1) How should a biofuel sustainability system be designed ?

The key concept for a sustainable biofuel production system should be traceability: each batch of biofuel should, in the future be accompanied by a reliable “traceability certificate”, indicating its compliance with the predefined sustainability criteria, and mainly its “Fossil Carbon Content” (FCC).

In our regions (Champagne-Ardenne and Picardie), as is the case in most of the European Union, first generation biofuels are produced by industrial operators who secure most of their raw material through contracts with individual farmers; in many cases, the industrial operator is closely linked with the farmers, including capital ties (such as “cooperative companies”, or other companies which the majority of shares are held by the farmers) and inputs supply; therefore they control traceability and they are perfectly capable of producing a “traceability map” for each batch of feedstock they receive. Hence they can quite easily produce an auditable and reliable traceability document for each single batch of biofuel they produce, including the real FCC for the farm inputs (fossil fuels, mineral fertilizers and pesticides); for the transportation from the farm to the factory ; and for the industrial inputs and processes.

Industrial operators who use feedstock without a reliable traceability certificate, will have to use standard FCC (or other environmental balance sheet) according to the production system of the origin region of this feedstock (inside the European Union), or maximum standard FCC of the specific feedstock if the origin is unknown (and Third countries).

The “Fossil Carbon Content” of each batch of biofuel should be directly related with an appropriate tax incentive system:

Usage of fossil hydrocarbon energy resources results in a number negative consequences (negative externalities) for mankind and thus justifies a heavy tax system in order to transmit the real cost to the consumer:

a) An increasing external dependency for energy, resulting in a danger concerning our the security of our energy policy

b) A strong dependency on regions with inadequate commercial reliability, political stability and financial security for investments.

c) A non sustainable productive system; exhaustion of oilfields

d) A massive release of greenhouse gases with negative environmental repercussions, such as climate change

Biofuels, on the other hand, cause such consequences only to the extent that they rely on fossil fuels, and therefore should bear the petrol tax only in proportion in to their usage of fossil fuels; we suggest that the European Commission prepare a framework Directive binding the Member-States to apply environmental taxation on the fuels incorporating the

costs of the above mentioned externalities, on the basis of the FCC. Member-States must avoid the rationale of « detaxing » biofuels; rather, the goal must be the application of a fair system of taxation, a system structured to account for the actual amount of fossil fuels (FCC) consumed and the negative consequences of that consumption.
This will create for fossil fuels users a similar mechanism to the existing one for the industry within the Kyoto system, with its negotiable emission rights, in a such a manner that the end user's price (tax included) will be structured to reflect the negative consequences. In doing so:

a) Biofuels must be cheaper for the end user than fossil fuels, no matter how erratic the future market price of oil

b) A portion of the tax income on fuels should subsidize Research and Development of sustainable and environment friendly biofuels

c) The industry will discover an incentive both (1) to optimize the efficiency of the whole chain of biofuels, including the feedstock, logistics, and industrial process, and (2) to incorporate an increasing proportion of biofuels in the fuels they distribute
In short, we should no longer think « detaxation » of biofuels, but of placing additional taxes of fossil fuels:

The Member States must implement a tax system which makes a radical distinction between biofuels and fossil fuels; a significant part of these taxes must subsidize R&D on biofuels: fossil oil users must now pay for the development of the substitutes of fossil oil

2) How should overall effects on land use be monitored?
Raw material for the first generation of biofuels are being produced in Europe on land which have been cultivated for tenths of generations; it is the role of the Common Agricultural Policy to encourage and monitor environment friendly agricultural practices and to punish the practices that are not: crops for bio-refineries are not an exception in this regard.
It is the role of the Environment policy to protect biodiversity: in Europe, no forest, no permanent pastures, no land included in Natura 2000 zones, and no land dedicated to organic farming should be converted into land used for biofuel crops. Imports from Third countries that allow such land use changes should be prohibited.
What about other environment harmful practices that could develop in Third countries in response to the growing demand of agricultural commodities? It is the responsibility of those countries to prohibit such practices; the European Union should maintain pressure on them through international negotiations; this problem is not specific to biofuels production, it is the same for the whole of agriculture; there is no reason to differentiate food crops from "energy crops" in this aspect. The

responsibility of the European Union is limited to refuse to import products issued from an environment harmful agriculture, thus establishing legitimate trade barriers (the legitimacy of which should be made acceptable by the WTO); the agriculture of the EU must remain exemplary in the world as regards the respect of environment, and this is a strong argument in favour of communitarian preference at least in the first stage of the development of this new industry.
Beyond 2012, it is likely that the transportation industry will be included within the negotiable emission trading system of the enlarged Kyoto protocol; the distributors of fuels will have to justify the real emissions (FCC) of the mix they distribute.

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

In our view, there will not be a single, well defined moment of transition between the first and the second generation of biofuels; there will be a progressive shift that will include :

- continuation of the increase in agricultural yields,
- continuation of the decrease of consumption of chemical inputs per hectare,
- progress in the environmental balance sheet of the whole process, from the field to the wheel, including the energy yield and the FCC
- progressive use of the whole plant in the biorefinery (and not only the edible parts),
- use of dedicated crops (including the herbaceous productions issued from permanent pastures).

In the meanwhile, the progressive shift to the concept of vegetal refinery (or green chemistry) will result in the integration of the biofuel production within a wider scheme, in which the higher economic value should be obtained through a whole set of diversified outputs.
We consider that there is no break between the first and the secondgeneration biofuels, but rather continuity and synergy; therefore, the encouragements to second generation biofuels should be included in the holistic approach of the encouragements to renewable fuels, because what is at stake is not the process (first or second generation) but the usage (renewable biofuels for transportation) ; nevertheless, second generation biofuels will probably need a specific treatment at the R&D stage, but we strongly recommend NOT to count extra for second-generation biofuels (as suggested in the consultation document), since the first-generation biofuels are a path to the second-generation that leads fuel distributors and car manufacturers to include biofuels in their strategic plans ; it is therefore key to encourage consumption through the dedicated tax system mentioned above, and production through direct payments to environmental friendly energy crops; those direct payments should not be part of the CAP budget, because what is at stake is not the farmers' income, it is the energetic future of the EU.

Examples of suggested public encouragements:

- Subsidies for research: new crops/plants, new enzymatic or thermic hydrolysis processes of lignin and cellulose,
- Subsidies for pilot/demo plants for second generation
- Public support to the biorefinery or vegetal refinery or green chemistry concept
- Encouragement for biofuel operated captive fleets (transportation of goods and of passengers, public fleets operated by cities and local governments)
- Subsidies for the development of dedicated biofuel engines
- Communication and education on climate change and greenhouse gases

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

4.1 - The legislation should facilitate any blend containing biofuels; the ambitious political binding goal of 10% by 2020 (and the vision of 25% in 2030 by the Biofuels Research Advisory Council) will not be achieved through one single mean: all gasoline should contain a minimum 10% of bioethanol; all diesel fuel should contain a minimum 10% biodiesel; E25, E85 and flexifuel engine should be strongly promoted; B100 and dedicated biodiesel engines should be promoted.

4.2 - A lower VAT rate should be applied to vehicles using high biofuel blends (and a higher one to those NOT using them, in order to avoid tax losses).

4.3 - Public support to polyfuels elaborated on the basis of blends from different origins, including biomass, biogas, and fuels obtained from recycled oils

4.4 - Encouragement to direct use of vegetal oils by the farmers, and other forms of similar short circuits; elaboration of a proper way of accounting and monitoring for these non conventional circuits
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