

EU-Climate and Resource Conservation Politics, without biofuels from 2020?!

With the latest rulings of the European Council¹ and the EU Parliament² on reform of the EU biofuels policy, the policy-makers are a long way from pressing ahead with decarbonisation in the transport sector by using renewable energies and from demonstrating reliable general conditions for the agricultural and biofuel industries – let alone actually creating them.

On the contrary: the climate and energy package 2030 presented by the EU³, in effect, means an end to the promotion of the traditional biofuel. A patchwork of national strategies is to be feared, because the existing developmental political general conditions would be abandoned. It would be left to the member states to comply with the pre-determined goal of the reduction of greenhouse gases by 40 % within the framework of national measures. Only by a concentrated action of some member states could a sub-target to the value of 27 % renewable energy be introduced into the package.

Policy-makers should recognise the successes achieved with first-generation biofuels as a result of the EU climate protection policy, away from the at times highly emotional discussion in the media. The first-generation biofuels alone play a quantitatively perceptible role due to the target contained in the Renewable Energies Directive (RED) that is mandatory for all member states as the only renewable source of energy in the area of mobility to date. At the same time, biofuels are a door-opener for the introduction of certification systems in the EU and in third-party countries. They set the sustainability standards for entry into the EU market. Especially now, it is important to secure and to further promote the momentum of the entire biofuel industry, instead of stifling a successfully introduced and well-established development.

It is a fact that:

- First-generation biofuels, as a result of the mandatory targets of the RED, play an important role as the only renewable source of energy in the area of mobility so far. All other concepts, such as, for example, electro-mobility are far away from a broad market launch.
- First-generation biofuels are door-openers for the introduction of certification systems in the EU and in third-party countries and, as a result, also create the sense of urgency required to introduce and monitor certain stipulated sustainability requirements in accordance with EU law in third-party countries.
- First-generation biofuels have caused an intensive and necessary debate in the EU and in third-party countries into the need for research and "regulation" for direct and indirect changes in land use. Because the "ILUC-hypothesis" is in principle applicable to all mandatory or funding policy induced changes in land use, if these changes would not lead to exhaustion of the possible agronomic production potential that exists at the location.
- In terms of volume, the second and third-generation biofuels will not be able to replace first-generation biofuels by 2020. The economically sustainable resource potential for their production has been greatly overestimated. Investors are not present, as the risk of the investment is very high as a result of the lack of a European biofuel strategy for the period after 2020.
- Second and third-generation biofuels have yet to demonstrate their advantages for the carbon footprint compared with first-generation biofuels, as both the required quantities and the energy expenditure for the conversion are extremely large in comparison to the first-generation biofuels. Furthermore, there are no valuable by-products that could, for example, be used as high-protein feedstuff and would as a result obviate the need for the corresponding importation of soya.
- As a result of the promotion of these biofuels by means of multiple credits for an energetic quota obligation, distorting incentives for investments have been created which will very probably lack an economic perspective after 2020. Multiple credits must be waived in relation to the excessive promotion and the associated market displacement effects.

- Biofuels must, in contrast to fossil fuels, fulfil increasing demands with respect to the reduction in greenhouse gases over the entire production chain, from the field to the gates of the factories of the companies in the mineral oil industry. The introduction of the obligation to reduce greenhouse gases in Germany from the 1st of January 2015 will further promote this competitiveness. It is now already recognisable in the market that the competition for the best greenhouse gases reduction and cost efficiency has begun.
- Germany leads the way in the EU with this approach, making an important contribution to the sparing of fossil fuels and to the security of energy supply with the most resource efficient biofuels. How quickly energy supply channels believed to be secure and reliable can come into question can be demonstrated by current geopolitical developments.

For first-generation biofuels, a mandatory backdrop of standards with specific sustainability criteria **has been created as a requirement for entry into the EU market that is today exemplary for other areas of use of renewable raw materials for energetic or material usage. The further development of the European bio-economy and the bio-refinery strategy must be measured against this.**

There is still a considerable need for research and development for biofuels of the second and third generation. **In a policy of equal treatment, their market launch must be carried out in harmony with the first generation. The basis of a possible gradual replacement is a technology-neutral competition.** It makes little sense anyway in the face of an existing excess supply of petrol to produce bioethanol from straw with energy-intensive procedures, when there is in the EU primarily a lack of fuels that can replace diesel.

Policy-makers must ask themselves which developmental, environmental and resource political instruments they are giving away if the first-generation biofuels disappear from the market after 2020.

Without the continuation of a balanced biofuel strategy after 2020, the affected economy inside the European Union, but in particular, the economy in the third-party countries that are the focus of attention (Argentina, Brasil, Indonesia, Malaysia) will sell their products in other markets, in which sustainability requirements do not play a role in market access.

In particular, in relation to the iLUC question^{4a/b}, it is clear that a new political approach is needed for an effective international biotope and resource protection. As a result of the introduction of iLUC factors, the search for other sales markets has been intensified, whereby the pricing pressure on the international markets may possibly be worsened.

The experts are united: iLUC factors will not save a single hectare of rainforest! On the contrary: the proposal of the EU Commission of a suspension of biofuels from the first generation after 2020 will take away the basis for negotiation with third-party countries in the form of entry to the EU market. Consequently, these countries that have been traditionally exporting agricultural raw materials, no longer have an incentive to comply or get involved with sustainability requirements and certification systems. Only by maintaining the existing monitoring and certification regime has the EU Commission the chance to improve the sustainability requirements and the qualified monitoring of the requirements as part of the re-admission of the certification systems. Market distorting developments can also be countered in this manner.

Policy-makers should recognise the successes achieved with first-generation biofuels as a result of the EU climate protection policy, away from the at times highly emotional discussion in the media. The regulatory backdrop that was established in just a few years with internationally anchored certification systems does not have to be abolished, instead it can be further developed and improved with regard to the quality of implementation. The challenge of having to improve the decrease in the amount of greenhouse gases continually, measured against a reference value of fossil fuels has led to intensive optimisation activities and successes, beginning with the cultivation of raw materials and going on to the production of biofuels.

These activities must be accompanied by developmental policy right now both at the EU level and at the national level. Corresponding successes in the optimisation of raw materials cultivation would be of particular benefit to the agricultural sector for biofuel production, as these measures would be implemented independently of the end use of the biomass raw materials, and hence also to the benefit of food production. Especially now, it is important to secure and to promote this momentum of the entire biofuel sector further, instead of stifling a successfully introduced and well-established development. With this in mind, the Commission is challenged to develop an overall strategy as a dialogue with the affected commodity chain.

Berlin, 17/11/2014

¹ Decision of the Council of the European Union from 3rd June 2014

² Position of the European Parliament from 11th September 2013

³ "2030 framework for climate and energy policies", Decision of the EU Heads of State and Government from 23rd October 2014

^{4a} Common Position of David Laborde, IFPRI-Institute, Washington and Prof. Uwe Lahl, TU Darmstadt from 3rd July 2013

^{4b} "indirect Land Use Change" (iLUC) – A critical inventory for objective political decision-making

from Prof. Dr. Uwe Lahl, TU Darmstadt from April 2013

Brief Information about the UFOP e. V.:

The UFOP represents the political interests of the companies, association and institutions involved in the production, processing and marketing of domestic oil and protein plants in national and international committees. The UFOP promotes investigation into the optimisation of agricultural production and into the development of new possibilities for utilization in the areas of food, non-food and feed. The public relation work of the UFOP serves for the advancement of the marketing of the end products of domestic oil and protein plants.

Contact Details:

Union zur Förderung von Oel- und Proteinpflanzen e.V. · Claire-Waldoff-Straße 7 · 10117 Berlin, Germany · info@ufop.de · www.ufop.de

