

## **Draft CS response to DG TREN biofuels sustainability standards consultation**

### **1) How should a biofuel sustainability system be designed?**

We welcome that the Commission is taking into account environmental sustainability in developing an incentive/support system for biofuels and that it is openly consulting with all stakeholders.

#### **Sustainability criterion 1 – achieving a minimum level of greenhouse gas savings**

Given that the purpose of developing biofuels is to reduce or stabilise the level of atmospheric CO<sup>2</sup>, any measure must be related to a scientifically acceptable and measurable effect on atmospheric CO<sup>2</sup>; therefore we support the suggestion of a “well-to-wheel” approach. It is important that the mitigation measures can be directly linked to a quantifiable change in atmospheric CO<sub>2</sub> energy reduction and that only that real CO<sup>2</sup> reduction counts towards national targets. Any credits made available for use of biofuels should be linked directly to the Greenhouse Gas saving of the fuel. Increased production of ethanol will impact the environment (GHG emissions, soil conservation, and pesticides) as well as drive up food prices and this needs to be considered in this context.

#### **Sustainability criterion 2 – avoiding major reduction in carbon stocks through land use changes**

Now that the European Council has confirmed the 10% mandatory target for biofuels by 2020, it is even more crucial to ensure that production capability of available agricultural land is able to meet demand. We would support the proposal that biofuels should not be grown on land such as wetland which are associated with high carbon stocks. However we are concerned that land currently used for food production will not be switched to biofuels without considering the usage needs of the EU food industry first. This is particularly important if subsidies mean that growing crops for fuel more advantageous than for food. We believe the EU should prioritise food production as the primary outlet for agricultural raw materials, particularly in the event of food crises affecting availability.

It will also be an important factor to consider the use of water for agricultural production. Commodities used for biofuel production such as maize or soybeans are very water intensive and the biofuels production may impact on water scarcity. Therefore any sustainability certification should also take into account additional water use for irrigation both for the domestic markets and as imported raw materials.

#### **Sustainability criterion 3 – avoiding major biodiversity loss from land use changes**

We would like to understand more about the types of land use that the Commission has in mind and how this differs from sustainability criterion 2.

## Types of evidence required for sustainability criteria

We would support the development of sustainability criteria and we will ensure any biofuels we purchase comply with these once developed to ensure real carbon reductions without environmental damage.

## 2) How should overall effects on land use be monitored?

Any incentives for biofuels should be limited in their effect on food prices, and should not encourage environmentally damaging agriculture. With regards to Land Use:

- a) If bioethanol from corn is encouraged it will have a strong impact on corn/glucose prices because it not only affects land use but also processing costs.
- b) If switchgrass or miscanthus is grown to produce cellulosic ethanol, or if they are used as a fuel source for biomass-fired power generation, the effect on ingredient prices will be restricted to competition for land use as these are not used as foodstuffs.
- c) If bio-diesel from palm oil or soya are encouraged the overall effect could be detrimental to atmospheric CO<sup>2</sup> which would increase - especially if rain-forest is cleared to accommodate new plantations. Oils such as rape-seed oil & sunflower oil are other potential sources, with less direct environmental impact, but their use as a bio-fuel will have a knock-on effect on food supplies.
- d) Usage of waste streams which would otherwise decompose into methane and CO<sup>2</sup> should be encouraged most of all, as it does not affect land use but can generate energy.

## 3) How should the use of second-generation biofuels be encouraged? – suggested 2G to count double towards targets

We support a definition of second generation biofuels based on raw materials usage. This is particularly important given that second generation should not, in theory, compete with food production for land use. Minimum standards should be defined for 2nd generation biofuels in order to make sure that they are produced in a sustainable way.

We encourage continued research on credible alternatives especially with materials that have no impact on the availability and affordability of food crops such as agricultural and industrial by-products, algae or wood.

However we are concerned that government subsidies for particular biofuel technologies is inappropriate, as it may lead to the encouragement of less effective and more expensive solutions. Greater attention should be paid to the research and development necessary to bring about the commercial application of advanced renewable transport fuels. The development of an incentive mechanism to reduce CO<sub>2</sub> must be related to the direct net effect on atmospheric CO<sub>2</sub>.

## 4) What further action is needed to make it possible to achieve a 10% biofuel share?

The Commission should not subsidise biofuels, through tax breaks and other incentives, distorting the market at the expense of food production. Instead the Commission should revise import quotas and tariffs as necessary to ensure adequate availability of raw materials for biofuels or food use when imports are necessary whilst ensuring sustainability standards are respected.

