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May 9, 2008

PRESS RELEASE**Biodiesel is a pragmatic and green solution to rising oil and diesel prices**

Biodiesel is an environmentally friendly biofuel produced either from agricultural raw materials such as sun and rapeseed oil or from recycled fats. Its **typical impact on GHG emissions ranges from a 50% to a 95% cut in CO² equivalent as acknowledged by studies performed by various scientific bodies and certified by EC Commission scientists** together with fuel and engines experts. Biodiesel employs today a very little share (2-3%) of all the palm oil imported in the EU (the remaining 97% being used mainly by the food and margarine sector) and EBB Members are committed to fulfil the very high sustainability and certification standards recently proposed by the Commission to avoid any potential source of problem. An increased use of sustainable biodiesel is considered as a true solution to climate change and pollution by the EC Commission as well as by number of NGOs, including the WWF.

As oil prices are rising **well above the psychological threshold of 120\$ per barrel**, Europe's dependency on oil imports is becoming a critical strategic weakness. These historically high oil prices - in spite of the low level of the US dollar against the Euro - represent an even higher level than those reached during second oil crisis in 1981. This risks to become an enduring trend, impacting future EU and Member States policies and significantly hindering the EU competitiveness.

In particular, high oil prices are materialising in **soaring diesel retail prices**, a trend which is to be witnessed in all EU countries. In many EU countries retail diesel prices reached last days all-times historical records (in Italy for instance of 1,455 euro cent per litre¹, in France 1,334 € per litre², 1,43 € per litre in Germany³)

High diesel prices are the result not only of rising oil prices but also and especially of the **extremely worrying continuous increase of the EU diesel deficit. The substantial and lasting deficit of the European Union is not well known, but nonetheless impressive**: our European mineral diesel refining capacities are largely undersized when compared to the quick increasing internal demand of diesel and jet-fuel (jet fuel is in reality the same molecule of diesel). As a result the European Union imports every year an increasing amount of diesel from third countries, the very largest majority of it being imported from Russia. In 2005 the EU imported around 10 million tonnes of diesel from Russia, **last year we imported over 30 million tonnes of diesel from Russia** (i.e. the same amount of diesel used by Germany over one year), and this will probably rise to over 50 million tonnes in the next years (i.e. to the quantity of annual diesel consumption of Poland, Belgium, Austria and Romania)⁴. **This has created an increasing energy dependency of the EU on Russia**, which constitutes an evident strategic weakness. This dependency is further worsened by the continuing dieselisation of the EU vehicle pool, with diesel already accounting for over 70% of new car registrations in countries like France, Belgium or Italy.⁵

In this frame, **environmentally friendly biodiesel produced in the EU could represent more than ever an immediately available solution** to help bridging the EU diesel dependence, improving our energy security and reducing our fast growing GHG emission from transport. Most importantly, the further development of the biodiesel sector **could play a pragmatic role in reducing retail diesel prices, as it may cover a large part of the marginal demand.**

¹ Il Corriere della Sera 09/05/2008

² Le Figaro 09/05/2008

³ Die Welt 09/05/2008

⁴ 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 has 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 a recent Wood MacKenzie study.

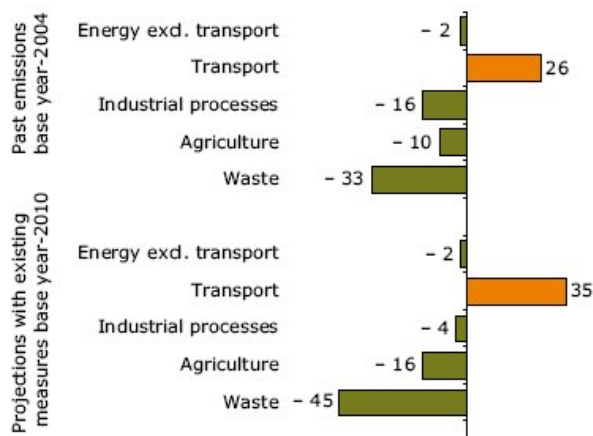
⁵ ACEA Winter report, February 2008

However, the overall EU biodiesel production capacity remains very largely unexploited. **The European market presents a clear paradox: while biodiesel could play a significant role to improve the EU energy security and environment this valuable tool today is not even used at half of its potential.**

Although the EU biodiesel industry is the largest worldwide with over 13 million tonnes of capacities (75% of the global biodiesel production capacities), for the first time after many years of steady development the 2007 EU biodiesel production has started stagnating, with less than 40% of the EU production capacity currently in use. This stagnation can be explained to a large extent by the unfair competition from heavily subsidised US biodiesel ("B99")⁶, against which the EU biodiesel industry will soon take action. However, the lack of appropriate market incentives is also seriously impeding the development of a genuine EU biodiesel market.

This negative trend and the fact that EU biodiesel capacities are largely unexploited represents an unreasonable paradox especially when thinking to:

1. the dramatic increasing dependency of the EU from Russian diesel exports as detailed above
2. the continuous increase of GHG emissions from the transport sector (the only sector where CO² emissions actually rise and do so exponentially – *see picture below*)



GHG in transport when compared to other sectors, source European Environment Agency

Two of the most important problems that our global society will have to face in the next years are environment preservation (mainly from climate change) and independency and security of energy supply.

Biodiesel comes today as a valuable answer to both problems.

Additionally if biodiesel was not produced and consumed in Europe diesel prices would be higher than what are today. A future increased biodiesel production would put downward pressure to EU diesel prices.

Biodiesel is an European-made independent source of energy: more than 85% of last year biodiesel production came from our own fields, sown, cropped and harvested by thousands of European farmers. The money that was spent to buy and produce biodiesel stayed in Europe, supported our own economy, created employment and reduced our external energy dependence from various (more or less democratic) Middle-east countries.

Irrational fears and one-sided considerations advertised by biofuels opponents should not lead to lose the positive opportunities that the development biodiesel can provide as an important part of the solution to climate change and security of energy supply.

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 65 member companies and associations. EBB member companies account for around 80% of biodiesel produced in the EU.

⁶ Through the B99 scheme US producers can access EU markets with a competitive advantage of around 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.