

# EBB

European Biodiesel Board

## EU BIODIESEL MARKETS

*Raffaello GAROFALO*

*EBB Secretary General*

Biodiesel Chains Meeting

Cyprus, January 2007

**EBB** – European Biodiesel Board



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## European Biodiesel Board

### Membership



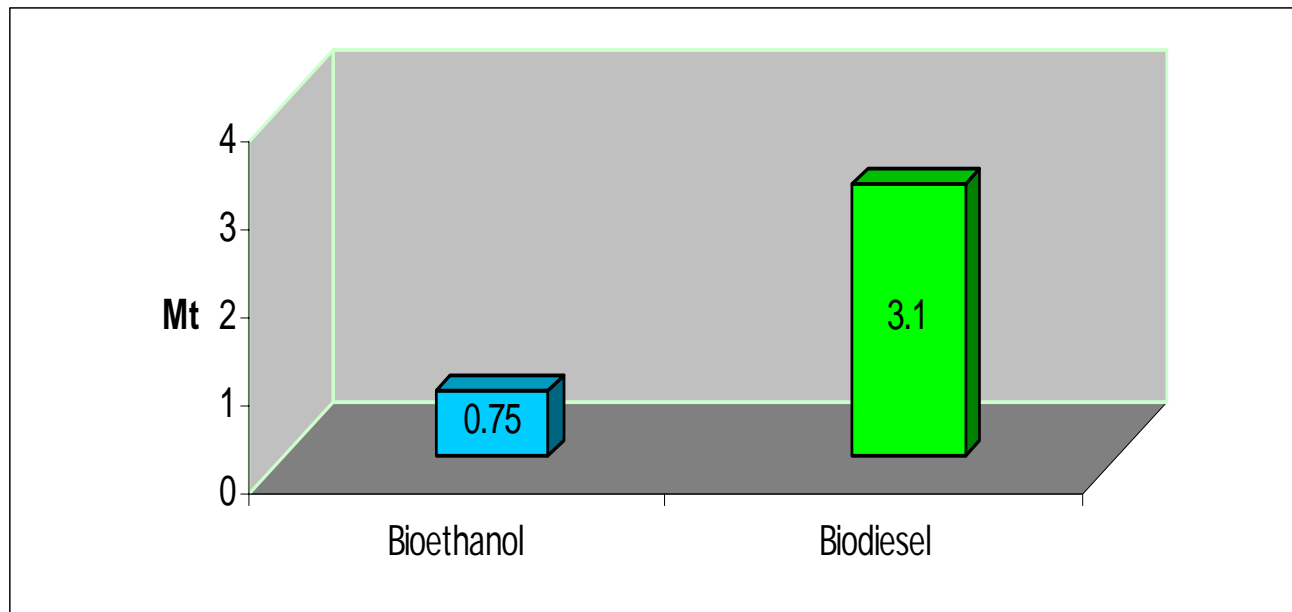
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### 2005 production of biofuels in the EU-25

Sources: EBB, EBIO



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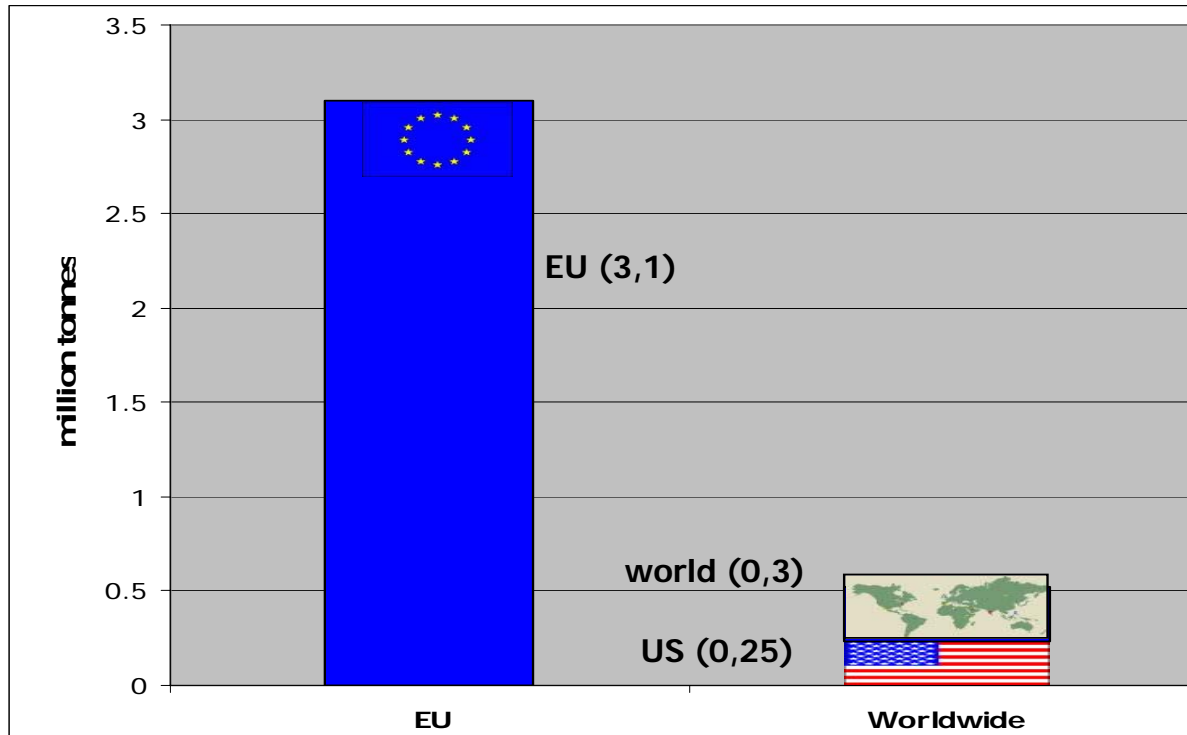
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### EU and Worldwide biodiesel production in 2005

(estimate - million tonnes)



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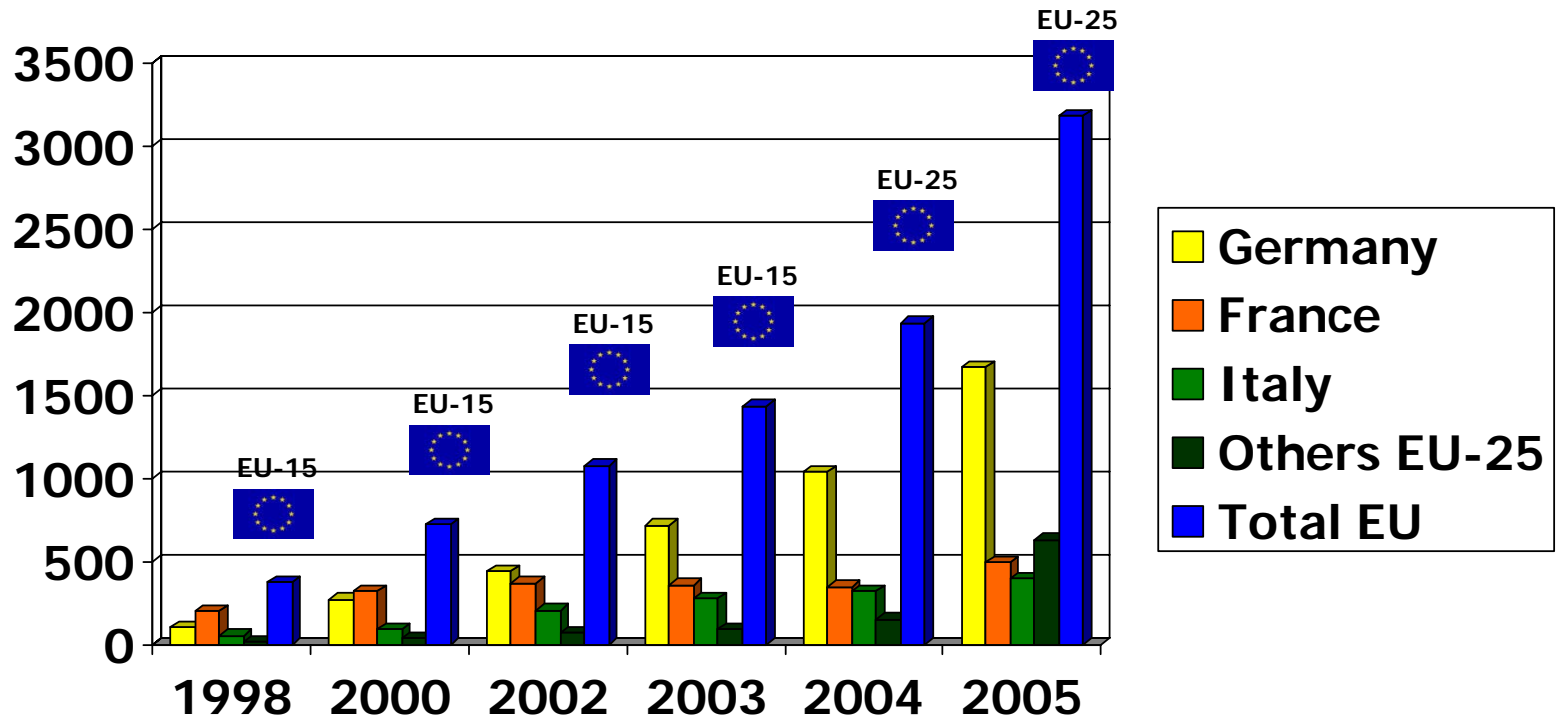
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### EU Biodiesel production in Member States and in the EU ('000 t)



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### Main EU challenges

- Revision of Directive 2003/30 and EU targets
- Availability of a sufficient supply of biodiesel raw materials
- Increase to 10% the incorporation of biodiesel in diesel



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### No real EU internal market

- **Excise reductions or exemptions**  
Each with a different level of excise and different system of detaxation
- **With and without quota systems**
- **Mandatory targets**  
Obligation in application: UK, Germany, The Netherlands, Italy,..  
Obligation under study: Czech Republic, Poland, Spain, ...
- **Policy Mix (detaxation together with obligatory targets)**
  - Austrian law
  - French "TGAP"



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### Forthcoming revision of Directive 2003/30

Is tax exemption the only way?

Suggested solution → **POLICY MIX**, i.e.:

- tax exemptions or reductions, together with
- obligatory or other national Bonus/Malus promotion systems  
Advantages:
  - Lower costs for national budgets – transfer part of supplementary cost to consumers
  - Limited and even unnoticeable supplementary costs for consumers
  - Commission DG TAXUD calculated: *"the expected increase of the price at pump is expected to be around 1 or 2 cents per litre for a 5% blend"* (this even without detaxatio
  - In line with *"polluter pays"* principle



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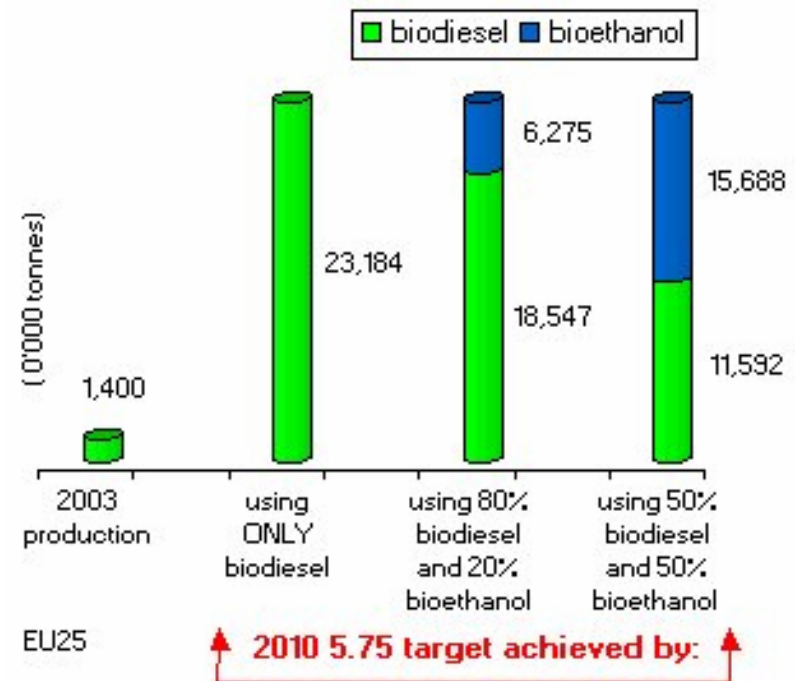


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What would the Directive's targets represent in practice?

5,75% Scenario for the EU-25



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# Commission proposal for An Energy Policy for Europe

## (and Renewable Energies Road Map)

### 20% Renewable Energies and biofuels target for 2020

- A minimum binding target of 10% for 2020
  - A mandatory target
  - A separate target under the 20% overall target for renewable energy
  
- An optimum share of 14% by 2020
  - a cautious approach (imports and BTL availability)
  
- 23-26 mln tonnes of biodiesel consumed by 2020:
  - +15% increase in production each year for the biodiesel industry



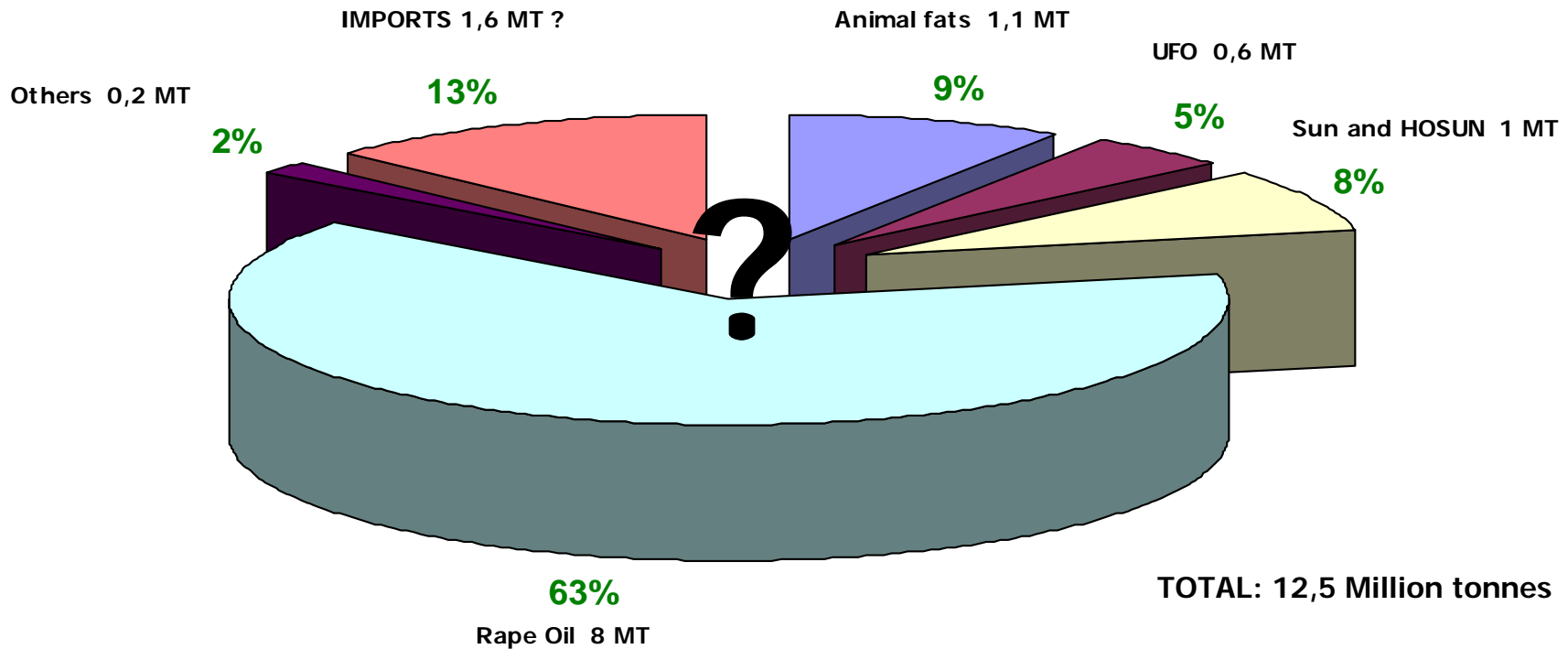
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### 5,75% biodiesel target a possible raw materials scenario



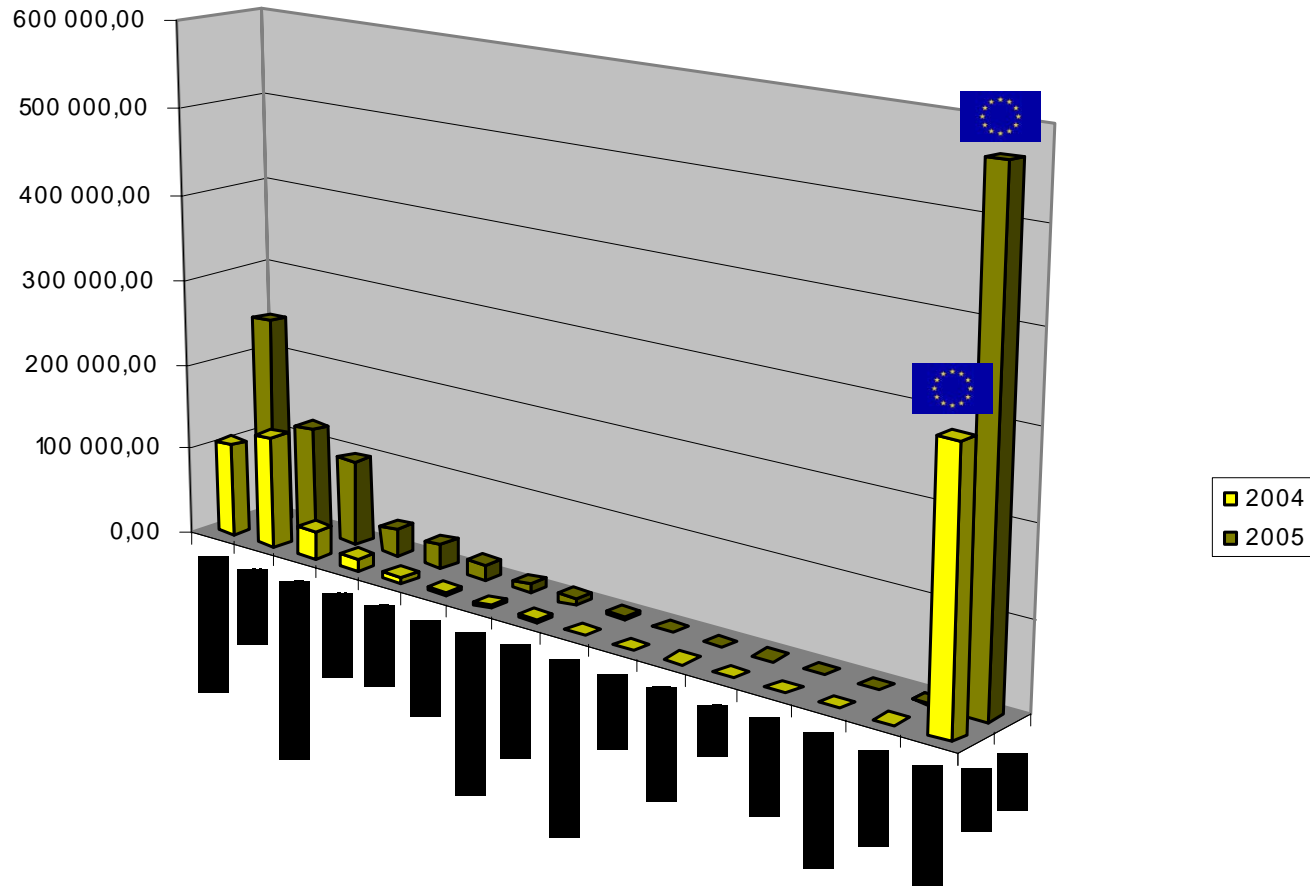
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### Areas under Energy crops in EU-25:

Only 1/3 of the 1,5 million ha potential is exploited

Source: Commission DG AGRI



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## Extension of energy crop aid scheme to all member states

- Extension of the crop premium of €45 per hectare to Bulgaria, the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Poland, Romania and Slovakia
- Maximum area which can benefit from this aid extended to 2 million hectares from 1.5 million hectares



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### Forthcoming biodiesel challenges

- **Quality** (also related to raw materials use)  
EBB Quality System
- **Biodiesel and biofuels sustainability**
- **Eventual CO<sup>2</sup> certification of biofuels**
- **International biodiesel trade**  
No "B99", DETs, need for a level playing field same sustainability and trade certificates



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### Pathways for biodiesel development world-wide

- **Biofuels: 1<sup>st</sup> generation vs. 2<sup>nd</sup> generation?**
- **Technology progress in FAME production:**
  - *FAEE*
  - *Recycled fats*
  - *Biodiesel from other raw materials (Jatropha, Algae, etc.)*
  - *Glycerine use as biofuel (GTBE)*
- **A big opportunity: biofuels in developing countries**
  - *A cheaper fuel for remote areas*
  - *Social dimension of biodiesel*

### CONCLUSION

### Biodiesel is becoming a world-wide reality

*All the issues mentioned before have to be tackled in an international context*



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