

Manual of European Environmental Policy

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Promotion of the use of biofuels or other renewable fuels for transport

Formal reference 2003/30/EC (OJ L123 17.5.2003)	Directive on the promotion of the use of biofuels or other proposed renewable fuels for transport
Proposed 7.11.2001 – COM(2001)547	
Legal base	Article 192 TFEU (originally Article 175 TEC)
Binding dates Formal compliance Member State reports Commission progress report	31 December 2004 by 1 July annually thereafter By 31 December 2006 and every two years thereafter

Note: Article 2, Articles 3(2), (3) and (5), and Articles 5 and 6 of Directive 2003/30/EC will be repealed by the Renewable Energy Directive [2009/28/EC](#) on 1 April 2010 and the remainder of the Directive on 1 January 2012.

Purpose of the Directive

The objective of the Directive is to promote the use of renewable fuels in road transport by setting indicative targets for their market penetration in each Member State, rising from 2 per cent at the end of 2005 to 5.75 per cent in 2010. This is intended to contribute to greenhouse gas emissions reductions and improved security of energy supplies.

Summary of the Directive

The Directive requires Member States to take action to promote the use of biofuels and other renewable fuels in the transport sector, although it does not specify the possible actions in any detail.

Member States must ensure that a ‘minimum proportion’ of biofuels and other renewable fuels is put on the market and must set associated national indicative targets. The Directive does not say directly what this target should be, rather that a ‘reference value’ for the target shall be a 2 per cent market penetration by the end of 2005, rising to 5.75 per cent by the end of 2010.

The Directive also contains significant reporting requirements. In their annual reports, Member States must state their indicative targets, set out the measures adopted and resources allocated to biofuels promotion, and describe the impact of these measures in terms of the effect on market share. The Directive also requires Member States to justify any difference between the national indicative target and the ‘reference value’ for any given year. The Commission’s bi-annual report

will review progress and propose amendments, if necessary, including the possibility of requiring mandatory targets at a later date. The Commission's progress report is required to cover seven different areas relating to the promotion of renewable energy in transport including: the cost-effectiveness of Member State Measures; the economic aspects and the environmental impact of further increasing the share of biofuels and other renewable fuels; the life-cycle perspective on biofuels and other renewable fuels, with a view to indicating possible future measures for promoting such fuels; the sustainability of crops used for the production of biofuels, particularly in relation to land use, degree of intensity of cultivation, crop rotation and use of pesticides; assessment of the use of biofuels and other renewable fuels with respect to their effect on climate change and CO₂ emission reduction; and finally a review of further more long-term options concerning energy efficiency measures in transport.

Development of the Directive

In the transport White Paper of September 2001 ([COM\(2001\)370](#)), two proposed measures to promote liquid biofuels were discussed in the body of the text, but not listed in the Action Programme which was annexed to it. Biofuels had also received very little attention in the transport Directorate-General's input to the European Climate Change Programme earlier the same year. The publication of the Commission's Communication ([COM\(2001\)547](#)) *on alternative fuels for road transportation and on a set of measures to promote the use of biofuels* in November 2001, and the two proposals that it contained, therefore came as a surprise to most outside observers. It appeared that only a small interest group had been closely involved in the development of the proposals, and NGOs generally reacted with caution or dismay, arguing that the environmental benefits of biofuels were unproven.

In the first of the two proposals set out in the Commission's Communication, Member States would have been required to set mandatory targets both for the market penetration of biofuels and for the amount of biofuels to be blended with petrol and diesel. However, while the Parliament strongly supported the Commission in proposing mandatory targets, the Council was equally strongly opposed, and published its common position, in which the targets were purely indicative, even before the Parliament's first reading. Both the European Parliament and the Council objected to the second set of targets on levels of blending, however, as doubts were expressed over the practicability of such a measure. These were therefore dropped early on in favour of a single set of targets.

Neither side appeared willing to back down on the type of target to be established, so a bruising conciliation procedure appeared unavoidable. However, the Council threatened that, if the Parliament did not give way, it would hold up progress on the second proposed Directive, which would allow Member States to apply reduced rates of duty on biofuels without seeking a derogation from the Mineral Oils Directive [92/81/EEC](#). The latter measure was perceived to be of more immediate benefit, and so the Parliament accepted non-mandatory targets. Ironically, however, the second proposal disappeared from ECOFIN's agenda soon afterwards, and it did not enjoy the rapid passage through Council that had been anticipated. The proposal on targets was therefore the first to be adopted in May 2003.

Although the Parliament and Commission did not get their way on targets, other aspects of the monitoring and review of progress were substantially strengthened in comparison to the original proposal, as described above. This was an important addition, as the degree of greenhouse gas reduction which can be obtained from biofuels raises complex issues, and remains a matter of controversy.

Implementation of the Directive

Information on the measures taken by the Member States to transpose Directive 2003/30/EC can be found in their national [execution measures](#).

Under Article 4(2) of the Directive, the Commission was required to report on progress bi-annually from the end of 2006 onwards. The progress report of January 2007 ([COM\(2006\)845](#)) showed that in 2005, biofuels achieved a share of 1 per cent in the EU, with only Germany and Sweden reaching the reference targets. The most recent progress report on biofuels was included as part of a wider Renewable Energy Progress Report, reporting on progress under Directives 2001/77/EC and 2003/30/EC as well as the implementation of the EU Biomass Action Plan. According to the progress report, biofuels production progressed much faster in 2006 and 2007 than in earlier years. In 2007 the use of biofuels in road transport was 2.6 per cent (8.1 Mtoe). Biofuels' share grew by 1.6 percentage points between 2005 and 2007, compared with 0.5 per cent between 2003 and 2005. The Commission observed that if growth were to continue at this rate, a share of 5 per cent will be achieved in 2010, and thus falling short of the, albeit, indicative target of 5.75 per cent.

Enforcement and court cases

In its progress report cited above, the Commission noted that it had been necessary to initiate infringement proceedings against some Member States. With respect to Directive 2003/30/EC, the Commission remarked that since 2005, it had initiated 62 legal proceedings against Member States for non-compliance with the Directive. Many of these were for failure to comply with reporting obligations or failure to set national objectives in compliance with the reference values of the Directive. Of these cases Italy, Greece and Finland had the most with five each, followed by France, Denmark and Ireland with four and Hungary, Austria, Luxembourg, Portugal and the Slovak Republic with three. These cases have been successfully resolved.

One case before the European Court of Justice is a preliminary ruling concerning the interpretation of the Directive. C-201/08 case was a preliminary ruling of 10 September 2009 concerning the interpretation of Article 3 of Directive 2003/30/EC. The Court was asked whether Article 3 precludes national rules that exclude a product from the tax exemption scheme provided, which is composed of a blend of vegetable oil, fossil gas oil and specific additives. The Court concluded that Article 3 does not give rise to a right to a tax exemption, particularly in regard to a specific product.

Further developments

Directive [2009/28/EC](#) on the promotion of the use of energy from renewable sources repealed most of Directive 2003/30/EC from 1 April 2010, with the exception of those parts of it relating to targets and reporting in 2010.

Related legislation

There are a number of other EU Directives that have a strong interaction with Directive 2003/30/EC. These include:

- Directive [2001/77/EC](#) on the promotion of electricity from renewable energy sources in the internal electricity market
- Directive [2009/28/EC](#), the renewable energies Directive