

National Biofuel Project Hits a Snag

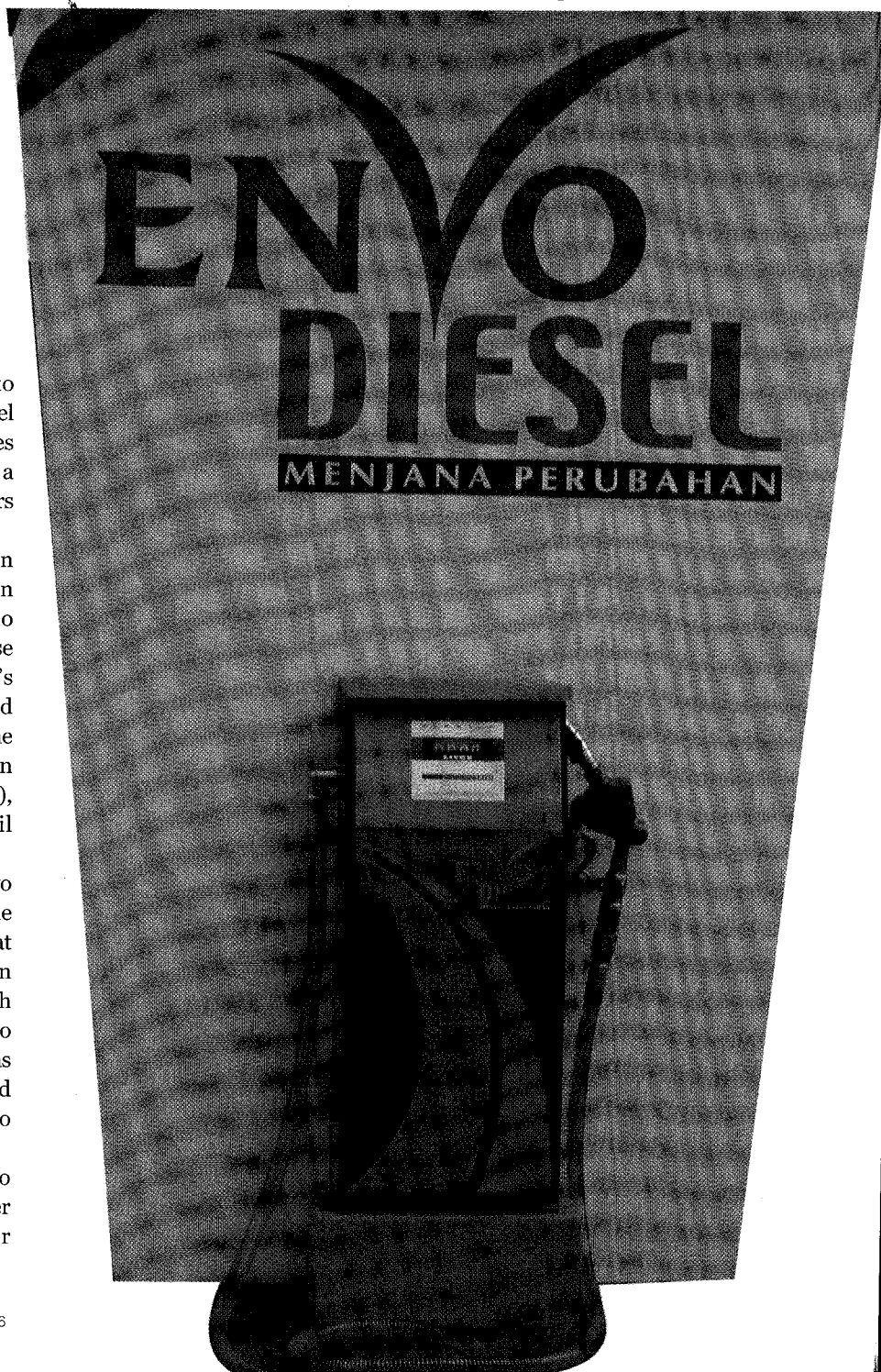
It would seem that Japanese auto manufacturers are not likely to endorse Envo Diesel and could withdraw engine warranties. ■ By Prathaban V

THE government's strategy to reduce the reliance on fossil fuel as an energy source for vehicles by using biodiesel could suffer a major setback if automobile manufacturers do not endorse the biofuel.

It has been learnt that the Japan Automobile Manufacturers Association (Jama), which represents all auto companies in Japan, is unlikely to endorse the Envo Diesel, touted as Malaysia's answer to rising crude oil prices and attempts to reduce greenhouse gasses. The Envo Diesel is a 20-year development plan by the Malaysian Palm Oil Board (MPOB), which also acts as the local palm oil industry promoter.

There are concerns by Jama that Envo Diesel could result in adverse effects in the engine. Industry sources acknowledge that Jama has written to the Malaysian Automotive Association (MAA), which represents almost all local auto distributors, voicing its concerns. Jama has also indicated that it might not extend engine warranties to cars using Envo Diesel.

If car owners belligerently use Envo Diesel on diesel engines, it could render their warranty void. 'This is a major



problem for car distributors. If Jama does not extend warranties, then the distributors may have to undertake to provide the warranties, which can be a very costly affair. This is a major concern for all the car distributors,' a major Japanese auto distributor says. According to him, Envo Diesel can result in shorter durability of fuel injectors. Depending on the type of car or vehicle, it can cost about RM20,000 to replace the fuel injector, says a source from Tan Chong Motors, the local distributor of Nissan cars.

At the heart of the issue is not biodiesel, but Envo Diesel. While the European Union (EU) and several North American auto manufacturers have publicly endorsed the usage of biodiesel, they are very specific about the type of biofuel that can be used. The EU has specified that only esterified palm oil, known as methyl ester, can be blended with petroleum diesel to produce biodiesel. However, MPOB is using the blending of processed palm oil with petroleum diesel to produce Envo Diesel. Processed palm oil is the same as cooking oil, sometimes termed as straight vegetable oil. Thus, Envo Diesel is not the same as biodiesel, as endorsed by auto manufacturers.

In May this year, amidst much publicity and excitement, the government in collaboration with MPOB, launched Envo Diesel for the local market.

But not many were aware that the government also released the National Biofuel Policy (NBP) at the same time, which allows the blending of 5% processed palm oil with petroleum diesel to produce B5 Envo Diesel.

To further promote the wider usage of Envo Diesel, the government via the Ministry of Plantation Industries and Commodities is expected to table the National Biofuel Act before the end of the year in Parliament. It is speculated that the Biofuel Act will make it mandatory for all local diesel-powered vehicles to use only Envo Diesel from 2007 onwards. Towards this end, the government plans to supply only Envo Diesel to all diesel distribution stations, thereby rendering it Hobson's Choice for diesel vehicle owners.

Local car distributors are unhappy about the prospects of having to use Envo Diesel



Aishah: Envo Diesel's non-esterified B5 biodiesel will result in more breakdowns and repairs

without the endorsement of the car manufacturers.

'MAA would support the government's move to introduce biodiesel, provided that the fuel is methyl esterified,' asserts Datuk Aishah Ahmad, President of the MAA, which has over 50 members, composed mainly of Japanese and European car distributors.

However, the MAA has expressed reservations about using the Envo Diesel in its current non-esterified form. 'Envo Diesel's non-esterified B5 biodiesel will result in more breakdowns and repairs, so it is important for the government to introduce esterified biodiesel so that the fuel meets international standards (as per EU standards),' says Aishah in an email reply to *Malaysian Business*.

According to the MAA, Envo Diesel in its current form will give rise to various faults, which will affect the warranty of the vehicle. 'When mixed into fuel, palm oil olein easily deteriorates through oxidation and generates sludge,' says Aishah. This, she says, will give rise to shortened durability of the fuel injectors and injection pumps; deposition on the injectors and clogging of fuel filters, and higher carbon residual contents will give rise to

particulate matter emission.

It is understood that MAA has received a first impression report from Jama, which has tested the Envo Diesel in Japan. A source from a local auto distributor says that Jama, while agreeable to the idea of using biodiesel in its cars, would unlikely endorse Envo Diesel as it does not conform to internationally accepted standards.

'Jama says it is unlikely to endorse Envo Diesel as there are higher levels of risks associated with its usage. The whole world uses a combination of methyl ester (esterified palm oil) and petroleum diesel as biodiesel. Jama has no problems accepting esterified biodiesel,' says a source from the auto industry. European cars like Mercedes Benz and Volvo have agreed to use biodiesel, but not without some key reservations. Volvo permits only B5 esterified oils and says it is the job of the oil producers to ensure that the fuel meets international standards.

The whole episode points to the fact that the MPOB may have rushed into promoting the Envo Diesel without seeking the auto industry's buy-in. 'The tests done by MPOB are not the same kind of tests that the auto industry normally puts on trial. Envo Diesel was only tested by MPOB on selected vehicles and did not involve engine manufacturers. Normally, it would be car manufacturers who should be testing the fuel on their engines,' says the source, expressing disappointment that MPOB did not seek the involvement of the auto industry from the beginning.

However, immediately after the launch, MPOB did announce that it was inviting auto manufacturers to test the Envo Diesel. This was only after having launched the Envo Diesel and the unveiling of the National Biofuel Policy. It would appear that MPOB may have put the cart before the horse in its zeal to push the biofuel agenda.

Since less than 3% of cars in Malaysia are diesel-powered, would car distributors withdraw diesel cars to avoid costly warranty settlements? Unlikely, says the source. 'We would not jump to remove our diesel car fleet. But we will evaluate the risks carefully. But one thing is for sure, it will not be a straightforward decision,' he assures. **mb**