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16th January 2006

Request for a formal departmental review

Ref. 866 9241 82 BD/373/05

Dear Sir/Madam,

I refer to the letter ref 866 9241 82, BD/373/05 dated 12th December 2005 from Mrs. Beth Flowers of Local Compliance South, Maidstone Office which reclassifies my fuel, pure vegetable oil, from a biodiesel to a fuel substitute, payable at the fuel substitute rate of 47.1p/l.

That letter stated that I could request a formal Departmental review. Mrs. Flowers clarified by telephone on 21st December 2005 that an assessment could have been made at the time of her letter, but was not, only due to the circumstances of the case. After consulting with the central oils team, she therefore confirmed that this did constitute a reviewable decision.

On 13th September 2005, I had sent to Mrs. Flowers the results of independent scientific analysis of a sample of the fuel I am using which confirmed that the pure vegetable oil conforms to the definition of Biodiesel as described in Public Notice 179E. I have thus fulfilled the obligation imposed upon Biodiesel producers by

HMRC to demonstrate to HMRC that my fuel meets the diesel quality criterion and am therefore writing to request a formal departmental review of this decision.

Supporting argumentation that the pure vegetable oil road fuel I am producing conforms to the fiscal definition of biodiesel as defined in HODA 1979 as amended by Finance Act 2002 is given in the attached 16 page document. The evidence shows that, by excluding pure vegetable oil, the HMRC interpretation:

- Is inconsistent with both the wording and the intention of the biodiesel definition
- Is inconsistent with EU directives
- Is inconsistent with the intention of the duty reduction on biodiesel
- Is inconsistent in its application
- Contravenes stated public policy on promoting biofuels through tax incentives
- Breaks the pre-budget pledge of a three-year rolling window of certainty in the taxation of biodiesel
- By favouring one production method and excluding others, opposes the Prime Minister's own publicly stated goals for public policy on global climate change.

I understand that this issue may be the subject of a general review of HMRC policy as well as requests for specific reviews such as mine. As part of your review would you please, therefore, ensure that you liaise both with the relevant HMRC/Treasury policy administration sections and the HMRC Solicitors' Office who may already be considering formal appeals in other cases similar to mine.

Yours faithfully,
Dominic Goodwin

-- ENCLOSURE 16 pages--

1 UK Legislation

1.1 *The legal definition of Biodiesel*

Finance Bill 2002 amended the Hydrocarbon Oils Duties Act 1979 to include a generic diesel replacement fuel called "Biodiesel" as follows:

.2AABiodiesel

(1) In this Act .biodiesel. means diesel quality liquid fuel that.

- (a) is produced from biomass or waste cooking oil,**
- (b) the ester content of which is not less than 96.5% by weight, and**
- (c) the sulphur content of which does not exceed 0.005% by weight or is nil.**

(2) In subsection (1).

- (a) .diesel quality. means capable of being used for the same purposes as heavy oil;**
- (b) .liquid. does not include any substance that is gaseous at a temperature of 15°C and under a pressure of 1013.25 millibars;**
- (c) .biomass. means vegetable and animal substances constituting the biodegradable fraction of.**
 - (i) products, wastes and residues from agriculture, forestry and related activities, or**
 - (ii) industrial and municipal waste...**

Pure Vegetable oil, whether produced from oilseed or from purified used cooking-oil conforms to this definition and is therefore eligible for the reduced duty rate as follows.

1.1.1 Relating to HODA section .2AA(1) The phrase "Biodiesel means"

The term biodiesel is *defined* by this act for UK duty purposes. The definition and use of the term in UK law does not relate to, and is not dependent on, the definition used in EU directives on biofuels, or in common parlance, in which biodiesel often relates specifically to Methyl Esters of Fatty Acids.

1.1.2 Relating to HODA section .2AA(1)(a) The term "Produced"

The term "Produced" does not necessarily imply a chemical transformation, conversion (as was suggested in your letter) or manufacturing of a product.

HMRC's own definition of the term "produced" is stated in food processing notesⁱ

1.2 General principles

...

New goods are produced when a process alters the essential characteristics of the goods.

...

1.3 Are new goods produced?

The following may help you decide if new goods are produced:

size and shape;

appearance;

composition;

use;

...

In the case of pure unused Straight Vegetable Oil (SVO), extracting the oil from the biomass substance of seed crops, whether that process involves cold- or hot-pressing, solvent-extraction or any other means, clearly changes the essential characteristics of the material, and therefore constitutes a production process by the HMRC definition of that term.

In the case of Waste Cooking Oil, the extensive washing and filtration, (often using reduced-temperatures and filtering-agents) typically required to obtain a sufficiently high quality material to pass the industry-accepted quality standard for rapeseed oil as a diesel fuel E-DIN51605, removes impurities and solid fats. It modifies the composition of the material and so constitutes a production process by the HMRC definition of that term.

Biomass-derived solvents which are sometimes added to these oils to modify the viscosity and the cetane number of the oil, further change the composition of the substance and so their addition constitutes another production process.

Note that in paragraph 1.3 of that HMRC definition, "use" is one of the characteristics listed. According to that criterion, changing the use of the product from a food-use to a non-food-use also constitutes a production process. The road-fuel is being produced from the food-use oil simply by being set aside for that purpose.

1.1.3 Relating to HODA section .2AA(1)(a) The term "Biomass"

Oilseeds are a biodegradable vegetable substance produced in agriculture. The oils produced from them are therefore "produced from biomass" by the HODA definition listed in .2AA(2)(c)(i)and(ii).

1.1.4 Relating to HODA section .2AA(1)(b) Ester Content

Independent chemical analysisⁱⁱ shows that the ester content of both SVO and filtered WVO is above 98.5%, so easily meets the requirement.

(Care is taken to ensure that the addition of biomass-derived solvents, where used, does not reduce this number to below the minimum required level.)

1.1.5 Relating to HODA section .2AA(1)(c) Sulphur Content

Independent chemical analysisⁱⁱ shows that the sulphur content of both SVO and filtered WVO is less than 1 mg/kg so easily fulfils this criterion of 0.005% which corresponds to 50 mg/kg.

1.1.6 Relating to HODA section .2AA(2)(a) The phrase "diesel quality means"

This act defines the term "diesel quality" for the purposes of duty collection. HMRC must use this definition in determining whether or not a particular fuel meets the diesel quality criterion.

HMRC guidelines on how the law is to be applied, such as that contained in Public Notice 179E, can only be guidelines, they can not restrict the scope of the legislation. If HMRC are going to use guidelines they must be alert to the possibility that

situations may arise, such as in the present case, when what they say does not provide an interpretation which complies with UK legislation.

1.1.7 Relating to HODA section .2AA(2)(a) "Capable of being used for the same purposes as heavy oil"

1.1.7.1 Deliberate broadness of this term

Heavy oil is a broad generic term for any hydrocarbon oil other than light oil. There is no exclusive grade or specification for "Heavy Oil", and no exclusive purpose or definable exhaustive list of purposes for which it is solely used. The definition of Heavy Oil is as followsⁱⁱⁱ

1 Hydrocarbon oil

(1) Subsections [(2) to (6)] below define the various descriptions of oil referred to in this Act.

(2) "Hydrocarbon oil" means petroleum oil, coal tar and oil produced from coal, shale, peat or any other bituminous substance, and all liquid hydrocarbons, but does not include such hydrocarbons or bituminous, or asphaltic substances as are-

- (a) solid or semi-solid at a temperature of 15 °C, or
- (b) gaseous at a temperature of 15 °C and under a pressure of 1013.25 millibars.

(3) "Light oil" means hydrocarbon oil-

- (a) of which not less than 90 % by volume distils at a temperature not exceeding 21 °C, or
- (b) gives off an inflammable vapour at a temperature of less than 20 °C when tested in the manner prescribed by the Acts relating to petroleum.

(4) "Heavy oil" means hydrocarbon oil other than light oil.

[(5) "Gas oil" means heavy oil of which not more than 50 per cent by volume distils at a temperature not exceeding 240 °C and of which more than 50 per cent by volume distils at a temperature not exceeding 340 °C]

[(6) "Ultra low sulphur diesel" means gas oil -

- (a) the sulphur content of which does not exceed 0.005 per cent by weight or is nil;
- (b) the density of which does not exceed 835 kilograms per cubic metre at a temperature of 15 °C ; and
- (c) of which not less than 95 per cent by volume distils at a temperature not exceeding 345 °C]

Some purposes require specific grades of heavy oil, other purposes require other *specifically different* grades of heavy oil. It is *intrinsically* impossible, therefore, to find

one substance, grade, or production process, that will always be capable of direct substitution for *all* the purposes of heavy oil.

The Finance Act definition of "diesel quality" specifies Heavy Oil and not Gas Oil or Ultra low sulphur diesel as the fuel for which the biomass derived substance is being substituted.

One *must* conclude from these facts alone, that the only valid interpretation, and the intended interpretation of the term "Capable of being used for the same purposes as heavy oil", is a *deliberately* broad one; that any substance fulfils this criterion if it is capable of being used for *any* purpose which could otherwise be performed with *any* grade of heavy oil.

HMRC's assertion that "vegetable oil must go through a process to convert the vegetable oil into a fuel suitable for all diesel engines" is therefore *inconsistent with the law*, and is not valid.

One must further conclude, that a sufficient test for "diesel quality" is for a fuel to reliably run *any* diesel engine that can otherwise run on any other heavy oil fuel. It is not necessary to show that it can run all engines, or start engines from cold, or that the vehicle manufacturer's warranty will cover such usage.

For a number of years, drivers in Germany have been running commercial and private vehicles on pure vegetable oil, and have driven tens or even hundreds of millions of miles on that fuel, clearly demonstrating that pure vegetable oil is capable of being used for the same purposes as heavy oil.

1.1.7.2 HMRC implicit acceptance of "capable of use"

HMRC are attempting to claim the Fuel Substitute rate of duty on using Pure Vegetable Oil as a fuel for operating diesel engines. This fact means that HMRC recognise that Pure Vegetable Oil is a fuel that is capable of being substituted for heavy oil in running diesel engines. They are therefore implicitly accepting that it fulfils the definition of the diesel quality criterion on "capability of use for the same purposes as heavy oil".

1.1.8 HMRC requirement "suitable for all diesel engines"

The term "suitable for all diesel engines" is not a valid test, as diesel engines have differing fuel requirements and these are constantly evolving.

The original diesel engine was designed to run on pure plant oils. Dr. Rudolf Diesel himself wrote these famous words in his patent application of 1912:

"The use of vegetable oils as fuel may seem insignificant today. But such products can in time become just as important as kerosene and these coal-tar-products of today"

It is absurd to suggest that pure vegetable oil does not meet the diesel quality criterion, when that is the fuel for which the diesel engine was intended.

The reason why fossil fuels replaced the use of plant oils in diesel engines at that time was their low cost, and that is still the case today. Due to this cost-based prevalence of fossil fuels, most engine manufacturers have optimised their engines to run on gas-oil, but that is not an inherent requirement of the diesel engine.

In 1979, the German company Elsbett began commercial production of an engine that was highly efficient and optimised for running on plant and animal fats and oils.

The company Wolf Pflanzenöltechnik in Germany, optimises diesel engines, including modern unit-injector engines, for running on pure vegetable oil and starting on pure vegetable oil at temperatures as low as -20 °C by making program modifications to the electronic engine management system, and still achieves the Euro-4 emissions standard.

For cold climates, diesel vehicles are often fitted with fuel pre-heaters, and this makes them immediately suitable for running on pure vegetable oil (Rapeseed Oil, cold-pressed and filtered, requires no further treatment for use in most private and commercial vehicles, as long as the vehicle includes a unit to pre-heat the fuel directly before entering the engine to reduce its viscosity.)

1.2 HMRC accept blends of 5% biofuel as full compliance

HMRC assert that

"vegetable oil must go through a process to convert the vegetable oil into a fuel suitable for all diesel engines. The only method we know about that does this is called "transesterification" (a chemical process that reduces the free fatty acid content of the oil, making it suitable for use in all diesel engines) but we have not closed the door on other methods"

The free fatty acid content of the pure vegetable oil fuel I am setting aside has been found by independent chemical analysisⁱⁱ to be 0.051mgKOH/g. This is well below acidic values permitted in the transesterified biodiesel standards of various countries (DIN EN 14214, for example, states "no more than 0.5mg KOH/g").

Fatty Acid Methyl Ester (FAME), the result of the transesterification process, which HMRC treats as biodiesel under the HODA definition, is not a fuel suitable for all diesel engines. It is a highly aggressive substance which attacks rubber engine parts, most seriously the o-ring seals in injector pumps. This is an example from a Methyl-Ester producing company's website^{iv}:

The absolutely most common problem with running biodiesel is its compatibility, or lack thereof, with rubber components. This includes nitrile, buna-N and most other rubber and rubber-like compounds. The one compound that shows long-term compatibility with BD is Viton. But....., most vehicles since 1995 will have synthetic hoses that will tolerate BD well. The newest Mercedes hoses withstood BD compatibility tests for 6 months with zero degradation. So, if you cannot find Viton hoses, just replace all of your flexible lines (rubber hoses) with new OEM lines. Also, most Gates? brand hose will tolerate BD and they are working towards all of their hoses B100 compatible.

B100 has the habit of super-cleaning out old fuel systems of all the gunk and crud that has deposited in the fuel system through the years. An injector pump will be destroyed by the smallest dirt or crud particle and changing the filters for the first few tanks of B100 will be required. Most in-line filters are not rated to a very low micron rating (25-50 is good for an inline), but they take out the large particles to keep the primary filter from clogging. The primary filter should filter down to 5 microns. If they don't, find another brand that does. The smaller the particle, the longer the IP will last.

Occasionally use a biocide or algacide in your fuel (BD is still susceptible to algae contamination.)

Methyl Ester products are clearly not suitable for older diesel vehicles, and because they are so aggressive, HMRC accepts that a blend of just 5% of the biofuel in gas-oil demonstrates full compliance with the diesel-quality criterion.

Also, HM Treasury have asked the petroleum industry to pilot blending of vegetable oil directly with hydrocarbons at the refinery stage in a process called hydrogenation^y. The Treasury is apparently accepting the fact that vegetable oil, directly blended with hydrocarbons at the refinery stage, will produce a diesel quality liquid, and to be consistent in its interpretation of the law, must accept this as proof of meeting the "diesel quality" criterion, as fractional distillation in the refinery will not by itself remove the triglyceride linkage.

1.3 Further Evidence of "capability for use for the same purposes as heavy oil"

1.3.1 Industry accepted standard

The Vegetable Oil industry has a quality standard E DIN 51 605 "Vegetable Oil as Diesel Fuel". This has been developed by scientists and engineers working to ensure safe and reliable usage of rapeseed oil as a replacement fuel.

Note that the EU Directive 2003/30/EC requires member states to establish standards for biofuels by 31st December 2004, and that the UK has failed to create an equivalent standard or to ratify this German standard.

1.3.2 Warranty of safe usage

The Elsbett conversion technology is supplied for use of 100% vegetable oils conforming to the E-DIN51605 standard with a warranty supported by a major German insurance company, which effectively replaces that part of a motor manufacturers warranty which could be invalidated by use of vegetable oil as a fuel.

2 EU Directives

2.1 EU Directive 2003/30/EC

This directive requires member states to enact legislation before 31.12.2004 to recognise, create standards for, and promote, amongst others, Pure Vegetable Oil as a biofuel^{vi}.

It states

"Pure vegetable oil from oil plants produced through pressing, extraction or comparable procedures, crude or refined but chemically unmodified, can also be used as biofuel in specific cases where its use is compatible with the type of engines involved and the corresponding emission requirements"

The wording of the UK legislation can be considered to comply with EU Directive 2003/30/EC in recognising a broad range of biofuels, by function, not by production method, but the HMRC interpretation of the law that a fuel must run all diesel engines does not comply with the directive. The wording of the Finance Bill 2002 definition of Biodiesel must therefore be considered to include Pure Vegetable Oil, and any other chemically compliant fuel that can be used for running any type of diesel engine.

2.2 Report to EU commission on Tax Reductions to promote biofuels

Lord Davies of Oldham reported to the House of Lords on 20th July 2005^{vii}

"My Lords, we are confident that we have implemented the directive properly and in full."

In its report to the EU Commission on the implementation of directive 2003/30/EC, the UK government lists fuel duty incentives as its primary means of promoting biofuels in the UK^{viii}.

The UK has failed to set the EU indicative target of 2%, claiming that more than 0.3% was not realistic. The Removal of the duty reduction on pure vegetable oil makes it harder for Britain to achieve the EU goal, and would be in direct contradiction with the statement made by the UK to the EU commission that it would be using tax

incentives to promote the biofuels listed in the directive and keeping these in place for at least the next three years.

3 The intention of the duty reduction

On 26th October 2005, I wrote to my MP, Hugh Robertson, telling him about HMRC's reclassification of SVO as a fuel substitute. He received clarification from John Healey MP, the minister responsible at the Treasury as follows:

The reduced rate of duty for biodiesel is intended to provide for the additional cost of producing this fuel compared with ordinary diesel, and to reflect its environmental benefits. The duty reduction is available only to road fuel that meets the biodiesel specification set out in section 2AA of the Hydrocarbon Oil Duties Act 1979. Guidance on this is contained in Business Brief 10/05 and Public Notice 179E - Biofuels and Other Fuel Substitutes, which are available on HM Revenue & Customs' (HMRCs') website at www.hmrc.gov.uk, and explain that it is up to the producer/user of the product to show HMRC that the product meets the full definition.

This statement of the intention of the duty reduction supports the argument that SVO should qualify for the duty reduction as follows:

3.1 "Additional cost of producing this fuel compared with ordinary diesel"

The higher duty rate on Pure Vegetable Oil makes it significantly more expensive than Petro-Diesel, and will prevent its adoption by most drivers, particularly commercial drivers. Even the current uncertainty in the duty payable, whilst HMRC are being inconsistent in their interpretation of the law is preventing its adoption.

Note that in contrast, the EU commission have accepted the German case for removing the duty entirely on Vegetable Oil^{ix} (a duty reduction of approximately 31p/l), justified by the additional cost of rapeseed oil relative to that of petro-diesel, and Germany now has a growing industry in that sector.

Forecourt diesel costs approximately 33p/l + duty + VAT.

The price submitted and accepted by the EU commission for producing rapeseed oil was 0.81 Euro/l, or 54p/l. That corresponds to a price difference of 21p/l, and to actively promote that biofuel, a price difference of more than 21p/l is needed, to allow users to cover the potential cost of a fuel pre-heater where one is not already fitted to the vehicle.

3.2 "Environmental benefits" of SVO (and Social benefits too)

3.2.1 Best carbon neutrality

Most scientists now agree that Global Climate Change, caused by man's profligate use of cheap fossil fuels releasing Carbon Dioxide into the atmosphere over a very short period, has reached a critical point. Carbon Dioxide levels are at their highest level for 650 000 years, and are still increasing. There is an extreme risk that the global climate has reached a tipping point, where shrinking polar ice-caps will allow the sea to absorb more heat, and carbon trapped in the seas and in the soil will be released, causing spiralling global warming.

To mitigate this, many concerned individuals, companies and governments are working hard to explore and implement renewable sources of energy and fuels which do not result in a net increase in Carbon Dioxide.

Pure Vegetable Oil as a road-fuel is almost completely carbon-neutral, and so is the most environmentally friendly road-fuel available today. Tractors, harvesters and transport vehicles used in its production can be run on SVO, lowering the carbon input required still further.

HMRC have never disputed that Rape Methyl Ester from pure unused vegetable oil counts as biodiesel and so qualifies for the duty reduction on its environmental benefits, particularly by closing the carbon cycle. The total carbon input required to produce pure vegetable oil is *necessarily* even lower than that of producing Methyl Esters from the same oil. Therefore the environmental benefits of SVO in terms of

carbon balance are self evidently *greater* than those of the equivalent Rape Methyl Ester, whilst still passing all other relevant emissions tests from the DVLA/TÜV etc.

Furthermore, as rapeseed is grown in Europe, it will not lead to destruction of the rainforests.

DEFRA grants have even been given to individuals and small companies to develop the market by investing in vehicle conversions and oilseed crushing equipment.

The Pre-Budget report accepts these benefits of biofuels^x

Biofuels offer significant benefits over fossil based fuels including lower life cycle carbon emissions, air quality improvements and diversification and security of supply.

3.2.2 Rural regeneration

Pure Vegetable Oil as a road fuel offers the possibility of rapid adoption, sustainable growth, and regeneration of the rural economy, without the bottleneck of capital investment in chemical processing plant.

3.2.3 Energy Security

It also offers the greatest possibility of energy security, as it can be produced locally to the point of use in this country. Processing biofuels within the existing petroleum refinery structure poses a risk, as large oil refineries are obvious terrorist targets. The recent blockade of refineries by members of the transport industry was sufficient to cause shortages across the country.

3.3 *Environmental problems of transesterification*

Almost all of the Methanol that is a major component of Fatty Acid Methyl Ester produced today is not from Biomass, but is produced by the oxidation of methane from natural gas (an increasingly imported fossil fuel) and therefore FAME(eg RapeMethylEster) is further from compliance with the Finance Act 2002 definition of Biodiesel, as well as being more damaging to the environment and more aggressive on vehicle engines.

Sodium Hydroxide, which is a major component in the manufacture of FAME is produced by the electrolysis of brine, the electricity for which comes primarily from burning fossil fuels.

Trans-esterification to produce FAME is a useful way of preparing *waste* cooking oil and tallow for use in normal cars, but for pure vegetable oil from biomass, from an environmental perspective it is far better to make a modification to the vehicle, than to send all pure vegetable oil through the transesterification process.

There is a very strong environmental risk of promoting the transesterification process by using public money to encourage the setting up of large industrial processing plant. The risk is that these plants will seek out the cheapest source fuel stocks available on the international market, and increasingly these will be oilseed palm, grown on plantations cleared of rain-forest.

The Government has publicly acknowledged this risk in its report to the Commission. The removal of the tax reduction from pure rapeseed oil, which is produced in Europe, will increase the dependence on fuels from outside the EU, and the risk of deforestation to produce cheap palm oil.

4 Tony Blair's stated view

On 1st January 2005, Tony Blair wrote that

**"I have made it clear that our efforts will focus on progress on Africa and climate change. ... I believe they are the most serious problems facing the world today. ... The overwhelming view of experts is that climate change, to a greater or lesser extent, is man made, and without action will get worse.
... Critics charge that government is picking new untried technologies that may fail. Here I would say the approach of clever governments is not to pick technologies, but to establish conditions where innovation is supported and encouraged into the market-place."**

The German government have done just that, by giving an appropriate tax-incentive. As a result, several German companies are gaining success and international recognition for optimising the running of engines on pure vegetable oil. HMRC, by increasing the duty payable on pure vegetable oil from 27p/l to 47p/l are preventing

adoption of the most environmentally friendly biofuel available today, and are destroying the possibility of British companies taking a lead in the market.

5 Promise of rolling three-years duty certainty

HM Revenue and Customs have, in the past, granted the status "Biodiesel Producer" to those who set aside Pure Vegetable Oil as a transport fuel. As such, they have been able to pay a lower rate of 27.1p/l duty on their fuel, bringing the total price to slightly below that of Petro-Diesel, allowing them to amortise the cost of a vehicle conversion over time.

Recently, HMRC have written to a number of these producers to inform them that it has reclassified them from producers of "Biodiesel" to producers of "Fuel-Substitutes and Additives/Extenders", payable at the full rate of 47.1p/l and even requiring back payment of the difference in duty. By changing the scope of the fuels to which the duty reduction applies, it has broken the Government's pledge of three years of certainty in the biodiesel duty reduction.

In the House of Commons, John Healey stated the following^{xi}:

Duty rates for alternative fuels, including biodiesel, are set according to the principles of the Alternative Fuels Framework, published in the 2003 pre-Budget report. In line with the commitment to provide rolling three-year certainty set out in the framework, the current differential of 20 pence per litre is guaranteed until 2008.

This refers to the pre-budget report as follows^{xii}:

Alternative fuels framework

The Government today published its proposals for an alternative fuels framework, which sets out the tiered principles for policy decisions on these fuels. The statement of principles confirms that:

policy must be both environmentally and economically sustainable; and the Government sees a significant role for alternative fuels and is keen to avoid an industry whose long-term survival is dependent on excessive levels of subsidy unjustified by environmental benefit.

In addition, the Government commits to a rolling three-year certainty period for duty differentials on alternative fuels.

The assurance applies to alternative fuels, and is not restricted to RME-biodiesel. It must cover SVO which is a renewable alternative fuel, and which has in the past been granted the duty reduction.

Given the greater environmental, social and economic benefits of driving on Pure Vegetable Oil, grown locally and sustainably, over FAME made from the same oil or from imported palm oil from tropical areas cleared of rain-forest, (which are undisputedly covered by the duty reduction), Pure Vegetable Oil should also continue to be granted the reduction on the basis of higher environmental and economic sustainability under the framework.

References

ⁱ HMRC Reference: Notice 701/40 (January 2002)

ⁱⁱ Analytik-Service Gesellschaft (ASG) analysis report number 133835 from 13th September 2005, submitted to HMRC on 13th September 2005

ⁱⁱⁱ Hydrocarbon Oil Duties Act 1979

^{iv} <http://www.boulderbiodiesel.com/tom/DIYMechanics/#8>

^v Hydrogenation: Call for tenders for pilot project. Letter from HM Treasury to the petroleum industry dated 4th July 2005

^{vi} Directive 2003/30/EC of the European Parliament and of the Council of 8th May 2003 on the promotion of the use of biofuels or other renewable fuels for transport

^{vii} Lords Hansard: <http://www.publications.parliament.uk/pa/ld199900/ldhansrd/pdvn/lds05/text/50720-03.htm>

^{viii} UK Report to the Commission on biofuels 2004:

http://europa.eu.int/comm/energy/res/legislation/doc/biofuels/member_states/2003_30_uk_report_en.pdf

^{ix} Commission raises no objections to a total exemption from excise duty in favour of biofuels in Germany. European Commission press release Reference: IP/04/228 Date: 18/02/2004

<http://europa.eu.int/rapid/pressReleasesAction.do?reference=IP/04/228&format=HTML&aged=1&language=en&guiLanguage=en>

^x http://www.hm-treasury.gov.uk/media/FA6/45/pbr05_chapter7_173.pdf

^{xi} Hansard 9th November 2005: <http://www.parliament.the-stationery-office.co.uk/pa/cm200506/cmhansrd/cm051109/text/51109w09.htm>

^{xii} Pre Budget Press Release 2003: http://www.hm-treasury.gov.uk/pre_budget_report/prebud_pbr03/press_notices/prebud_pbr03_press3.cfm