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WWF & the EU Biofuels Communication

February 2006

1. About the EU Biofuels Communication

On 8th February 2006 the European Commission is publishing an EU Communication on Biofuels. This communication follows the Biomass Action Plan (BAP) published in December 2005, and represents one in a series of papers the EU Commission will publish this year affecting bioenergies (e.g. Energy Policy Green Paper, review of the Biofuels Directive, review of the Common Agricultural Policy's (CAP) Energy Crops Payment Scheme, Forestry Action Plan ...). As a Communication, this document is not legally binding.

The aim of these papers is to take stock of progress by the EU in delivering its stated targets of:

- 12 per cent of renewable energy for the EU by 2010,
- of this, 5.75 per cent of market share for biofuels by 2010.

and the effectiveness of the instruments available to support these targets.

There are several backdrops to the EU's Biofuels Communication: Europe's high dependence on oil imports ("security of supply"); the high price of oil and the assumed vulnerability ("geo-political stability") of the main countries importing oil into EU (OPEC¹, Russia). Climate policy and Kyoto are also drivers. The EU still falls short of delivering on some of its essential commitments, particularly in the transport sector where climate pollution is rising substantively.

Presently, biofuels account for less than 1 per cent of all transport fuels in EU. Yet transport emits an estimated 21 per cent of all of the EU's greenhouse gas emissions.

In order to curb these trends (and in addition to large structural changes such as the expansion of the railway networks, road pricing and fuel consumption standards for vehicles) the transport sector also needs an alternative fuel. Oil currently represents 95 per cent of all transport fuels. So long as fuel cells and sustainable hydrogen production remain in their infant stages, biofuels appear as the only alternative.

2. WWF's position on the Communication

Overall, WWF is supportive of the EU Biofuels Communication and of a greater use of biofuels. However, biofuels are not automatically environmentally sustainable, just because they are a renewable resource. WWF considers the EU Communication needs strengthening on the following issues, if it aims to promote truly sustainable biofuels:

- **Mandatory, legally binding, environmental certification** for both imported and domestically produced biofuels. The Communication emphasises the importance of mitigating the environmental impacts of biofuel production. However, it falls short of explicitly calling for obligatory certification of all biofuels used in the EU, whether they come from domestic or imported sources. Certification schemes would necessarily have to be easy to apply and flexible enough to take account of local conditions. As a minimum, certification should address:
 - *Carbon balance and greenhouse gas life-cycle*, selecting energy crops on the basis of the most efficient carbon (soil and air) and energy balance, from production through to processing. Energy-intensive fertiliser input increases N₂O emissions, a highly potent greenhouse gas, and intensive cropping may contribute to releases of soil bound CO₂;

¹ Organisation of Petroleum Exporting Countries



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- *Land-use*, ensuring as a minimum that land of high nature value is not converted into intensive farmland, even if its to produce a biofuel crop;
- *Neutral impacts on water, soil and biodiversity*.

WWF has already been instrumental in setting up effective verification and certification systems, such as the Roundtable on Sustainable Palm Oil, which has brought together producers, buyers, retailers, financial institutions and NGOs to develop practical criteria for the responsible production of palm oil.

- **Proposals to assist Developing Countries (DCs)** through *Biofuels Assistance Packages*, and to develop national biofuel platforms and regional biofuel action plans. The Communication considers many DCs will need to develop such strategies, addressing technical standards, infrastructure and other economic, social and environmental aspects, and that action plans are instrumental in promoting regional markets. WWF strongly supports promoting regional markets alongside trade for DCs. However, there is no explicit link between these proposals and the liberalisation negotiations on EPAs (European Partnership Agreements), which could contradict such approaches. Furthermore, it does not address which budgetary means will be available to fund the Assistance Packages.
- **Promotion of 2nd generation (ligno-cellulosic) fuels²** coupled with recommendations that Member States provide a favourable environment for their take-up through biofuels obligations. The Communication proposes the Commission bring forward a Forestry Action Plan to address *inter alia* the use of forest material for energy. Such resources, in general, have much higher yields, allow greater CO₂ emission savings, and need fewer inputs than agricultural energy crops such as sugar beet, oil seed rape or wheat. However, they are not in themselves the answer. As with other agricultural crops, to reap their greatest environmental benefit, best practice in their production must be ensured. Non use of best practices, such as intensive input use and complete harvesting of the resource could, for example, require a greater energy input than that generated from the processing of the resource.
- **Use of rural development & cohesion plans.** The Communication proposes setting-up a specific *ad hoc* group to consider biomass and biofuel opportunities within national rural development programmes, as well as recommending that renewable and alternative energy sources are an important objective for cohesion policy. The European Commission and the Member States will need to work in partnership to assess how these limited EU funds can be used cost-effectively to make a genuine difference as part of a wider climate change strategy. These funds should not simply be used as indirect subsidies. This work should happen as a priority to be relevant, as the programming schedule for these funds indicates programmes should be effective from 1st January 2007.
- **Biofuels must not count towards voluntary agreement by carmakers to reduce fuel consumption for new cars.** Some biofuels may reduce GHG emissions substantively. However, they should not be a replacement for fuel efficiency standards in cars, which are strongly needed in EU. By focussing on car fuel efficiency rather than on CO₂ released per km, much less land will be necessary for biofuel production while increasing the share of biofuels in transport³.
- **Unclear status of this Communication** within the range of papers produced and scheduled by the Commission for the bioenergy sector for 2006. The Communication proposes a strategy comprising seven axes, each axis proposing three or more interventions. Whilst most of these sound appealing, many interventions are vague, suggesting the Commission will “explore”; “encourage”; “consider” or “examine” issues. It remains, therefore, to be seen which of these interventions will remain in the actual proposals the Commission may table as it implements the Biomass Action Plan.

² So-called first generation biofuels are those that are in use at the moment, and come from crops such as sugar beet and oil seed rape. Second generation biofuels are still in the developmental stages, and come from ligno-cellulosic (woody) sources such as willow. They have the potential to be much more efficient than first generation biofuels.

³ The voluntary agreement between the European carmakers (ACEA) association and the Commission is expressed in terms of CO₂ emissions per km. Even if one were to assume that all biofuels were certified as fully or partly carbon-neutral and thus be eligible to offset parts of the fossil-fuel carbon emissions from new cars, clearly, the intention of the agreement was to increase overall fuel efficiency and not to keep wasteful road transport running on high consumption levels with any type of fuel. At the time of agreement, no one thought of biofuels as a potential to substitute for petroleum. Because biofuels are now a credible substitute, existing and future agreements and legislation should focus instead on ambitious average fuel consumption limits.



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3. WWF & Biofuels for Europe

WWF believes biofuels should contribute to the production of renewable energy and transport fuels. However, they should not be considered a *silver bullet* for the transport sector. The demand for biofuels is driven by the need to combat climate change and to address security of supplies. Addressing these effectively in the transport sector will require more than biofuels: mandatory fuel efficiency standards and a shift from roads to the much more sustainable rail networks, for both passenger and freight transport, are key.

For environmental sign-off by WWF, biofuels must not only contribute to reducing greenhouse gas (GHG) emissions. Best Management Practice (BMP) in producing and processing biofuels should ensure against negative impacts on the conservation and management of soil, water and biodiversity, and benefit local communities. WWF promotes certification and the adoption of BMP protocols to safeguard these objectives.

WWF believes developing countries could benefit from Europe's growing appetite for biofuels. Some countries could trade their way out of poverty and find new markets for their bioenergy crops in Europe. Others, could secure their domestic energy supply. To do this sustainably, they need fairer trade and better aid to ensure high environmental and social standards.

The expansion of these crops is already happening and WWF is keen to see that it does so in ways that do not damage the environment.

For Further Information

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| Elizabeth Guttenstein | Stephan Singer |
| Agriculture Programme | Climate Change Programme |
| WWF European Policy Office | WWF European Policy Office |
| EGuttenstein@wwfepo.org | SSinger@wwfepo.org |
| Tel. +32 2 740 09 24 | Tel. +32 2 743 88 17 |