

Disclaimer: The English language text below is provided by the Translation and Terminology Centre for information only; it confers no rights and imposes no obligations separate from those conferred or imposed by the legislation formally adopted and published. Only the latter is authentic. The original Latvian text uses masculine pronouns in the singular. The Translation and Terminology Centre uses the principle of gender-neutral language in its English translations. In addition, gender-specific Latvian nouns have been translated as gender-neutral terms, e.g. *chairperson*.

The *Saeima*¹ has adopted
and the President has proclaimed the following Law:

Biofuel Law

Chapter I General Provisions

Section 1. Terms Used in this Law

The following terms are used in this Law:

- 1) **biofuel** - liquid or gaseous fuel used in internal combustion engines, which is produced from biomass;
- 2) trade in **biofuel** – any activities with biofuel (the production and processing of raw materials, as well as the production, marking, storage, transportation, import, export, distribution, marketing, disposal etc. of biofuel), as well as the provision of information to consumers;
- 3) **biomass** - the biodegradable fraction of products, waste and residues from agriculture (including vegetal and animal substances), forestry and related industries, as well as the biodegradable fraction of industrial and municipal waste;
- 4) **biodiesel** – a methyl-ester or ethyl-ester that is produced from vegetable or animal oil, which has diesel fuel qualities and which may be utilised as fuel in internal combustion engines;
- 5) **bioethanol** – ethanol that is produced from biomass or the biodegradable fraction of waste, to be utilised in the production of fuel; and
- 6) **biogas** – a gas that is produced from biomass or from the biodegradable fraction of waste and that can be purified to such quality as to be utilised as fuel or woodgas.

Section 2. Purpose of this Law

The purpose of this Law is to promote the trade in biofuel, thereby supporting the utilisation of environmentally friendly and safe in supply renewable energy resources.

Section 3. Scope of Application of this Law

This Law prescribes:

- 1) the guiding principles of the State policy regarding the trade in biofuel, also biodiesel and biogas;
- 2) the competence of institutions involved in the trade in biofuel;
- 3) the State assistance for the production of biofuel;
- 4) the rights, duties and the liability of persons involved in the trade in biofuel; and
- 5) the procedures for the provision of information to biofuel consumers.

¹ The Parliament of the Republic of Latvia

Chapter II

Competence of State Authorities and Local Governments

Section 4. Competence of the Cabinet

(1) The Cabinet shall:

1) implement the State policy regarding the trade in biofuel in accordance with the provisions of this Law;

2) in submitting a draft of the annual State budget law to Saeima, provide the financing necessary for the attainment of the objectives of this Law;

3) specify the measures which would ensure that biofuel comprises not less than 2 per cent of the total amount of fuel existing in the national economy intended for transport by 31 December 2005, but by 31 December 2010 – not less than 5.75 per cent;

4) specify the procedures for the utilisation of other renewable energy resources produced from biomass;

5) each year prepare information regarding the amount of biofuel produced, imported, as well as marketed in Latvia and exported from Latvia in the previous calendar year;

6) evaluate the economic efficiency of biofuel in comparison to the average indicators of the European Union;

7) aggregate information regarding the development of biofuel market and the provision thereof with raw materials in the previous reference period;

8) prepare and submit a report to the European Commission regarding the measures of biofuel introduction and trade in biofuel; and

(2) delegate the fulfilment of the tasks specified in Paragraph one, Clauses 5-8 of this Section to the relevant member of the Cabinet.

Section 5. Competence of Local Governments

(1) Local governments shall provide incentives to fuel users within the territory thereof to utilise biofuel and, within the competence thereof, create favourable conditions for the production of biofuel and investment in the development of biofuel.

(2) Local governments shall promote the utilisation of biofuel in public transport.

Chapter III

Requirements to be Met for Commercial Activities with Biofuel

Section 6. Biofuel Production and Quality

(1) Persons performing commercial activities with biofuel shall comply with the regulatory enactments regulating trade in mineral oil products (fuel) and the procedures for the application of excise duty.

(2) The Cabinet shall determine:

1) the biofuel quality requirements to be met;

2) the procedures by which conformity assessment of biofuel and transfer for processing shall be carried out;

3) the procedures by which the production of biofuel and blending with fossil fuel shall be controlled; and

4) the procedures by which biofuel not conforming to the quality requirements shall be destroyed.

Section 7. Consumer Information

(1) Biofuel and biofuel blends with fossil fuel, if the amount of biofuel therein is more than 5 per cent, shall be labelled with special indications at sales points.

(2) The Cabinet shall specify the procedures by which consumers shall be informed regarding the content of biofuel present at sales points and the conformity thereof with the quality requirements.

Chapter IV Promotion of Trade in Biofuel

Section 8. State Assistance

(1) The State assistance shall be granted for the production of minimum necessary annual amount of biofuel and financial assistance quotas for the types of biofuel shall be specified in accordance with the procedures provided for by the Cabinet.

(2) The Cabinet shall specify the deadline by which a report regarding the State assistance granted in the previous reference year shall be submitted, as well as the time period and the procedures by which a calculation of the assistance necessary and a justification thereof shall be submitted each year.

Section 9. Procedures for the Payment of Excise Duty and the Receipt of a Guarantee

(1) The Law On Excise Duties prescribes the procedures by which excise duty shall be imposed on biofuel.

(2) Merchants who have a valid special permit (licence) for the activities of a tax warehouse-keeper and who produce biofuel or blend such biofuel with fossil fuel may receive a State guarantee within the framework of the annual State budget and in accordance with the procedures specified by the Law On Budget and Financial Management.

(2) If the intended State guarantee may be qualified as assistance to commercial activity, a receipt of a decision of the European Commission regarding the compliance of such guarantee with the Treaty establishing the European Community shall be necessary prior to the granting of the State guarantee. The State guarantee shall be provided, observing the conditions of the decision of the European Commission.

Transitional Provisions

1. The Cabinet shall issue the regulations referred to in Section 6, Paragraph two and Section 7, Paragraph two of this Law by 1 May 2005.

2. The Cabinet shall specify the measures by 1 May 2005, which shall be taken in order to ensure the proportion of biofuel specified in Section 4, Paragraph one, Clause 3 of this Law in the total amount of fuel that is intended for transport and exists in the national economy.

3. The Cabinet shall issue by 1 September 2005 the regulations that regulate the procedures for the utilisation of the renewable energy resources produced from biomass referred to in Section 4, Paragraph one, Clause 4 of this Law.

Informative Reference to European Union Directives

This Law includes the legal norms arising from DIRECTIVE 2003/30/EC OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport.

This Law has been adopted by the *Saeima* on 17 March 2005.

Acting for the President,
Chairperson of the *Saeima*

I. Ūdre

Rīga, 1 April 2005