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European Biodiesel Board

BIODIESEL IN THE EU 25 CURRENT STATE AND FUTURE PROSPECTS

Raffaello GAROFALO

EBB Secretary General

Biodiesel Chains Meeting
Bucharest, July 28th, 2007

EBB – European Biodiesel Board



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Membership



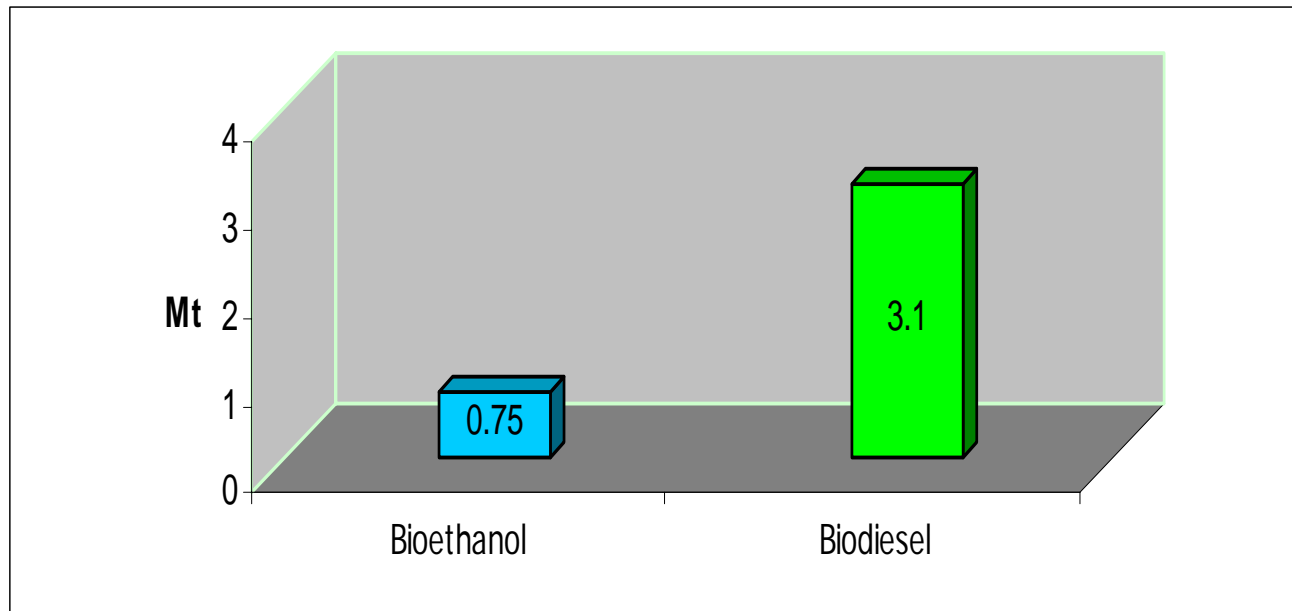
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2005 production of biofuels in the EU-25

Sources: EBB, EBIO



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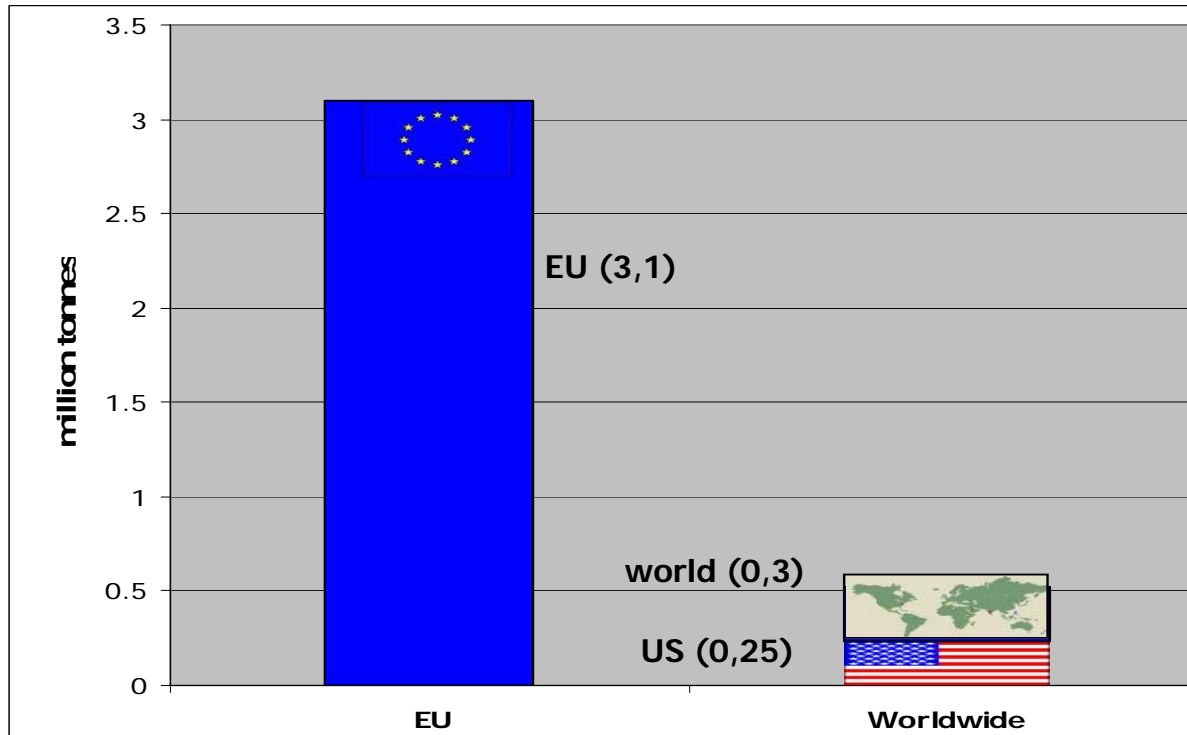


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EU and Worldwide biodiesel production in 2005

(estimate - million tonnes)



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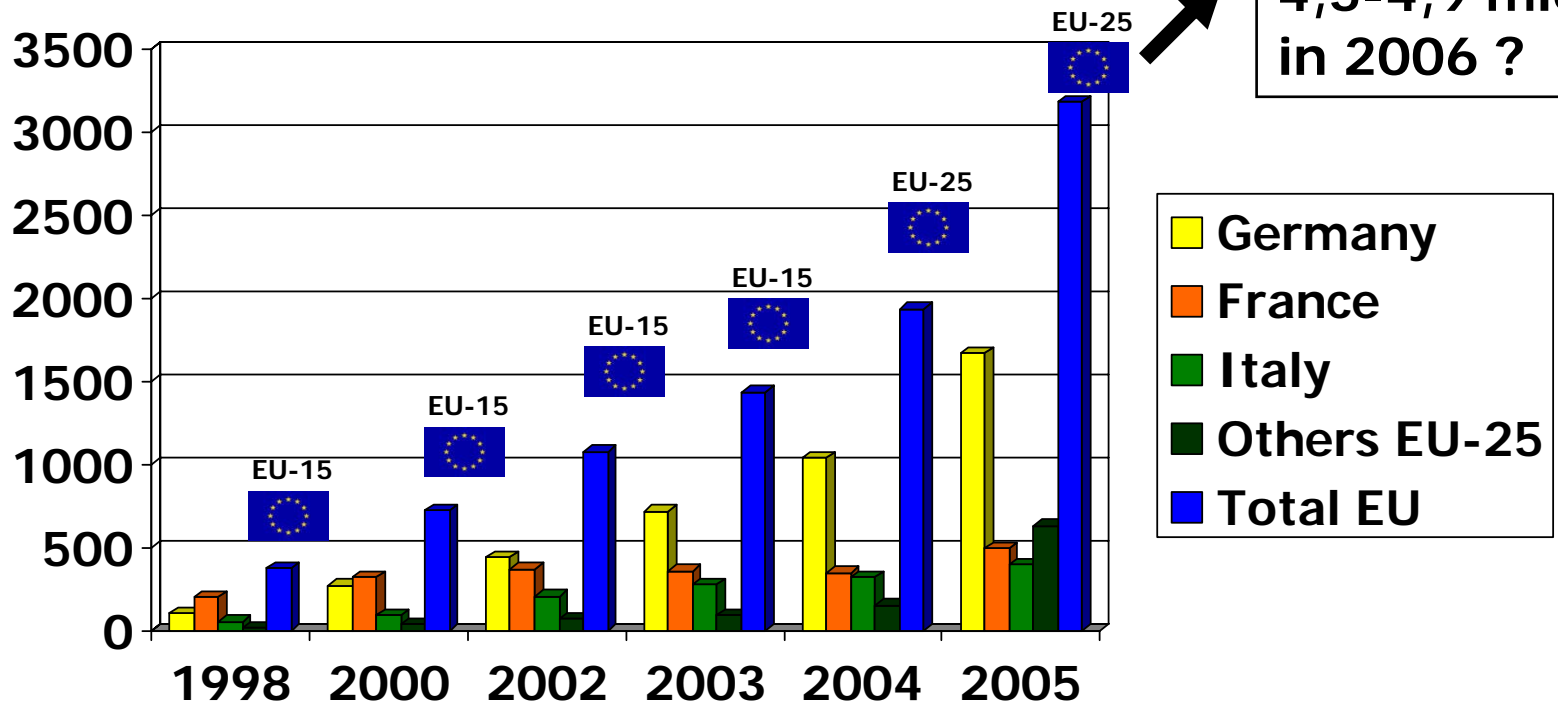
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EU and Member States' Biodiesel Production ('000 t)



4,5-4,9 mio t
in 2006 ?

- Germany
- France
- Italy
- Others EU-25
- Total EU



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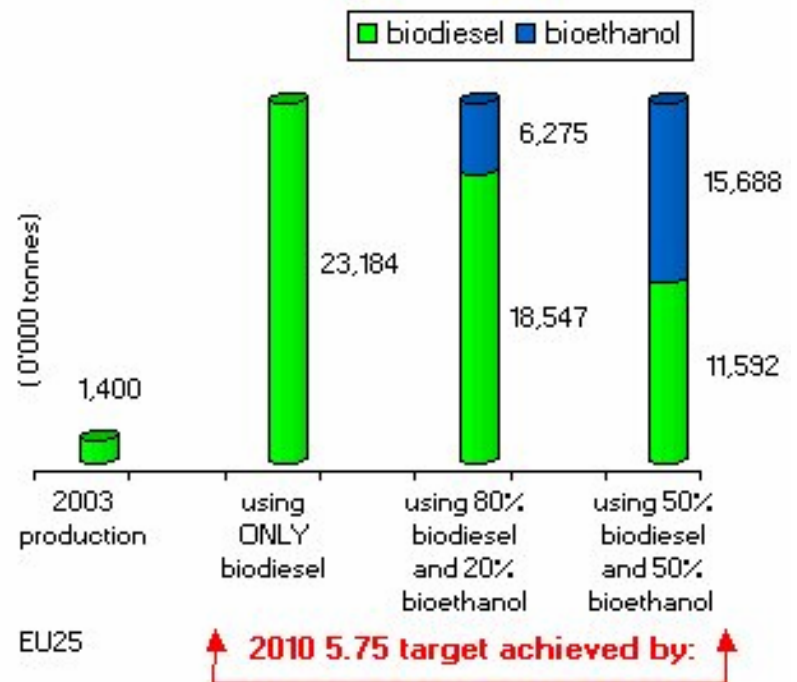


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What would the Directive's targets represent in practice?

5,75% Scenario for the EU-25



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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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Towards an EU Energy Policy

(Commission proposals – January 10th 2007)

➤ ***"Road Map on Renewable Energies"***

- ❑ *Mandatory target of 20% for 2020*
- ❑ *Minimum legal binding target of 10% in every Member State for biofuels*

➤ **Revision of Directive 98/70 on Fuel Quality**

- ❑ *Reduction of 1% of CO² emissions from fuels every year for 10 years as from 2010*
- ❑ *In practice necessary to increase by 1,5%-1,7% biodiesel consumption every year until 2020 on 2010 basis*

➤ **Revision of Directive 2003/30 (biofuels)**

- ❑ *Umbrella Directive on renewable energies to be proposed in the summer*
- ❑ *Main issues: support policies, policy mix, assessment of CO² impact*

Biofuels have a central place in the EU proposal for a Common Energy Policy



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Impact of the new proposals and of the *Road Map*

- 10% target: in practice 25-28 million tonnes on the market in 2020
- Towards the end of national detaxation schemes?
- Revision of the Directive on Fuel Quality: strengthens the impact
- Positive conclusions of the European Council: now need rapid implementation
 - *Policies and standards to be adapted already in the next months*
- Necessary to increase (quickly) the % of biodiesel blend in diesel from 5% to 10% (without separate labelling or double grade diesel)



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Future biodiesel challenges

- **Quality** (also related to raw materials use)
 - *Pre-condition to any biodiesel success*
 - *Announcement: EBB Quality System*
- **Future availability of agricultural raw materials**
- **Biodiesel and biofuels sustainability**
- **Eventual CO² certification of biofuels**
- **International biodiesel trade**
- **Biofuels: “1st generation” vs. “2nd generation”?**
- **Glycerine outlets**



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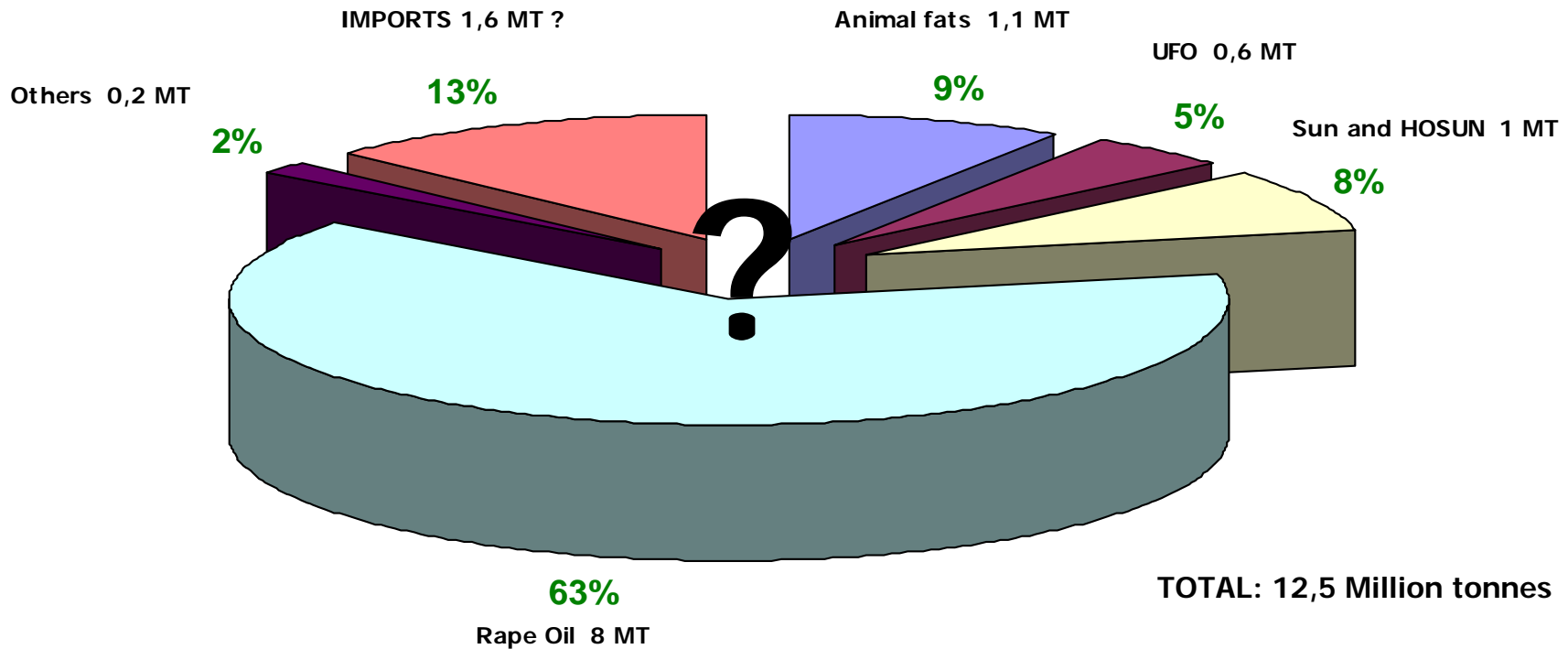
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5,75% biodiesel target a possible raw materials scenario



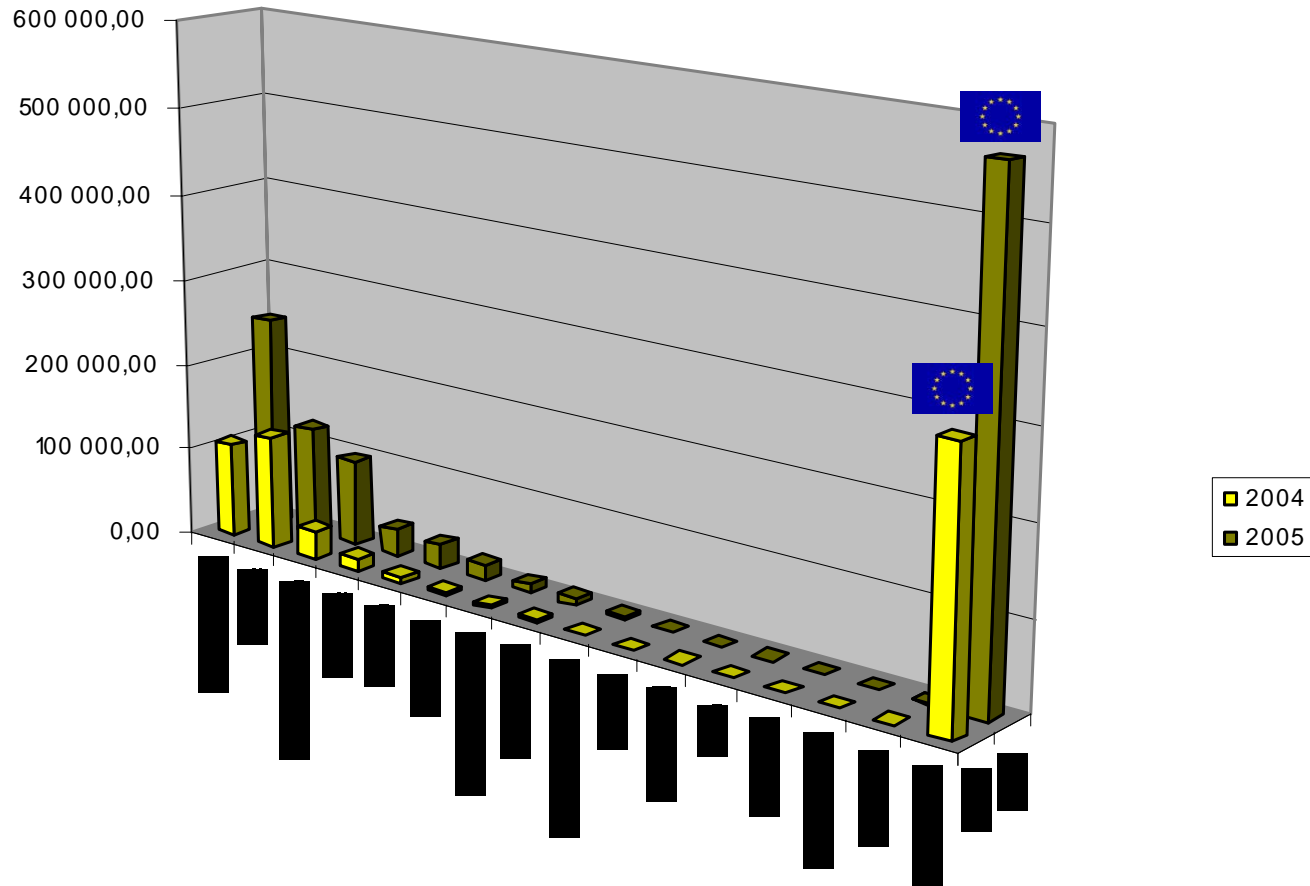
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Areas under Energy crops in EU-25:

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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Bases of the future market development of biofuels and biodiesel

Biofuels certification

- THE EUROPEAN BIODIESEL INDUSTRY IS STANDING FIRST TO APPLY A SUSTAINABILITY CERTIFICATION TO THE RAW MATERIAL THAT IT EMPLOYS
- *Simple clear and universal rules and principles need to be applied*
- *Avoid fragmentation*
- *Avoid burdensome bureaucracy: contrary to aim of decreasing prices*
- *Avoid "food" related labelling consideration: biofuels are distributed via refineries and marketed at fuel pumps not in supermarket shelves*



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Bases of the future market development of biofuels and biodiesel

Sustainability and environmental impact of biodiesel

- ***BIODIESEL = PALM OIL: A WRONG EQUATION ... AND A MISCALCULATION: less than 3% of palm oil imported in the EU becomes biodiesel***
- ***Where the "remaining" 97% ends up? > Margarine, biscuits, prepared food, oleochemistry, burning for electricity etc. etc. ...***
 - In the last 5 years imports of palm oil have been doubled from 2,3 to 4,1 million tonnes (not because of biodiesel)
- ***EBB favours the establishment of a certification scheme: but necessary to think about criteria applicable not only to 3% of the uses if the intention is really to preserve rain forests***
- ***Land use is the real issue***



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Bases of future market development of biodiesel and biofuels CO² impact and LCAs

- *Too many studies exist, often contradictory*
- *Necessary to elaborate a common European reference (for CO² and sustainability)*
JRC-Concawe-Eucar study: starting point need to become more transparent
- *What about "second generation biofuels"?*
Diesel or gasoline substitutes: two very different perspectives
- *Biofuels have to be compared with other fuels effectively available on the market*
- *How will increasing unconventional oil extraction taken into account?*



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Pathways for biodiesel development world-wide

- **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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