

**Public consultation exercise
Energy and Transport Directorate-General,
European Commission**

Anna Lerner

Master programme of Developing Economy
Master programme of Political Science
Lund University, Sweden

Currently writing my master thesis on:

"Economic rationale for a sustainability criteria for biofuels in Europe" with a case study on Mozambique: "Bioethanol as an important component for pro-poor growth"

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Question 1.1:

Do you think the "possible way forward" described above is feasible?

The two most obvious problems with the presented way forward" are:

- The WTO compatibility with excluding "non sustainable" biofuels from the national targets and obligations and,
- Leaving some responsibility for ensuring the sustainable criteria on individual Member States.

The first issue is probably better addressed by competent law officials than me, and as long as the certification scheme won't be discriminating against specific countries it can probably serve its purpose. A measure like this one is however likely to result in a divided market. "Good" and "bad" biofuels will be produced and distributed since export and distribution of bad biofuels still would be permitted in the EU (even though they won't be included in the national target quota). An increased production of "bad" biofuels is not desired, thus the EC must address the defeat of a excess production of "bad" biofuels when developing this directive.

The rationale for a company to produce sustainable biofuels is of economic character. Consequently, if economic incentives are insufficient in terms of access to premium / niche markets or possibilities of large scale profitable production and distribution, there will not be enough sustainable biofuels on the market and incentives to produce the cheaper "bad" biofuels will continue to be present.

The second problem presented above is correlated with the previous explanation. If Member States to some extent are responsible for ensuring respect and follow up for criteria this is likely to cause differences in the rigidity and strictness of the control. Some countries will define sustainable biofuels with more ambitious criteria than

other countries and consequently you can have the problem of market segmentation and too little economic incentives for the "good" firms to produce "good" biofuels.

Concluding: A single harmonised EU system with ambitions to become international is the best way forward today. To include too many criterion in the standards is not efficient (socio economic issues) nor to leave too much control and implementation to individual Member States.

Question 1.3

Please give your general comments on the "possible way forward", and on how it could be implemented.

Does it give an adequate level of assurance that biofuels will be sustainably produced?

If you think the problem should be tackled in a different way, please say how, giving details of the procedures that would be used.

As stated in Question 1.1 the proposed "way forward" is in my opinion slightly too loose and voluntary, in order for risk adverse actors in developing countries to have enough incentives to decide to produce biofuels in a sustainable way. The EU must act as a "launching consumer" and guarantee sustainable standards that truly encourage "good" biofuels and discourage the other cheaper types that require less investments and risk by the producer.

Not only foreign actors are discouraged with this less strict alternative. In a bad case scenario some Member States might even decide to produce "bad" biofuels due to excess of suitable feedstock (sugar been for example), or other favourable conditions, subsidise its own industry with this "cheap" energy, and import "good" biofuels produced somewhere else in the EU or else where.

An international and ambitious certification scheme including GHG balance, biodiversity and sustainable land use should be strived for. The feasibility of a quickly adopted international scheme this might be small due to the present non existing criteria for biofuels, however a EU-wide mandatory certification with standards as presented in [Box .1 page 5](#) is a good start.

A 3rd part certification body is also desired considering benefits of market failure addressed by such organisations as well as credibility and transparency in monitoring and certifying producers and supply chains. The lack of referrals to a certification body or proposals on how to establish one in the document of the public consultation surprises me. The question on whom to administrate, control, follow up and implement compatibility with standards, as well as distribute the certificate must be discussed soon!!

General guidelines and framework agreed upon by a UN-conference in order to establish momentum and support from developing countries on the importance of sustainability criteria is a good start. Lessons from Forest and Fishery management could be taken in to account when looking at trust issues and voluntary/mandatory certifications. A certification scheme supported by important environmental organisations like WWF, a UN conference and the EC could attempt to prevent the development of various similar but not as ambitious and serious certification standards.

Concluding: A more ambitious binding certification scheme in terms of less options and voluntary enforcement for Member States is suitable. Too strict standards in terms of socioeconomic impacts will probably be restricting the international adaptation and compatibility. Support for developing countries could instead come within the Johannesburg energy summit or the Biofuels Assistance Package. Creation of a 3rd part independent certification body is further advisable with institutional support from for example a UN conference or environmental organisations like the WWF.

Question 2.1:

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

I am not convinced that the EC is the most appropriate body in reporting and researching this. A certification body could be commissioned to be responsible for this. However it is a good idea to look at direct and indirect land use impacts.

Question 2.2

Do you think it is possible to link indirect land use effects to individual consignments of biofuel? If so, please say how.

Not to my knowledge and imagination.

Question 3.1:

How should second-generation biofuels be defined? Should the definition be based on:

- a) the type of raw materials from which biofuels are made (for example, "biofuel from cellulosic material")?**
- b) the type of technology used to produce the biofuel (for example, "biofuels produced using a production technique that is capable of handling cellulosic material")?**
- c) other criteria (please give details)?**

Today the most promising crop seem to be sugar cane or algae. Nonetheless to bind a definition to raw material could prove unwise. The full potentials of Jathropa and Sweet sorghum are not fully discovered for example, particularly for cultivation in regions in Southern Africa (South Africa, Mozambique, Zambia, Tanzania etc).

To focus on technology use seems more reasonable – although I'm not a technical expert.

Question 3.2:

Please give your comments on the "possible way forward" described above. If you think the problem should be tackled in a different way, please say how.

In terms of domestic European production, second generation biofuels seems to be the only option qualifying for the presented criteria of sustainability. Ethanol is not economically or environmentally meaningful produced in Europe today. Perhaps second generation technologies could change this?!

Subsidies and tax incentives should be directed at the biofuel with the highest environmental and energy performance. Today that would be 1-2nd generation sugar cane from Brazil but with the developing technology perhaps even EU produced biofuels could be reasonable.

Question 3.3

Should second-generation biofuels only be able to benefit from these advantages if they also achieve a defined level of greenhouse gas savings?

Yes, it not the purpose of a sustainability criterion is lost!!

Question 4.2:

Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends? If so, what?

Yes this should definitely be encouraged. In Brazil they blend up to 20-25% in the same cars as we have here without damage.

Question 4.5:

Should the legislation ask the Commission to review, by a given date, whether it is possible to be confident that the 10% target can be achieved through:

- a) rules that allow 10% blending by volume of ethanol in ordinary petrol, plus**
- b) rules that allow 10% blending by volume of biodiesel in ordinary diesel, plus**
- c) the four options listed under 'other options for solving the problem';**

If so, what should the date be?

If the review were to conclude that the target is unlikely to be met, what action should the Commission take?

The present blend directives are too strict in the EU and all initiatives that are compatible with the possibilities of the auto industry should be put forth. However for the auto industry to take its responsible in a good way regulation is needed and asked for by important actors in the industry.

Question 4.6

More generally, what role should taxation play in the promotion of biofuels (considering different situations such as low blends, high blends and second-generation biofuels)?

Very broadly,

Taxation should encourage consumers to purchase sustainable fuels instead of GHG emitting petrol. It should also encourage companies and producers to make a long term commitment to delivering sustainable biofuels to the European market.

The EU can't be self subsistent on biofuels. We need to import vaste amounts of sustainable and economically competitive ethanol from the rest of the world. Africa for example possess huge opportunities for biofuels with excess land and farmers engaged in agriculture as only source of income, and above all a need for pro-poor growth components.

The risk in investing to produce sustainable biofuels is too heavy to bear for most farmers and industries in that region. Financial supporting system in Europe must ensure that the European consumers can bear some of the financial risk posed upon small scale farmers and medium scaled sugar companies eyeing possible biofuels investments.

Financial institutions suitable for the existing collateral and assets in these countries are also a corner stone of successful growth programs in Sub-Saharan Africa.