

Renewable ethanol drives EU decarbonisation: Why turn back now?

With its new revised Renewable Energy Directive (RED II) the European Commission wants to phase out conventional biofuel use in Europe – a proposal that threatens to remove one of the EU’s best options for reducing greenhouse gases and decarbonising transport. The measure would reduce the maximum contribution of conventional biofuels, such as ethanol made from corn, wheat and sugar beet grown in Europe, from a maximum of 7% of road transport energy in 2021 to 3.8% in 2030.

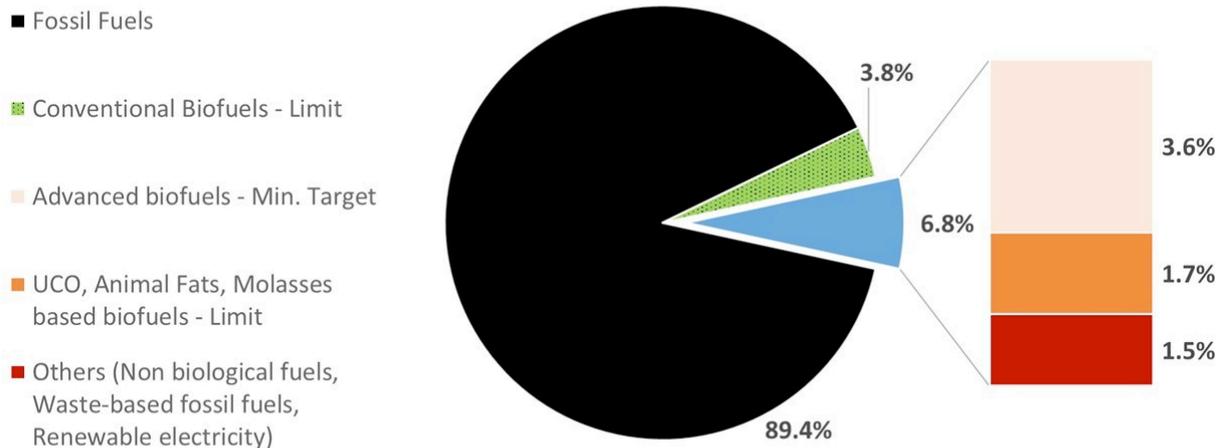
Road transport is currently 95% reliant on oil and accounts for 20% of EU emissions. But rather than ensuring the growth of realistic renewable and low-carbon energy sources in transport by 2030, the Commission’s proposal is counterproductive to the EU’s climate and energy goals, discourages investment in new technology and ignores the Commission’s own science.

 **A missed opportunity:** The Commission’s proposal does not deliver on its mandate to develop a post-2020 policy that will promote sustainable biofuels with high GHG savings. Instead of further encouraging production of renewable low-carbon fuels, such as biofuels made in Europe from sustainably produced European feedstock, the Commission’s proposal is friendly to oil. **Conventional ethanol produced in Europe has high average GHG savings of 64% compared to petrol – equivalent to the annual GHG emissions of 4 million cars.** The Commission’s own research proves that ethanol also has a low risk of negative indirect land use change (ILUC) consequences and no negative impact on food prices. It is a beneficial biofuel that should be supported by future policy.

 **A policy U-turn:** The RED II proposal represents the Commission’s third significant change to targets for renewable energy use in EU transport since the adoption of its first biofuels policy in 2003. It also backtracks on the compromise agreed by the EU institutions as part of the revision of the RED in 2015, which Member States have only begun the process of implementing. **This permanent policy flux runs counter to the Commission’s Better Regulation Agenda, creates policy instability for Member States and significantly jeopardises further investments in both conventional and advanced biofuels in Europe.**

Lack of ambition for renewables: By proposing to cap the use of conventional biofuels, the REDII proposal rolls back the ambition of the current RED – from a minimum share of 10% renewable energy use in transport by 2020 to only 1.5% in 2021 (rising to a 6.8% minimum share of renewable energy use by 2030). The proposal fundamentally reverses the progress already made in renewables use in transport by 2020 and is still strongly supportive of oil use in transport.

Road and rail transport energy mix - 2030 (%)



A better way forward

Rather than discourage the production of sustainable biofuels in Europe and diminish their role in post-2020 EU climate and energy policy, MEPs and Member States should:

- Ensure that the future EU biofuels policy is science-based by rejecting the unscientific rationale behind the Commission’s proposal to phase out all conventional biofuels.
- Apply any phase out of conventional biofuels only to those that have a high risk of ILUC.
- Restore biofuel investor confidence and protect existing investments by not lowering the contribution of conventional biofuels from levels in existing legislation (7%).
- Support the flexibility of Member States to use conventional biofuels towards their individual national contributions to the 2030 climate and energy targets.
- Establish a biofuels policy that promotes high GHG saving biofuels with low risk of ILUC, including both sustainable conventional and advanced biofuels.
- Recognise conventional biofuels with a low ILUC risk, like European ethanol, through certification and promote them through EU policy.

The road to RED II: Policy context

In 2003 the EU's first biofuels policy set a non-binding target of 5.75% biofuels in petrol and diesel fuel consumption (by energy) by 2010. The 2009 RED strengthened this ambition, introducing a binding target for Member States to replace by 2020 at least 10% of road transport energy with renewable sources, including biofuels. EU Member States intended to meet over 80% of this objective with conventional biofuels. But in 2012, the Commission proposed a revision of the RED to limit the contribution of conventional biofuels to 5% (50% of the target) to address concerns about ILUC. After a 3-year debate, the compromise ILUC Directive introduced a limit of 7% (70% of the target) on the contribution of conventional biofuels to the target by 2020.

What does RED II propose for the use of biofuels post-2020?

- **Renewables targets:** Post-2020 the Commission wants to remove the obligation on Member States to achieve at least 10% renewable energy use in transport.
- **Conventional biofuels:** The Commission aims to reduce the maximum contribution of conventional biofuels, such as ethanol made from corn, wheat and sugar beet grown sustainably in Europe, from the current 7% of road transport energy in 2020 to 3.8% in 2030, effectively cutting its contribution by half.
- **Other fuels:** The Commission has proposed a blending obligation for fuel suppliers to ensure that transport fuel sold in Europe contains (by energy) at least 6.8% "low emission fuels" by 2030, rising from at least 1.5% in 2021. This includes all alternative energy sources for transport, including some fossil waste-based fuels, but excludes conventional biofuels. Within in the blending obligation there is a binding sub-target for a minimum of 3.6% advanced biofuels.

RED II should move the EU closer to its transport energy goals. Instead it ...

...is not ambitious enough

The Commission is right to introduce binding obligations to promote advanced biofuels, but its proposal to phase out conventional biofuels is scientifically flawed and based on incorrect, politically motivated assumptions about public attitudes towards biofuels. The Commission's own research confirms that conventional biofuels have been, and will be by 2030, the main tool for decarbonising EU transport. Given the need to achieve 18-19% emission reduction in transport to reach Europe's overall 40% decarbonisation goal and achieve 15-17% alternative energy in road transport to reach the goal of 27% renewables use by 2030, a phase-out of conventional biofuels jeopardises the EU 2030 climate and energy goals. In fact, the Commission proposes only a minimum 6.8% of renewables use in road transport, leaving a huge shortfall of nearly 10% from what is needed.

...is not in line with Commission's mandate to promote sustainable biofuels

In 2015, the Council and Parliament adopted the "ILUC Directive" and called for a policy framework that "would promote sustainable biofuels after 2020" and "create a long-term perspective for investment in sustainable biofuels with a low risk of causing indirect land use change". This call is not respected by the Commission's one-size-fits-all approach to conventional biofuels, which incorrectly treats all conventional biofuels the same.

...is not supported by science nor public opinion

A phase-out of all conventional biofuels is not supported by scientific evidence. The Commission's proposal treats European ethanol – which achieves 64% average GHG savings compared to petrol and is produced from sustainable, low-ILUC feedstock grown in Europe – on a par with imported palm oil biofuel, which has high ILUC risk and is linked to deforestation. The Commission's own research also proves that its biofuels policy has had no negative impact on food prices. A phase-out also goes against overwhelming (70%+) European public support for the use of conventional biofuels in Europe.

...jeopardises existing and future investments

A phase-out of conventional biofuels jeopardises the €16 billion investments in biofuel production facilities that have been made on the basis of previous and current EU policy. Investments in agricultural feedstock driven by this policy have helped stabilize price volatility in commodity markets and provided a valuable revenue stream for European farmers – currently worth €6.6 billion per year. It is unrealistic for the Commission to expect biofuel investors to now fully support advanced biofuels given that the Commission's persistent policy u-turns on conventional biofuels have already hurt most of these same investors.

**The EU can still move forward with its renewable energy policy.
Now is not the time to turn back.**

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