



President Jose Manuel Barroso
European Commission
B-1049
Brussels, Belgium
January 15, 2007

Dear President Barroso,

The International Council on Clean Transportation (ICCT) is a global group of leading government regulators and international experts who participate as individuals with the common purpose of improving the environmental performance of the transportation sector. The purpose of this letter is to offer our support to the European Commission as it considers policies to lower greenhouse gas emissions from passenger vehicles and transportation fuels. We are particularly supportive of a new policy currently under discussion within the Fuel Quality Directive 98/70/EC that would require transportation fuel providers to monitor, report and reduce the amount of greenhouse gas emissions from annual sales of motor fuels.

European action to establish a new climate change policy for transport fuels would take advantage of recent advances in the availability of low carbon fuels. On a lifecycle basis, today's biofuels generally emit 20 to 100 percent fewer GHG emissions than gasoline and diesel fuels. Europe produces the vast majority of the world's biodiesel, which according to ICCT calculations reduces lifecycle greenhouse gas emissions by more than half compared to diesel fuel. The choice of petroleum-based fuels and feedstocks also affects lifecycle greenhouse gas emissions. Natural gas and liquefied petroleum gas emit about 20 percent less lifecycle greenhouse gas emissions than gasoline and diesel fuels. Thus the overall impact of the transportation sector on climate change will greatly depend on types of fuels that are used to meet growing demand.

At this moment, Europe has an opportunity to address greenhouse gas emissions from vehicles and fuels in two concurrent actions. Technological improvements to lower vehicle greenhouse gas emissions (e.g., diesel engines, electric powertrains, improved tires, lubricating oils) offer some of the least cost reductions to the consumer. The ICCT strongly supports further improvement in European passenger vehicle CO₂ emissions to 120 g/ km which would generate CO₂ savings of at least 55 million metric tons in 2020. Similar reductions could be achieved through the adoption of a greenhouse gas performance standard for transportation fuels. A recent analysis by the ICCT indicates that achieving a five percent improvement in the greenhouse gas intensity of European motor fuels in 2020 would generate annual savings of about 60 million metric tons. Under this scenario, European consumption of natural gas would increase substantially,

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and low carbon biofuels would increase to 12 percent of on-road fuels in 2020. The Commission should also consider policies to address any increase in criteria and toxic pollutants due to biofuels.

To date, alternative fuels policies throughout the world have tended to ignore the fact that the environmental performance of biofuels varies widely. Shifting to a greenhouse gas performance standard would bring with it a number of important benefits not found in Europe's Biofuels Directive 2003/30/EC. As a performance standard that includes all transportation fuels, it would provide greater compliance flexibility to motor fuel producers. It would encourage the use of low carbon energy sources (biomass, renewable methane) to turn grains, sugars, seed oils and eventually plant matter into biofuels. It would discourage the production of unconventional oil and coal to liquids fuels, unless their production incorporates a significant level of CO₂ capture and storage. It would place a premium on turning wastes like yellow grease into biodiesel and it could, depending on how it was implemented, safeguard against clear-cutting forest land to grow energy crops.

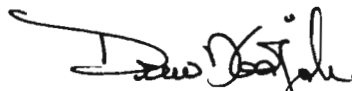
In parallel with any effort to increase the use of biofuels, the ICCT strongly believes that the Commission should develop a credible and reliable certification system that establishes, as a precondition of fuel sales, verifiable safeguards against the potential negative environmental consequences of biofuel production, including loss of biodiversity and forest land, and greater use of water, pesticides and herbicides. ICCT is working with Germany's Umweltbundesamt to develop a credible and reliable protocol for such a system. Over the next six months, we will hold a series of international workshops on this topic, and will make the results and recommendations available to the Commission.

Last week, California announced that it would adopt a greenhouse gas performance standard for transportation fuels nearly identical to the proposal currently under consideration in Directive 98/70/EC. Over the last several years, Europe has shown genuine leadership in developing the technical groundwork for this new policy. We urge you to adopt this policy in parallel with lowering passenger vehicle CO₂ emissions to 120 g/km. Should Europe choose to act at this time, the ICCT offers its resources and expertise to assist in the important work of determining how best to implement and administer its new policy.

With best regards,



Alan C. Lloyd, President



Drew K. Kodjak, Executive Director

cc: Vice-President Guenter Verheugen, Vice-President Jacques Barrot, Environment Commissioner Stavros Dimas, Energy Commissioner Andris Piebalgs.

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* While Professor Goldemberg and Professor Coelho are supportive of policies designed to address environmental impacts of biofuels production, they cannot support the specific language found in paragraph five of this letter.