

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.

Letter from: Mr Enrico Martino, Director, International Relations Directorate (Section VII), Department of Finance, Ministry of Economic Affairs and Finance, Rome, Italy

To: DG TREN

Date: Rome, 30 June 2009

Subject: Directive 2003/30/EC of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport – Compliance with reporting requirements under Article 4 – Report for 2008

Ref.: 6152/2009

With reference to the reporting requirements under Article 4 of Directive 2003/30/EC of 8 May 2003, we would inform the European Commission of the following.

1) National measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes

We would first point out that the national regulatory framework (Article 2-*quater* of Decree Law No 2 of 10 January 2006 converted, with amendments, into law by Law No 81 of 11 March 2006) lays down, for producers of diesel and petrol, the requirement to release biofuels for consumption in predetermined minimum quantities established as a percentage of the total of all fuel – diesel or petrol – released for consumption in the previous calendar year. These minimum compulsory blending percentages are determined in such a way that they increase in the years after the first year of implementation of the provision in question.

For 2008, this requirement was set at 2% (calculated with reference to the energy contained) of the diesel or petrol introduced into the national territory.

Similarly, we would point out that Article 21 of Legislative Decree No 504 of 26 October 1995 (Consolidated Text on Excise Duties) lays down a general requirement, in compliance with the provisions of Community law concerning indirect taxation of energy products, for all products – including biofuels – used as automotive fuel or fuel additives or which increase the final volume of fuel, to be subject to excise duty.

In this context, and given the high production cost of fuels obtained from biomass, national law has laid down, including for 2008, several provisions aimed at reducing the final cost of such products through appropriate action in relation to such taxation. The intention is to make some fuels obtained from biomass more competitive as compared to the fossil fuels which they can replace.

In particular, the above tax measures are concentrated on biodiesel and fuels that can be obtained from plant ethanol, as these are products which can replace diesel and petrol respectively.

In this context, the following provisions were in force in 2008:

- Article 22-bis(1)-(4) of Legislative Decree No 504 of 26 October 1995 (Consolidated Text on Excise Duties) providing, in the framework of a four-year programme (1 January 2007 to 31 December 2010), for a rate of excise duty reduced to 20% [of that applicable to diesel] to apply to biodiesel within an annual quota of 250 000 tonnes (the level of the reduction may be recalculated in view of the relative costs of diesel and biodiesel);
- Article 22-bis(5), (5-bis) and (5-ter) of the Consolidated Text on Excise Duties providing, within the framework of a three-year incentivisation programme, for reduced rates of excise duty on specified fuels and additives (ETBE) obtained from plant ethanol.

For the purposes of comparison, it should be noted that, during the period under examination, the excise duty rate in force in Italy for diesel used as fuel was €123.00 per 1 000 litres (reduced to €106.17 per 1 000 litres between 20 March and 30 April 2008). For petrol used as fuel, the excise duty rate in 2008 was €64.00 per 1 000 litres (reduced to €47.17 per 1 000 litres between 20 March and 30 April 2008).

2) **Transport fuels and proportion of biofuels, whether pure or blended, and other renewable fuels placed on the market**

In 2008, 11 041 000 tonnes of petrol for fuel use and 26 159 000 tonnes of diesel for fuel use were sold in Italy.

As for total biofuels, 2008 saw around 250 000 tonnes of biodiesel released for consumption in Italy.

However, during that year, the aforementioned biofuels obtained from plant ethanol (ETBE and others) were not released for consumption, owing to the fact that the three-year programme aimed at promoting the use of such products as fuels had not begun. The reason for this is that the European Commission authorised this programme only at the end of 2007. The programme should begin fully in 2009.

Accordingly, the relationship between biofuels and fossil fuels (petrol and diesel) in 2008 was around 0.67% in terms of weight. In terms of energy potential, the biofuels released for consumption in Italy during the reference period accounted for around 0.59% of the total quantity of petrol and diesel.

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**

There are no exceptional conditions in the supply of crude oil or oil products that have affected the marketing of biofuels and other renewable fuels within the meaning of the second sentence of the third bullet point of Article 4(1) of Directive 2003/30/EC.

5) **National indicative targets under Article 3 of Directive 2003/30/EC**

Legislative Decree No 128 of 12 July 2005 transposing Directive 2003/30/EC initially laid down (Article 3) as the national indicative target (to be fully met by 31 December 2010), replacement of diesel and petrol with biofuels and other renewable fuels to the tune of 2.5% (expressed in terms of the energy content of the fuels). As for the national targets for the 'second phase' (second sub-paragraph of Article 4(1) of Directive 2003/30/EC), we would point out that, with effect from 1 January 2007, the aforementioned Legislative Decree No 128/2005 was significantly amended, particularly as regards the national indicative targets for replacing fuels with biofuels. Article 3 of this Legislative Decree now refers to a national indicative replacement target of 5.75% by 31 December 2010.

Enrico Martino
Director