

ZPP Commentary: EU's climate goals come at a cost of deforestation

The Union of Entrepreneurs and Employers is alarmed that the EU's climate goals come at a cost of deforestation while bringing little positive effect on greenhouse gas emissions. Ill-fitted policies and a focus on self-imposed targets rather than actual impact are primary reasons why this is happening. Given the costs related to the European Green Deal as well as the importance of achieving climate neutrality, we urge the European Commission to put limits to the use of bioenergy as renewable energy in the upcoming RED II revision.

Tomorrow, on July 14, the European Commission ('Commission') is expected to publish the 'Fit for 55' legislative package implementing the European Green Deal and ambitious goal to reduce its greenhouse gas emissions by at least 55 per cent by 2030. The package will include many long-awaited proposals, including the revision of the Emissions Trading Scheme ('ETS') and the project of carbon border adjustment mechanism.

Among other controversial policies, there is also a revision of the Renewable Energy Directive ('RED'). First published in 2009, the Renewable Energy Directive classified bioenergy (i.e. biodiesel and biomass) as climate-friendly and obliged member states to achieve a 10 per cent renewable energy share in the final transport energy consumption (RES-T) by 2020. In 2018, a recast of RED (so-called RED II) was adopted, closing some legal loopholes and increasing the target to 14 per cent. The current revision of RED II is expected to increase the goal to 24 per cent RES-T, showing the growing reliance on bioenergy.

The role of biomass is especially important from the perspective of the Member States, which are obliged to reach climate goals. Since the evidence on the negative side-effects of increased reliance on bioenergy is growing, an idea of striking biomass and biodiesel off the renewables list has been gaining support. In response to the idea, ministers from 10 Member States have signed a letter where they urge the Commission to declare all forms of solid, gaseous and liquid bioenergy as 'long-term sustainable energy sources' given their 'crucial role of bioenergy in the Member States' energy mix to reach the EU climate goals'.¹ This letter shows that the pressure to achieve administratively set targets is so big, that the Member States are eager to overlook the negative impact on the climate of the bioenergy.² And the case against sustained use of bioenergy keeps growing. Below we enumerate two key arguments against it.

First, burning biofuels are responsible for more GHG than fossil fuels. On the one hand, fossil fuels such as gas and coal have higher energy density than wood pellets or biodiesel, hence it's necessary to burn more fuel per energy unit. On the other hand, there is an issue of indirect

¹ Among signatories there were countries who greatly depend on wood in their energy mix, such as Sweden, Finland and Estonia, but also Visegrad countries, including Poland.

² The same point can be seen in the demand for biofuels during the Covid-19 crisis. Despite the record low demand for energy, the volume of biofuels used by EU transport sector did not decrease, while in some countries like Germany or Italy it has even increased. This can be best explained by reference to the EU transport targets under the RED as well as Fuel Quality Directive for 2020.

land-use change (ILUC), namely cutting down trees (the carbon dioxide absorbent factor) in order to plant palm and soy, needed for biofuels, or worse to use it as pellets.³

The Commission has conducted two studies, which quantified the land-use related emissions of biofuels. They found that when ILUC was accounted for, all vegetable oil-based biodiesel had more emissions than fossil fuel. Interestingly, the more recent of the two studies have found that palm and soy oil have three and two times more emissions than fossil diesel respectively.⁴ Hence, when we account for ILUC the situation looks rather grim. Since 2011 39 Mt of palm and soy biodiesel have been used, emitting 381 Mt CO₂eq – 245 Mt more than the same amount of fossil diesel. If nothing changes, in the next 10 years the EU will emit 174 Mt of CO₂eq more than the conventional diesel emissions. This is equivalent to the emissions of 95 million extra cars on the road.

Second, the sustained use of biofuels leads to massive and unsustainable land conversions. A study by Transport & Environment has found that the EU's demand for soy and palm required 4 million hectares of land, while the demand for palm oil alone required conversion of 1.1 million hectares of mature land in Southeast Asian countries into new palm plantations. According to Euractiv, the deforested area corresponds to the size of the Netherlands. To make the matters worse, the forests that were converted are the habitat of the remaining orangutan population. T&E estimate that the EU's increased demand for palm oil diesel is responsible for the destruction of 10% of the world's remaining orangutan habitats. A further increase to 24 per cent renewable energy share in transport can double the deforested area. It is clear that such a strategy is contrary to the EU's Biodiversity Strategy.

To sum up, the EU's increased use of biofuels led to numerous negative consequences for the environment: increased GHG emissions, equivalent to emissions of 95 million cars, deforestation of the size equivalent to the area of the Netherlands and the destruction of 10 per cent of remaining orangutan habitats. Nevertheless, in theory, the EU's is meeting its' climate targets, since biofuels have been classified as 'green'. Given the tremendous costs related to the implementation of the Green Deal as well as the importance of climate protection, we urge the Commission to look beyond its targets and take into consideration wider and real implications of its policies. In our opinion, the use of bioenergy should be limited within the framework of the upcoming RED II revision in order to avoid further negative effects on the environment.

Sources:

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³ The EU rules officially prohibit cutting down trees to source pellets, and allow only for wood residue to be used for purposes of biomass, while environmental protection activities claim that it is a standard practice.

⁴ The issue was to a certain extent addressed by RED II, which classified palm oil as high ILUC risk and introduced a phase out by 2030. Nevertheless, the problem was not solved completely since other crop based feedstock, including soy, and biomass is still allowed. Keeping in mind the potential increase to 24 per cent RES-T, unsustainable use of land, deforestation and biodiversity loss is very likely to occur.



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