

Information report on the implementation in 2010 of 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 and other renewable fuels for transport

In accordance with 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 and other renewable fuels for transport, Member States shall report to the 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;
- the total sales of transport fuel and the share of biofuels, pure or blended, and other renewable fuels placed on the market.

In accordance with Paragraph 2 of Cabinet Decision No 24, section 40 of 15 April 2008, the Ministry of Economic Affairs has been designated as the authority responsible for the implementation of the Law on biofuel.

1. Measures taken to promote the use of biofuels or other renewable fuels

To promote the production of biofuels, the Ministry of Agriculture drew up and implemented the state aid programme "Atbalsts biodegvielas ražošanai" ['Aid for the production of biofuels'] (No 540/2005; as amended by N 254/2007 and N 26/a/2010), within the framework of which direct state aid was provided. Under this programme direct state aid was provided to biofuel producers until 31 December 2010.

Cabinet Regulation No 280 of 15 April 2008 on financial assistance quotas for biofuel entered into force on 24 April 2008 and lays down financial assistance quotas for biofuels, as well as deadlines and procedures for submitting calculations of the aid required and the grounds for aid each year until 31 December 2010.

In accordance with Cabinet Regulation No 303 of 18 April 2006 on the procedure for monitoring and managing direct state aid for producing the minimum annual required quantity of biofuel, biofuel producers were granted aid for the 19 223 577 litres of bioethanol and 38 494 537 litres of biodiesel produced in 2010 (see Table 1).

Table 1

Volume of biofuel produced and amount of aid disbursed for biofuel produced

Aid recipients	Volume of biofuel produced in 2009 for which aid was granted (litres)	Aid paid in 2010 for biofuel produced in the 2nd half of 2008 and in 2009 (LVL)	Volume of biofuel produced in 2010 for which aid was granted (litres)	Aid paid in 2011 for biofuel produced in 2010 (LVL)
Bioethanol producers	17 186 003	8 496 405	19 223 577	4 992 518
<i>SIA Jaunpagasts Plus</i>	17 128 868	8 474 694	18 942 941	4 925 165
<i>SIA Biodegviela</i>	57 135	21 711	280 636	67 353
Biodiesel producers	35 855 150	21 228 353	38 494 537	15 000 581

<i>SIA Mamas D</i>	1 669 834	846 299	1 373 764	535 768
<i>SIA Delta Rīga</i>	2 362 643	1 403 377	1 528 485	591 776
<i>LPKS Latraps*</i>	-	-	1 364 704	532 233
<i>SIA Mežrozīte</i>	5 691 587	3 659 000	7 783 408	3 027 575
<i>SIA Oniors</i>	2 374 432	1 240 761	3 424 796	1 335 670
<i>SIA Bio-Venta</i>	23 756 654	14 078 916	23 019 380	8 977 558
Total paid	-	29 724 759	-	19 993 099

*LPKS Latraps did not receive direct state aid for biofuel production in 2009

The Law on the 2010 national budget earmarked LVL 3 322 969 for the Agriculture Ministry under the budget sub-programme 21.06.00 'Aid for the promotion of biofuel production' as state aid for production of the minimum requisite amount of biofuel per annum. All of this aid has been disbursed.

In addition to this, on the basis of Cabinet Order No 637 of 1 November 2010 on the allocation of finances from the general national budget sub-programme 'Contingencies' and Ministry of Finance Order No 663 of 29 November 2010 on additional expenditure from the national budget, the Ministry of Agriculture was allocated LVL 2 034 753 from the national budget sub-programme 02.00.00 'Contingencies' for the Rural Support Service to cover part of the direct state aid payments for biofuel produced in the second half of 2008.

Furthermore, under Cabinet Order No 688 of 26 November 2010 on the redistribution among the ministries of appropriations from the general budget, and based on a decision adopted by the Saeima [parliament] on 9 December 2010, appropriations totalling LVL 24 367 037 were redistributed in accordance with the Law on the 2010 national budget from the Finance Ministry's budget sub-programme 31.02.00 'Management of the national debt' to the Agriculture Ministry for the budget sub-programme 21.06.00 'Aid for the promotion of biofuel production' to fully secure direct state aid payments of LVL 7 175 817 for the biofuel produced in the second half of 2008 and state aid payments of LVL 17 191 220 for the biofuel produced in 2009.

Having regard to the above, in 2010 the amount of state aid paid from the national budget to promote biofuel production was LVL 29 724 759 (see Table 1).

LVL 19 993 099 of state aid for the promotion of biofuel production was disbursed in 2011 for biofuel produced in 2010 from the national budget sub-programme 21.06.00 'Aid for the promotion of biofuel' (see Table 1).

In addition to direct state aid payments, further provision is made for indirect state aid in the form of reduced excise duty rates which, pursuant to the Law on taxes and duties, fall under the remit of the Ministry of Finance.

The Law on excise duties lays down the following standard rates for petroleum products in 2010:

- unleaded petrol, its substitutes and components – LVL 269 per 1000 litres;
- diesel (gas oil), its substitutes and components – LVL 234 per 1000 litres.

The above Law laid down the following reduced excise duty rates applicable in 2010 to petroleum products blended with biofuels, with a view to promoting the production and use of biofuel:

- unleaded petrol, its substitutes and components with the addition of ethanol obtained from agricultural raw materials which has been dehydrated (with an alcohol content of at least 99.5 % by volume), where the absolute alcohol content makes up 5.0 % by volume of the total quantity of product – LVL 256 per 1000 litres;

- unleaded petrol, its substitutes and components with the addition of ethanol obtained from agricultural raw materials which has been dehydrated (with an alcohol content of at least 99.5 % by volume), where the absolute alcohol content makes up 70–95 % by volume of the total quantity of product – LVL 80.7 per 1000 litres;
- diesel (gas oil), its substitutes and components with the addition of rapeseed oil or biodiesel obtained from rapeseed oil making up between 5 % and 30 % (not inclusive) by volume of the total quantity of product – LVL 223 per 1000 litres;
- diesel (gas oil), its substitutes and components with the addition of rapeseed oil or biodiesel obtained from rapeseed oil making up at least 30 % by volume of the total quantity of product – LVL 164 per 1000 litres;
- rapeseed oil sold or utilised as heating oil or fuel, and biodiesel fuel obtained entirely from rapeseed oil – LVL 0 per 1000 litres.

The reduced excise duty rates are applicable to biofuel and its blends with fossil fuels both when produced domestically and when imported from other EU Member States.

To promote biofuel consumption in Latvia and, pursuant to the Law on Biofuel, to ensure that by 31 December 2010 biofuel consumption represents no less than 5.75 % of the total quantity of fuel in the national economy for transport purposes, a mandatory admixture of 5 % biofuel to fossil fuels was introduced with effect from 1 October 2009.

Cabinet Regulation No 648 of 25 June 2009 amending Cabinet Regulation No 332 of 26 September 2000 on conformity assessment of petrol and diesel entered into force on 3 July 2009 and laid down that, as of 1 October 2009, only diesel (including A, B, C, D, E, and F category diesel for use in temperate climatic conditions, in compliance with LVS EN 590:2005 standard 'Motor fuels – Diesel – Requirements and testing methods') with a biodiesel content (obtained from rapeseed oil) of 4.5–5 % by volume of the total quantity of end product is permitted for sale in Latvia. Additionally, petrol whose Research Octane Number (RON) is 95 or greater but less than 98, and Motor Octane Number (MON) is 85 or greater, but less than 89, and whose alkenes (olefins) do not exceed 18 % of the total volume of petrol (95 octane petrol), may only be sold if the added bioethanol content is 4.5–5 % by volume of the total volume of petrol.

The mandatory admixture of 5 % of biofuel does not currently apply to Class 0, 1, 2, 3 and 4 diesel for use in Arctic and severe winter conditions. Nevertheless, the Latvian Parliamentary Committee for Economic, Agricultural, Environmental and Regional Policy has recommended that the mandatory admixture of 5 % of biodiesel be applicable to Arctic diesel during the period 1 November to 31 March.

In this context, the compatibility of biofuel with Class 0 and 1 diesel for use in Arctic and severe winter conditions is the subject of ongoing research and consultations and the issue is due to be examined at a meeting of the Advisory Council for Biofuel Development.

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

Pursuant to Cabinet Regulation No 269 of 17 April 2007 on the procedure for allocating state and European Union aid for agriculture within the framework of direct aid schemes, European Union aid for energy crops is provided for under direct aid schemes.

Aid amounting to LVL 4 664 was disbursed in respect of energy crops in 2010.

3. Transport fuel placed on the Latvian market

In 2010 the total quantity of fuel, fuel containing bio-products and biofuel marketed and used for own consumption was 1 062 950 tonnes, which is 1 660 tonnes more than in 2009 (see Table 2).

Biofuel represented 2.96 % of the total energy capacity of all petrol and diesel fuel released onto the market for transport purposes in 2010. This figure increased by 2.48 % over 2009.

The increase in the amounts of fuel produced (blended) can be explained by the fact that under amendments dated 3 November 2009 to Cabinet Regulation No 332 of 26 September 2000 on conformity assessment of petrol and diesel, from 1 October 2009 lead-free petrol of the category 95 RON can be sold in Latvia only if the added bioethanol content is 4.5–5 % by volume of the total volume of petrol, and diesel (with the exception of Class 0, 1, 2, 3 and 4 diesel for use in Arctic and severe winter conditions) can be sold only where the biodiesel content (obtained from rapeseed oil) is 4.5–5 % by volume of the total quantity of product.

Table 2

Total sales of petroleum products (fuel)

Fuel type	2009 (tonnes)	2010 (tonnes)
Unleaded petrol	241 227	28 154
Unleaded petrol, where ethanol has been added and the added ethanol content makes up 5 % by volume of the total quantity of product (E5)	80 347	260 143
Unleaded petrol, where ethanol has been added and the added ethanol content makes up between 70 % and 85 % by volume of the total quantity of product (E85)	28	56
Diesel (gas oil), excluding labelled (tagged) diesel	607 816	251 492
Diesel (gas oil) with rapeseed oil or biodiesel added, making up between 5 % and 30 % by volume (not inclusive) of the total quantity of product (B5 and above B5)	14 419	343 713
Diesel (gas oil) with rapeseed oil or biodiesel added, making up between 5 % and 30 % by volume (not inclusive) of the total quantity of product, for agricultural use (B5 and above B5)	0	44 975
Diesel (gas oil) with rapeseed oil or biodiesel added, making up at least 30 % by volume of the total quantity of product (B30)	0	335
Biodiesel (B100)	1 179	1 723
Kerosene	96 519	110 803
LPG	19 751	21 554
Total	1 061 286	1 062 948

Source : State Revenue Service website (www.vid.gov.lv)

According to information provided by the State Revenue Service (SRS), in 2010 the total volume of petroleum products (fuel), substitute products and components received by excise goods warehouses, registered consignee warehouses and wholesale warehouses was 1 401 910 tonnes, including 43 450 tonnes of manufactured biodiesel. 59 % of the total volume of petroleum products was received from other EU Member States, and 38 % from non-EU countries (imports); 3 % (biodiesel) was manufactured in excise goods warehouses.

30 410 tonnes of biodiesel – 70 % of the total quantity manufactured in Latvia – were sent from Latvia to other EU Member States during 2010 (see Table 3). The quantity of biodiesel sent by Latvia to other EU Member States was 30 648 tonnes or about 50 % less than in 2009.

Table 3

Fuel containing bio-products and biofuel sent to EU Member States

Fuel type	2009 (tonnes)	2010 (tonnes)
Petrol bio (E5)	6 912	3 123
Bio-petrol (E85)	0	0
Biodiesel (B100)	61 049	30 401
Total	67 961	33 524

Source : State Revenue Service website (www.vid.gov.lv)

4. Description of the current situation in Latvia's biofuel production sector

According to data provided by the Central Statistical Board (CSB), approximately 109 500 hectares of land were under rape in 2010. A total of 223 600 tonnes of rapeseed were harvested in 2010 (see Tables 4 and 5).

Table 4

Agricultural surface areas under cultivation

Crop	2009 (hectares)	2010* (hectares)	2010 as compared to 2009 (%)
Cereals	540 800	535 700	99 100
Winter crops	294 500	282 300	95 900
including:			
wheat	212 400	221 300	104,200
rye	59 000	34 200	58,000
triticale	13 100	11 400	87,400
Summer crops	246 300	253 400	102 900
including:			
wheat	73 300	81 700	111,400
barley	94 600	91 100	96,200
oats	60 600	63 300	104,400
buckwheat	10 100	8 200	81,100
Rapeseed	93 300	109 5	117 300

Source : Central Statistical Board website (www.csb.gov.lv)

* Provisional data

The areas sown with rape grew by 16 200 hectares or 17.3 % in 2010. The total rapeseed harvest increased by 18 900 tonnes or 9.3 %, despite the fact that the average harvest fell from 21.9 quintals in 2009 to 20.4 quintals in 2010. The growth in areas under both summer and winter rape have affected the increase in total harvests as follows: areas under summer rape grew by 10 400 hectares or 32.2 %, while the average harvest decreased from 16.2 quintals in 2009 to 13.2 quintals in 2010; areas under winter rape grew by 9.3 %, with the average harvest per hectare remaining at the same level as the previous year – 25.1 quintals. The proportion of areas under rape over the last three years has grown from 7.4 % in 2009 to 10.0 % in 2010.

Table 5

Total crops harvested and average harvests

Crop	Total crops harvested (tonnes)			Average harvest from 1 hectare (quintals)	
	2009	2010*	2010 as compared to 2009 (%)	2009	2010
Cereals	1 663 100	1 416 800	85 200	30 800	26 400
Winter crops	1 042 500	913 400	87 600	35 400	32 300
including:					
wheat	819 900	774 500	94 500	38 600	35,000
rye	162 200	69 400	42 800	27 500	20,300
triticale	33 300	25 000	75 100	25 500	21,900
Summer crops	620 600	503 400	81 100	25 200	19 900
including:					
wheat	216 500	198 500	91 700	29 500	24,300
barley	238 300	184 000	77 200	25 200	20,200
oats	141 400	100 600	71 200	23 300	15,900
buckwheat	4 800	5 500	113 400	4 800	6,700
Rapeseed	204 700	223 600	109 300	21 900	20 400

Source : Central Statistical Board website (www.csb.gov.lv)

* Provisional data

As far as cereal crops are concerned, in 2010 there were 535 700 hectares under these crops, while the total harvest of cereals was 1 416 800 tonnes (see Tables 4 and 5).

The areas under cereal crops decreased by 5 100 hectares or 0.9 % in 2010. The average harvest decreased from 30.8 quintals in 2009 to 26.4 quintals in 2010, while the total quantity of cereals harvested fell by 246 300 tonnes or 14.8 %.

According to information provided by the Latvian biofuel and bioenergy association, the quantities of raw materials purchased in Latvia by biofuel manufacturers increased compared to 2009, while the

quantity of raw materials purchased outside Latvia decreased.

For the manufacture of biofuel in 2010 biofuel producers purchased 48 400 tonnes of rapeseed, 5 600 tonnes of rapeseed oil and 29 900 tonnes of cereal crops in Latvia, and 17 600 tonnes of rapeseed, 12 600 tonnes of rapeseed oil and 27 700 tonnes of cereal crops from elsewhere (see Table 6).

Table 6

Quantity of raw materials purchased by Latvian biofuel producers for the manufacture of biofuel

Raw materials	Purchased in Latvia (tonnes)		Purchased outside Latvia (tonnes)	
	2009	2010	2009	2010
Rapeseed	32 118	48 413	33 258	17 629
Rapeseed oil	4 945	5 590	83 534	12 640
Cereals	29 532	29 889	14 354	27 725
wheat	21 890	14 770	2 841	20 674
rye	3 592	12 603	2 760	1 142
triticale	4 050	2 516	8 753	5 909

Source : Latvian biofuel and bioenergy association

In 2010, quotas eligible for financial aid for the manufacture of biofuel were granted to two bioethanol production undertakings (SIA Jaunpagasts Plus and SIA Biodegviela) with a total annual production capacity of 35 900 000 litres, and to seven[sic] biodiesel production undertakings (SIA Bio-Venta, SIA Delta R•ga, LPKS Latraps, SIA Mamas D, SIA Mežroz•te and SIA Oniors), with a total annual production capacity of 236 080 282 litres (see Table 7).

Table 7

Description of biofuel-production undertakings in 2010

Name of biofuel producer	Production capacity* (litres)	Quota eligible for financial aid granted** (litres)	Volume of biofuel produced, which allocated *** (litres)
Bioethanol producers			
<i>SIA Jaunpagasts plus</i>	24 500 000	24 500 000	18 942 941
<i>SIA Biodegviela</i>	11 400 000	6 000 000	280 636
Total	35 900 000	30 500 000	19 223 577
Biodiesel producers			
<i>SIA Bio-Venta</i>	113 250 283	19 392 222	23 019 380
<i>SIA Delta R•ga</i>	15 330 000	2 625 192	1 528 485
<i>LPKS Latraps</i>	34 090 909	5 837 354	1 364 704
<i>SIA Mamas D</i>	7 954 545	1 361 914	1 373 764
<i>SIA Mežroz•te</i>	45 454 545	7 783 408	7 783 408
<i>SIA Oniors</i>	20 000 000	3 424 796	3 424 796
Total	236 080 282	40 424 886	38 494 537

* Information provided by biofuel producers

** Pursuant to Cabinet Regulation No 280

*** Information provided by the Ministry of Agriculture

Pursuant to Cabinet Regulation No 280 in 2010 the following quotas eligible for financial aid were

allocated: a total of 70 924 886 litres for the manufacture of biofuel, 30 500 000 litres for the manufacture of bioethanol and 40 424 886 litres for the manufacture of biodiesel (see Table 7). 19 223 577 litres of bioethanol and 38 494 537 litres of biodiesel were produced within the framework of these quotas. These figures illustrate that the take-up rate of the quota for bioethanol manufacture was 63 % while the take-up rate for biodiesel manufacture was around 95 %.

In 2010 the quantity of bioethanol produced (within the framework of the quota eligible for financial aid) grew by 2 037 574 litres or 12 % compared to 2009, while the quantity of biodiesel produced (within the framework of the quota) grew by 2 639 387 litres or 8 % (see Tables 1 and 7).