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Joint recommendations on the EC proposal on Indirect Land Use Change (ILUC) from biofuels

Summary

The EU's biofuels policy has been widely criticised. Officially aimed at moving the European transport sector away from fossil fuels and reducing carbon emissions, the way the renewable energy in transport target and the fuel quality target have been implemented has largely served to incentivise the wrong technologies; in particular the development of unsustainable *land-based biofuels* that are undermining international food security, driving biodiversity loss and land grabs and are risking making climate change worse. The negative impacts of the EU biofuels policy have become evident, yet European policy-makers have so far failed to significantly change the course of this policy.

The European Commission published on October 17th a proposal for amendments to the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) in a first attempt to reform EU biofuel policy. The proposal will now go to co-decision in the Council (Member States) and European Parliament. Negotiations are expected to start in early 2013. Member states will then have one year to transpose the Directive into national law.

We welcome that the Commission's proposal readily acknowledges the negative social and environmental impacts that EU biofuels mandates are having and we see the proposed cap on biofuels from food as a first step towards addressing these. However we believe that the current proposal fails the Commission's stated goal to only promote biofuels that help achieve substantial emission cuts and it is now up to the European Parliament and the Council of Ministers to strengthen it. Specifically, we are calling for Indirect Land Use Change (ILUC) factors to be included in the greenhouse gas emission accounting system in the FQD (specifically in Article 7) and the RED (specifically in Article 17), and for a trajectory towards a 0% cap on all crop-based biofuels.

We ask the UK government to take a leading role by supporting our four key recommendations for improving the EC's proposal:

1. Introduce ILUC factors into all emissions accounting for biofuels

Current proposal: ILUC emissions are to be reported by Member States as part of the overall reporting obligations of the RED and FQD. However, whilst ILUC emissions are reported, they will not be accounted for when determining whether a particular biofuel feedstock meets the minimum GHG emission savings under the sustainability criteria of the RED (Article 17); nor will they be accounted under the obligation to reduce the carbon intensity of transport fuels supplied in the European Union under the FQD.

Our response: These proposals introduce a major contradiction into EU biofuels policy by reporting ILUC emissions but not accounting for them. As a result, biofuels with high ILUC emissions will continue to be supported by these Directives, undermining the declared aim of both Directives to tackle climate change.

Recommendation: *ILUC factors should be consistently accounted for in the carbon accounting system across both Directives, specifically under Article 17 on sustainability criteria in the RED; and Article 7 of the FQD. This is the best approach to incentivising sustainable biofuels that do not require land.*

ILUC factors must also be introduced for all land-based biofuels, including cellulosic ethanol where it uses purpose-grown material.

2. A cap on biofuels from food crops

Current proposal: A 5% cap will be set on the amount of food-based biofuels that can be counted towards the RED 10% target.

Our response: We welcome the Commission's recognition that there is a conflict between growing crops for food and for biofuel. However, both the definition of the cap and the level it is proposed to be set at are inadequate. Even at 3.5%, the level that the EU had reached by 2008, the land used to produce these biofuels could have fed 127 million people for a year if it had been used to produce wheat and maize instead.

Furthermore the cap, as currently defined, would not limit food-to-fuel at 5%.

Member states can continue to subsidise the production of food-based biofuels beyond the 5% level and a higher share can be counted towards the FQD target. The only restriction is that food-based biofuels over the 5% cap cannot be used to deliver towards the RED transport target

Recommendation: *The cap should be defined as an absolute limit to the extent to which food based biofuels can count towards any of the targets in the RED and in the FQD. Furthermore, a trajectory should be established to reduce the cap to 0% as soon as possible, and a commitment should be made to phase out all direct and indirect support for food based biofuels.*

Finally, the cap should be extended to include non-food crops such as jatropha that compete with food crops over land and water resources.

3. A 60% threshold for minimum emissions savings

Proposal: Biofuels will have to meet a minimum of 60% GHG emission savings compared to fossil fuels. However biofuels from processing plants that are in operation before 1 July 2014 will be exempt from this requirement.

Our response: There are already enough processing plants built in Europe to meet the majority of the RED biofuels target, so almost all biofuels will be exempted from this measure.

Recommendation: The 60% threshold should apply to all biofuels

4. Double and quadruple counting of certain biofuels

Proposal: Biofuels from municipal solid waste, agricultural and forestry residues and fuels of non-biological origin will be counted four times towards meeting the 10% target. Biofuels from other wastes and from cellulosic material would be double counted.

Our response: Biofuels made from waste and residues should be preferentially incentivised as they can deliver genuine greenhouse gas emission reductions, but wastes and residues need to be clearly defined and strong environmental safeguards must be developed to ensure that their value for biofuels production does not result in driving unsustainable land use change or environmental and social knock-on impacts by diverting them away from existing uses in other industries where they will be replaced by alternative feedstocks.

Furthermore, biofuels made from cellulosic materials can also lead to damaging direct and indirect land use change affects that must be accounted for.

We are particularly concerned that the creation of new incentives for fuels produced from forestry residues could place additional pressure on forest ecosystems. Tapping additional biomass from forests to produce large volumes of fuel on top of other competing demands from paper, construction and electricity sectors could lead to serious ecological, social and climatic repercussions.

Recommendation: *Clear definitions and sustainability criteria for “waste-streams”, “by-products” and “residues” should be established to limit use to sustainable levels, and to verify the origin of those streams to avoid displacing existing uses. Correct lifecycle carbon accounting of waste and residue streams is needed to ensure genuine GHG emission reductions.*