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Biofuels in 2011

A briefing on the current state of biofuel policy in the UK and ways forward

Introduction to this event

Demand for biofuels is growing rapidly across the world, particularly in developed countries where targets and subsidy schemes have been introduced. The EU's Renewable Energy Directive (RED) commits Member States to a target whereby 10% of all land transport fuels should come from renewable sources by 2020. This has become a de facto biofuel target in many countries including the UK.

The government's current consultation recognises 'that there are legitimate concerns about the sustainability of some biofuels'. However, it still proposes to continue working towards a biofuel target of 5% by 2013. (See Written Ministerial Statement for more information)

Action Aid, Friends of the Earth and RSPB are holding this event to highlight new evidence and discuss issues surrounding the biofuels controversy as well as possible alternatives. Speakers from Nature Kenya and ActionAid Senegal will offer their first-hand experience of the impacts of biofuels on communities and the natural environment.

We are keen for the event to be insightful and positive, allowing parliamentarians and other stakeholders the opportunity to hear the evidence and debate policy implications with politicians, experts from industry and academia alongside our guests from Kenya and Senegal.

The current state of biofuel policy in the UK and ways forward

Summary of main points

- Current biofuel targets cannot be met sustainably and lead to serious environmental and social impacts.
- They fail in their main policy aim of reducing greenhouse gas emissions from transport.
- EU biofuels legislation which is about to be introduced in the UK will not ensure the sustainability of biofuels both because of the scale of demand and because safeguards are inadequate.
- The UK is prevented by EU law from introducing additional UK safeguards for biofuels.
- The UK Government is currently amending UK legislation to reflect EU mandates. Because increasing evidence already shows that UK targets cannot be met sustainably, we believe that ultimately the targets should be scrapped.
- There are much better ways to reduce greenhouse gas emissions from road transport.

Introduction

Biofuel use in the UK is rapidly increasing demand for imported feedstocks leading to serious environmental and social impacts in producer countries.

Currently the Government is consulting on how to amend existing UK biofuels legislation (the Renewable Transport Fuels Obligation or RTFO) in order to reflect EU mandates.

However, current levels of biofuels coming in to the UK are not meeting even the most basic levels of sustainability, a fact that has important implications for decisions being taken on future levels of targets.

Current UK biofuel use and targets

Currently, fuel companies are mandated to blend all transport fuel sold in the UK with 4% biofuel. This will rise to 5% by 2013/2014 under the UK's Renewable Transport Fuels Obligation (RTFO).

Recently introduced EU legislation, the EU Renewable Energy Directive (RED), requires that 10% of energy used in transport comes from "renewable sources" by 2020. According to the Government's Renewable Energy Action Plan, in the UK this would be expected to be met almost entirely through the use of first generation biofuels from crops, in essence a 10% biofuel target.

However, in considering how to implement this EU legislation, the Government is now taking concerns about the sustainability impacts of biofuels seriously. As such, it is proposing to delay the decision on whether to further increase the RTFO biofuel target in the UK to a later date. This approach is a welcome step by the UK Government in the light of current evidence.

We believe the Government must at least await the outcome of the European Commission's review of the sustainability of the EU target in 2014.

Indeed, according to the latest annual report of the Renewable Fuels Agency, 69% of biofuels sold in the UK failed to meet an Environmental Qualifying Standard, 74% failed to meet a Social Qualifying Standard. Furthermore, 90% of biofuel sold in the UK was imported from overseas: 18% from EU countries, 72% from non-EU countries or “unknown”.

Impacts

Biofuels targets are leading to serious social and environmental impacts in producer countries. A recent independent report by the Nuffield Council on Bioethics concluded that UK and European biofuel targets are unethical, violate human rights and damage the environment.

- **Biodiversity loss**

The rapid expansion of the acreage of biofuel feedstocks like soy and palm oil is a major driver of deforestation in South America and SE Asia threatening many species with extinction (including the orang-utan).

In some cases the impacts are knock-on effects as in the case of expanding sugar cane in Brazil which is displacing cattle ranching from the South of Brazil into the rainforests of the Amazon.

- **Food prices and hunger**

According to a number of independent sources, including the FAO and the OECD, the contribution of biofuels to the food price spike in 2007/2008 was ‘significant’; others went further, and put the contribution at 30% (IFPRI), 40% for vegetable oils and 70% for corn (IMF) and 70-75% (World Bank). Since mid 2010, food prices have been escalating once more and the FAO’s food price index reached an all time high in early 2011. This is again being fuelled by increasing demand for biofuels. If all countries were to meet their biofuel targets tens of millions of more people in developing countries could be driven into hunger.

In April 2011 the World Bank called on governments around the world to relax biofuel blending mandates and “to put food first and protect the poor and vulnerable, who spend most of their money on food.”

- **Climate impacts**

A wealth of studies – including the Gallagher Review commissioned by the UK government – have warned that biofuels can produce more greenhouse gas emissions than the fossil fuels they are meant to replace. A study by the Institute for European Environmental Policy (IEEP) calculated that EU biofuel targets for 2020 would lead to an increase in greenhouse gas emissions of as much as 56 million tonnes of extra CO₂ per year, the equivalent of putting an extra 26 million cars on Europe’s roads by 2020

EU sustainability criteria fail to address biofuel impacts

Alongside looking at targets, the Department for Transport is also currently consulting on introducing the EU Renewable Energy Directive’s sustainability criteria for biofuels. While the introduction of mandatory criteria is a positive step the criteria have major loopholes and fail to address some of the main negative impacts of unsustainable biofuel demand:

- **Food price rises are not addressed**

The proposed criteria do not address the serious hunger implications for millions of the world’s poorest people. They do not address the competition of biofuel crops

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with food crops over land and water and the resulting impacts on global food prices.

- **Social impacts are not covered**

Currently, the UK has criteria on social impacts under the RTFO. Since the EU criteria does not cover social impacts, this means two existing RTFO criteria covering social impacts on working conditions and land rights will be scrapped under the new scheme. The social pillar of sustainability, and thus the damage to vulnerable people globally, is therefore being entirely ignored.

- **Significant greenhouse gas emissions are being ignored**

Emissions from indirect land use change (ILUC) are being ignored. ILUC occurs where biofuel mandates cause increased demand for agricultural land as food crops are displaced to grow fuel feedstocks. Where forests are cut down or peatlands drained as a result of this displacement the resulting emissions can be huge. Because the EU system so far ignores emissions from indirect land use change, it is therefore likely to promote some biofuels that lead to higher net greenhouse gas emissions than fossil fuel.

- **Forests and other habitats only partly protected**

The EU criteria potentially allow up to 50% of global forested areas to be eligible for conversion for biofuels. This is due the weak definition of forested areas in the legislation that rejects the internationally recognised forest definition of the FAO. Other habitats such as savannah areas receive no protection at all despite large areas of savannah being targeted for conversion for biofuels feedstocks.

- **Other issues**

The proposed criteria do not address knock-on effects on areas of high biodiversity and protected areas. Nor do they currently address negative impacts on water, soil and air resources despite irrigation, for example, being key to many biofuels plantations.

The UK's hands are only partially bound

EU law explicitly prevents the UK from introducing any safeguards for biofuels beyond the ineffective measures currently included in the European legislation.

However the EU Directive does not dictate the trajectory member states may choose to implement the 2020 target and the UK is free to await the 2014 review of the European target rather than take any rushed steps to increase biofuel use in the UK.

As such, the UK must play a lead role in ensuring that the European Commission conducts a full review into the impacts arising from the Renewable Energy Directive's 10% target in or before 2014 with a view to radically revising the target. Instead of mandating unsustainable biofuels the Renewable Energy Directive must incentivise renewable energy powered electric vehicles and other ways to reduce emissions from the transport sector. At the same time the UK must ensure that the European Commission investigates and implements a system that accounts for and prevents climate emissions from indirect land use change caused by the increase in biofuel production.

There are much better ways to reduce greenhouse gas emissions from transport

The Government-commissioned study "Looking over the horizon" has demonstrated that emissions from transport could be reduced by 60 per cent by 2030 through a combination of transport policy measures that are proven to deliver effective greenhouse gas reductions¹.

For example, measures to boost walking and cycling could save 7.3 million tonnes of carbon dioxide per yearⁱⁱ. If UK speed limits were lowered we could reduce emissions by as much as 5.4 million tonnes of carbon dioxide a year as well as improving our energy security and saving livesⁱⁱⁱ.

If European politicians made manufacturers double the average fuel efficiency of new cars it could save 95 million tonnes of carbon dioxide a year across the EU^{iv}.

Electric vehicles will also play an important part of the picture. A combination of high electric vehicle uptake, improvements in the efficiency of internal combustion engine vehicles and demand management measures to reduce the amount people drive could potentially deliver a 75% reduction in car emissions by 2030. Electric vehicles could provide nearly a third of this emissions reduction^v.

What is needed?

- The UK blending mandate for transport biofuels and incentives for the use of biofuels in power stations must be scrapped. Revised systems must be put in place that guarantee sustainability and significant carbon savings from biofuels once emissions from indirect land use change are accounted for.
- The UK must play a lead role in ensuring that the European Commission conducts a full review into the impacts arising from the Renewable Energy Directive's 10% target in or before 2014 and implement a system that accounts for and prevents climate emissions from indirect land use change caused by the increase in biofuel production.
- The Government must focus on reducing greenhouse gas emissions from transport through a combination of effective transport policies proven to reduce fuel demand.
- Significant investment should be made in substantially improving vehicle efficiency as well as the widespread roll out of electric vehicles. For electric vehicles, the government needs to offer subsidies and other incentives, to help overcome potential consumer concerns about price, range and battery charging limitations. We also need to ensure that EVs are charged with clean, renewable sources of power.
- There is a need for targeted support for small scale producers of truly sustainable biofuel, e.g. made from recycled cooking oil.
- Research resources and industry incentives should be redirected from biofuels into effective renewable energy and into reducing energy demand. The little sustainable biofuels that will be available – from waste sources, for example – should be channelled into uses where there are few decarbonisation options such as heavy haulage.

ⁱ Looking over the Horizon, Visioning and Backcasting for UK Transport Policy, Department for Transport – New Horizons Research Programme 2004/05

ⁱⁱ Department for Transport: Carbon Pathways Analysis, July 2008 and Sustrans submission to Committee on Climate Change: Carbon savings from active travel interventions, July 2008

ⁱⁱⁱ Sustainable Development Commission: *UK climate change programme review submission*, May 2005 and International Energy Agency, *Saving Oil in a Hurry*, 2005

^{iv} Putting the brakes on climate change: CO2 limit values for cars, CPC Berlin, 2007

^v Electric avenues: Driving home the case for electric vehicles in the UK, WWF, 2011