

Important notice: this report has been submitted in the language of the Member State, which is the sole authentic version. Translation into the English language is being provided for information purposes only. The European Commission does not guarantee the accuracy of the data or information provided in the translation, nor does it accept responsibility for any use made thereof.

**NATIONAL REPORT ON THE IMPLEMENTATION
OF DIRECTIVE 2003/30/EC OF 8 MAY 2003 ON THE PROMOTION OF THE
USE OF BIOFUELS OR OTHER RENEWABLE FUELS FOR TRANSPORT
FOR 2006
ITALY**

In compliance with the reporting requirements laid down in Article 4 of Directive 2003/30/EC of 8 March 2003 , please note the following:

1. Measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes

We should first of all like to state that Article 2(c) of Decree-Law No 2 of 10 January 2006, as amended by Law No 81 of 11 March 2006, lays down an obligation on diesel and petrol producers to market predetermined minimum quantities of biofuels, calculated as a percentage of the total quantities of diesel or petrol marketed during the previous calendar year. The compulsory minimum blend percentage is being progressively increased during the years following the first year of application of the Law.

For 2006, the requirement was fixed at 1% of the diesel and petrol marketed in Italy.

Article 21 of Legislative Decree No 504 of 26 October 1995 (consolidated text on excise duties) lays down, in accordance with the Community rules on indirect taxes on energy products, the general taxation of all products (including, therefore, biofuels) used for transport as fuel, as fuel additives or to increase the final volume of fuel.

Against this background and in view of the high cost of producing fuels from biomass, Italian legislation has laid down, including for 2006, a number of provisions intended to reduce the final cost of the products concerned by cutting the tax imposed on them, in order to make certain fuels obtained from biomass competitive with the corresponding fossil fuels which they can replace.

In particular, the fiscal measures concerned were targeted on biodiesel and bioethanol as substitution products for diesel oil and petrol respectively.

During 2006, the following provisions were in force:

- Article 21(6) of Legislative Decree No 504 of 26 October 1995 (consolidated text on excise duties), as amended by Article 1(421) of Law No 266 of 23 December 2005, which provides for exemption from excise duty for an annual quota of 200 000 tonnes of biodiesel under a six-year programme running from 1 January 2005 to 31 December 2010, of which 20 000 tonnes is to be used after the appropriate cultivation contracts have been concluded;
- Article 21(6a) of the consolidated text on excise duties, which provides for reduced rates of excise duty on bioethanol and products derived therefrom used as fuel, whether used alone or blended with mineral oils, with a ceiling on total expenditure of EUR 73 million, as part of an experimental programme to encourage the use of this biofuel;
- Article 1(422) of Law No 266 of 23 December 2005, which allocates the amount not used for bioethanol in 2005, up to a maximum of EUR 10 million, for biodiesel in 2006 (with a ceiling of 20 000 tonnes).

For the purposes of comparison, please note that, during the period concerned, the rate of excise duties applied on national territory to diesel oil used as fuel was EUR 413.00 per 1 000 litres. The duty on petrol used for the same purpose was EUR 564.00 per 1 000 litres.

2. Fuels used for transport and share of biofuel, pure or blended, and other renewable fuels placed on the market

Approximately 12 682 000 tonnes of petrol used as fuel were sold in Italy in 2006, while about 25 388 000 tonnes of diesel oil used as fuel were sold over the same period.

In the same year, about 200 000 tonnes of biodiesel were marketed for consumption.

However, biofuels obtained from bioethanol (ETBE and others) were not marketed for consumption because the experimental programme to promote the use of these products in fuels had not been launched, the programme not yet having been approved by the European Commission.

Consequently, the share of biofuels blended with fossil fuels was approximately 0.52% by weight of the amount of petrol and diesel oil taken as a whole. During the period concerned, in terms of energy content, the share of biofuels blended with fossil fuels was about 0.46% of the amount of petrol and diesel fuel taken together.

3. National resources allocated to the production of biomass for energy uses other than transport

No national resources were allocated to the production of biomass for energy uses other than transport.

4. Exceptional conditions in the supply of crude oil or oil products that have affected the marketing of biofuels and other renewable fuels

None reported.

5. National indicative targets as referred to in Article 3 of Directive 2003/30/EC

Article 3 of Legislative Decree No 128 of 12 July 2005 transposing Directive 2003/30/EC laid down as the national indicative target for 2006 the substitution of 2.5% of diesel oil and petrol (calculated on the basis of energy content) with biofuels and other renewable fuels (target to be achieved by 31 December 2010).

With regard to the national indicative targets for the second phase (second subparagraph of Article 4(1) of Directive 2003/30/EC), from 1 January 2007 Legislative Decree No 128/2005 has been extensively amended, particularly as regards the national indicative targets for the substitution of fuels with biofuels. Article 3 of the Decree now lays down as national indicative targets the following blend percentages:

- (a) 2.5% by 31 December 2008;
- (b) 5.75% by 31 December 2010.

[signature]

Enrico Martino
Director