



# European Commission Taxation and Customs Union

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## Encouraging the use of alternative fuels

In November 2001 the European Commission adopted an action plan and two proposals for Directives to foster the use of alternative fuels for transport, starting with the regulatory and fiscal promotion of biofuels.

The Commission considers that the use of fuels (such as vegetable oils) derived from agricultural sources (i.e. biofuels) is the technology with the greatest potential in the short to medium term. The action plan outlines a strategy to achieve a 20% substitution of diesel and gasoline fuels by alternative fuels in the road transport sector by 2020.

The Commission concludes that only three options would have the potential to achieve individually more than 5% of total transport fuel consumption over the next 20 years: biofuels which are already available, natural gas in the medium term and hydrogen and fuel cells in the long term.

The first proposed Directive was adopted on 8 May 2003 . The objective of [Directive 2003/30/EC](#) is the promotion of the use of biofuels or other renewable fuels for transport purposes. Member States must ensure that the minimum share of biofuels sold on their markets is 2% by 31 December 2005 at the latest, and 5.75% by December 2010. Any Member State setting lower objectives will have to justify this on the basis of objective criteria.

The second proposed Directive has been incorporated mainly within Article 16 of Directive 2003/96 and provides Member States with the option of applying a reduced rate of excise duty to pure or blended biofuels, when used as heating or motor fuel.

### Background information:

- Communication (COM(2001) 547) from the Commission on alternative fuels for road transportation and on a set of measures to promote the use of biofuels.  
Proposal for a Council Directive amending Directive 92/81/EEC with regard to the possibility of applying a reduced rate of excise duty on certain mineral oils containing biofuels and on biofuels.
- See also "Harmonisations of duty on commercial diesel fuel" (COM(2002) 410 final).

### Further information:

- [Directive 2003/30/EC](#) on the promotion of the use of biofuels and other renewable fuels for transport.
- Directive 2003/96/EC restructuring the Community framework for the taxation of energy products and electricity.
- Links to additional European Commission biofuels and renewable fuels webpages:
  - [DG Energy New and Renewable Energies](#)

- DG Transport Biofuels
- DG Environment - Transport Renewable Fuels