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13 April 2015 - **NGO media briefing**

Europe slams the brakes on biofuels

What, where and when?

Europe is on the cusp of passing into law a decision to limit the consumption of biofuels that are bad for the climate and the environment and compete with food production.

The European Parliament's Environment Committee is expected to approve tomorrow in Brussels a deal with EU governments to cap the quantity of biofuels from agricultural crops used to fulfil renewable energy targets – expected to be confirmed by the full house of MEPs on 29 April in Strasbourg.

Environmental and development NGOs welcome Europe's move to curb the harmful effects of biofuel production and want to see support for crop-based biofuels phased out altogether. Only by doing this will Europe put an end to the current threat that biofuel production poses to the climate, the environment and people's ability to feed themselves.

This decision brings to an end over five years of debate on the unintended effects of crop based biofuels' demand on land expansion, food markets, global deforestation, and hunger through a legislative process on the complex topic of "Indirect Land Use Change" (ILUC) caused by biofuels. Though promoted by EU targets and subsidised by taxpayers for the purpose of reducing climate change, these fuels when derived from agricultural crops and blended into car fuel have adverse effects on people, the environment, and even on greenhouse gas emissions.

Europe is a global leader in biofuels production and consumption, with an increasing share of imported fuels and feedstocks. This decision will have impacts on global commodities markets and should mark the end of the road for the expansion of crop based biofuels onto fertile agricultural land, inside and outside Europe.

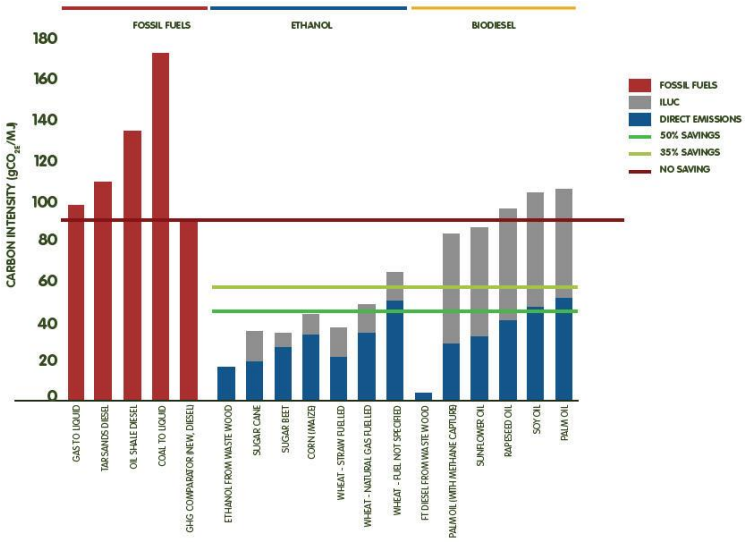
Problems with biofuels

- **Land:** Biofuels take up land. According to an IEEP study, if all EU member states were to implement their original plans on crop based biofuels, this would require between 4.7 and 7.9 million ha of additional land, which would cause 1,003 to 1,668 Megatons of CO_2e emissions. This is the equivalent of adding between 14 and 29 million more cars to European roads by 2020.
- **Unsustainable agriculture**: The concerns lie not just with the conversion of land (e.g. ploughing up of highly biodiverse grasslands, conversion of rainforests to palm oil etc.) but also with further agricultural intensification – intensive or monoculture agricultural production puts pressure on biodiversity, soil and water and increases pollution.
- **Water pressure**: The FAO estimated that it takes roughly 2500 litres of water to produce one litre of biofuel.
- **Food price pressures:** Research shows that EU biofuel policies are a significant driver of food price volatility and food price increases. If the EU were to drop current support for biofuels, by 2020 the global prices of plant oils would drop by 16 % and global wheat prices would drop by 4 %.
- **Land grabbing and large-scale land acquisitions:** Biofuel production is one of the main drivers of the global rush for land. 23% of concluded transnational deals currently recorded in the Land Matrix include biofuels plants. EU investors top the rankings of investor countries for these projects. The drive to acquire land often results in 'land grabs' in developing countries.
- **Subsidies:** The IISD Global Subsidies Initiative calculated the amount of EU subsidies for biofuels at 6 billion EUR per year.
- **Commodity trade:** Having once been a net exporter of vegetable oils, the EU is now a net importer, with over 40% of Europe's vegetable oil production (over 60% of EU rapeseed crop) now consumed by biofuels to fuel our cars & growing palmoil imports.
- **Indirect land use change (ILUC):** Scientists have warned that the increased demand for EU biofuels is driving the expansion of global agricultural land, to the extent that they may in fact increase climate warming emissions. When ILUC emissions are added in the footprint calculation of biofuels, most land-based biofuels currently marketed in Europe offer no or limited carbon emissions savings compared to petrol and diesel

ILUC explained:

Land which could be used to grow food is now used to grow fuel. Extra land is therefore needed to grow food – land that is usually found in tropical regions, where pristine forests teeming with plant and animal life are cut down to make way for agriculture. This land clearing reduces the 'carbon sinks' (the trees and vegetation that absorb CO2) and pumps vast amounts of greenhouse gas emissions into the atmosphere, negating the intended aim of the EU biofuels policy.

Reference of graph: European Commission (2012) Impact Assessment accompanying ILUC proposal



Background

The adoption of the EU biofuels policy and first sustainability concerns

Biofuels began to be incentivised by the EU in 2003, but their production and consumption grew dramatically from 2008-2009 when two EU directives – on Renewable Energy (RED) and Fuel Quality (FQD) – were adopted. These set binding targets for 10% renewable energy in transport fuel by 2020 and the decarbonisation of transport fuels by 6% by 2020 – largely to be met by biofuels derived from crops like rapeseed, palm oil, soy, sugar, wheat and maize.

By replacing fossil fuels, biofuels were deemed by EU decision makers to benefit the climate. However this ignored the pressure on land use and food markets exerted by a large-scale increase in demand for commodity crops for energy. Furthermore the assumption that biofuels are 'carbon neutral' was proven to be false, because it ignored the crucial greenhouse gas emissions released by expanding agricultural land for biofuels and its indirect impacts on land use overall.

In 2008, our organisations raised serious concerns about the EU's push for biofuels, asking decision makers to assess the full social, environmental, and climatic impacts (both direct and indirect), and we opposed the introduction of targets for biofuels. Nevertheless, with backing from powerful interest groups, such as the farm lobby, and as an easy 'drop-in' solution requiring few changes to infrastructure, targets were adopted by the EU as part of the 20-20-20 climate and energy package that were directly translated into simple biofuels mandates.

To attempt to address concerns from civil society, the two directives (RED and FQD) included limited 'sustainability criteria' (though these did not address indirect effects, and have proven inadequate). A review clause was also included mandating the European Commission to do more research on ILUC and (if appropriate) to propose remedial action.

Growing evidence of damage from biofuels policy and a long journey towards revision

Numerous scientific studies followed, including the EU's own studies, showing that ILUC could make some biofuels worse for the climate than using fossil fuels. Moreover food prices rose dramatically causing food riots – and most studies cited biofuel policies as a contributory factor. This prompted 10 major intergovernmental organisations including the OECD, World Bank, IMF and FAO to jointly call for "G20 governments [to] remove provisions of current national policies that subsidise (or mandate) biofuels production or consumption".

In October 2012, almost two years later, the European Commission came up with a proposal to "minimise the climate impacts of biofuel production": it acknowledged that "indirect land-use change can reduce the greenhouse gas emissions savings associated with biofuels". This proposed a 5% cap on biofuels from edible food crops (this is equivalent to the current consumption levels of these biofuels in the EU), obligations to 'report' on ILUC emissions, and extra market incentives for so-called 'advanced' biofuels.

The decision

Beginning of the end of bad biofuels

Following lengthy political negotiations and an incredible amount of lobbying, the European Parliament and member states are expected to reach an agreement on how to reform the EU's failing biofuels policy. By imposing a 7% cap on biofuels from agricultural crops and reporting ILUC emissions, it sends a signal that the EU is slamming the brakes on biofuels – due to environmental, climatic, social and economic sustainability concerns. Though more lenient than NGOs have called for (they still allow for around a 50% growth of current EU consumption levels), it confirms the EU's initial enthusiasm for biofuels was mistaken.

This decision will be watched by the world, and sets a limit on the growth of first-generation biofuels – reducing the pressure on food prices, land and future emissions. A rough calculation, based on figures of a previous IEEP study, shows that by putting in place this policy, Europe is preventing emissions of up to 320 million tons of CO2, that would otherwise have been caused by crop based biofuels.

What's in the final deal?

- ✓ A 7% cap on biofuels from agricultural crops (in comparison to 8.6% business-as-usual scenario) – with an option for member states to go lower.
- ✓ Indirect emissions will be reported on every year by the European Commission and by fuel suppliers by taking into account 'ILUC factors'. This will increase the transparency of the impacts of this policy for European citizens.
- ✓ Member states should set a 0.5% non-binding target on so-called advanced biofuels while giving "due regard" to safeguards to ensure these biofuels are sustainable (reference to the waste hierarchy as defined under the Waste Framework Directive). As an extra incentive they will be double counted towards the 10% Renewable Energy target in transport.

The future of EU biofuels policy?

The European Commission has made it clear that after 2020 there should be a complete phase out of subsidies for food-based biofuels. It has also announced there will be no more renewable energy targets in the transport sector.

The discussions around biofuels are not a standalone issue. The European Commission has announced that it will look into setting a wider sustainability framework for all forms of bioenergy, to be put forward in the 2030 climate and energy framework. The question is now: "*will the EU learn its lesson*"?

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