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The European Union's biofuel policy

EU biofuels policy

As with all pioneering technologies, the initial development of biofuels worldwide is driven by policy and regulations. The main goals for biofuels promotion are a better environment, increased energy security and growing domestic economy.

- In Europe, all sectors covered by the Kyoto Protocol have decreased their **greenhouse gas (GHG)** emissions since 1990 except one – the transport sector. Its emissions have increased by almost 30%. Road transport represents over 90% of transport emissions and over one fifth of total GHG emissions in the EU[1].
- As opposed to other technologies that are years away from commercialisation, biofuels can be used in **today's car fleet**. They are blended easily into the fossil fuel stream and they provide substantial GHG emission reductions (up to 95% depending on raw material used and processing technology applied).[2] Biofuels can therefore bring an immediate solution to the issue of rising GHG emissions.
- For the transport sector, there is hardly any diversification of energy sources: crude oil fuels 98% of the EU's transport. Today, 82% of the EU's oil demand is met by imports. Part of this imported oil comes from politically unstable regions. Forecasts indicate that the share of oil imports could rise to 93% in 2030[3]. Domestically-grown biofuels can alleviate this tremendous threat to **energy security**.
- The production of bioethanol in Europe creates **jobs** and **economic opportunities** in the least favoured areas, namely in rural areas. Skilled jobs are also created in the fields of scientific research, technology development and engineering, as well as throughout the whole value chain of bioethanol fuel production.

Europe's legal framework

The EU's biofuel policy is based on 2 directives: the Biofuels Directive, dating back to 2003, and the 2008 Renewable Energy Directive.

The old approach

The first **Biofuels Directive** (2003/30/EC) was adopted in 2003[4]. It set indicative targets of 2% renewable fuels in transport by 2005 and 5.75% in 2010, on an energy content basis. The only obligation for member states was to report on their progress in terms of biofuel use. This directive was not very successful: only Germany, Austria and Sweden reached the 2005 target, and it seems very unlikely that the majority of member states will fulfill the 2010 target. At present, the EU is at a level of 3% of biofuel use for the road transport sector.

The new approach

The recent **Renewable Energy Directive** (2009/28/EC), or RED, introduces a mandatory use of renewable energy in the transport sector[5]. Due to the disappointing results obtained under the previous biofuels directive, the target of this directive was made mandatory. Member states must clarify how they will achieve their targets by June 2010 and transpose this directive into national legislation by the end of 2010.

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[1] European Environment Agency, Transport emissions of greenhouse gases - Assessment published Apr 2009, http://themes.eea.europa.eu/IMS/IMS/ISpecs/ISpecification20080704102557/IAssessment1226434796626/view_content.

[2] Renewable Energy Directive, Typical default values for biofuel pathways, Annex V

[3] Communication from the Commission to the European Council and the European Parliament, an Energy Policy for Europe, COM(2007) 1 final, page 3.

[4] Directive 2003/30/EC, OJ L140 of 5 June 2009

[5] Directive 2009/28/EC, OJ L140 of 5 June 2009

Revolutionary policy on biofuels

The RED is a revolutionary piece of legislation, which will shape the future biofuel policies of the EU member states. It will establish the **investors' confidence** which will play a major role in the development of the European biofuel industry. It is the necessary prerequisite to bring **advanced** Biofuels to full commercialisation. Furthermore, this directive contains an unparalleled and comprehensive list of requirements to guarantee that only biofuels produced in a sustainable manner are allowed in the EU energy mix.

Unprecedented sustainability criteria

- Emission savings: To be allowed to count towards the target, biofuels must provide a 35% GHG emissions savings compared to fossil fuels. This threshold will rise for new plants to 50% as of 2017, and to 60% as of 2018;
- No raw material from sensitive areas to be used (no-go areas): land with high carbon stock (old forest, grasslands, protected areas), wetlands and continuously forested areas;
- Direct land use change effects included in GHG calculation;
- Bonus for crops originating from idle/degraded land;
- EU biofuels must meet cross compliance environmental rules;
- Social criteria: the European Commission will report on food availability, compliance with land-use rights and with international labour conventions;
- Indirect Land Use Changes (ILUC): the European Commission will present a report by the end of 2010 explaining how the issue will be addressed.

But there is still a long way to go...

These sustainability criteria make the biofuel sector a front-runner in the field of sustainable production. But their application to biofuels alone misses the bigger picture and fails to grasp the unique opportunity to establish more sustainable consumption patterns in the EU.

Firstly, applying these criteria to the biofuels industry alone sets severe constraints for this sector, with detrimental effects on its competitiveness and its ability to develop new technologies.

Secondly and most importantly, if we are serious about curbing climate change and about the preservation of our planet, these criteria should be expanded to all products from fossil energy to food production, or biomass for electricity. If, in the first instance, the EU should take the lead in expanding the application of such criteria to other sectors, the ideal approach would be to adopt a global standard, since EU policy alone will not be able to direct macro-trends worldwide.

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Founded in 2005, eBIO serves as the voice of the European bioethanol fuel industry, providing advocacy, authoritative analysis and industry data to its members, the European Institutions, strategic partners and the media. With over 60 members, eBIO pursues the promotion of European policies and initiatives that lead to increased production and use of bioethanol fuel. The association regularly participates in educational activities to increase public awareness of renewable fuels and the positive contribution they make to European energy independence, climate change and the wider economy.