

# Hon David Parker

Minister Responsible for Climate Change Issues  
Minister of Energy

# Hon Judith Tizard

Associate Minister of Transport



**Media statement**

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## **Government requires Biofuels sales**

The Government will require an increasing proportion of cleaner-burning biofuels to be sold to cut greenhouse gas emissions and increase energy security.

Prime Minister Helen Clark today announced the measure in her speech to Parliament as part of the Labour-led Government's drive to increase New Zealand's environmental and economic sustainability.

Associate Minister of Transport, Judith Tizard said the sales obligation, starting in April 2008, would require 3.4 per cent of the total fuel sold by oil companies to be biofuel by 2012. The obligation will be reached by the sale of varying mixes of biofuel petrol and diesel.

Climate Change Minister David Parker said the requirement would reduce greenhouse gas emissions by more than a million tonnes between 2008 and 2012. It will also decrease New Zealand's dependence on imported oil and improve energy security. The development of a domestic biofuels industry will be positive for the current account.

The biofuels most likely to be sold in NZ are biodiesel and bioethanol. Biodiesel is made from vegetable oils and tallow (animal fats), while bioethanol is produced from fermented sugars and starches, such as maize, dairy whey and - in the future - wood waste.

"The obligation we're announcing today provides new business opportunities for the agriculture sector, since most of the biofuels are expected to be made in New Zealand," David Parker said.

"Already, New Zealand is positioning itself as a leader in biofuels. Just last month, Crown Research Institutes Scion and AgResearch teamed up with US-based Diversa Corporation. Initiatives like these could ultimately see New Zealand's entire vehicle fleet running on New Zealand-grown and manufactured biofuels."\*

These decisions have been taken following consultation on a sales obligation with potential biofuel producers and oil companies. They are expected to have little impact on price.

"This decision is a starting point. Once the infrastructure is in place, biofuels are expected to make up a greater proportion of our transport fuel than these mandated minimum levels," David Parker said.

Today's biofuels decision builds on work announced in December to impose tougher restrictions on new car imports to ensure they comply with international vehicle emissions standards.

"The Labour-led government is sending a clear message that we are serious about reducing transport greenhouse gas emissions," Judith Tizard said. "The draft import standards will be released in April and the new higher standards are expected to take effect during 2008."

\* Information on the CRI's biofuels initiative can be found at:  
[www.agresearch.co.nz/anm2Net/templates/agrnews.aspx?articleid=490&zoneid=3](http://www.agresearch.co.nz/anm2Net/templates/agrnews.aspx?articleid=490&zoneid=3)

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