

**CIAA response to the DG TREN Public consultation exercise:
Biofuel issues in the new legislation on the promotion of renewable energy**

1. How should a biofuel sustainability system be designed?

Question 1.1:

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

CIAA has already expressed its strong support for the inclusion of sustainability criteria in the up-coming legislation for the promotion of renewable energy.

CIAA shares the view that a biofuels sustainability system should achieve greenhouse gas savings and minimise overall environmental risk, since the objective of the biofuels plan is based on environmental objectives. For CIAA, such scheme must be developed according to the following principles:

- Sustainability criteria must be simple, easily measurable, enforceable and verifiable.
- There should be one set of criteria put in place at EU level and one system of control, leaving as little as possible room for national discrepancies among Member States.
- Such system will require international references or guidelines for sustainability and should build where possible on existing, even voluntary, sustainability schemes or platforms. Even if the EU alone would have the competences for elaborating valid global standards in all production areas, the Commission would have difficulties imposing its standards on EU trade partners.
- The scheme should not hamper trade flows or create any discrimination for domestic or imported goods.

Sustainability covers environmental, social and economic factors. Environmental standards are generally seen as important, however social and economic impacts from government intervention should also be taken into account. The development of biofuels raises concerns also as regards food security and for a number of industries this may justify a specific sustainability criteria.

Since sustainability is a complex and multi-factorial issue, the possibility of a system that, once agreed, allows for a gradual enforcement and control of criteria over a determined period of time has been raised by some food and drink industries.

At this point, it needs to be recalled that as a result of the proliferation of biofuel programmes around the globe, tensions and price volatility might increase on agricultural markets. Regular monitoring of the availability of agricultural markets will be necessary but is unlikely to be sufficient. CIAA requests that safeguard mechanisms be put into place to prevent or counter any crisis situation. It is vital, for CIAA to maintain a competitive EU food and drink industry that can rely on sufficient feedstock availability.

Question 1.2

What do you think the administrative burden of an approach like the "possible way forward" would be? (If possible, please quantify your answer.)

No comment, except that the biofuels sustainability scheme should not trigger additional administrative burden for food manufacturers.

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.

For CIAA, it is essential that any approach strikes a balance between the objective of reducing GHG emissions, protecting the environment and the need for practical solutions that are easy to enforce and to control.

Looking at green house gas emissions and at land use or conversion are probably

appropriate criteria to judge the sustainability of biofuels, although focussing on these criteria only, while neglecting all other environmental impacts, such as use of water, fertilizers etc., simplifies environmental considerations.

The system should build on existing sustainability approaches at farm level to promote a scheme based on horizontal agronomic requirements and specific biofuels sustainability criteria. Biofuels claiming to qualify for the energy support programme need to comply with these criteria and provide evidence of their compliance.

It is important, for CIAA members, to allow trade flows to continue without impediments. Imported feedstock for biofuel use will have to comply with the same system, calling for reference to existing international standards including good agricultural practices and specific biofuels sustainability criteria. The development of new multilateral approach is likely to prove complicated and less effective than the bilateral approach. It will, nonetheless, represent a serious challenge to convince important regional entities and feedstock providers, like Mercosur or ASEAN or key neighbouring countries like Russia and Ukraine, to see the benefits of strengthened standards in the environmental area. Existing global initiatives and round tables may provide appropriate starting points to reach ambitious sustainability levels. In designing the scheme, it will again be necessary to strike a balance between the need for supporting ambitious key standards and the risk of facing problems with key trading partners and of lacking availability of imported biofuels feedstock to reach EU targets.

Question 1.4

Carbon stock differences between land uses would be taken into account under criterion 2. Should they also be taken into account under criterion 1? If so, what method should be used to determine how the land in question would have been used if it had not been used to produce raw material for biofuels?

No comment.

Question 1.5

As described in the "possible way forward", criterion 3 focuses on land uses associated with exceptional biodiversity. Should the criterion be extended to apply to land that is adjacent to land uses associated with exceptional biodiversity? If so, why? How could this land be defined?

No comment.

Question 1.6

How could the term "exceptional biodiversity" (in criterion 3) be defined in a way that is scientifically based, transparent and non-discriminatory?

No comment.

2. How should overall effects on land use be monitored?

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.

No comment.

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.

No comment.

3. How should the use of second-generation biofuels be encouraged?

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)?**

The diversification of biofuel sources is a key CIAA objective and the development of biofuels based on raw materials that are different from standard food crops, such as agricultural and industrial by-products, waste, algae or wood would reduce market interferences.

Since land availability and water resources will be limiting factors, 2nd-generation biofuels should offer better performances.

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.

The development of second-generation biofuels will require important efforts. CIAA considers that the Commission should provide strong support to research and development, including pilot projects, with the aim of identifying the most sustainable feedstock sources and best technologies. Building on these results, support given to biofuels should be geared towards the best performing biofuels and those that respond best to sustainability (on environmental, social and economic grounds). It will also be necessary to carry out an impact assessment on second-generation biofuels. Once the different alternatives are identified and evaluated, it should be possible to rate biofuels differently and provide differentiated incentives, including if appropriate to second-generation biofuels.

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?

As outlined in the previous question, 3.2, it should be possible to rate biofuels differently and hence eventually create support distinctions according to their performance as regards energy and GHG savings.

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

CIAA having already expressed its concern about the impact a 10 % legally binding target will have on the supply in agricultural raw materials for the food and drink industries in terms of availability and price, it must be recalled that any binding character of a target must, indeed, be conditional to production being sustainable and to second-generation bio-fuels becoming economically viable.

Question 4.1:

Should the legislation include measures to ensure that diesel containing 10% biodiesel (by volume) can be placed on the market, and is in fact placed on the market?

Mandatory blending requirements would have important implications within the food and feed chains. Before deciding to include this policy instrument in the legislation, its impact on raw materials availability has to be assessed comprehensively. In general, market interventionism (mandatory blending) has a much stronger impact on established trade flows

than market-based instruments (incentives, exemptions).

Question 4.2:

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

Question 4.3:

Should the legislation include measures to encourage the use of biomethane, methanol and DME in transport? If so, what?

As mentioned under 3.2 and 3.3, general support given to biofuels should be geared towards more efficient and better performing biofuels in terms of energy and GHG savings. In the short term, before supporting the use of second-generation biofuels, it is essential to encourage R&D in this field.

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?

During these periods of strong biofuels growth, mechanisms will be needed to prevent or address crisis situations in agricultural markets. This will call for regular reviews, flexibility and eventually “buy outs”.

The regime would need to have a built-in mechanism to check the development of biofuels and the status of second-generation biofuels. To be commercially available by 2020, the second-generation biofuels will have to be technologically developed in 2015. If the development of feasible 2nd generation biofuels was to fail until a certain target date (by 2015), there should be a policy review clause to look into the system, its targets or the implementation date.

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)?

No comment.