





## **1. INTRODUCTION**

In the context of the review of the Biofuels Directive

## **2.1. First-generation biofuels**

First-generation biofuels can be used in low-percentage blends with conventional fuels in most vehicles now and can be distributed through the existing infrastructure. Some diesel vehicles can run on 100% biodiesel (B100) and “flex-fuel” vehicles are already available in many countries around the world. Replacing a percentage of diesel or petrol with biofuels is

Synthetic natural gas (SNG) can be produced from fossil as well as renewable resources.  
Renewable SNG has signifi





demand-side measures for biofuels. Suitable policy measures could include, for example, the encouragement of environmental systems for vehicle users, eco-labelling, price differentiation through emission charges and product levies, environmental quality promotion through educating and informing both consumers and producers, tradable permits, environmental performance bonds, funds and environmental risk assessment in banking procedures.

Fertile markets for the development of biofuel

benefits and send a clear signal to the industry of the importance of further improving production pathways in this respect. It would also allow market-based signals to be sent to fuel and feedstock producers, to further reduce carbon emissions



monitor the impact of biofuel demand on commodity and by-product prices, their



Currently, bioethanol under tariff code 2207 enters duty-free under the following preferential trade arrangements:

- the Everything But Arms initiative (EBA) for Least Developed Countries,ial



Give a high priority to research into the “bio-refinery” concept – finding valuable uses for all parts of the plant – and into second-generation biofuels;

Continue to encourage the development of an industry-led “Biofuel technology platform”

**ANNEX 1**

**Biofuels Glossary**

Biofuel	Liquid or gaseous fuel for transport produced from biomass
Biomass	Biodegradable fraction of products, waste and residues



**ANNEX 3**

attention to the biofuels sector, however, by encouraging the sugar cane industry and the provision of “flexible-fuel” vehicles. In addition, new legislation on biodiesel was implemented in January 2004.

The world’s second largest producer of bioethanol, the **United States**, has seen an exponential

## **ANNEX 4**

### **Biofuels Market Situation**

Today, bioethanol is the world's main biofuel. Biodiesel, which until recently was produced almost solely in the EU, is now gaining a foothold in many regions across the world. Biogas comes a poor third and has so far made a breakthrough only in Sweden.

According to EurObservER, the EU's production of biofuels

**Table 2: World ethanol production (fuel and other uses)**

<b>Ethanol production</b>	<b>2005 bio litres*</b>	<b>2004 bio litres</b>
<b>Brazil</b>	16.7	14.6
<b>United States</b>	16.6	14.3
<b>European Union</b>	3.0	2.6
<b>Asia</b>	6.6	6.4
China	3.8	3.7
India	1.7	1.7
<b>Africa</b>	0.6	0.6
<b>World</b>	<b>46.0</b>	<b>41.3</b>

\* F.O. Licht's estimate

In 2004 the **European Union**, with production of almost 0.5 million tonnes, is estimated to have produced 10% of the world's bioethanol. The leading EU producers were Spain and

The **United States**





According to Article 7(4) of the Regulation, imports of this alcohol from all GSP beneficiary countries qualified for a 15% reduction on the MFN duty<sup>19</sup>.

Under the special drugs regime established by Council Regulation (EC) No 2501/2001, which was in force from the early nineties until repealed on 30 June 2005, exports from a number of countries (Bolivia, Colombia, Costa Rica, Ecuador, Guatemala, Honduras, Nicaragua, Panama, Peru, Pakistan, El Salvador and Venezuela) qualified for duty-free access under code 2207.

The new GSP Regulation (Council Regulation (EC) No 980/2005 of 27 July 2005), which



