

EBB

European Biodiesel Board

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EBB COMMENTS TO THE COMMISSION CONSULTATION ON COMMUNITY STRATEGY TO REDUCE CO2 EMISSIONS FROM PASSENGER CARS AND LIGHT-COMMERCIAL VEHICLES

EBB Members Companies

NOVAOL Austria GmbH,	Austria	FOX PETROLI S.p.a.	Italy
DOW Haltermann	Belgium	NOVAOL Italy	Italy
NEOCHIM	Belgium	OLEARIA OLIMPO	Italy
BIORO	Belgium	OIL B srl	Italy
OLEON	Belgium	ITAL BI OIL	Italy
PROVIRON FINE CHEMICALS nv	Belgium	BIOVERDA	Ireland
RAPID OIL INDUSTRY Co. Ltd.	Bulgaria	GREEN BIOFUELS IRELAND	Ireland
AGROPODNIK	Czech Rep.	BIOVENTA	Latvia
DAKA BIODIESEL	Denmark	BIOVALUE Holding BV	NL
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SCA PÉTROLE ET DÉRIVÉS	France	J & S ENERGY S.A.	Poland
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NEW GmbH	Germany	LANTMÄNNEN ECOBRÄNSLE	Sweden
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MANNHEIM Bio Fuel GmbH	Germany	GREENERGY	UK
ELIN BIOFUELS S.A.	Greece	BIOFUELS CORPORATION	UK
AGROINVEST	Greece	D1 OILS plc	UK
ÖKO-LINE HUNGARY Kft.	Hungary		

Member Associations

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Introduction

The European Biodiesel Board (EBB) is the European Federation of Biodiesel producers. It gathers 53 member companies accounting for around 80% of EU biodiesel production. EBB Membership is restricted to companies producing biodiesel or building up biodiesel production capacities in the EU. At present, biodiesel represents more than $\frac{3}{4}$ ¹ of the biofuels produced in the EU which is also the leading biodiesel producer producing more than 92% of the global biodiesel.

General comments

Mineral fuels and the GHG produced by their burning represent a serious global threat to the environment contributing to climate change, desertification as well as to biodiversity. The lack of local oil resources and the growing EU deficit of diesel² represent a second threat pending on the future of EU countries. Biodiesel represents today the most appropriate and easy answer that the EU industry and EU agriculture can give for reducing GHG emissions from transport and improving EU security and independence of supply in term of diesel fuel availability. The biodiesel answer also increases support for rural development, thus contributing substantially to the success of EU Agricultural policy. Finally it contributes to reduce the traditional important EU deficit of vegetable proteins, by increasing the EU production of oilseeds meals.

Conventional fuels represent a real problem in terms of GHG, environmental protection and security of supply but the EC Commission does not effectively work on getting away in the short-term from fossil fuels in the transport sector.

It is worth reminding that CO2 emissions and fuel consumption are closely linked and that road transport accounts at least for 26,5% of total EU energy consumption. The communication³ mentions that about 12% of the overall CO2 emissions come from the fuel consumed by passenger cars, that emissions of GHG have been reduced only by 5% over the 1990-2004 period while CO2 emissions from road transport have increased by 26%. In this respect legislation developed under this frame need to be in line with EU key objectives like security of supply, environmental and health protection and combating climate change.

While the Commission plans to establish sustainability schemes under the biofuels directive review applying to biofuels (part of the solution), the same will not apply to its competing mineral fuels (creating

¹ Biodiesel represents 81,5% of the EU production of biofuels (Biofuels Barometer 2006 EurObserv'ER)

² Wood Mac Kenzie report: "The long and short of it: European product imbalances and their implications", Aileen Jamieson, April 2005

³ COM (2007) 19 final « results of the review of the Community Strategy to reduce CO2 emissions from passenger cars and light-commercial vehicles

the problem). It would be appropriate to distinguish among various oil sources and discourage or ban the use of mineral fuels produced from unconventional oil extraction (for example from tar sands whose GHG balance is at least 6 times worse than the one of Arabian oil⁴ and whose collateral damages to environment, forest and water resources are impressive and permanent). That measure certainly would tackle the problem at the root.

Comments on the proposed way forward:

EBB endorses the viewpoint of the Commission addressing EU key objectives like security of supply, environmental and health protection and combating climate change. The statement is summed up as follows: ***“fuel efficiency improvements in vehicles combined with the increased use of alternative fuels, in particular biofuels, will be keys to achieving this”***⁵ EBB thinks this is the right approach to any way forward under the Community Strategy to reduce CO2 emissions from passenger cars and light-commercial vehicles.

Measures on the supply side:

1. Fuel efficiency improvements

A long term solution would aim at substantially reducing the consumption of fossil fuels in cars. The goal is to anticipate and focus on the replacement of fossil fuels by renewable fuels. A way forward would be to establish, by mandatory legislation, an EU average level of maximum consumption of fossil fuels at a given time (i.e. 4L/100Km Diesel by 2009 and 5L/100km petrol by 2009). That measure should be coupled with the CO2/km emission target. Monitoring of effective consumption is a difficult task, fiscal incentives (fossil fuel excise duties and car related taxes) would be powerful instruments encouraging that only clean fuel and vehicles will be placed on the market.

Tax exemptions and higher level of consumptions would apply to vehicles working on high blends/pure renewable fuels like biodiesel that have been warranted by car manufacturers for this specific purpose.

2. ensure that cars are running on renewable fuels

EBB favours the integrated approach of the Commission of achieving the proposed target by technological improvements and **especially by an increased use of biofuels**. This can either be done by substantially increasing the biodiesel share in ordinary diesel (high blending) and by promoting the use of pure biodiesel (B100).

An increase of biofuels use has even been advocated by the car industry (ACEA) as mentioned in the slide “reaching target in a smarter way”. Now they seem to be smart enough to acknowledge that an increase of biofuels is certainly the easiest and cheapest option to achieve the objective of 120g CO2/km by 2012 and eventually tougher targets⁶.

Now lip service from the car industry advocating to the citizens the benefits of biofuels should also be consistent with concrete acts in the direction of promoting biofuels. So far, EU car and engine manufacturers (driving the opinion of the EU Federation of car manufacturers – ACEA) opposes higher blends of biodiesel and is reluctant to warrant engines for pure biodiesel use. In reality the biofuel industry has to face strong obstructionism of the EU car industry when it comes to the promotion of biofuels.

⁴ IFP study, April 2001 “*Évaluation des émissions de CO2 des filières énergétiques conventionnelles et non conventionnelles de production de carburants à partir de ressources fossiles*” Author: Georgia PLOUCHARTE Etude réalisé pour le Commissariat Général au Plan

⁵ COM (2007) 19 final, page 3

⁶ the European Parliament called for mandatory limits of CO2 emissions in the range of 80-100g/km in the medium term, 2005/2049 (INI)

Incorporation is today limited to 5% and this represents a **major obstacle** to biodiesel markets and production in Europe. The largest part of biodiesel sold in the EU is sold in low blends - today below 5% (which equates to only 4.4% by energy content) - due to a limitation set in the European diesel standard EN590. Higher blends and pure biodiesel today require separate pumps and labelling with a huge logistic investment for EU fuel producers and distributors.

Various studies proved that there are no scientific reasons for justifying the ceiling in the EN590 EU diesel standard. A scientific study⁷ was realized in France on blends well beyond 10%: the use of 50% FAME was tested for a period of 12 years (1993 -2005) in heavy duty and also in light vehicles.

This long term study was performed by a neutral panel of experts from engine manufacturers, mineral oil industry and institutional/governmental bodies: it was funded by ADEME, ONIDOL, Elf Company, TOTAL Company and the cooperative Champagne Céréales. Expert assessments were carried out by the Institut Français du Pétrole (IFP). The injection systems were controlled by Marc Lefevre of the Electrodesel Company, representative of Bosch.

The official outcome of this study is that even with a 50% FAME blend no technical problem due to biodiesel use was observed over a period of 12 years continuous use.

In spite of this scientific and other statistical evidence (a large number of captive fleets are running both in Italy and in France with B30 blends without any technical worry, millions of car have run with pure biodiesel in Germany since years, ...) a leading part of EU car and engine manufacturers (driving the opinion of the EU Federation of car manufacturers – ACEA) opposes and blocks the revision of the EN590 standard.

The Commission has sent to the European Committee on Standardisation (CEN) a mandate to amend the diesel standard to allow a 10% biodiesel blend (8.8% by energy content). This process is taking a long time – perhaps 4-5 years or more - due to the attempts to initially reject the mandate and the strong obstructionism of the EU car industry, and is not going to lead to widespread availability in the necessary time although, at the end, the mandate was accepted.

This limitation was and still is hindering the development of the EU biodiesel industry (which in some countries like Austria, Germany and France would also have the capacities to produce more than 5% in volume, but is obliged to slow down its operations facing economic losses).

In addition to this, Europe has already a surplus of petrol and oil refiners are reluctant to blend it with ethanol. This explains why biodiesel represents today more than 81% of the biofuels sold in Europe. We can logically anticipate that also in the next years and up to 2020 the biofuels targets will be fulfilled using additional quantities and shares of biodiesel rather than of bioethanol. Therefore biodiesel incorporation shares should be raised accordingly to 10% in the short term and to 15% in the medium/long term.

As a result, and in a view to achieve the biofuels target of the Road Map, EBB seeks strong political support from the EU legislator in order to increase the share of biodiesel (FAME/FAEE volume) authorised in mineral diesel in two steps: first up to 10% by 2008 and then up to 15% by 2015.

An early definition of future higher biodiesel content in diesel (15% in 2015) will also give a precise signal to car manufacturers to develop their technologies anticipating the fact that the FAME and FAEE content will increase. This will be very helpful to avoid any future resistance to change based on claims about presumed lack of time to prepare appropriate engine technologies.

⁷ "Twelve years (1992-2004) of using 50% of RME fuel mixture in heavy trucks and light vehicles". P. Gateau et alii, April 2006

Clean public procurement obligations and ad hoc measures should be developed in order to encourage the use of higher blends of biodiesel and notably pure biodiesel use and B30, the most common "high blend".

The fact that vehicle and engine warranties are often provided in an inconsistent way across the different EU countries⁸ (a same lorry with a same engine may have a warranty for 100% biodiesel use in Germany, without having a B30 warranty in France) represents an obstacle. This partially explains why the use of B25 or B30 blends in captive fleets has never taken off in Europe.

EBB encourages the European Commission to try tackling this problem also underlining that the existence and allowance of warranties should follow technical considerations without being only based upon the strategic interests of car manufacturers. An official register kept by EU authorities, on the basis of which a warranty given for biodiesel use for an identified engine in a Member State should automatically be given for the same engine in all the EU-25, may eventually represent a solution to such a problem.

Another measure would be **to impose a mandatory obligation on car manufacturers to ensure by a given date that the vehicles placed on the market are warranted by them for B30 use (the most common blend) and ideally for pure biodiesel use.**

Supporting fiscal measures (car related taxes) could also consider fiscal advantages for engines warranted for pure biodiesel.

Demand side:

1. information on warranty for pure biofuel use compatibility

Consumer information under the labelling Directive⁹ *relating to the availability of consumer information on fuel economy and CO2 emissions in respect of the marketing of new passenger cars* should be indeed more effective and complete.

For this reason, the amending proposal should also provide that it shall be clearly indicated whether the vehicle in question is warranted by the manufacturer for pure biodiesel use / high blends like (i.e "B30" or "B50" use).

It shall also be indicated to the consumer the CO2 emission level, would the car be fuelled by biofuel only (for simplification reasons, assuming RME being used replacing conventional diesel).

The same consideration should be mirrored in the definition of Light-duty Environmentally Enhanced Vehicle (LEEV). According to the intentions of the Commission, the definition of a LEEV should be subject to regular reviews *"in order to remain focused on the most advanced end of the new car fleet"*. In this respect, it should be a minimum prerequisite that in order to merit to be considered as a most advanced car, the car in question should be warranted by the manufacturer to run on pure biofuels (i.e B100).

2. Use taxation for promoting biofuels and cars using them

Taxation is a crucial tool for promoting biofuels. A clear signal has to be sent to influence the purchase decision of consumers. Adapting car taxation policies so as to promote the purchase of cars running on high blends / pure biodiesel and increasing the level of taxation of fossil fuels could deliver effective results. Price levels of fuels, besides eventual pro-environmental convictions and availability of biofuels, constitute the main argument on why a particular fuel type is consumed at the pump. It is fundamental

⁸ an indicative list of the vehicles which are warranted by the manufacturer for pure biodiesel use can be found on following link http://www.ufop.de/biodiesel_fahrzeughersteller.php
(no responsibility is taken for the correctness of this information)

⁹ 1994/94/EC

that biofuels are competitive to fossil fuels especially considering the fact that higher blends and pure biodiesel today require separate pumps and labelling with a huge logistic investment for EU fuel producers and distributors.

EBB urges the Commission to consider that it will be essential to maintain, in parallel to an European or national obligation, the possibility for Member States to exempt or reduce tax exemption for biofuels and this under the present multi-annual system (6 years) as detailed under article 16 of Directive 2003/96, i.e. without being obliged to require such an authorisation every year to the Council of the EU voting at unanimity.

Although art. 16 of Directive 2003/96 provides that the legal possibility of detaxing biofuels would not be applicable as from the date when a biofuels obligation is enforced under EU law, it would be important either to find a legal solution in order to keep such possibility even without changing the wording of Directive 2003/96, or to amend Directive 2003/96 in order to allow the co-existence of an EU mandate and national biofuels detaxation schemes.

A recent Commission "*Green paper on market-based instruments for environment and related policy purposes*"¹⁰ proposes some interesting amendments to Directive 2003/96, which could be useful also in order to maintain the detaxation tool over the next years.

The detaxation tool in fact will be needed for:

- maintaining the practical possibility of promoting a market for **pure biodiesel** and for high blends of biodiesel (especially in captive fleets). With a biofuel obligation it is impossible to report all of the extra-costs of pure biofuels to the final consumer while still keeping a competitive price at the pump. This would mean maintaining and promoting those markets that make biofuels and biodiesel more visible to the final consumer.
- creating a system of "**policy mix**" where the burden of the extra cost related to biofuels production is borne not only by the final consumer but also, in part, by the national budget via detaxation, thus distributing the charges and making such burden less noticeable for both the consumer and the national budgets.

¹⁰ COM (2007)140 final of 28.3.2007