

# **CAOBISCO reply to DG TREN consultation on biofuels**

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

### **Question 1.1:**

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

The strong support and potentially distortive measures foreseen to promote the use of biofuels for transport justify the application of strict sustainability criteria specific for Biofuels.

We strongly support the inclusion of sustainability criteria in the upcoming legislation on biofuels and consider that the effects of biofuels support policy on prices and availability of raw material should be integral part of the sustainability assessment. For this reason we believe that sustainability criteria should be key in the regulation and the promotion of any form of renewable energy, in particular when they use raw materials used for production of food.

With regard to the 'possible way forward', sustainability includes environmental, economic and social dimensions and all three dimensions of sustainability have to be considered in the forming of the policy.

Impact on food price and availability and Food security are key issues to be considered in defining 'sustainable biofuels' that have not been downplayed by the EU so far and fall under both the economic and social pillars of sustainability. We believe that a constant monitoring of food availability at appropriate prices will be necessary. Moreover, we believe that the policy maker should recognize that current tension on the agricultural markets will further grow and will require immediate measures.

In economic terms, the current policy on biofuels is already having an impact on the competitiveness of the food industry. An unconsidered further boost of the EU biofuels market through market distortive measures will further affect the competitiveness of the food sector and this would constitute an additional, unsustainable cost, in promoting biofuels in the EU. We rely on sustainability criteria to be able to steer this policy towards sustainable fuel and a market-oriented policy in favor of renewable.

We agree with the EU Commission that GHG reduction and minimizing environmental impact is a key objective of the biofuels sustainability system. We believe that 10% reduction of GH gases is not ambitious enough in order to develop biofuels in Europe in a sustainable way, since it does not reflect the need to switch to more efficient fuels recognized in the Council conclusion of March 2007 as a condition to reach the target.

Sustainability criteria on biofuels should be:

- Simple, easily measurable, enforceable and verifiable.
- Applicable in a harmonized way in Member States

- Refer to existing schemes, criteria, and platforms when appropriate
- Not hamper trade flows and/or create any discrimination between domestic and imported goods.

### **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 biofuel programmes.

### **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.**

Assurance for the food industry is given only if Food Security and Availability of Raw materials criteria are introduced in the 'way-forward'

Sustainability criteria are specific to biofuels and the kind of market distortive support that is given to them. Sustainability rating should be somehow linked to the support programmes in order to provide guarantees and incentives to shift towards new sustainable biofuels.

The system should strive for balance between setting ambitious sustainability standards and defining a clear set of rules for the operators.

Concerning environmental criteria, GHG reduction and land conversion are appropriate, but other environmental concerns – such as water use and fertilizers – have to be addressed.

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 biofuel sustainability criteria. Biofuels claiming to qualify for the energy support programme need to comply with these criteria and provide evidence of their compliance.

Allowing continuation of trade flow is vital to our industry. Imported feedstock for biofuels 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.

This has to be addressed in multilateral and bilateral negotiations, including Mercosur, ASEAN, Russia and Ukraine. Existing global initiatives and round tables may provide appropriate starting points to reach ambitious sustainability levels.

Questions relating to individual criteria in box 1

**Question 1.4**

**Carbon stock differences between various land use 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 type of raw material used is the key sustainability criteria in defining 2nd 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 our business and also reduce the pressure on land and water use.

#### **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.**

Inclusion of Food Security and Availability of raw material among sustainability criteria for biofuels are key elements that need to be taken into consideration. Support should be given to biofuels that are proven to be more efficient and more sustainable (on environmental, social and economic grounds).

#### **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. While a minimum level of GHG saving must be a condition for all biofuels on entering biofuel support programmes. Second generation could present benefits also in term of feedstock not competing with food production and should therefore be adequately promoted.

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

We have serious concerns about the possibility of reaching the 10% targets with the elements that we are aware of 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 policies 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.

**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 measures are not a sustainable solution. This would considerably distort the food and feed chains and trigger a number of consequences in terms of food prices and quality.

The answer is the same for bioethanol.

**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?**

The legislation should encourage the most efficient and better performing fuels. More research should be done for individualise these fuels.

**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?**

Reviews should be done in order to address agricultural market crises. Mechanisms to prevent/address crisis and eventually "buy outs" are also needed.

A built-in mechanism to check the development of biofuels and the status of second-generation biofuels should also be included. A policy review clause should address the possibility that second generation biofuels will not be technologically developed in 2015 and commercially available by 2020 and therefore targets cannot be met.

**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.