



USDA Foreign Agricultural Service

# GAIN Report

Global Agriculture Information Network

Template Version 2.09

Voluntary Report - public distribution

**Date:** 7/26/2007

**GAIN Report Number:** SP7024

## Spain

## Bio-Fuels

## Update

## 2007

**Approved by:**

Stephen Hammond  
U.S. Embassy

**Prepared by:**

Arantxa Medina

---

**Report Highlights:**

The Spanish Congress recently approved a regulation establishing mandatory renewable fuels blending requirements beginning in 2009. In December of 2006, the Spanish Ministry of Industry announced plans to promulgate a new regulation that would have made a two percent biofuels blend mandatory in calendar year 2007. The delayed requirement (from that anticipated for 2007) will slow and may even eliminate some biofuels production plant development. This report should be read as an adjunct to report E47051, which describes the overall European Union (EU) biofuels situation.

---

Includes PSD Changes: No  
Includes Trade Matrix: No  
Unscheduled Report  
Madrid [SP1]  
[SP]

On June 15, 2007, the Spanish Congress approved a new regulation that imposes mandatory biofuels blending beginning calendar year 2009. The Government of Spain (GOS) was given the authority to change the renewable fuels use goals, which currently include: 1) Voluntary 1.9 percent blending of biofuels during 2008; 2) Mandatory 3.4 percent blending during 2009; and, 3) Mandatory 5.83 percent blending during 2010. According to the Spanish renewable fuels producer's associations, the 1.9 percent voluntary blending target will delay the industry growth, previously expected during this 2007 and 2008.

The EU renewable fuels directive 2003/30/CE set indicative biofuels use targets for EU Member States at two percent by the end of 2005 and 5.75 percent by the end of 2010. However, Spain reached only 0.44 percent use during 2005 and 0.53 percent during 2006.

Using publicly available data for our analysis, there are currently ten biodiesel and four ethanol plants operating in Spain. Also, there are important investment plans on the books that could have led to as many as 30 biodiesel and eight ethanol plants in production by the end of calendar year 2008.

Using the GOS biofuels use target/mandates as the most realistic forecasts of biofuels use, and the above noted plans for biofuels production, it appears that Spain could continue to have exportable renewable fuels surpluses for the next several years (please see table below). However, new renewable fuels production plants, currently planned, will only be built if the economic incentives appear to warrant the investment and the dynamics have been made much more difficult with the current prices of grains and oilseeds.

	2008	2009	2010
<b>Forecast Gasoline Consumption</b>	<b>6,944</b>	<b>6,805</b>	<b>6,669</b>
<b>Forecast Diesel Oil Consumption</b>	<b>26,222</b>	<b>26,746</b>	<b>27,281</b>
<b>Proposed Mandatory Mixing</b>	<b>1.9%*</b>	<b>3.40%**</b>	<b>5.83%**</b>
<b>Forecast Ethanol Need to Meet Target</b>	<b>133</b>	<b>231</b>	<b>289</b>
<b>Forecast Ethanol Production Capacity</b>	<b>292</b>	<b>534</b>	<b>534</b>
<b>Implied Exportable Surplus</b>	<b>159</b>	<b>303</b>	<b>245</b>
<b>Forecast Biodiesel Need to Meet Target</b>	<b>498</b>	<b>909</b>	<b>1,590</b>
<b>Forecast Biodiesel Production Capacity</b>	<b>1,682</b>	<b>2,230</b>	<b>2,792</b>
<b>Implied Exportable Surplus</b>	<b>1,184</b>	<b>1,321</b>	<b>1,202</b>

\* Voluntary Blending

\*\* Required Blending

Source: Spanish Biofuel Producer's Association.

Units: Thousand Tons of Oil Equivalent