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General Confederation of Agricultural Co-operatives in the EU

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## **COPA AND COGECA REACTION AND PROPOSALS TO THE BIOMASS ACTION PLAN (COM(2005)628) AND EU STRATEGY FOR BIOFUELS (COM(2006)34)**

# **COPA AND COGECA REACTION AND PROPOSALS TO THE BIOMASS ACTION PLAN (COM(2005)628) AND EU STRATEGY FOR BIOFUELS (COM(2006)34)**

1. COPA and COGECA are pleased that the European Commission has realised the strategic interest of agricultural and forest biomass in the EU-25 by submitting a Biomass Action Plan (COM(2005)628) and an EU Strategy for Biofuels (COM(2006)34). They stress that the increased use of biomass and biofuels must feature among the measures in the new roadmap for renewable energy sources suggested in the Green Paper entitled "European strategy for sustainable, competitive and secure energy" (COM(2006)105) since agricultural and forest biomass constitute the most reliable source of renewable energy in reducing the EU's energy dependence. COPA and COGECA present below their proposals on measures they consider essential.

## **Biofuels in transport**

2. COPA and COGECA stress that the use of biofuels in transport is an essential means of reducing CO<sub>2</sub> emissions from automobiles and ensuring that the CO<sub>2</sub> emission limits of 140g/km and 120 g/km are respected by 2008 and 2012 respectively<sup>1</sup>.

## **Mandatory incorporation and tax measures**

3. COPA and COGECA reiterate their position that provision must be made for a specific exemption scheme for biofuels in the framework of Directive 2003/96/EC on the taxation of energy products and electricity. They ask for a reduction in excise duties for pure biofuels and those blended directly or indirectly. The European Commission and the Member States must commit themselves to maintaining this reduction (or exemption where it exists) in the short term, giving the sector clear perspectives from which to work and allowing for plans to be made. In any case, it is unacceptable, when energy is equal, for biofuels to be taxed at higher levels than the equivalent fossil fuels.
4. The European Commission must submit an evaluation report to the Council and European Parliament by 31 December 2006 at the latest on what progress has been accomplished in the use of biofuels in the Member States, and if necessary, put forward proposals on the adaptation of the system of indicative targets laid down in article 3§1 of Directive 2003/30/EC. COPA and COGECA believe that the approach of mandatory incorporation is a promising one only if imports take place under specific provisions (see point 10) and if the detaxation of pure or directly or indirectly blended biofuels is not called into question (see point 3). The duty-free importing of raw materials used for producing biofuels and of biofuels goes against the objective of establishing a European Union biofuels production on the basis of local raw materials.
5. Any negotiable certificate system is to be rejected because it is about introducing biofuels on the market and not providing the petrochemicals industry with an opportunity to evade their obligations to incorporate biofuels by purchasing certificates.

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<sup>1</sup> Commission recommendation N)1999/125/EC of 5 February 1999 OJ L40

## Regulatory restrictions

6. The European Commission must submit proposals to amend directive 93/12/EEC on the quality of petrol by 31 December 2006. This directive allows bioethanol to be incorporated into petrol in the form of ETBE, composed of 47% bioethanol and 53% petroleum products. The possibilities for directly incorporating bioethanol into petrol, which nevertheless offer the most energy and environmental advantages, are restricted by the limits of 5% bioethanol and 2.7% oxygen as well as by constraints regarding vapour pressure.
7. COPA and COGECA ask for the constraints on the use of biofuels to be lifted.
  - a) For bioethanol, it is necessary to:
    - adopt suitable measures to ensure that the petrol companies dominating markets in Member States make fuels suitable for the incorporation of biofuels available to independent distribution firms;
    - double bioethanol and oxygen content limits from 5% to 10% (in energy equivalent) and from 2.7% to 5.4% respectively;
    - increase the vapour pressure limit in a suitable manner, at least during the introductory phase of bioethanol-petrol blending, or obtain a pressure vapour limit specific to petrol containing bioethanol;
    - revise standard EN228 as a result;
    - oblige European refineries to supply distributors, upon request, with "ethanolable" petrol with a volatility adapted to the European biofuels promotion objectives to encourage bioethanol-petrol blends.
    - make it clear in the list of biofuels in Directive 2003/30 that the energy value to be taken into account for the incorporation percentage is solely that of the fraction of renewable ETBE, that is to say the bioethanol it contains.
  - b) For biodiesel, COPA and COGECA:
    - request that the incorporation of biodiesel into diesel be increased from 5% to 10% by 2010 by revising standard EN 590 on diesel;
    - support the European Commission's proposal to substitute ethanol for methanol in biodiesel EN14214;
    - as a general rule, only biofuels which comply with biofuels standards and additional national requirements can be used as pure fuels or as a component of a blend, and as such be encouraged through fiscal measures.
  - c) Finally, for all biofuels, COPA and COGECA ask for minimum biofuels levels in petrol and diesel to be authorised.

## International trade

8. The European Commission proposes a balanced approach for the trade in biofuels with third countries. COPA and COGECA ask that this approach be truly balanced between energy dependence in fossil fuels and the production of European fuels/biofuels, and that it makes provision for a sufficient adaptation period to allow the burgeoning European industry to reach the level of competition needed to face up to competition from long-developed industrial sectors in Third Countries.
9. By proposing to maintain conditions for the market access of bioethanol which are no less favourable than those laid down in the current trade agreements and revise standard EN 14214 to facilitate the use of a wider range of vegetable oils in the production of biodiesel, COPA and COGECA do not believe that the European Commission will reduce its energy dependence or stimulate the creation of jobs expected from the use of biomass in the EU's rural areas.

10. To reduce the EU's energy dependence and generate new jobs in rural areas, COPA and COGECA propose:
- a) the establishment of new tariff headings specific to biofuels, which must make compliance with standard EN 14214 a pre-requisite for biodiesel to be used as a fuel;
  - b) the establishment of import quotas for biofuels corresponding to 7% of Community production from the previous year;
  - c) appropriate Community management of biofuels imports, notably in the framework of the import licence scheme;
  - d) the maintenance of specificities which meet the technical requirements of the automobile industry in the biodiesel standard EN 14214;
  - e) the specific use of non-denatured ethanol for carburisation purposes;
  - f) the implementation of an equivalence system with third countries in connection with ecological and socio-economic standards (see point 17).

### **Ecological assessment**

11. Given the differing results in the impact studies and the ecological assessments on biofuels as a result of different methodology, COPA and COGECA request that the European Commission take appropriate measures to reach consensus on the value of biofuels and fossil fuels based on the EU's strategic objectives to reduce dependence on fossil energy and greenhouse gas emissions.

## **Biomass for heating/cooling**

### **Legislation on renewable energy in heating and cooling**

12. COPA and COGECA support the European Commission's proposal to encourage the use of biomass for heating/cooling and electricity. They emphasise that the heating market in particular provides an opportunity to develop regional economic circuits.
13. In this context, the Commission should promote:
- a) measures to stimulate demand for biomass fuels, given that resources, in particular forest resources, are unexploited;
  - b) reduced VAT rates for all types of fuel produced from biomass;
  - c) the technological development of combustion plants, which will mean developing the appropriate technologies to fulfil requirements on emissions;
  - d) the development of district heating which must cover all types of heating consumption (private houses, small local heating networks, district heating, CHP plants, industry, etc.) and different kinds of biofuels (unrefined wood fuels, agricultural fuels, waste-derived fuels, by-products, refined fuels, etc).
  - e) the installation of multiple-use boilers for the thermal use of different types of biomass, be it for heating or waste.

## BIOMASS FOR ELECTRICITY

14. The Commission must ensure that existing discrimination between biomass and biogas on the one hand and other renewable energy sources used for network supply on the other is removed and that network supply systems, such as the scaling down of compensation for network supply and/or the drawing up of long-term supply contracts are harmonised more at EU level.
15. Member States must facilitate access to the electricity network of “small suppliers” such as biogas plants and biomass co-generation plants, and ensure a high price for electricity from biomass because it contributes to the decentralised energy supply security at local level. Biogas should also have access to the natural gas supply network under non-discriminatory conditions.

### Community biomass supply

16. COPA and COGECA support the European Commission’s proposals aimed at developing EU biofuels production and distribution. Nevertheless, they make the following requests:
  - a) the use of intervention stocks of cereals for non-food purposes must not interfere with the contracts signed between producers and processors for the use of agricultural raw materials for non-food purposes;
  - b) appropriate incentives to produce energy crops must be put in place in all EU Member States, and especially in the new Member States
  - c) the support scheme for energy crops must be simplified;
  - d) there must be increased aid for energy crops to stimulate the development of these crops in the EU, given that they contribute to reducing the EU’s energy dependence and CO<sup>2</sup> emissions in the transport sector, and to net job creation in rural areas;
  - e) the Maximum Guaranteed Area in the aid system for energy crops, i.e. 1.5 million ha, must substantially be increased given the need to develop these crops and the sugar beet area to be taken into account within the scope of the CMO sugar reform;
  - f) no crop ought to be excluded from the aid scheme for energy crops. An example of this is hemp in rotation with miscanthus for energy purposes. There must be appropriate incentives for multi-annual crops used for energy purposes. For example, the plantation of short rotation coppices should be co-financed by the EU and Member States so as to make this renewable raw material competitive for energy uses.
  - g) in the framework of the Doha negotiations, the European Commission must seek to definitively free itself from constraints on the production of oilseeds for non-food purposes (Blair-House agreement);
  - h) collectors must be able to draw up the contracts

## Certification

17. The European Commission is proposing to introduce a certification scheme for crops used for biofuels. COPA and COGECA feel that the positive impact of energy crops on crop rotation and biodiversity should be taken into consideration. COPA and COGECA stress that current legislation and the implementation of cross-compliance (Regulation (EC) n°1782/2003) guarantee the respect, in Community production, of biodiversity, crop rotation and the environment. Specific certification of energy crops is likely to increase the administrative burden for the sector. However, COPA and COGECA demand equivalent requirements for products from third countries. Equivalent requirements in third countries must be approved by Community authorities like in other sectors. The European logo for organically farmed products is a case in point.

## Use of biomass and biofuels on holdings

18. Agriculture must also be able to make use of biofuels as a consumer, since the strong increase in the price of petrol over recent years has significantly increased the cost of crop production. These costs could not be passed on to the final product due to the nature of the agricultural markets. Member States must make provision for aid under rural development plans so that farm machinery and equipment can run on biofuels and small combustion plants can produce heat from biomass.
19. In all events, the opportunities provided by the energy tax directive 2003/96/EC must be tapped into, and biofuels consumed in the agricultural sector must be fully exempt from excise duties.
20. The use of biomass in agricultural and/or local holdings must be favoured. COPA and COGECA ask for the obligation to denature cereals produced on set-aside land to be removed and for a quota to be attributed corresponding to the power of the heating equipment on the farm

## TECHNOLOGICAL RESEARCH AND DEVELOPMENT

21. COPA and COGECA are pleased that the European Commission wishes to support the implementation of strategic agendas prepared by the technology platforms and give priority to actions aimed at strengthening the competitiveness of the biofuels industry and using every part of the plant (bio-refinery concept).
22. Nevertheless, COPA and COGECA ask that applied research be encouraged for crops devoted specifically to biomass and average-wattage or large-sized poly-combustible equipment so as to meet industrial or collective heating needs while at the same time preserving the balance in the supply of straw and other by-products which must be able to be replaced by annual or multi-annual wood and energy crops.
23. In light of the funds provided for research and development and the priorities established, the 7<sup>th</sup> framework programme for research and development must take account of the extreme importance of biomass as a strategic element in guaranteeing energy supply in the European Union. The production of energy from biomass begins by growing crops and optimising rotation with new energy crops that are adapted to the different terrain. This increases biological and landscape diversity, and encourages the diversification of activities in rural areas and income sources for farmers.
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