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Biodiesel Standing Report

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Report Highlights:

This report provides an overview of Spain's biodiesel sector including Member State specific policy and supply and demand data. Spain is among the top three MS in terms of biodiesel production capacity and consumption; however, competition from imports forced the majority of the biodiesel plants to run idle for the last three years. Measures in place such as EU antidumping duties on Argentinean and Indonesian biodiesel and the future implementation of a national biodiesel production quota could contribute to reverse the current difficult situation of the Spanish biodiesel sector. The United States exported 2,100 MT of biodiesel to Spain under HS Code 382600 in 2012 and 91,386 MT in 2013 (Jan-Oct).

Disclaimer: This report provides an overview of Spain's biodiesel sector including MS specific policy, production supply and demand data. Spain, as a member of the European Union (EU), conforms to EU directives and regulations on biofuels. It is therefore recommended that this report is read in conjunction with the EU-27 consolidated Biofuels report.

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Executive Summary:

Spain is among the three top MS in terms of biodiesel production capacity and consumption; however, competition from imports forced the large majority of the biodiesel plants to run idle for the last three years.

Spain-based biodiesel producers have been waiting for a production quota system to be enforced since 2010, when it was first launched. At present the quota has only been provisionally allocated and the system will not be enforced until 2014. A further delay in the implementation would represent an additional year where producers would still face strong competition from imports, as blenders could opt for complying with mandates early in the year on imported biodiesel.

Additionally, the market size of biodiesel continues shrinking driven by lower diesel consumption and a revision to lower mandates. On the positive side, antidumping measures imposed on Argentinean and Indonesian biodiesel should come as a relief for the depressed domestic industry in 2014.

Abbreviations used in this report

Biodiesel: Fatty acid methyl ester produced from agricultural feedstock (vegetable oils, animal fat, recycled cooking oils) used as transport fuel to substitute for petroleum diesel.

BXX: Blend of mineral diesel and biodiesel with the number indicating the percentage of biodiesel in the blend, e.g. B100 equals 100% biodiesel, while B5 equals 5% biodiesel and 95% conventional diesel.

FAMAE: Fatty-acid mono-alkyl esters
HVO: Hydrogenated Vegetable Oil
GHG: Green House Gases
ILUC: Indirect Land Use Change
EBB: European Biodiesel Board.
APPA: Spain's Renewable Energies Association
CNMC: Spanish National Market and Competition Commission
CNE: Spanish National Energy Commission (Since October CNE has been absorbed by CNMC)
CORES: Spanish Corporation of Strategic Reserves of Oil-based Products
IDAE: Spanish Institute for Energy Diversification and Saving
MINETUR: Ministry of Industry, Energy and Tourism
MAGRAMA: Ministry of Agriculture, Food and Environment
GOS: Government of Spain
EC: European Commission
EU: European Union
MS: Member State
CAP: Common Agricultural Policy
HS: Harmonized System of tariff codes
MY: Marketing Year
CY: Marketing Year
MT: Metric tonnes
VAT: Value Added Tax
Q: Quarter of the year (Q1, Q2, Q3, Q4)
S: Semester of the year (S1, S2)
N/A: Not available

Energy content and Conversion rates:

Biodiesel = 37.50 MJ/kg
1 Toe = 41.87 GJ
1 MT Diesel = 1,195 Liters = 1.02 Toe
1 MT Biodiesel = 1,136 Liters = 0.90 Toe
1000 Liters HVO = 0.8121 Toe (Conversion factor based on Resolution June 14, 2011 by the Undersecretary for Energy for mandate compliance purposes)

Trade figures are based on Global Trade Atlas (GTA) data HS codes 3824 90 91 (until 2011) and 3826 00 10, 3826 00 90 and 2710 20 11 (since 2012).

Production Capacity

Biodiesel production capacity in Spain expanded rapidly until 2009, when poor market conditions slowed down the pace of investments in this sector. No further production capacity increases are anticipated in the near future (**Table 1**).

Differently from the bioethanol sector, where two companies dominate the production of bioethanol, the biodiesel sector in Spain is comprised by a large number of players that include large, medium and small size facilities.

Table 1. Number of plants and production capacity in Spain

Year	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of plants	7	12	24	36	45	48	49	53	53
Production Capacity (1,000 MT)	100	248	815	2,070	4,100	4,300	4,400	4,930	4,930

Sources: EBB, APPA and FAS Madrid estimates.

The rapid expansion of biodiesel production plants in the initial years led to an excess of installed capacity. Total biodiesel production capacity in Spain (4,930 thousand MT) nearly doubles projected consumption in 2020 (2,578 thousand MT according to IDAE's forecasts). As a result of the over capacity, many plants have remained idle and some others have closed. In 2012, the use of the capacity installed is estimated to be below 10 percent. Reportedly, in 2013 production capacity use rate may be even lower.

Feedstock

Spain's biodiesel sector relies heavily on imports of raw materials. Domestic oilseed production includes olive oil and sunflower seed and both are primarily devoted to the food market. Area planted to soybeans or rapeseed is very small. This deficit in oil production is compensated by imports of oil or soybeans to be crushed domestically.

The latest official information released on feedstock used in biofuel production in Spain corresponds to year 2011. According to the CNE's Annual report, main raw materials include palm oil (45 percent), animal fats and recycled oils (30 percent). The share of biodiesel produced out of soybean continues on decline.

Table 2. Raw Materials used in Biodiesel Produced in Spain

Year	2009	2010	2011	2012e	2013*
Soybean oil (%)	43	36	24	23	23
Palm oil (%)	38	42	45	46	47
Recycled oils and Animal Fats (%)	12	18	30	30	29
Sunflower and Rapeseed oil (%)	7	4	1	1	1

Source: CNE and FAS Madrid estimates.

Based on trade data available, soybean use in biodiesel would have declined in 2012 compared to 2011, despite the fact that soybean crushing facilities have been operating at full capacity throughout 2012. With most of the biodiesel production capacity running idle, the internal demand for soybean oil continues to be weak; the export market is the main destination for domestically produced soybean oil. Within the EU, which represents nearly 30% of Spanish exports, France, Germany and Portugal are the main destinations, whereas South Africa, Algeria, Senegal and Morocco are the main extra-EU buyers (**Table 3**).

Table 3. Spain's Exports Soybean Oil (1,000 MT)

Country of Destination	2008	2009	2010	2011	2012	S1 2012	S1 2013
EU-27	223	127	186	243	291	172	170
South Africa	0	0	43	78	81	44	26
Morocco	3	6	6	0	53	16	10
Tunisia	19	12	0	6	32	24	9
Senegal	4	0	0	0	24	6	14
Others	75	55	20	21	107	50	124
Total	**323**	**199**	**255**	**348**	**588**	**313**	**352**

Source: Global Trade Atlas (GTA) data. HS code 1507.

The use of palm oil as the primary raw material contributed to its high use in 2012. Recycled oils and animal fats use is projected to remain being strong. Trade data available through June 2013 indicate that palm oil imports have nearly doubled, with Indonesia leading as the primary origin representing almost 70 percent of total palm oil imports in the first semester of 2013 (**Table 4**).

Table 4. Spain's Imports of Palm Oil (1,000 MT)

Country of Origin	2008	2009	2010	2011	2012	S1 2012	S1 2013
EU-27	12	27	46	51	64	27	79
Indonesia	136	388	448	333	293	157	288
Malaysia	77	41	48	94	129	48	61
Papua New Guinea	127	143	102	78	83	44	46
Others	37	44	19	34	11	22	56
Total	**388**	**643**	**664**	**589**	**580**	**284**	**478**

Source: Global Trade Atlas (GTA) data. HS code 1511.

Production

Biodiesel production grew steadily until 2010. Third country competition slowed down production throughout 2008. In 2009, after the antidumping and countervailing duties against the U.S. biodiesel and consumption mandates were enforced, Spain's biodiesel production rebounded. In 2011, stiff competition from imported biodiesel originated mainly in Argentina provoked a new production decline that continues to the present.

The lack of a legal framework that protects domestic production versus imports resulted in a steady reduction of biodiesel production. In 2012, biodiesel production dropped by 30 percent compared to 2011. Financial difficulties, the stiff competition from imported biodiesel and increased HVO sales were perceived as the main constraints for the domestic biodiesel industry recovery in 2012.

Table 5. Biodiesel Production in Spain

Year	2006	2007	2008	2009	2010	2011	2012	2013e
Biodiesel (1,000 MT)	99	168	207	859	925	650	460	350

Source: EBB, CNE and FAS Madrid estimates.

In 2013, biodiesel production is anticipated to have further contracted. The downward revision of the consumption mandates has reduced the market size, which has caused a reduction of imports and also has discouraged production at the domestic level. Moreover, the exception to the hydrocarbons tax does not apply to biofuels since January 2013, which is a disincentive to blending.

Advanced Biofuels – HVO and Biodiesel produced out of Algae

Two CEPSA-owned refineries started producing HVO in July 2011. In 2011, HVO production amounted to 28,496 m^3. Since February 2012 a third refinery property of REPSOL, started producing HVO. Production of HVO in 2012 almost tripled compared to 2011.

Total domestic HVO production capacity is 144,000 m^3 per year. As per 2013, HVO production data are only available up to February. HVO production in 2013 is projected to decline (See **Consumption and Marketing** Section below), as it is not price-competitive with biodiesel and the reduced energy-based mandates can be fulfilled without exceeding the technical limits for non-labelled blends (See **Fuels technical specifications**).

Table 6. HVO Production in Spain

Year	2006	2007	2008	2009	2010	2011	2012	2013 (Jan-Feb)
HVO (m^3)	-	-	-	-	-	28,496	72,463	37,453

Source: CNE.

There is research on biodiesel produced from Algae at the public and private level. Abengoa Bioenergy has a pilot plant in Cartagena. Spain-based petrol companies such Cepsa and Repsol, also report research activity in this field. There is no biodiesel production from algae at a commercial stage.

Consumption and Marketing

According to the 2012 Biofuels Barometer, Spain is the third largest consumer of biofuel within the EU, after Germany and France. Biodiesel is the main biofuel consumed in Spain, representing nearly 80 percent of the total liquid biofuels consumption in transport. Biodiesel consumption followed an upward trend driven by the mandates imposed since 2009. (For further details see "**Biofuel use target**s" Section).

In 2012, biodiesel consumption declined by 8 percent. A higher consumption of HVO and a lower overall diesel consumption are the causes behind the drop in consumption. Industry sources are pessimistic about biodiesel consumption in 2013 as the mandates were revised down at the beginning of the year by Royal Decree-Law 4/2013 to support entrepreneurs and boost economic growth and job creation. Biodiesel specific and overall mandate are both now 4.1 compared respectively to the previous values of 6.5 and 7 percent.

Table 7. Spain's Biodiesel and HVO Consumption

Year	2008	2009	2010	2011	2012	2013 (Jan-Feb)
Biodiesel (1,000 MT)	588	1,028	1,362	1,520	1,395	1,100
HVO (1,000 m^3)	-	-	-	91	886	40

Source: FAS Madrid calculations and estimates based on CORES and CNE data.

In 2012 the extensive use of HVO contributed to mandate compliance, which was 9.5 percent, well above the minimum specific 6.5 percent and overall 7 percent required (**Table 13**). In 2012 the use of HVO allowed for mandates compliance without over passing the non-labeled blends limit (7 percent in terms of volume).

For 2013, the GOS reduced the biodiesel specific and overall mandate to 4.1 percent (**Table 8**). This has resulted in lower conventional biodiesel consumption (**Table 7**). The use of HVO is discouraged by significantly higher market prices than FAMAE. In 2013, the reduced mandates allow for mandate compliance just with FAMAE.

Table 8. Spain's Biodiesel specific mandate (percentage in terms of energy)

Year	2008	2009	2010	2011	2012	2013
Biodiesel specific mandate (%)	1.9	2.5	3.9	6	7	4.1
Overall mandate (%)	1.9	3.4	5.83	6.2	6.5	4.1

Source: Orden ICT/2877/2008. Royal Decree1738/2010 and Royal Decree 459/2011 and Royal Decree-Law 4/2013.

From a broader perspective, total conventional fuel consumption continues declining after peaking in 2007. This downward trend contributes to mandate compliance with lower biodiesel use (**Table 9**).

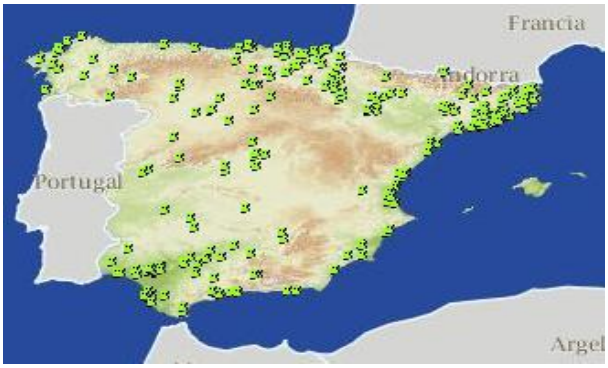
Table 9. Spain's Conventional Fuel Consumption for Road Transport

Year	2006	2007	2008	2009	2010	2011	2012	2013e
Diesel (1,000 MT)	24,585	26,078	25,125	23,785	23,586	22,611	21,220	20,300

Source: CORES and FAS Madrid estimates.

Only less than 400 petrol stations sell labeled and pure biodiesel (**Graph 1**). The large majority of the biodiesel is placed in the market in non-labeled blends. B100 consumption is small and follows a shrinking trend.

Graph 1. Spanish Gas Stations Selling B100



Source: Geoportal. Ministry of Industry, Energy and Tourism.

Trade

Since 2008 biodiesel imports have represented a significant share of biodiesel consumption in Spain. While in 2008 and 2009 biodiesel imports represented over 40 percent of consumption, available data indicate that this figure would have reached 75 percent of domestic consumption in 2011. In the absence of an official annual statistical data release for 2012, similar market shares of imported biodiesel are anticipated for 2012 and 2013.

Table 10. Spain's main Biodiesel Suppliers (1,000 MT)

Year	2008	2009	2010	2011
EU-27	192	341	180	168
Argentina	0	197	436	695
Indonesia	73	36	187	325
India	0	9	12	15
Malaysia	6	20	21	5
United States	98	4	0	0
Others	1	2	1	2
Total	**370**	**610**	**838**	**1,211**

Source: Global Trade Atlas (GTA) data. HS code 3824 90 91*

Table 11. Spain's main FAMAE suppliers in 2012 and S1 2013 (1,000 MT)

Country	2012	S1 2012	S1 2013	Variation (%)
EU-27	308,779	121,404	148,406	+22
Argentina	649,411	366,603	167,609	-54
Indonesia	395,033	167,902	71,577	-57
Malaysia	9,990	9,909	12,943	+31
India	8,990	8,990	12,058	+34
Others	3,292	60	0	-100
TOTAL	**1,375,495**	674,868	412,593	-39

Source: Global Trade Atlas (GTA) data. HS codes 3826 00 10*

*HS code 3824 90 91 for biodiesel, covering fatty-acid mono-alkyl esters (FAMAE) was introduced in January 2008. Since January 2012 this HS code has been replaced by HS codes 3826 00 10, 3826 00 90 and 2710 20 11.

Imports of Biodiesel from Argentina and Indonesia halved during the first semester of 2013. This downward trend follows the market size reduction that resulted from the reduction of consumption targets enforced in early 2013. However, imports originated in other countries such as Malaysia and India increased by one third, gaining market share. The United States exported 2,100 MT of biodiesel under HS Code 382600 in 2012 and 91,386 MT in 2013 (Jan-Oct).

The five-year antidumping tariffs imposed on biodiesel originated in Argentina and Indonesia effective as of November 28th will contribute to reduce the pressure of imports in the Spanish market. This measure may arrive late for some companies that have been running idle or at a very low capacity for nearly three years. For more information on anti-dumping duties imposed by the EU, see GAIN Report NL3034.

Spain Specific Policy for Biofuels

Since January 2013 the legal incentive for biofuels consumption in Spain is only based in a consumption mandate, as the tax exemption for biofuels expired.

The hydrocarbon tax reduction used to represent a higher incentive for blending since it amounted to 0.307 Euros/liter applicable to the share of biodiesel and the cost of the mandate breach prior to 2013 amounted to 0.276. However, according to Resolution by the Secretary of State dated July 8, 2013, since 2013 the mandate breach adds up to 0.602 Euros/liter.

Consumption mandates were revised down at the beginning of 2013. The downward revision of consumption targets has contributed to the reduction of Spain's biodiesel market size.

Other governing regulation in the biofuel sector includes the Fuels Technical Specifications that establishes the technical conditions to place biofuels blends in the Spanish market.

For Biodiesel in particular, the GOS has prepared a production quota system by which, once fully enforced, only producers with quota allocated will be eligible for mandate compliance. Out-of-quota production could still be marketed domestically or in third countries, but will not count against the national consumption target.

- **Biofuel use targets**

Biofuel use targets for 2013 were revised down by Royal Decree-Law 4/2013 to support entrepreneurs and boost economic growth and job creation. As a consequence, the overall energy based mandate for biofuel use has been moved from 6.5 percent to 4.1 and the bioethanol specific mandate from 4.1 to 3.9 as shown in **Table 12**. This downward revision of mandates has reduced Spain's biofuels market size in 2013. Consumption targets will remain stable in coming years unless otherwise specified.

Table 12. Spain's biofuel targets (percent in terms of energy)

Year	Type of mandate	Overall mandate		Biodiesel specific	Bioethanol specific
2008	Voluntary	1.9		1.9	1.9
2009	Mandatory	3.4		2.5	2.5
2010	Mandatory	5.83	4.78*	3.9	3.9
2011	Mandatory	6.2		6	3.9
2012	Mandatory	6.5		7	4.1
2013	Mandatory	4.1		4.1	3.9
2014	Mandatory	4.1		4.1	3.9

Source: Orden ICT/2877/2008. Ministry of Industry, Energy and Tourism and Royal Decrees 1738/2010 and 459/2011 and Royal Decree-Law 4/2013

* According to MINETUR Resolution dated January 7th, 2011

CNE, Spain's independent regulator of the energy markets, which was recently absorbed by the CNMC, Spain's competition regulator, is responsible for mandate monitoring and control through a certificate system. According to a Resolution by the Secretary of State dated July 8, 2013, fines of 763 Euros are imposed per certificate/metric ton of oil equivalent that the obliged party failed to market, which equals to 0.602 Euros/liter for biodiesel. Latest available data on mandate compliance are shown in **Table 13**.

Table 13. Mandate Compliance (percent in terms of energy)

Year	Overall		Bioethanol specific		Biodiesel specific	
	Mandate	**Consumption**	**Mandate**	**Consumption**	**Mandate**	**Consumption**
2008	1.9	1.94	-	1.4	-	2.07
2009	3.4	3.43	2.5	2.49	2.5	3.67
2010	5.83	4.87	3.9	3.88	3.9	5
2011	6.2	6.2	3.9	4.3	6	6.6
2012	6.5	8.5	3.6	4.1	7	9.5
2013 (Jan-Feb)	4.1	4.8	3.9	4.4	4.1	4.9

Source: CNE

The Canary Islands, Ceuta and Melilla are granted with a territorial exemption which translates into no biodiesel-specific mandate and reduced targets as shown in **Table 14**.

Table 14. Territorial Exemption on Biofuel Consumption (percent in terms of energy)

Year	Overall mandate	Bioethanol specific mandate
2011	4.7	3
2012	5.5	3.4
2013	5.7	3.8

Source: Order IET/631/2012. Ministry of Industry, Energy and Tourism

- **Technical Fuel Specifications**

The EU adopted Directive 2009/30 in April 2009 enabled fuel operators to market B7 and E10. Royal Decree 1088/2010 released in September 2010, transposed the mentioned Directive into national regulation and increased accordingly the biodiesel content allowed from 5% to 7% and the bioethanol content permitted from 5% to 10%.

Blends with volumetric biodiesel content over 7 percent, or volumetric bioethanol content over 10 percent, or volumetric bioethanol content over 5 percent and over 2.7 of oxygen content in terms of mass, should be labeled indicating the biofuel content. In addition, the following disclaimer should be present: "Before using this product, please make sure it is suitable for your engine". In the case of diesel blends, HVO content does not count against the 7 percent limits for labeling purposes, but it is eligible for mandate compliance.

- **Transposition of the RED into national regulation**

Royal Decree 1597/2011, prepared by the former Ministry of Industry, Tourism and Trade (current Ministry of Industry, Energy and Trade), transposed sustainability criteria to national regulation, defined Spain's National Scheme for verification of compliance and transposed those provisions in the Directive related to double credit for certain biofuels.

Initially, sustainability was projected to be required as of January 2013. However, in early 2013 the GOS established a delay *sine die* in the implementation. The date for sustainability requirements will be established by a Resolution that will be provided with at least an eight months grace period prior to its enforcement, and then a transitory period will be observed until the verification system is fully in place **(Table 15)**.

During the current interim period, prior to the transitory period, obliged parties are only requested to provide the CNE - which will eventually oversee sustainability compliance under the national scheme - with information regarding the type of biofuel marketed, the feedstock used, its origin

and the place where the biofuel was produced. While not mandatory until the transitory period begins, GHG reduction and soil use can be optionally reported. Once the verification system is fully in place, those producers who decide to abide by the national scheme rules, as opposed to using private schemes, will have their Responsible Declarations verified by Spain's verification entity, the CNE.

In the absence of a national scheme, to certify that their production is sustainable, the biofuel industry has opted for EC approved company schemes to export sustainability-compliant bioethanol to third countries markets.

Table 15. Sustainability Implementation Calendar

Date	Regulation	Comments	Implications
November 2011	Royal Decree 1597/2011	Spain transposes Sustainability Criteria to National law	-
January 2013	-	Intended day of Sustainability Implementation (According to Royal Decree 1597/2011)	Obliged parties must give information on: • type of biofuel • origin • feedstock • origin Optionally: • GHG reduction • Soil use
February 2013	Royal Decree-Law 4/2013	Establishes a *sine die* delay in Sustainability Implementation. The final date for sustainability requirements will be established by a Resolution by the Undersecretary for Energy. This resolution will be published in Spain's official gazette at least eight months prior to its enforcement.	
Pending	Resolution by Under Secretary of Energy	Beginning of a 8 months **grace period**	
8 months after Resolution by Under Secretary of Energy	-	Beginning of a **transitory** period (to allow for the progressive adaptation of the verification system)	Obliged parties must give information on: • type of biofuel • origin • feedstock • origin • GHG reduction • Soil use Sustainability compliance is accredited using private schemes or Responsible Declaration.
Undetermined		**S**ustainability verification system fully in place	Obliged parties must give information on: • type of biofuel • origin • feedstock • origin • GHG reduction

			• Soil use Sustainability compliance is accredited using private schemes or Responsible Declarations, which start being verified under the national scheme.

Source: FAS Madrid

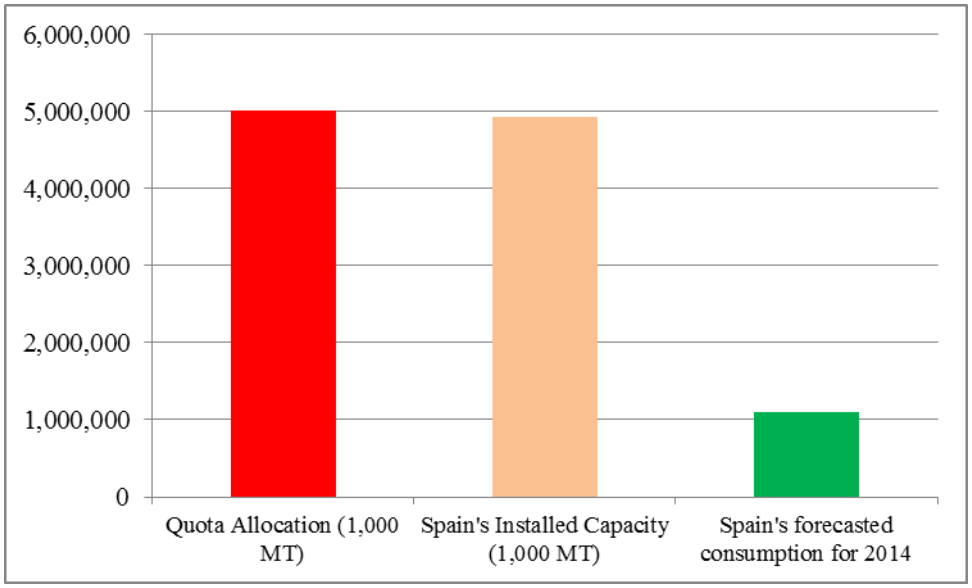
- **Biodiesel Quota System**

Spain's Biodiesel Ministerial Order laying down the rules to allocate biodiesel production quotas (SP1213) was abandoned as Argentine challenged the measure in the WTO.

To avoid sanctions by the WTO, Spain released the Ministerial Order IET 2736/2012 published in December allowing not only EU, but also third country based plants to be eligible for quota allocation, and increasing the total quota to be allocated from 5 million to 5.5 million. The tendering period was opened by a Ministerial Resolution on February 9th, 2013.

In order to ensure fair market competition the quota allocated exceeds Spain's installed capacity and quadruples forecasted consumption.

Graph 2. Quota Allocated compared to Installed Capacity and Forecasted Consumption



Source: FAS Madrid

A technical commission ascribed to the Ministry of Industry, Energy and Trade, has reviewed all

applications and a provisional list was published in Spain's official gazette on August 8, 2013. The final allocation was published on November 6, 2013. Interested parties have a 10 days period to submit allegations and once all allegations are addressed the quota allocation will be final.

The total quota allocated amounts to 5 MMT. According to the latest list published, 42 plants have been deemed eligible for biodiesel production under quota in 2014 and 2015 (See **Table 15**). Only 27 of the elected plants are located in Spain and 15 of them in other European Member States. In terms of volume of biodiesel quota, 37 percent was allocated to plants located in other EU countries such as Italy, Germany, United Kingdom, Latvia and Portugal, and the rest of it to Spain-based plants. There are no plants based in Indonesia or Argentina found eligible for biodiesel production under quotas. No HVO producing plants are present in the quota allocation slate; however, HVO is still eligible for mandate compliance purposes.

The regulation sets out that the quota system will not be enforced earlier than January 2014. Should the implementation of the quota system be further delayed, biodiesel producers would face an additional year of stiff competition from non-eligible plants, as consumption mandates could be fulfilled with out-of-quota biodiesel in approximately during the first half of the year.

Table 15. Provisional Biodiesel Production Quota Allocation

Plant	Location	Quota 2014 (MT)	Quota 2015 (MT)
Infinita Renovables Castellón	Castellón	600,000	600,000
Bio Oils Huelva	Palos de la Frontera (Huelva)	500,000	500,000
Infinita Renovables Ferrol	Ferrol (La Coruña)	300,000	300,000
Iniciativas Bioenergéticas (Calahorra)	Calahorra (La Rioja)	250,000	250,000
Saras	Cartagena (Murcia)	200,000	200,000
Biodiesel Bilbao	Zierbana (Vizcaya)	200,000	200,000
Abengoa Bionergía San Roque, S.A.	San Roque (Cádiz)	200,000	200,000
Biocom Energía (Algemesí)	Algemesí (Valencia)	110,000	110,000
Linares Biodiesel Technology	Linares (Jaén)	100,000	100,000
Biodiesel Aragón SL	Altorricón (Huesca)	100,000	100,000
Acor	Olmedo (Valladolid)	100,000	100,000
Biodiesel Caparroso S.L.	Caparroso (Navarra)	83,000	83,000
Bionor Berantevilla SLU	Berantevilla (Alava)	60,000	60,000
Acesur - Coosur	Tarancón (Cuenca)	55,440	55,440
Entaban Biocombustibles del Guadalquivir	Sevilla	50,000	50,000
Biocombustibles de Cuenca, S.A.	Cuenca	50,000	50,000
BETA Renovable Group, S.L.	Begonte (Lugo)	35,000	35,000
Stocks del Vallés (Montmeló)	Montmeló (Barcelona)	31,000	31,000
BETA Renovable Group, S.L.	Elda (Alicante)	30,000	30,000

Gestión de Recursos y Soluciones Empresariales	Los Arcos (Navarra)	28,160	28,160
Bionorte (San Martín del Rey Aurelio)	San Martín del Rey Aurelio (Asturias)	25,000	25,000
Biocarburantes de Castilla (Valdescorriel)	Valdescorriel (Zamora)	20,000	20,000
Transportes Ceferino Martínez S.A.	Vilafant (Gerona)	10,000	10,000
Albabio (Níjar)	Níjar (Almería)	9,000	9,000
Biocom Pisuerga (Castrojeriz)	Castrojeriz (Burgos)	6,000	6,000
BETA Renovable Group, S.L.	Los Yébenes (Toledo)	6,000	6,000
Bioteruel	Albalate del Arzobispo (Teruel)	5,000	5,000
SPAIN TOTAL	**-**	**3,163,600**	**3,163,600**
Vesta Biofuels Brunsbüttel Gmbh & Co.	KGBrunsbüttel (Germany)	250,000	250,000
Harvest Energy Ltd	Seal Sands Road Teeside (UK)	250,000	250,000
Novaol Srl	Livorno (Italy)	203,315	194,717
Mythen	Ferrandina (Italy)	200,000	200,000
Novaol Srl	Ravenna (Italy)	165,748	147,665
Eco FOX Srl	Chieti (Italy)	156,916	156,916
SIA Bio-Venta	Vents Pils (Latvia)	100,000	100,000
Ecomotion GmbH Lünen	Lünen(Germany)	100,000	100,000
Vital Fettrecycling Gmbh - Emden	Emden (Germany)	100,000	100,000
Vital Fettrecycling Gmbh - Oeding	Südlohn-Oeding (Germany)	85,000	85,000
Ital Bi Oil	Monopoly, Bari (Italy)	80,000	80,000
Sunoil Bio Fuels B.V.	Emmen (The Netherlands)	50,000	50,000
Iberol	Alhandra (Portugal)	46,895	46,895
Argent Energy Ltd	Newarthill Motherwell (UK)	45,000	45,000
Ecomotion GmbH Malchin	Malchin(Germany)	12,000	12,000
OTHER EU MEMBERS TOTAL	**-**	**1,844,873**	**1,818,193**
TOTAL	**-**	**5,008,473**	**4,981,793**

Source: Resolution July 31, 2013. Ministry of Energy, Industry and Tourism.

Future Perspectives

Spain's biodiesel sector faces a challenging future. Investment decisions in the biofuel sector where taken under a different price stability scenario and a different regulatory framework, which lead to a rapid expansion of installed capacity until 2009 resulting in an oversized sector (installed capacity almost doubles projected consumption for 2020) comprised by a large number of players that include large, medium and small size facilities. Since 2009, the biodiesel sector has suffered tremendously due to price volatility, but specially, due to competition from biodiesel imported from third countries, which has represented up to 75 percent of the internal demand, and has driven production capacity uses below 10 percent.

Regulatory measures are seen as the main causes of constraints and opportunities at the same time.

The downward reduction of consumption mandates has reduced market size. Additionally, the phase-out of the hydrocarbon tax exemption for biodiesel, which use to serve as a higher incentive for blending than the mandate breach fine, discourages biodiesel consumption. During a few years the internal demand has been driven by consumption mandates and was further incentivized by the hydrocarbon tax exemption. With no tax incentives for biofuels consumption, the only measure in place to boost consumption is the consumption target. Consumption mandates, which are critical to define the size of the domestic market, are expected to remain flat in the coming years, until further notice.

Another measure that could contribute to boost biofuel demand at the domestic level is the reintroduction of the hydrocarbon tax exemption. Some industry actors claim the need to apply this tax waiver to labeled blends to promote its consumption.

Side effects of pieces of regulation currently under discussion such as ILUC or capping of first generation biofuels are also among the sector's concerns. The introduction of ILUC factor is currently under discussion in Brussels. The Spanish domestic vegetal oil industry and biofuel industry is opposed to its implementation both for reporting and for accounting in regards to GHG savings, arguing that more research is needed so that a higher predictability of results is obtained. Setting a too restrictive cap for crop-based biofuels that can count towards targets would represent a challenge for renewable fuels use in transport compliance. Second generation bioethanol industry in Spain is not developed enough yet. Meeting targets under restrictive conditions for first generation biofuels would not be possible unless favorable accountability methods for non-crop based biofuels or alternative energy sources for transport are put in place. The Spanish industry defends that the positive side effects of first generation biofuel production, as increased protein availability for feed use, should be taken into consideration before setting a limit for their contribution to meet the 2020 goals.

The anti-dumping duties to discourage competence of imports from third countries and the final enforcement of the production quota system could contribute to reverse the current difficult situation of the Spanish biodiesel sector. The five-year anti-dumping tariffs imposed on biodiesel originated in Argentina and Indonesia effective as of November 28th should come as a relief for the depressed domestic industry, nevertheless, the effect of this tariff will not likely be perceived by Spain's producers until 2014. Additionally, the production quota implementation would eliminate competition by other industry actors that have not been granted with production quota. However, the lack of an effective production quota effective at the beginning of January 2014 would allow non-eligible plants to fulfill blenders' requirements, as they could opt for complying with mandates early in the year on out-of-quota biodiesel.

Related Reports

Report Title	Date Released
Spain's Bioethanol Standing Report	11/29/2013
EU-27 Biofuels Annual Report	8/13/2013
Arable Crops Hold Potential despite Record Precipitation	4/26/2013
Spain's Bioethanol Standing Report 2012	9/24/2012
Spain's National Sustainability Scheme	9/3/2012
Spain Enacts Biodiesel Production Quota System	4/24/2012
Spain's Biodiesel Standing Report 2011	11/22/2011