



The Society of Motor Manufacturers and Traders Limited
Forbes House, Halkin Street, London SW1X 7DS

THE RESPONSE OF THE SOCIETY OF MOTOR MANUFACTURERS AND TRADERS

TO

**REVIEW OF EU BIOFUELS DIRECTIVE
PUBLIC CONSULTATION EXERCISE APRIL – JULY 2006**

The Society of Motor Manufacturers and Traders (SMMT) is the leading trade association for the UK automotive industry. SMMT provides expert advice and information to members as well as to external organisations. It represents some 600 member companies ranging from vehicle manufacturers, component and material suppliers to power train providers and design engineers. The motor industry is an important sector of the UK economy. It generates a manufacturing turnover approaching £45 billion and supports around 850,000 jobs.

SMMT welcome the opportunity respond to the European Commission on the important area of biofuels.

Introduction

The SMMT considers the challenge of climate change at top of the agenda for both our industry sector and wider society, and we acknowledge the potential for impact on both environmental and economic stability. Biofuels are known to offer one route towards reducing climate change emissions from road transport, and moreover could offer the EU additional benefits through sustainable supply and increased economic activity, particularly in rural areas. Therefore, the SMMT believes that promotion and integration of sustainable biofuels into the European fuels market is vital for progress in the mitigation of Carbon Dioxide emissions from road transport.

Integrated Approach

The report from the CARS21 multi-stakeholder process concluded that an Integrated Approach would deliver greater CO2 savings than a vehicle technology-only approach and that it will do so more efficiently and cost-effectively. The premise of the Integrated Approach is that all stakeholders must play their part. So, industry, consumers and regulatory bodies will have to work together to deliver on the CARS21 recommendations that can realise the available CO2 savings.

Recommendation 8 of the CARS21 final report focuses on the reduction of CO2 emissions from light-duty vehicles, and lists the following implementation action required from the industry, member states and EU institutions:

- Support the increased use of biofuels
- Develop policy to encourage use of biofuels which offer greater greenhouse gas savings and support research and development efforts into 2nd generation biofuels

The SMMT would therefore urge the European Commission to adhere to the recommendations of the CARS21 report.



INVESTOR IN PEOPLE

Telephone No. +44 (0)20 7235 7000 Fax No. +44 (0)20 7235 7112
Textphone No. +44 (0)20 7235 8378 Web Site www.smmt.co.uk

Registered Number 74359 England Registered Office at above address

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Consumer Acceptance and Quality Standards

The SMMT represents a UK motor industry that finds economic viability through satisfying consumers. The introduction of Biofuels into the UK market has the potential to allow UK motorists to reduce their climate change impact with minimal behavioural change, but to realise this potential the consumer experience of biofuels must be positive.

Across the EU motorists are protected by fuel quality standards developed by CEN which ensure the safe operation of vehicles and give manufacturers confidence to issue vehicle warranties. EN 228 defines the specification of petrol fuel and EN 590 diesel fuel, both standards also currently allow up to 5% biofuel content. EN14214 controls the specification of Biodiesel to be blended and a forth-coming standard will control the specification of ethanol to be blended. However, under EN 14214, the biodiesel component can be produced from a multitude of biogenic materials, with possibly negative effect to the vehicle. This standard should be amended to remove these negative effects. Only through the coordinated development of quality standards can the wide spread introduction of biofuels in to the European market be successful. The SMMT would urge the European Commission to ensure that any and all future Biofuel requirements are accompanied by action on fuel quality standards that ensure worry free motoring for consumers. Indeed standardization should strive for international harmonization with other major regional standards, e.g. coming Japanese standard and US standards. Especially for biodiesel mixtures above 5%, harmonised standards should carefully take into account effect on vehicles.

Certification and Accounting

Biofuels offer CO₂ reduction based on re-absorption of combustion CO₂ emissions during the next energy crop growth cycle. However some CO₂ emissions will result from the use of biofuels. Harvesting and manufacture still use energy, which can vary widely dependant on the process and feedstock employed. Therefore, accounting for CO₂ savings should be done on a well-to-wheel basis as demonstrated in the joint EUCAR, CONCAWE & JRC report - WELL-TO-WHEELS ANALYSIS OF FUTURE AUTOMOTIVE FUELS AND POWERTRAINS IN THE EUROPEAN CONTEXT. Such an accounting method ensures that fuels can be identified based on their environmental performance and ensures technological neutrality is maintained across that marketplace. The SMMT requests that 'well-to-wheel' principals are adhered to when promoting biofuels in the EU.

Although multiple choices exist for the feedstock required for Biofuels, the majority of 1st generation biofuels are produced from organic land based crops, such as Rape seed, Sugar Beet or Palm oil. This requirement of wide spread land use for energy crops could encourage low cost production at the expense of environmental sustainability. The SMMT requests measures are taken to ensure this is not the case. The UK Renewable Transport Fuels Obligation (more below) includes first a sustainability reporting requirement followed later by full sustainability certification for fuels. Such a certification requirement could ensure that environmental disasters such as wide spread deforestation do not result from the need for Biofuels in the European Union. The SMMT would urge the European Commission to carefully consider such a scheme in conjunction with wide spread biofuel requirements.





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The UK Renewable Transport Fuels Obligation (RTFO)

The UK Government through a 'Renewable Transport Fuels Obligation' will require renewable fuel to constitute 5%, by volume, of the UK road transport fuel usage by 2010. This policy is supported by the SMMT. The RTFO phases-in the level of Biofuels required and ensures that this requirement stays within the acceptable limits of the current fuel standards. The SMMT would ask the similar practices are considered by the European Commission to ensure industry and consumer acceptance.

Further information

The SMMT would be happy to give further information regarding the content of this paper, and can be contacted at the following details.

Chris Walsh
Technical Manager
The Society of Motor Manufacturers & Traders Ltd
Tel: +44(0)20 7344 1602 Fax: +44(0)20 7235 7112
Email: cwalsh@smmt.co.uk
Web: <http://www.smmt.co.uk>

