

Translation of letter

From:

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Deputy Permanent Representative of Lithuania to the EU

Date:

23 June 2010

To:

Directorate-General for Energy

Subject:

Transmission of a report

Ref.:

No BE2-511

Please find enclosed the report submitted by the Ministry of Energy of the Republic of Lithuania on the implementation in Lithuania of Directive 2003/30/EC of the European Parliament and of the Council.

ENCLOSED: 4 pages

[Signed]

Report from the Republic of Lithuania under Article 4(1) of Directive 2003/30/EC of the European Parliament and of the Council on the promotion of the use of biofuels or other renewable fuels for transport

Introduction

Under Article 4(1) of Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport (hereinafter 'Directive 2003/30/EC'), Member States must report to the European Commission before 1 July each year on:

- the measures taken to promote the use of biofuels or other renewable fuels to replace diesel or petrol for transport purposes;
- the national resources allocated to the production of biomass for energy uses other than transport, and
- the total sales of transport fuel and the share of biofuels, pure or blended, and other renewable fuels placed on the market for the preceding year. Where appropriate, Member States are to report on any exceptional conditions in the supply of crude oil or oil products that have affected the marketing of biofuels and other renewable fuels.

1. National measures promoting the production and use of biofuels

1. By 31 December 2010, biofuels must make up at least 5.75%, calculated on the basis of energy content, of all petrol and diesel for transport purposes placed on the Lithuanian market (Lithuanian Law on biofuels, bio motor fuels and bio-oils (Official Gazette 2000, No 64-1940; 2004, No 28-870; 2009, No 10-360)).

2. Natural or legal persons who emit pollution from vehicles using biofuels complying with the established standards and who have submitted documents confirming the use of such fuels are exempt from the tax on environmental pollution from mobile sources (Lithuanian Law on the tax on environmental pollution (Official Gazette 1999, No 47-1469; 2005, No 47-1560; 2009, No 61-2404)).

3. A refund is given for part of the price of rapeseed oil intended for the production of rapeseed methyl (ethyl) ester (RME) and of rapeseed and cereals purchased for the production of dehydrated ethanol. The aid amount is as follows: rapeseed – LTL 160/t; cereal grain – LTL 114/t (Rules for financing the development of biofuel production, as approved by Order No 3D-658 of the Minister for Agriculture of the Republic of Lithuania of 9 September 2009 (Official Gazette 2009, No 110-4686)).

4. Zero-rate excise duty is applied to dehydrated ethyl alcohol (Lithuanian Law amending Article 25 of the Law on excise duty (Official Gazette 2005, No 153-5633)).

5. The rate of excise duty set for products produced from biomaterials has been reduced in proportion to the percentage of additives of biological origin in a tonne of the product in question (Lithuanian Law on excise duty (Official Gazette 2001, No 98-3482; 2004, No 226-802)). Note: this provision applied until 31 December 2009.

6. The Rules governing trade in petroleum products, biofuel, bio-oil and other flammable liquid products in the Republic of Lithuania, as amended by Order No 4-249 of the Minister for the Economy of the Republic of Lithuania of 13 June 2008 (Official Gazette 2001, No 37-1269; 2008, No 70-2669), specify that petroleum products supplied to the country's domestic market must comply with the following requirements:

(a) from 1 January 2007, 95 RON motor spirit must be produced using the additive bio-ethyl tertiary butyl ether (bio-ETBE), the proportion of which in the blend with petrol must be at least 7% by volume, but not more than 15% by volume, and, from 1 October 2008, the proportion of bio-ETBE blended with 95 RON motor spirit must be at least 10% by volume, but not more than 15% by volume;

(b) 95 RON motor spirit produced without bio-ETBE must have a bioethanol content of 5% by volume (with a permitted tolerance of minus 0.5% by volume); the permitted tolerance for bioethanol by volume in bioethanol E85 is plus/minus 0.5% by volume;

(c) diesel (with the exception of class-2 Arctic diesel) must contain 5% by volume of fatty acid methyl ester (FAME) (with a permitted tolerance of minus 0.5% by volume) produced from vegetable oils or fats of animal origin. The quantity of FAME in diesel may be greater than 5% by volume if the diesel/FAME blend meets the mandatory quality indicators for diesel;

(d) petroleum products supplied to the country's domestic market from public stocks must contain biomaterials.

The main raw material for the production of biofuels in Lithuania is oilseed rape (raw material for the production of biodiesel) and cereal grain (raw material for the production of bioethanol). In 2009, LTL 16 million (EUR 5.66 million) of State funds were earmarked for the development of biofuel production; 66 816 tonnes of rapeseed (a crop area of 33 408 ha) and 46 569 tonnes of cereal grain (a crop area of 14 523 ha) were bought for biofuel production.

According to data supplied by the State Tax Inspectorate under the Ministry of Finance of the Republic of Lithuania, the excise duty relief applied under Article 38(4) of the Law on excise duty to biofuels sold on the domestic market totalled LTL 77.07 million (EUR 22.32 million) in 2009. By product, the excise duty relief applied was as follows: LTL 36 755 879 (EUR 10 645) for bioethanol blended with motor spirit and LTL 40 311 545 (EUR 11 675) for fatty acid methyl ester (FAME) blended with diesel.

It should be noted that, until 31 December 2009, the excise duty was LTL 1 500 (EUR 435) per thousand litres for unleaded petrol, LTL 2 000 (EUR 580) per thousand litres for leaded petrol and LTL 947 (EUR 275) per thousand litres for gas-oils (including diesel) (from 1 January to 1 August 2009, excise duty was LTL 1 140 (EUR 330) per thousand litres of the product in question).

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

Under the Lithuanian Rural Development Programme for 2007-13, direct payments are made for areas used for agriculture and areas under crops, and support is given for energy crops on the basis of the crop groups listed in the crop classification set out in Chapter VII of Annex 2 to the Rules for the administration and control of payments for areas used for agriculture and areas under crops for 2009, as approved by Order No 3D-188 of the Minister for Agriculture of the Republic of Lithuania of 20 March 2009 (Official Gazette 2009, No 34-1318).

In 2009, upon declaring areas used for agriculture and crops eligible for support in the form of direct payments, applicants received a basic payment of LTL 291.35/ha (EUR 84/ha) for 'Energy crops (short-rotation coppice)', Group VI in Chapter VII of the above-mentioned Annex, and LTL 155.37/ha (EUR 45/ha) of support for energy crops under the Rules for the administration and control of support for energy crops for biofuel production.

Under activity area V (stubble fields in winter) of subgroup I (Programme, Landscape Management) of the programmes 'Landscape Management' and 'Improvement of the condition of at-risk water bodies' of Group XII (Areas declared under the 'Agri-environmental payments' measure of the Lithuanian Rural Development Programme for 2007-13), the basic payment for areas declared under the code 'Energy crops for which compensatory payments are made under the activity area 'stubble fields in winter'' was LTL 291.35/ha (EUR 84/ha), and the coupled payment was LTL 99/ha (EUR 29/ha).

In 2009, direct payments for energy crops amounted to LTL 21.697 million (EUR 6.28 million).

Use of domestic biofuel resources (for energy purposes) 2006-09

Table 1

Biofuel	Unit of measurement	Domestic resources			
		2006	2007	2008	2009
Biogas	million m ³	4.1	5.2	6.2	9.8
Firewood and wood waste	'000 m ³	3 715.1	3 602.2	3 750.2	3 867.7
Fuel peat	'000 tonnes	47.0	67.0	38.4	32.0
Peat briquettes	'000 tonnes	28.7	20.7	20.9	15.6
Straw	'000 tonnes	-	-	9.2	11.9

3. Total sales of transport fuel, including the relative share of biofuels, pure or blended, and other renewable fuels placed on the market in the preceding year

Table 2 contains information on the volume of biofuels produced by Lithuanian companies and their export and sale on the domestic market in 2006-09 (source: data from biofuel producers).

Production, sale and export of biofuels ('000 tonnes), 2006-09

Table 2

Product	Produced				Sold on domestic market				Exported			
	2006	2007	2008	2009	2006	2007	2008	2009	2006	2007	2008	2009
Bioethanol	14.4	15	16.58	26.323	8.1	14	16.58	23.607	6,3	0.6	-	0.908
Biodiesel	-	-	-	104.546	-	-	-	11.127	-	-	-	92.1

Preliminary data indicate that total fuel consumption (including biofuels) in Lithuania in 2009 was 1 475 100 tonnes, including 367 700 tonnes of petrol (containing biofuels), 897 700 tonnes of diesel (containing biofuels) and 209 700 tonnes of LPG.

In 2009, Lithuania imported 3 500 tonnes of bioethanol and 33 000 tonnes of biodiesel. Lithuania exported 3 900 tonnes of bioethanol (pure and blended with fuels), 92 300 tonnes of biodiesel (pure) and 500 tonnes of biodiesel blended with mineral fuels.

Consumption for transport purposes amounted to 42 700 tonnes of biodiesel, 600 tonnes of bio-ETBE (with a bioethanol content of 200 tonnes) and 21 600 tonnes of bioethanol blended directly with mineral fuels.

Table 3 contains preliminary data on the consumption of fuels for transport purposes in 2009 ('000 tonnes) and their relative shares (%) by fuel type and energy value (source: Statistical Department under the Government of the Republic of Lithuania).

Fuel consumption for transport in 2009

Table 3

Fuel type	'000 tonnes	Energy value of fuel GJ ¹	Energy value of fuel (relative share, %)
Bioethanol, for end-use in transport	21.6	583 200	
Bioethanol for bio-ETBE production (bio-ETBE used to produce motor spirit (petrol) blends	0.2	7 200	
Biodiesel (methyl (ethyl) ester), for end-use in transport	42.7	1 579 900	
Total biofuel consumption for transport purposes	64.5	2 170 300	5.6
Motor spirit (without bioadditives)	342.9	14 744 700	
Diesel fuel (without bioadditives)	746.0	32 078 000	
Total fuels (without bioadditives)	1 088.9	46 822 700	94.4
Total fuel consumption for transport purposes	1 153.4	48 993 000	100.0

Conclusion: preliminary data indicate that, in terms of energy value, the relative share of biofuels in the total consumption of transport fuels in Lithuania in 2009 was 5.6%.

¹ The energy value of the fuels has been calculated on the basis of the biofuel energy content indicated in Annex III (Energy content of transport fuels) to Directive 2009/28/EC of the European Parliament and of the Council of 23 April 2009 on the promotion of the use of energy from renewable sources.