

## **Irresponsible U-turn on biofuels policy kills sustainable growth and jobs**

The EU biofuel industry, the sectors part of the value chain as well as the agricultural Community are shocked by the leaked draft proposal on how to address ILUC. The draft indicates that the Commission is preparing for a complete u-turn on its biofuels policies, including a 5% cap on biofuels from food and feed crop, ILUC factors under the FQD and a mathematical accountancy trick to achieve the 10% target on paper only. No more than 3 years after the EU's commitment to reducing GHG emissions, enhancing energy independence and to create sustainable growth and jobs the Commission effectively wipes out a nascent industry that arose as a response to the European climate and energy policy. The same industry that made considerable efforts to comply with the most stringent global sustainability criteria imposed upon it as a result of the biofuel policy.

The Commission's draft proposal is a masterpiece of irresponsible policy making. Until today the majority of the member states did not yet properly implement the Renewable Energy Directive and the Fuel Quality Directive and the Commission itself so far failed to provide clarity with respect to the definition and interpretation of some crucial elements of the Directives (highly biodiverse grasslands, Article 7a, validation of sustainability schemes by the European Commission). Without any proper assessment of the impact of the current policy the Commission prepares to sacrifice a thriving and functioning industry on the basis of inconclusive science and disproportionate environmental precaution.

The European Biofuels industry has made investments that amount to 14 billion Euro and is estimated to provide direct jobs to 100.000 European citizens. ILUC factors included in the FQD would cause the immediate death of the overall EU biodiesel and biofuels sector (including the whole production chain – from agriculture to first transformation) and result in many thousands of layoffs at a period of economic downturn. In the ethanol sector alone investment decisions close to one billion euro have been made recently and constructions are currently ongoing. Any change in policy must safeguard these investments done in good faith and therefore the proposed grandfather clause is insufficient. The European biofuels industry shows that even in times of crisis sustainable growth is possible. The draft proposal destroys any prospect of cost-efficiently greening the transport sector now and in the future.

Yet, the current draft proposal based on ungrounded and unverified econometrical modeling on ILUC would largely destroy current investments and question the economic viability of a European based industry. We deeply regret that economic modeling does not have a thorough knowledge of the industry. Assumptions present alarming loopholes, deeply impacting results and potential long-term decisions. Of particular worry, the IFPRI study presents a large number of shortcomings with respect to land use and availability as well as use and volume of co-products (animal feed).

This is why, the draft proposal fails to provide effective solutions to the problem of land use management in 3<sup>rd</sup> countries and is nothing more than window dressing: The idea to cap conventional biofuels at 5% means in some member states a dramatic downscaling of existing levels of biofuels utilization whilst the confirmation of double counting incentive for wastes and residues without considering the imperative need for EU-wide harmonization of definitions is a further example of failing to consider the experience gained with the current RED system so far. The proposal fails to acknowledge that the biofuel industry is providing substantial volumes of highly nutritional animal feed as a co-product of biofuel production. The introduction of ILUC factors under the FQD excludes certain biofuels from the market and puts the GHG reduction target into question. The quadruple counting for non-land using biofuels is nothing more than an accountancy trick and will neither help these new technologies to come to the market nor will it reduce GHG emissions from transport.