



Paper of Key Points from the Association of German Biofuel Industries
(Verbände der Deutschen Biokraftstoffwirtschaft)

Sustainable Mobility with Biofuels

Key Points for the Advancement of the Biofuel Strategy in Germany and the European Union

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In the transport sector, it will only be possible to contribute substantially to the reduction of CO₂ and secure a supply of energy in the near future with biofuels. Based on a production capacity of about 3.7 million tonnes in 2007, 12% of Germany's diesel fuel requirements could be replaced by biodiesel. Germany is world leader in biodiesel production, the launching of new products and, in particular, equipment technology for biodiesel and bioethanol which is developing into an export success. At the same time the growth in bioethanol production continues.

Another promising way to increase the efficiency of biofuel production by extending the variety of raw materials or cultivated field crops is the development of processes for the production of synthetic biofuels from biomass (BtL, biomass to liquids). This is currently being promoted by the German Government together with much support from the car and oil industry. Germany and the EU have considerable supplies of raw materials for the production of BtL. However the development is not yet so advanced that it is possible to talk about a reliable technology with respect to the logistical challenges. Moreover, compared to biodiesel and bioethanol production, this technology requires a considerably higher level of investment for the equivalent capacity. The double strategy followed up to now for the promotion of biofuels must therefore be continued.

An important performance characteristic for the efficiency evaluation of a biofuel however is not only the biomass energy yield per hectare but also the resulting mileage. A prerequisite to achieving the goals put forward is therefore the combination of the efficient biofuel production and biofuel consumption.

The Association of German Biofuel Industries supports the strategy followed in Germany and on EU level for promoting biofuels. The German Biofuel Industry is thereby facing the associated challenges in awareness of its responsibility for sustainable mobility in Europe.

The obligatory minimum quota of 8% by 2015 laid down in the "Biokraftstoffquotengesetz" (German Biofuel Quota Act) and the target of 10% by 2020 for all EU member states proposed in a communication from the EU Commission on 10th January 2007 are supported explicitly. The Association of Germany Biofuel Industries points out that this strategy is essential for achieving the main goals of pollution control and a secure supply in the fuel

sector. It is also an important guarantee of a sustainable future of the European transport industries. The raw material resources are available, what counts are the incentives for the necessary investments in the biofuel sector.

In the opinion of The Association of Germany Biofuel Industries the measures listed in following key points are required to implement the strategy for the promotion of biofuels:

- 1. EU Biofuel Strategy:** The support asked for by the European Council and Parliament for their strategy to promote biofuels (10% minimum quota) in the Commission's communication "An Energy Policy for Europe" should be ratified in the Spring summit of the German Council presidency.
- 2. Commission's Proposals:** The proposals to alter the Directives for the promotion of biofuels and fuel quality, which are required to implement the strategy for biofuels, should be forwarded immediately by the Commission to the Council and Parliament and passed into law.
- 3. Free Trade / Single Market:** The EU Commission should ensure free trade in biofuel within the single market. In view of the increased production capacity, Germany in particular will depend on export markets in the future.
- 4. Energy Tax Law:** Taxes on biodiesel and vegetable oil as pure fuel should already be reviewed in 2007. It must be ensured that production capacity urgently needed to fulfil the new EU biofuel strategy is not destroyed due to too high tax rates. The fuel tax on pure biodiesel (B100) should be reviewed annually based on price developments in the vegetable oil market and diesel fuel market and adjusted in the case of under-compensation in order to maintain the competitiveness of B100.
- 5. Biofuel Quota:** The minimum quota of 8% biofuel by 2015 should be supplemented by the EU minimum target of 10% by 2020.
- 6. Motor Technical Requirements:** A solution has been found to the basic motor technical requirements for marketing biodiesel as a pure fuel and in higher proportion blends for commercial vehicles. As a result of developments in SCR technology, vehicles are already able to conform to the Euro 5 standard. This means different blends of diesel fuel and biodiesel can be used. The market launch of this technology in the private vehicle sector is also about to take place. With FFV (Flexi-Fuel Vehicle) technology the motor technical requirements are fulfilled for increasing the proportion of bioethanol in motor fuel.

- 7. Standards:** The required alterations to or further developments of existing automotive fuel specifications (EN 228 / EN 590 / E 85 / DIN V 51605) on EU or national level should come into effect by the end of 2008 at the latest.
- 8. Research and Development:** The experience of past years confirms the enormous demand for research and development. The current project-based research sponsorship does not fulfil the requirements for research and qualified scientists which are likewise needed by industry in this sector. The 7th EU Research Framework Programme should therefore place considerable emphasis on raw material production, conversion processes and drive technology.
- 9. Additional Measures:**
- The market launch of FFV vehicles should be supported as in France and Sweden.
 - The obstacles to licensing E 85 filling stations should be jointly cleared out the way by national and regional government.
 - Ways to increase the proportion of biofuel in fuels placed on the market to over 5 Vol% should be tapped to the full.

The Association of German Biofuel Industries expressly declares its willingness to actively participate in the realisation of the biofuel strategy and invites the oil industries and the motor industries to a wide-ranging joint biofuel initiative.