



Bonn, 31st of January .2011

Dear Ladies and Gentlemen,



Over 450 representatives of the biodiesel sector from home and abroad met during the 8th International BBE/UFOP Congress „Fuels of the Future“ in Berlin on 24 & 25 January to exchange experience and discuss the practical implementation of the sustainability criteria for biofuels, the resulting requirements on the biofuels sector and the consequences for the development of the markets for different biofuels.

Whereas the sector was optimistic that sufficient quantities of goods whose certification had been completed in time would be available in the market in Germany, the slowness with which the regulations were applied in the other EU member states and the fact that the German systems have still not been approved by the EU Commission turned out to be a serious obstacle on the international level. „The lack of reciprocal approval of the national systems and the absence of biomass imports from the EU states must not be allowed to disrupt the home market or create competitive disadvantages for German producers“, Helmut Lamp, chairman of the executive committee of the BioEnergie (BBE) Bioenergy Association, said and called on the EU Commission to put pressure on the other members to implement the regulation.

With reference to the extraction of tar sands in Canada, the extraction of oil in the Niger delta and several high-risk deep-sea drilling projects, Lamp was disturbed that „the mineral oil industry is not required to meet the same requirements of the protection of Nature and the carbon footprint for oil extracted at ever higher input and environmental damage that are vehemently demanded of the biofuels“ and called upon the attending politicians to take necessary action.

Since January 2011, it has been a statutory requirement for biofuels used in Germany to establish compliance with the sustainability criteria laid down in EU directive 2009/28/EC for the protection of valuable ecosystems and the significant reduction of greenhouse gas emissions. By translating the sustainability regulation in the practice of the sector and establishing appropriate certification systems, the German biofuels sector has created all preconditions for the legally binding documentation of the sustainability of the goods traded by it.

With reference to the dioxin scandal, the chairman of the Union zur Förderung von Oel- und Proteinpflanzen e.V. (UFOP), Dr. Klaus Kliem, was critical of the fact that in addition to farmers, the biodiesel industry was placed under general suspicion without any fault. The damage to the industry's image among the general public was enormous because the production of biodiesel, mixed fatty acids and the production of dioxin had misleadingly been mingled in the media. The UFOP chairman stated that the biodiesel sector would react with an appropriate risk management. The talks provided by Professor Dr. Martin Mittelbach of Technische Universität Graz on „Biodiesel and the formation of dioxin – two processes that are exclusive of each other?“ had made it clear that biodiesel production did not involve conditions under which dioxin formed, the UFOP chairman underlined.

Dr. Kliem explained the situation of the biodiesel industry in Germany, which remained to be difficult and

whose production of about 2.5 million tonnes utilized only 50 per cent of the available capacity, and so he renewed the demand by the biofuels associations that the pure-fuels market should be revived. The quota year 2010 confirmed that the quota trade with B100 almost fully compensated the loss of tax earnings and demanded tax exemption for 400,000 tonnes of biodiesel required for meeting the quota. This would give small and medium-size producers producing biodiesel and vegetable oil based fuel as well as traders a new perspective.

Germany was the European leader of complying with the carbon footprint targets in the mobility sector but that position would only be defended if we could continue along this path with a combination of tax benefits, quota trade and quota commitments, the chairman underlined his demand.

With reference to the possibility of launching E10 nationwide since 1 January 2011, the UFOP chairman expects that the sale of bioethanol in Germany may well go up from 0.9 to 1.5 million tonnes. No doubt, the required technical conversion of filling stations and of distribution, the market introduction would take time and only be gradual. Besides, consumers had to be informed comprehensively about the use of E10 in engines for which the fuel is released, the UFOP chairman said.

A fundamental challenge, the UFOP chairman believes, is the application – without a trial period – of the EU directive on the promotion of the use of energy from renewable sources in the form of the biofuel sustainability regulation. Germany was paving the way here as well, with the result that only certified fuels are permitted for use as a source of energy. A result of this was that the availability of input materials and the known flexibility of distribution had suffered. Biofuels cannot be credited against the quota commitment or an application for tax relief made unless they had been certified and their sustainability established. The present price rally, especially of rapeseed, was an expression of this national translation. Therefore, Dr. Kliem demanded of agricultural traders and processors to fully exploit the possibilities of the raw material trade by extending the mass balance period until June 2011.

The EU Commission was required to approve the certification systems submitted, including by ISCC and REDcert, as quickly as possible to enable member states to go ahead with the national application. Here, Dr. Kliem made the critical remark that regrettably the opportunity of establishing EU-wide standards for the administrative application had been missed. Now it was feared that a number of different bureaucratic systems would be established on national levels and the flexibility of marketing raw materials and biofuels would be hampered by home-made problems in the European market.

With best regards,
Markus Hartmann