THE FUTURE OF EU BIODIESEL PRODUCTION

Raffaello GAROFALO
Secretary General

International Biofuels Conference
European Commission – Directorate General for External Relations

EBB – European Biodiesel Board
International Biofuels Conference
5 & 6th July 2007, BRUSSELS

Raffaello GAROFALO, Secretary General EBB
What is EBB

- The European Federation of biodiesel producers
  - Co-ordinates and represents the industry at EU and national level
  - Permanent office in Brussels

- Representing 80% of the EU biodiesel production

- 52 members (full members and associates)

- Private companies are directly members of the EBB
  - Many medium size industries active in rural areas (job creation)
  - Multinational companies of the Agricultural processing and vegetable oils sectors (ADM, Bunge, Cargill, Diester Industrie International)
  - Industry from the fuel and renewable energy sector (Verbio, EHN, Fox, Petrotec)
Four points:

1. The EU biodiesel industry

2. Biofuels: a central place in the new Commission proposals for an European Energy policy

3. European Biodiesel markets: Sustainability and environmental impact of biofuels

4. International Biodiesel markets
2005 production of biofuels in the EU-25

Sources: EBB, EBIO
EU15 Fuel Consumption Evolution

Source: EU Commission/DG TREN

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EU and world-wide production of biofuels in 2005

(EBB estimate – mio tonnes)
EU and Member States’ Biodiesel Production ('000 t)

- **EU-25**: 4.5-4.9 mio t in 2006?

**Chart Details:**
- **Countries**: Germany, France, Italy, Others EU-25, Total EU
- **Countries Colors**:
  - Germany: Yellow
  - France: Orange
  - Italy: Green
  - Others EU-25: Black
  - Total EU: Blue

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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*
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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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
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**
Bases of future market development of biodiesel and biofuels

$\text{CO}_2$ impact and LCAs

- Too many studies exist, often contradictory

- Necessary to elaborate a common European reference (for $\text{CO}_2$ 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

- Biodiesel has to be compared with other fuels effectively available on the market

- How are oil spills in sea and increasing unconventional oil extraction taken into account?
Setting the bases of international biodiesel trade

- Solid bases = fair trade bases
- The European biodiesel industry is threatened by US B99,9 unfair export subsidies to Europe
- B99,9 exports threaten the worldwide development of biodiesel (as well as farmers’ income) – price setting distorting practice
- Not only the EU industry but the concept itself of biodiesel worldwide (except for the US) is endangered
- Argentinean DETs as a potential additional threat
Developing countries: biodiesel as a key opportunity

- Advantages linked to the availability of raw materials in marginal areas (Brazil)
- Energy cost are one of the main reasons for State debts (especially with high oil prices)
- Contradiction Food/Fuel solved even more easily by choosing varieties and areas not used for food and not endangering biodiversity
- In parallel with socio-economic policies of rural development
- Overall positive impact in terms of CO² emission reduction
For more information please contact:

**EBB - European Biodiesel Board**
Avenue de Tervuren, 363 – 1150 Brussels
Tel  +32 2 763 24 77, email: ebb@ebb-eu.org

Or visit the EBB web-site : www.ebb-eu.org