ADEME together with ONIDOL, ELF, TOTAL and the French Institute of Petroleum, running twenty heavy trucks from EURO 0 to EURO 3 standards, ten light vehicles with indirect injection engines and four light vehicles with common rail engines and DPF. using 50% biodiesel blends was conducted over 12 years. It highlighted no engine problem linked to biodiesel use (the full study is available on the EBB web-site). Since the year 2000 millions of cars and lorries have been running with pure (100%) biodiesel in Germany. Finally Peugeot has announced that all new Peugeot cars can run with biodiesel blends up to 30%. Scania has announced that all its new engines will be able to run with 100% biodiesel.

- recalls that the major EU agricultural organisations (Copa-Cogeca, EOA, UFOP)⁴ have recently indicated that **the very largest part of future biodiesel demand, even in the perspective of the 2020 targets, can be produced from EU originated raw materials** thanks to the very important surfaces' and yield potential growth for oilseeds in the EU.

- underlines the **importance of research and development to promote future biofuels technology** with extremely positive CO₂ saving performances, such as algal biomass. Research efforts should more specifically aim at further developing the full potential of very promising pathways such as biodiesel from recycled oils, animal fats and plants growing on arid lands (jatropha...) as well as improving current available technologies (high oleic sunflower). In this context, it is important that the new promising biodiesel pathways (algae, recycled oils, animal fats, plants growing on arid land) count double towards the biofuels mandatory target set at EU level for 2020. Most importantly, research efforts should not be artificially diverted to still hypothetical "second generation technologies" or used as a procrastination tool. The alternative biodiesel pathways mentioned above are already available and effectively producing. They entail even further advantages in terms of GHG emissions than the so-called "second generation".

- calls for a clear and strong EU position regarding the need to **secure a level playing field for international trade in biofuels**. The EU biodiesel industry is massively affected by the negative effects of unfair subsidised biodiesel exports originating in the US ("B99"), which is disrupting the EU biodiesel markets.⁵ As a result of these unfair exports, the EU biodiesel production has started stagnating in 2007, after a 50-60% growth over the two previous years and despite the fact that EU production capacities have reached more than 10 million tonnes in 2007, representing at least ¾ of worldwide production.

EBB believes it is an essential moment in time for the promotion of a real fuel alternative that could contribute to meet the targets set in the Kyoto Protocol and that will reduce the EU dependence on oil imports.

With 80% of the EU biofuels production, biodiesel is today the main biofuel produced and consumed in the EU. The European Union is by far the world leader in biodiesel production with close to 5 million tonnes of biodiesel produced in 2007.

Finally, it is not useless to remind that **biodiesel is the only renewable energy where Europe holds a strong world-wide leadership**, be it in the field of production technology, logistics or research. **This leadership has to be considered with all its strategic relevance and needs to be preserved and further developed, notably through the new EU legislative framework on renewables.**

The European Biodiesel Board, also known as EBB, is a non-profit organisation established in January 1997. EBB aims to promote the use of biodiesel in the European Union. It gathers 61 member companies and associations. EBB member companies account for around 80% of biodiesel produced in the EU.

For further information please contact the Secretary General of EBB, Mr. Raffaello Garofalo at ebb@ebb-eu.org, tel +32 (0)2 763 24 77, or visit our website: www.ebb-eu.org

⁴ EBB/EOA Press Release "Biodiesel and Oilseeds", July 12, 2007

⁵ Through the B99 scheme US producers can access EU markets with a competitive advantage of roughly 200€/m³ when compared to EU producers and are able to sell US originated biodiesel at the same or even at a lower price than the cost of EU industry's raw materials. EBB is now preparing a countervailing duty complaint to be introduced against this international trade violation.