



EUROPEAN REGULATORY OUTLOOK FOR ALTERNATIVE FUELS

▶ ALTERNATIVE FUELS: A “NEED TO KNOW” ISSUE

Interest and encouragement in the use of alternative fuels is universal in the European Union. However, programmes, incentives, and fiscal policies to encourage production, distribution, and use of alternative fuels, and the vehicles powered by them, vary from country to country. Understanding these differences and how they are evolving in this fast-moving environment is essential for all those responsible for developing the personal transport solutions of the future.

Alternative Fuels: Long-term Influence or This Year’s Fashion?

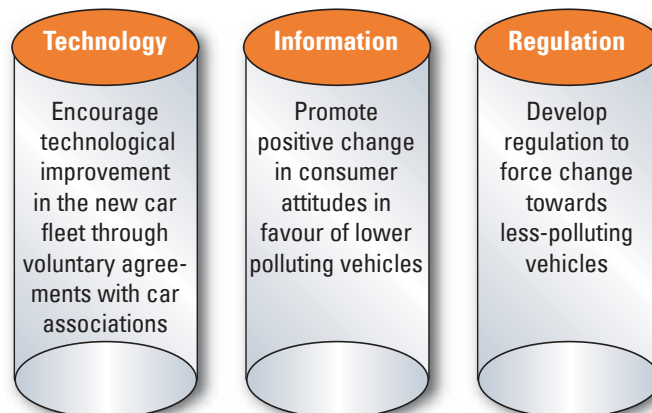
Climate change imperatives, as exemplified by the Kyoto Protocol, are driving EU and national governments towards greater concern for the environment, specifically the need to reduce and restrain carbon emissions.

Undoubtedly, transport is a significant contributor to greenhouse gas (GHG) emissions. With cars accounting for 8–12% of GHG emissions, reducing these emissions is an important part of the EU approach.

The EU has built its strategy for reducing CO₂ upon three pillars: technology, information, and regulation. The results have not been as hoped for, and the EU is hardening its stance. Alternative fuels are seen by many as a real contributor to the strategy to reduce GHGs, but for it to succeed, the EU’s three pillars strategy needs to be strengthened to optimise the potential offered by alternative fuels.

▶▶ Cars account for 8–12% of all greenhouse gas emissions*.

EUROPEAN UNION STRATEGY FOR REDUCING CO₂



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*Transport oil use and emissions in OECD countries is expected to increase by 50% by 2030; and OECD data indicate road transport accounts for 21% of EU GHG emissions (IEA report). EU data do not contradict these indications; the EU estimates that transport accounts for 28% of total CO₂ emissions; that road transport represents 84% of all transport-related CO₂ emissions; and that cars account for half of all EU road transport emissions.



The Technology Exists...Today

Alternative fuels exist today and represented 1,0% of total fuels in 2005 in the EU, short of the target of 2,0% and far short of the EU Biofuels Directive target of 5,75% biofuel share by 2010. The EU is frustrated at the progress made to date. It is likely to drive the issue of a reduction in transport-generated pollution through a "forced" change in consumer actions through regulations, which in turn will create demand for alternative fuels and justify corporate investment.

▶ **THE IHS GLOBAL INSIGHT OFFER:
SCOPE AND SERVICE**

The IHS Global Insight European Regulatory Outlook for Alternative Fuels service is designed to meet the needs of commercial, technology, and corporate affairs management responsible for developing automotive products and/or automotive-related services. This outlook will add value in aiding critical decisions that are influenced by legislation and the underlying political debate. Because the various programs and regulations in the member states appear, in the near term, to be on seemingly divergent paths, it is important to understand the short- and longer-term outlook for alternative fuels and for alternative-fuelled vehicles in Europe.

Leveraging the expertise of our automotive, energy, and country experts, IHS Global Insight is uniquely positioned to offer clients an exhaustive look at the future of alternative fuels. The European Regulatory Outlook for Alternative Fuels Service includes an annual report and three quarterly bulletins. The annual report includes an overview by alternative fuel (biodiesel, ethanol, CNG, and LPG) and the European market position of the major OEM groups; including a detailed review of the EU and the six member states France, Germany, Italy, Spain, Sweden, and the United Kingdom. The quarterly bulletins highlight the key developments in the preceding quarter by the major headings within the report.

* CO₂ emissions were determined according to the uniform testing requirement (RL80/1268/EWG) using premium fuel. This testing process is currently not applicable for bio ethanol E85 vehicles ("Flex Fuel Vehicles"). The CO₂ emission range above is, therefore, a theoretical value.

** The Ford Focus C-Max 1.6 TDCI is currently not able to run on pure biodiesel, according to Ford Germany. The CO₂ emission range above, therefore, is a theoretical value.

THE TECHNOLOGY EXISTS TODAY, AS DEMONSTRATED BY THESE FIVE, APPARENTLY IDENTICAL, VEHICLES

Petrol

Ford Focus C-Max 1.8 l



CO₂-Emission:
172g/km

Diesel

Ford Focus C-Max 1.6l TDCI



CO₂-Emission:
129g/km

Ethanol (E85)

Ford Focus C-Max FFV 1.8 l



CO₂-Emission:
172g/km down to 26g/km*

Biodiesel

Ford Focus C-Max 1.6l TDCI



CO₂-Emission:
129g/km down to 84g/km**

CNG

Ford Focus C-Max CNG 2.0 l



CO₂-Emission:
158g/km

ANNUAL REPORT: TABLE OF CONTENTS

- 1 EXECUTIVE SUMMARY**
- 2 OVERVIEW OF ALTERNATIVE FUELS**
 - 2.1 Biofuels
 - 2.1.1 Biodiesel
 - 2.1.2 Ethanol
 - 2.2 Gaseous fuels
 - 2.2.1 CNG
 - 2.2.2 LPG
- 3 ALTERNATIVE FUELS FRAMEWORK: A GLOBAL PERSPECTIVE**
- 4 OUTCOMES AND RAMIFICATIONS FOR THE AUTO INDUSTRY**
- 5 ALTERNATIVE FUEL VEHICLE REGISTRATIONS BY REPORT COUNTRY**
- 6 EUROPEAN UNION**
 - 6.1 Executive summary
 - 6.2 Overview of current situation
 - 6.3 “Shakers and Movers”
 - 6.4 Conclusions
- 7 COUNTRY REPORTS: FRANCE, GERMANY, ITALY, SPAIN, UNITED KINGDOM AND SWEDEN**
 - 7.1 Market characteristics by fuel type
 - 7.2 Executive summary
 - 7.3 Overview of current situation
 - 7.3.1 Biodiesel/Ethanol
 - 7.3.2 Gaseous fuels
 - 7.4 “Shakers and Movers”
 - 7.4.1 Biofuel sector
 - 7.4.2 Oil and energy sector
 - 7.4.3 Economic development groups
 - 7.4.4 Others

▶ OUR EXPERTS

Automotive

IHS Global Insight's Automotive Group is comprised of 115 dedicated, full-time employees located in 9 offices in countries across 3 continents. Collectively, we have over 650 years of experience working in the automotive industry. Our collective résumé includes previous employment with 14 different manufacturers, 12 different suppliers, and 16 automotive consulting and information companies.

Energy

Our Energy Group is comprised of more than 45 full-time global energy professionals. All of the senior members of the team have over 20 years of experience in energy analysis.

These experts are backed by IHS Global Insight's team of 325+ economists and specialists in other markets, providing a comprehensive insight into market developments that is unmatched.

▶ MORE INFORMATION

For more information, or for a free excerpt of the *European Regulatory Outlook for Alternative Fuels*, please visit www.ihsglobalinsight.com/altfuels.

THE POWER OF PERSPECTIVE

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