



Commission européenne
Agriculture et développement rural



EU agricultural and biofuels policies

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RES-Directive

- 20% RE share
- 10% RE in transport
- No specific target for bioenergy
- Ensure sustainability



Where are we with biofuels?

- 3.3% of fuels consumed in the EU are biofuels
- 10.0 Mtoe in 2008
- compared to 7.8 Mtoe in 2007



Where are we with bioenergy?

- 88 Mtoe of biomass was consumed for energy purposes (primary energy consumption) within the EU-27 in 2006, representing an 8% increase from 2005
- In terms of final energy consumption, bioenergy accounted for about 7-8 % in 2008



Where could we be in future?

- Projections using modelling by PRIMES and GreenX estimate that around 165-195 Mtoe of biomass would be used in 2020 to achieve the 20% renewables in primary energy target.
- The Environment Energy Agency (EEA) report of 2006 concluded that significant amounts of biomass can be theoretically available to support ambitious renewable energy targets: 235 Mtoe in 2020 is deemed feasible even if strict environmental constraints are applied



Where could we be in future?

- The RE energy target for 2020 could be equivalent to about a 7% share of biofuels in total fuel consumption
- role of electricity and non land-based biofuels (counting rules in the RE Directive)
- in absolute terms: 23 Mtoe



Non land-based feedstocks

- Recycled cooking oil and animal fats accounted for about 5% of EU biodiesel production in 2008 (more than palm oil)
- Share is still low but expanding
- Use of non-land based feedstocks (waste, residues) is encouraged by the double-counting rule in the Renewable Energy Directive
- Other non land-based biofuels (ethanol from cellulose, synfuel diesel etc) will become available
- Biogas from manure is also expected to play an increasing role as transport fuel
- But there is a sustainability issue! (Soil organic matter, nutrients balance, biodiversity, carbon stocks)



The real challenge

- for EU agriculture and forestry is thus the renewable energy target, not the renewable fuel target
- there is an order of magnitude between these two (10:1) in terms of projected importance in 2020



Concerns about increased use of biomass

- Forests: risks of overuse should be assured, all EU Member States have signed up to the Ministerial Conference on the Protection of Forests in Europe (MCPFE)
- Sustainability criteria in the RES-Directive and the Fuel Quality Directive (biofuels and bioliquids)
- Sustainability criteria for biomass for other energy?
- Competition with food production



The Common Agricultural Policy

- Since 1992 in a continued reform process
- European farmers are free to decide what and how much to grow – and for what purpose
- Farmers react to market signals
- Prices in the EU are close to world market level (grains, oilseeds), except for sugar



Health Check of the CAP

Main policy questions:

- How to adjust to new market opportunities?
- How to simplify the policy?
- How to respond to new challenges?



Health Check – Market orientation

- Examination whether/to what extent production-based (coupled) instruments still needed
- Energy crop scheme: Mandatory targets will stimulate demand and high prices encourage production
- Obligatory set-a-side: A tool for managing (limiting) supply, original purpose has lost its relevance



EU: Non-food cropland



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(Mio ha)	2004 (EU-25)	2005 (EU-25)	2006 (EU-25)	2007 (EU-27)
Non-food crops on set-aside land	0,5	0,9	1,0	1,0
Energy premium	0,3	0,6	1,3	1,9
Without specific support	0,8	1,6	1,4	1,7
Total	1,6	3,1	3,7	4,6

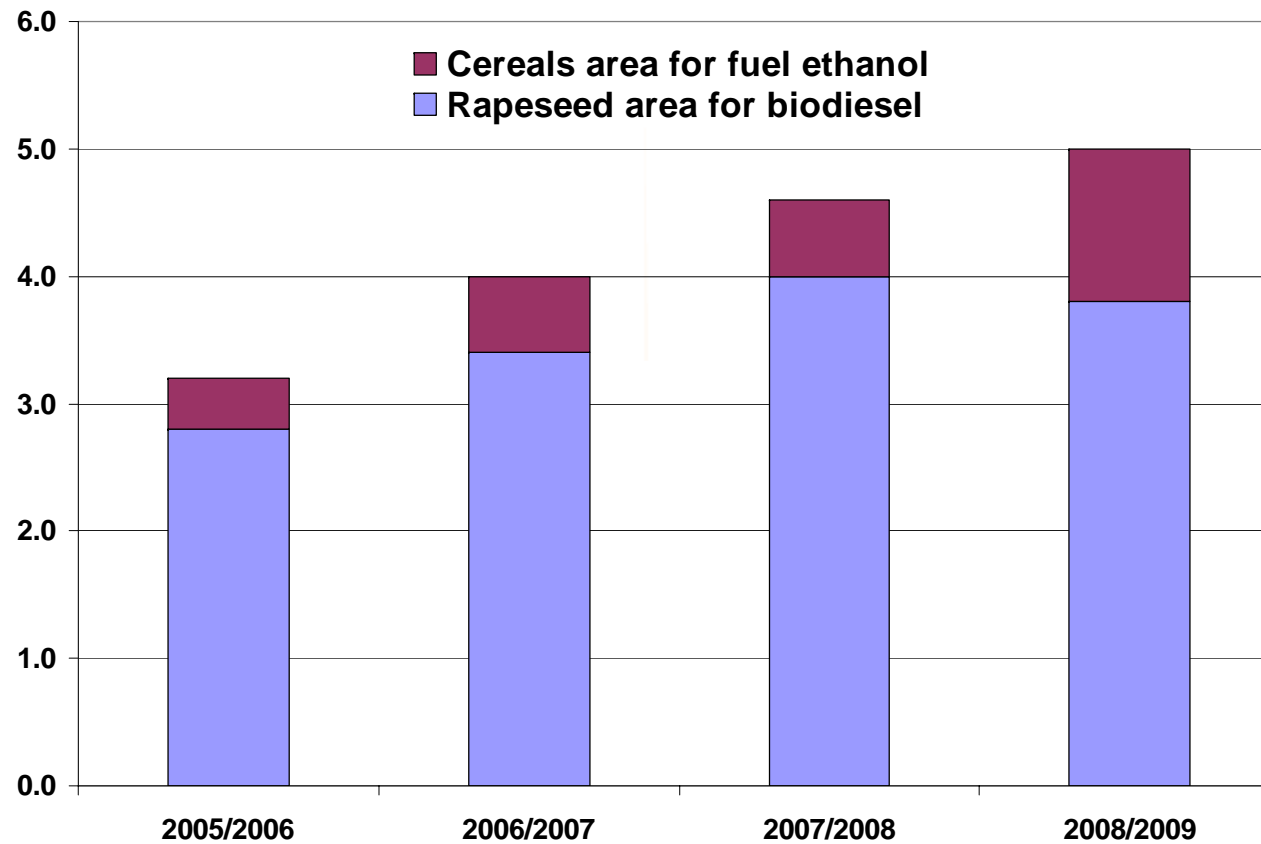


EU land use for biofuels 2008/2009

- 1.2 mln ha for fuel ethanol from cereals
- 3.8 mln ha for RME biodiesel
- plus oilseeds for PPO, sunflower seed for biodiesel, sugarbeet, potatoes etc
- Total about 5.5 mln ha?



EU land use for two key biofuel feedstocks (mln ha)





Impacts on food production and land use

- EU agriculture's first role is and will remain to produce food!
- The RE target for transport would require about 10-12 mln ha of EU arable land in 2020, much less than previous projections had expected.
- Recent CAP reforms bolster the impact on EU land use
- By-products soften the impact on third countries' land use
- Share of non land-based biomass sources will increase
- There is at least 4 mln ha of uncultivated arable land in the EU



Biofuel Modelling (12'2009)



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	AGLINK	ESIM	CAPRI
EU			
Production Fuels			
Ethanol	↑↑	↑↑↑↑	↑↑(by assumption)
Biodiesel	↑↑↑	↑	↑↑(by assumption)
Production Feedstocks			
Wheat	↑	↑	↑
Coarse grains/maize	↑(< 1 m t)	↑	↑ (small)
Oilseeds	↑	↑	↑↑
Production livestock products	negligible	Negligible	cattle numbers slightly ↓
Net trade Fuels			
Ethanol	imports ↑↑↑	imports ↑	
Biodiesel	imports ↑↑↑	exports ↓	
Net trade Feedstocks			
Wheat	exports ↓	exports ↓	
Coarse grains/maize	from exporter to small importer	imports ↑	
Oilseeds	imports ↓	imports ↑ (small)	
Vegetable oils	imports ↑↑	imports ↑	
Land use: EU	+ 1.44 m ha (arable) - 1.13 m ha (pasture)	+ 0.700 m ha (agricultural area)	arable ↑ pasture, fallow ↓ ¹
World Market			
Prices Fuels			
Ethanol	↑ (small)	↑	
Biodiesel	↑↑	↑↑	
Prices Feedstocks			
Ethanol feedstocks	ca. zero	↑ (wheat), ↑↑ (maize)	
Biodiesel feedstocks	ca. zero (oilseeds) ↑ (oils)	↑ ↑↑ (oils)	
Global land use (cereals, oilseeds, sugar)	+ 5.2 mn ha (+ 0.7%)		

1. Total agricultural area fixed by assumption



Health Check: Energy Crop Premium

- Energy crop premium to be abolished
- very limited efficiency (equivalent to 15 €/t rapeseed, current market value is 250 €/t)
- Red tape = costs incurred by farmers
- Main driver for production is the dynamic market development (due to political targets)



Health Check: Compulsory Set-aside

- Abolish compulsory set-aside
- 3.7 million ha of compulsory set-aside, including about 1 million ha for non-food (2007)
- Half of the area came back into production



Health Check

- Starch production aid abolished, for similar reasons as for the energy crop premium
- Intervention (obligatory purchase of grains to a guaranteed minimum price) has been further restricted



Rural Development Policy

- offers multiple possibilities for supporting the development of bioenergy:
- support to farmers for establishing perennial energy crops as raw material for bio-based products
- support for the development of infrastructures for processing of agricultural or forest biomass
- support for advisory services, training and information actions to disseminate knowledge on the bio-based economy and foster the development of activities
- encourages the cooperation between farmers, the raw materials processing industry and/or other parties through innovative approaches in developing new products, processes and technologies.
- The Health Check and the Recovery Package provide an additional funding of 4,4 billion EUR with which additional support for biomass projects can be financed.



The reformed Common Agricultural Policy

- Provides for low-cost bio-based feedstocks (except sugar, ethanol)
- Increases the land base available
- Supports actions which increase biomass supply and use in rural areas through Rural Development policy
- Promotes innovation and new crops in RD policy



Next steps

- Transposition of RE Directive into national laws by December 2010
- Indirect Land Use Change: Report in 2010
- Communication on implementing the RE Directive
- Report on RE Directive in 2012, plus corrective action