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To: DG ENER

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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 obligations under Article 4 – report for 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 2009, this requirement was set at 3% (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 2009, 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 2009:

- 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 €423.00 per 1 000 litres. For petrol used as fuel, the excise duty rate in 2009 was €564.00 per 1 000 litres.

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

In 2009, 10 592 000 tonnes of petrol for fuel use (including 183 000 tonnes of ETBE in blends) and 25 418 000 tonnes of diesel for fuel use (including 1 187 000 of biodiesel in blends) were sold in Italy.

As for total biofuels, 2009 saw 1 187 000 tonnes of biodiesel released for consumption in Italy. Also during the year, a total of 183 000 tonnes of biofuels obtained from plant ethanol (ETBE) blended with petrol were released for consumption.

Accordingly, the relationship between biofuels and fossil fuels (petrol and diesel) in 2009 was around 3.95% in terms of weight. In terms of energy potential, the biofuels released for consumption in Italy during the reference period accounted for around 3.47% of the total quantity of petrol and diesel.

3. **The 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 indent 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.