

# IMACE - IFMA

International Margarine Association of the Countries of Europe  
International Federation of Margarine Associations

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## 1. How should a biofuel sustainability system be designed?

### *Question 1.1:*

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

IMACE is of the opinion that a consistent approach to sustainable development requires a careful evaluation of each renewable energy option, so as to ensure that unintended consequences do not undermine the sustainability of the policy as a whole. This evaluation is urgent for biofuels, as the unintended environmental (deforestation and biodiversity loss) and socio-economic (food security) consequences are potentially very serious and are already emerging.

The following criteria should be included in a bio-energy sustainability scheme:

- For the entire life cycle of the biofuel material, both energy balance and GHG balance must meet a minimum value (e.g. at least 50% energy use reduction as well as 50% greenhouse gas emission reduction compared to fossil fuels).
- A reduction in carbon stocks through the mere change of land use, deforestation and biodiversity should be avoided.
- The production of biofuel feedstocks should not be a threat to food security. Feedstocks that generate competition between fuel and food uses to the extent that food security is threatened at the local, regional or global level should be excluded.
- The system should not set a quantity based limit of biofuels, but a minimum % of CO<sub>2</sub> reduction by biofuels, so as to promote the use of better performing biofuels.
- The effects of biofuels support policy on prices and availability of raw material should be integral part of the sustainability assessment.

Sustainability criteria should be key in the regulation and in the promotion of any form of renewable energy, in particular when they use raw materials used for production of food. Impact on food prices and availability and food security are key issues to be considered in defining 'sustainable biofuels' that have up to now been downplayed by the EU. According to IMACE the policy maker should recognize that current tension on the agricultural markets will further grow and will require immediate measures.

### *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.)**

Sustainability schemes should not trigger additional administrative burden for food manufacturers, not benefiting from the biofuel programmes. However, companies that benefit from the policy measures should be required to provide evidence that the feedstock has a life-cycle performance that meets the sustainability criteria. Governments must be required to undertake impact assessments, as well as audits before accepting the feedstocks under their energy support programmes. These costs will have to be quantified and addressed under a Regulatory Impact Assessment for the proposed Directive on Renewable Energy.

### ***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.**

Food Security and Availability of Raw Materials should be introduced in the sustainability criteria for the 'way-forward' and somehow linked to the support programmes in order to provide guarantees and incentives to shift towards new sustainable biofuels.

The system should strive for a balance between setting ambitious sustainability standards and defining a clear set of rules for the operators. In order to develop a system easy to enforce and control, the EC should build on existing sustainability approaches at farm level to promote a scheme based on horizontal agronomic requirements and specific biofuels sustainability criteria.

Production standards for supply (to a market) cannot solve a problem that was created by demand (in another market). Certifying existing plantations to divert the product stream to alternative uses (i.e. for fuel) creates "selective sustainability". The consequences of creating new plantations, to meet the unmet demand left behind by the diversion of the certified product stream, is as much the responsibility of those who created the new demand, as of those who created the new plantations.

### ***Questions relating to individual criteria in box 1***

#### ***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?**

In a calculation of Greenhouse Gas savings, the net loss of Carbon stock due to production conversion should be taken into account (so this should also be part of criterion 1). The conversion of land with a high carbon stock (forests, peat lands, wetlands and grassland) to arable land should be avoided. This could be achieved by excluding biomass feedstock from energy support programmes for which this conversion is done.

#### ***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? 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.**

### *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.**

According to the World Bank and the UN Food and Agriculture Organisation (FAO), world population growth and increased economic development will require a substantial increase in food production in the coming years. As in the past, this increase in demand can largely be met by increased productivity. However, the additional use of food grade feedstock as biomass for energy on a large scale will compete heavily for land presently used for growing food. This could destabilise the world food supply and increase local food shortages and prices.

The food availability of the local population in the production regions needs to be secured. A crop specific and region specific assessment may be required in order to include/exclude specific regions under energy support programmes. We believe the land use effects should be linked to individual consignments of bio-energy, using an adequate traceability system.

First generation biofuels are neither environmentally efficient nor cost-effective ways to reduce GHG emissions. Many studies have shown that several first generation biofuels have a poor performance (which could even be negative) with regard to reducing GHG emissions and dependency on fossil fuels. In fact, a negative CO<sub>2</sub> balance occurs if forests or grasslands are replaced by crops which emit larger amounts of captured CO<sub>2</sub> in their production. Crops like rapeseed, the main feedstock for biodiesel, are input intensive crops. The use of these crops for biodiesel production therefore offers only a very limited impact on GHG emission reductions.

## 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 type of raw material used is the key sustainability criterium for defining 2<sup>nd</sup> generation (option a). Developing biofuels based on raw materials different from standard food crops, such as by-products, waste, algae or wood would reduce the impact of biofuels on the food business and also reduce the pressure on land and water use.

The best way to promote 2<sup>nd</sup> generation biofuels is to phase out the support for poor performing 1<sup>st</sup> generation biofuels. Where biomass is used to generate energy, it should be used in applications with the highest GHG emissions savings. With current technologies this includes heat and power generation, which provide a much better performance relative to first generation biofuels.

**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 mainstream market introduction of second generation biofuels would provide a strong incentive for the application of renewable energy technologies while minimising the negative repercussions on food markets and food security. There is a strong case for government and business investment into new technologies and further research on the sustainable use of biomass.

Support for second generation biofuels could be organised through:

- R&D facilitation
- Tax exemption during an introduction period and
- The phasing out of the support for first 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 previously outlined, it should be possible to rate biofuels differently and hence eventually to create support distinctions according to their performance as regards energy and GHG savings. A minimum level of GHG savings must be a condition for all biofuels for entering biofuels support programmes. 2<sup>nd</sup> Generation biofuels could present benefits also in term of feedstock not competing with food production and should therefore be adequately promoted.

<b>4. What further action is needed to make it possible to achieve a 10% biofuels share?</b>
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IMACE has serious concerns about the possibility of reaching the 10% target with the elements we know today. Reaching the 10% legally binding target will have severe consequences on the supply of agricultural raw materials in terms of availability and price. Reaching that target will require a stretch for existing policies, especially agricultural and trade policy and can have a severe impact on the competitiveness of some sectors of the EU Food Industry.

The continued availability of crops for food purposes must be ensured, before any binding commitment on biofuels can be applied. Moreover, Member States should be allowed the flexibility to promote the best performing options for the use of renewable energy i.e. a CO<sub>2</sub> reduction target for biofuels instead of a 10% volume target.

**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?**

**Question 4.2:**

**Should the legislation include measures to encourage the use of ethanol and biodiesel in high blends?**

**Question 4.3:**

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

As already indicated on p. 26 of the Commission Staff Working Paper SEC (2006) 1719 "Renewable Energy Road Map Renewable energies in the 21st century: building a more sustainable future –Impact Assessment" the feedstock availability for biodiesel and for bio-ethanol is very different. Therefore, considering the limited availability of biodiesel feedstock, we would argue to

limit the use of 1<sup>st</sup> generation biodiesel to a maximum 9.7 million tonnes (as indicated in the Renewability Road Map Impact Assessment page 26).

Mandatory blending measures are not a sustainable solution, as they would considerably distort the food and feed chains and trigger a number of consequences in terms of food prices and quality.

***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 EU Council has concluded that the targets set for 2020 are subject to 2<sup>nd</sup> generation biofuels being commercially available. Therefore there is an urgent need to have a review of the commercial availability of 2<sup>nd</sup> generation biofuels by 2010.

A review by 2015 of the targets for 2020 would also be necessary, in order to fully assess the commercial availability of 2<sup>nd</sup> generation biodiesel and bio-ethanol for the period 2015-2020.

***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)?**

The impact of the promotion of biofuels through detaxation on the availability of a raw material for the food producers of this raw material should be assessed: the current levels of detaxation (example bioethanol in France and Austria) equal the price of raw materials paid by food processing factories. Detaxation should not be used when it creates situations of buy-out for commodities used for food processing.

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