

# EBB

## European Biodiesel Board

Avenue de Tervuren 363 – 1150 Bruxelles

Tel: +32 (0)2 763 24 77 – Fax: +32 (0)2 763 04 57

e.mail: [ebb@ebb-eu.org](mailto:ebb@ebb-eu.org) web site: [www.ebb-eu.org](http://www.ebb-eu.org)

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## PRESS RELEASE

### EBB WELCOMES THE CONCLUSION OF THE EUROPEAN SUMMIT ON ENERGY AND ENCOURAGES RAPID IMPLEMENTATION

The European Biodiesel Board (EBB), which represents the EU biodiesel industry, welcomes the important positive signal given by the 8-9 March European Council towards the creation of an Energy Policy for Europe based on the key principles of sustainability and security of supply.

By setting mandatory targets for renewables and biofuels EU authorities have confirmed that biofuels are the right way forward to counter climate change and improve independency of supply in the transport sector with practical measures based on immediately available technologies.

This is particularly true for biodiesel, a well developed industrial sector where Europe is by far the world leader with more than 7 million tonnes of annual productive capacity. A leadership derived by the decisive biodiesel contribution to CO<sup>2</sup> savings and by the worrying growth of European diesel deficits (in 2005 Europe imported 24 million tonnes of diesel from Russia)<sup>1</sup>, which makes biodiesel a strategic answer for the security of EU fuel supply.

EBB acknowledges that, even though a 14% target for biofuels in all Member States would constitute an ideal basis for the promotion of biofuels, the 10% minimum binding target suggested by the *Road Map on Renewable Energies* and endorsed by the European Council represents a major step forward for the promotion of biodiesel, **provided that such objective will have a real impact on Member States policies while creating a solid frame for the use of increasing quantities of biofuels.**

To this effect **EBB encourages a rapid and practical implementation of the measures** proposed by the Commission and recently endorsed by the Head of States and Government. More particularly EBB:

- **urges EU authorities to take the necessary legislative steps in order to increase to at least 10% the percentage of biodiesel that can be blended in diesel** without needing a separate labelling and distribution system. Such 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% - due to a limitation set in the European diesel standard EN590. Higher blends today require separate pumps and labelling with a huge logistic investment which is unacceptable for EU fuel producers and distributors. The 5% limit is clearly insufficient and contradictory with the aim of bringing to 5,75% (i.e. to 6,5% by volume)<sup>2</sup> and then to 10% the market share of biofuels in Member States. In countries like France or Germany biodiesel production has already attained the 5% ceiling and unless such limitation is lifted, some biodiesel production units will be obliged to cut production or even to interrupt it for some months. In this situation it is of the utmost importance that the 5% limitation is rapidly lifted. **A solid basis in this sense is provided by the European Council explicit request to amend the Fuel Quality Directive in order to allow for adequate levels of blending.** In parallel EBB also urges the CEN<sup>3</sup> to accelerate its work in order to amend the European diesel standard EN590 with a 10% biodiesel incorporation within the next year.
- believes that **priority should be given to the creation of a real internal market for biodiesel and biofuels** based on an European obligation, putting an end to the present fragmentation of national

systems, but still maintaining the possibility for long-term biofuels detaxations at national level, based on the principle that a **policy-mix** (as adopted in many Member States) **of obligations coupled with excise cuts** is the best way to distribute the extra-costs of biofuels on national budgets and final consumers.

- underlines the need for the EC Commission to take **clear and strong action in order to guarantee a fair international trade for biodiesel**. Biodiesel is becoming a world-wide reality and the bases for an international trade of biodiesel are now being set. This should be done in a fair and structured approach. Unfortunately, however, unfair trade practices risk to dominate the first international exchanges of biodiesel. More specifically EBB is very concerned with unfair competition from highly subsidised biodiesel exports from the US entering the EU market as "B99" blends. **Today EBB President, Mr. Moritz GAEDE sent a letter to the EU Commissioner for Trade, Peter MANDELSON expressing the strong concern of the European biodiesel industry on US "B99" export subsidies.** *This letter is attached as an annex.* Argentinean Differential Export Taxes (DETs) represent a supplementary matter of concern.
- reminds the important advantages linked to the development of biodiesel in terms of lower GHG emissions, independency and security of supply, increased economic activities in rural areas. **The use of biodiesel leads to substantial CO<sup>2</sup> savings** (up to 95% when waste oils are employed) when compared to conventional diesel. The calculation of the environmental impact of biofuels should be done taking into account all the **negative externalities of mineral fuel production** (oil spills in sea, long term pollution, public health, increasing unconventional oil extraction, etc. ) which are often neglected when calculating their CO<sup>2</sup> and environmental impacts. The very good CO<sup>2</sup> balance of biodiesel and the large room for further improving its processing and production chain should not be forgotten when thinking to the development of future biofuels technologies. Current biodiesel technologies already allow "2<sup>nd</sup> generation" results or even beyond when raw materials such as animal, waste and recycled oils are employed.
- believes that **it is essential to ensure that the development of biodiesel does not lead to deforestation** or loss of precious natural habitats. Today **less than 3% of the overall palm oil imported in the EU is used for biodiesel**. The "remaining" 97% is used for margarine production, other food applications and electricity generation. EBB favours the establishment of sustainability criteria for palm oil and other raw materials based on simple and clear rules. The EU biodiesel industry, within an environmentally responsible approach, is standing first to apply a certification scheme to the raw materials that it employs. This should contribute to a real positive fight against deforestation which will be achieved only when the same criteria will be applied horizontally to all sensitive agricultural raw materials, including the "remaining" 97% of palm oil that Europe imports every year.

*The European Biodiesel Board, also known as EBB, is a non-profit organisation established in January 1997. EBB represents the aims to promote the use of biodiesel in the European Union. EBB member companies account for approximately the 4/5 of EU biodiesel production. Today biodiesel represents 80% of the EU biofuels production and is by far the main biofuel produced and consumed in the EU.*

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

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<sup>1</sup> The growing EU diesel deficit is a consequence of the strong dieselisation of the European vehicle fleet: the large majority of new cars bought in Europe are diesel, in some countries like France or Belgium diesel cars represent more than 70% of new vehicles. A recent McKenzie study predicted that Europe will face a 20% shortfall in diesel supply by 2015 that imports from Russian or the Middle East will not be able to fill. EU refining capacities cannot follow: they were conceived to produce much larger amounts of gasoline. This explains the growing important European surpluses of gasoline (in 2005 Europe exported 19 million tonnes of gasoline to the US) which make any biofuel substituting gasoline - such as first or second generation bio-ethanol - much less interesting for improving EU security of supply when compared to biodiesel.

<sup>2</sup> The 5,75% market share provided by Directive 2003/30 is expressed in energy content and it is equivalent to 6,5% in volume.

<sup>3</sup> CEN: acronym for European Committee for Normalisation. CEN is a standardisation body working independently from the Commission.