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on a strategy for biomass and biofuels
(2006/2082(INI))

Committee on Industry, Research and Energy

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MOTION FOR A EUROPEAN PARLIAMENT RESOLUTION

on a strategy for biomass und biofuels (2006/2082(INI))

The European Parliament,

- having regard to the Commission communication entitled 'Biomass action plan' (COM(2005)0628),
- having regard to the Commission communication entitled 'An EU Strategy for Biofuels' (COM(2006)0034),
- having regard to Directive 2001/77/EC of the European Parliament and of the Council of 27 September 2001 on the promotion of electricity produced from renewable energy sources in the internal electricity market¹,
- having regard to Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport²,
- having regard to its resolution of 14 February 2006 on heating and cooling from renewable sources of energy³,
- having regard to Rule 45 of its Rules of Procedure,
- having regard to the report of the Committee on Industry, Research and Energy and the opinions of the Committee on Agriculture and Rural Development, the Committee on the Environment, Public Health and Food Safety, the Committee on International Trade and the Committee on Transport and Tourism (A6-0347/2006),

¹ OJ L 283, 27.10.2001, p. 33.

² OJ L 123, 17.5.2003, p. 42.

³ *Texts Adopted*, P6_TA-PROV(2006)0058.

- A. whereas greater use should be made, inter alia, of biomass in the long term as an energy source and its energy use should be exploited to the fullest extent possible, above all in forestry, agriculture and waste,
- B. whereas sustainable solutions to the energy challenge are to be achieved through remarkable, indispensable improvements in energy efficiency, through energy savings and, at the same time, through the expansion of renewable energy sources;
- C. whereas the primary potential uses of biomass lie in electricity generation, heating and cooling, hydrogen and methane production, fuel manufacture and the chemical, food, paper and woodworking industries,
- D. whereas biomass is the only carbon carrier among the renewable energies and both energy use and the manufacture of carbonaceous products therefore merit attention,
- E. whereas increased use of biomass can make a contribution to the three main objectives of energy policy, namely security of supply, competitiveness and environmental sustainability, by reducing greenhouse gas emissions,
- F. whereas the type of bio-energy use and the choice of crop will determine whether the use of bio-energy will reduce the production of greenhouse gases,
- G. whereas the transport sector is responsible for more than 20% of greenhouse gas emissions although this sector is not included in the emissions trading mechanism; whereas these emissions are expected to continue to increase in future years and biofuels are one way of improving the sector's environmental performance,
- H. whereas biomass could be a means of reducing dependence on external energy sources and of unlocking new economic development and employment opportunities in rural areas,
- I. whereas some Member States are not complying with Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport and are setting very low targets,
- J. whereas, today, there are still logistical and technical barriers to the use of biomass that are attributable to comparatively low energy content, decentralised availability, the variety of substances employed and fuel synthesis,
- K. whereas second-generation biofuels ('Biomass-to-Liquid (BTL)' fuels) have a much higher energy use potential than first-generation biofuels (vegetable oils, biodiesel, ethanol),
- L. whereas Community legislation on petrol quality prohibits the use of mixtures with more than 5% bioethanol;
- M. whereas the technology is available for the production of second-generation biofuels, demand is increasing for higher-quality fuels and infrastructure and drive systems are in place as well,

- N. whereas, worldwide, the switch to the production of carbonaceous products using synthetic fuels is economically feasible, as demonstrated by examples in South Africa and Trinidad; nevertheless, this production of second-generation biofuels must not impede the production of first-generation fuel initiated by Member States in accordance with Directive 2003/30/EC,
- O. whereas the framing of an EU-wide policy for the promotion of biomass requires an integrated approach that opens up competition to all types of use,
- P. whereas, in keeping with the subsidiarity principle, the biomass action plan must allow Member States the necessary discretion and flexibility to decide for themselves their own goals and political measures as well as the instruments for promoting bioenergy, provided that those policies do not distort competition between Member States,
- Q. whereas cost effectiveness and sustainability are important guiding principles for the ecologically rational promotion of bio-energy combining a high level of environmental safety with an economically viable long-term funding base,
- R. whereas to fulfil the objectives of environmental sustainability and a reduction in greenhouse gases it is necessary to ensure that the overall life cycle of biofuel from field to fuel tank, including all transportation, results in significantly lower carbon emissions than are produced by fossil fuel,
- S. whereas the issue of the domestic generation and import of biomass must be viewed from the angle that the development of an autonomous biomass sector in the European Union is worth promoting, in view also of the additional income potentially available to agriculture,
- T. whereas the emergence of a European biofuels sector offers opportunities for biofuel technology transfer to developing countries crippled by rising oil prices,
- U. whereas the lack of clear environmental standards and safeguards, especially in the case of biofuels, could have significant negative effects, such as an increase in tropical deforestation, while failing to reduce greenhouse gas emissions significantly,
- V. whereas existing legislation in the European Union should be reviewed with a view to better utilisation of biomass,
- W. whereas a balanced mix must be found between goods production and energy use and energy use is only one of several potential uses of biomass,
- X. whereas the chemical utilisation of products derived from animal fats and vegetable oils is a competitive economic sector, the existence of which must not be jeopardised,
- Y. whereas the industrial use of wood and woody by-products as materials is a competitive sector that creates jobs and value, the existence of which should not be jeopardised,
- Z. whereas other, non-European countries have taken significant steps to promote biofuels and have already succeeded in achieving a high level of penetration of the fuel market,

1. Welcomes the two Commission communications on the biomass action plan and on an EU strategy for biofuels;
2. Shares the Commission's assessment of the current state of biomass use and of the barriers to its further spread throughout the energy sector;
3. Is convinced that the European Union strategy for promoting biofuels, particularly against the background of the Lisbon Strategy, must be guided by efficiency and sustainability and that measures must not be allowed to generate a disproportionately high level of administrative expenditure;
4. Believes that there is a need to create at regional, national and European level transparent and open markets for biomass and biofuels which meet sustainable production standards and that these markets should be integrated into the system of the World Trade Organisation (WTO) and be compatible with a single, transparent and competitive energy market;
5. Takes the view that the producers of biofuels need a consistent investment and pricing policy for the medium term at Member State level and European Union level that will make it possible to recover investments made within a reasonable period;
6. Urges the Commission to work towards a European market for biomass and calls on the Member States to eliminate barriers at Member State level and between Member States;
7. Assumes that the biomass action plan and the communication on a strategy for biofuels are the basis for specific and effective measures;
8. Urges the Commission to re-examine the goals set in the biomass action plan for heat production, electricity generation and biofuels production with reference to the competitiveness, efficiency and energy output of each sector;
9. Considers that the Commission should reconsider all action plans and directives with a view to permitting the rational production and use of bioenergy and biofuels and that this should be done principally in the fields of plant production, forestry and waste management;
10. Agrees with the Commission that the use of biomass in stationary applications such as power, heating and cooling can contribute optimally to the achievement of the EU's stated objectives of reducing greenhouse gas generation; urges support for the cost-effective and sustainable production and use of biomass in the areas of electricity generation, hydrogen and methane production, transport and heating and cooling if necessary by means of appropriate measures consistent with achieving the Kyoto targets and the longer-term 2°C climate objective; calls in this connection for special attention to be given to converting district heating networks;
11. Considers that aid and assistance in connection with biomass-based renewable energies should not distort competition on raw material markets in the long term;
12. Assumes that more rapid development and increased use of biomass (and biofuels can

also be brought about by means of voluntary agreements and calls on the Member States and the Commission to encourage the use of biomass for energy generation, including by applying environmental requirements to emissions rather than to the choice of fuel;

13. Believes that wood biomass is particularly suitable, given the size of the market and the potential uses available, for developing markets operating on a Europe-wide basis, although existing market shortages and rising prices must be borne in mind; therefore endorses the Commission's intention to put forward as soon as possible an action plan for forestry;
14. Considers however that the use of forest biomass must not lead to increased pressure on natural forests, halt the recovery of historically over-exploited forests or lead to expansion in monocultures or exotic species plantations and must always be promoted in ways that are compatible with improving the ecological quality of forests;
15. Calls on the Member States to make financial support for biomass conditional not on the size but on the efficiency of the installation in question, on there being a significantly positive greenhouse gases balances as well as on noticeable benefits for the environment and security of supply, in accordance with the principle of additionality, having regard to the type and amount of support necessary to achieve market penetration for a given type of biomass;
16. Calls on the Member States as a matter of priority to provide incentives for energy production achieved pursuant to supply chain contracts between farmers and companies which use biomass for energy purposes;
17. Expects Member States to come up with investment incentives for the production and use of biomass and biofuels that are the most efficient from a climatic point of view and compatible with structural and agricultural policy rules taking particular account of environmentally-compatible, regionally-adapted and traditional varieties; believes that such incentive schemes must under no circumstances lead to the replacement of sustainable local food production;
18. Expects Member States to develop national biomass action plans, to combine them in due course with their own structural and agricultural policy measures and to update such national action plans at specified intervals; and furthermore expects them do everything possible to attain the objectives of Directive 2003/30/EC;
19. Calls on the Commission to examine, on the basis of scientific well-to-wheel comparisons of various types of imported and EU-produced biomass, the sustainability of biomass and biofuels in all applications, to publish a review of compatibility with the Community *acquis* and to forward a report to Parliament and the Council by the end of 2007;
20. Calls on the Commission and the Member States, in connection with increased use of biomass for energy purposes, to ensure respect for nature conservation, landscape management, rural management and forest management interests and constraints;
21. Expects the Commission, following a strategic environmental assessment, to put forward proposals for promoting the cost-effective and sustainable use of biomass for heating and

cooling purposes in both the public and private sectors ;

22. Considers that, given the conflicting demands on biomass from waste, it is important that bio-energy should not be used as an excuse to promote waste incineration over more resource-saving options such as reuse, recycling or composting;
23. Expects the use as fuel of waste that cannot subsequently be recycled as matter, including by-products of agricultural food production, except for those originating in areas affected by desertification, to be facilitated, account being taken of energy efficiency, in connection with the review of the legal framework for waste; notes, however, that this should be subject to the condition that it does not present an obstacle to the reuse of recyclable materials;
24. Calls on the Commission to eliminate any obstacles based on European legislation so as to render possible and to promote the fermentation of manure or organic waste to produce biogas;
25. Urges the opening up of gas networks to receive biogas and transport it on a non-discriminatory basis where it is technically possible to inject it into and transport it safely in the natural gas system;
26. Expects the administrative procedures for bioenergy production and use to be simplified and extended to all Member States within the framework of the common agricultural policy;
27. Stresses that support for the promotion of energy crops was introduced as part of the reform of the common agricultural policy;
28. Stresses that, in the interests of sustainability, when exploiting biomass, encouragement should be provided for exploitation as close as possible to the location where the agricultural raw material originates, thus eliminating energy waste caused by transport; calls on the Commission and the Member States, therefore, to use rural development funding for the purpose of converting rural public institutions to the use of bioenergy as a heat source;
29. Urges the recognition and promotion of whole-crop incineration, for example, the incineration of cereals;
30. Welcomes the Commission's emphasis on the importance of using up Community stocks of intervention cereals to produce bioenergy; highlights the fact that this will make it possible to reduce the quantity of intervention cereals going for export, and thus make it easier for the EU to fulfil the obligations it has undertaken in the WTO; calls, therefore, on the Commission to devise appropriate incentives with a view to ensuring that as large a quantity as possible of intervention cereals is used up in this way;
31. Welcomes the objective underlying the Commission communication of continuing to promote the use of renewable energies, including biofuels, including their use in the transport sector, without prejudice to the freedom of the Member States to choose other renewable technologies as well as the sector and application in which biomass achieves the highest greenhouse and energy benefits;

32. Calls on the Member States to promote the use of biofuels through the taxation and excise system so as to make the production and use of biofuels more attractive; calls on the Commission to encourage the Member States to increase their support for a coordinated policy in this field;
33. Calls on the Commission, in dialogue with the oil and gas companies and vehicle manufacturers, to improve access to environmentally-friendly vehicles, and the distribution of and consumer access to biofuel;
34. Calls on the Commission to remove any unjustified barriers to the market of biomass and biofuels without compromising the environmental and health considerations on which such measures were based;
35. Endorses the Commission's intention to provide ongoing support for research and development, particularly in the field of second-generation biofuels, and to facilitate their large-scale implementation; refers to the seventh framework programme for research and urges the Council and the Commission to accept Parliament's proposal that two-thirds of energy research funding should be devoted to renewables research;
36. Is of the opinion that second-generation biofuels (BTL fuels) have a much higher energy use potential than first-generation biofuels;
37. Believes that there is an urgent need to lay down as soon as possible the technical standards for biofuels and to review Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and its relationship to biofuels use, without compromising the environmental and health considerations on which these measures were based; stresses that the existing standards should only be adjusted, or Directive 98/70/EC should only be amended, once the Commission has finalised its assessment of the impact on air quality of the use of higher biofuels blends in petrol and diesel;38. . Urges, in particular, an overhaul of the existing standard EN 14214 in order to include additional types of biomass;
39. Calls for the definition of different types of second generation biofuels in order to distinguish, given the impacts on the environment, between silviculture products and products derived from lignocellulosic waste materials, landfill organic waste and raw materials of animal and vegetable origin;
40. Supports the establishment of a biofuel technology platform jointly with all technology providers involved in the development, production, processing and final use of energy crops,
41. Expects the Commission to take appropriate account in its support for research of the aim of increasing the use of biomass in connection with distance cooling and heating systems – in accordance with the position adopted by Parliament at first reading on the seventh framework programme for research;
42. Strongly urges the Member States to indicate as soon as possible their national target for bio-energy, which should be in line with their national Kyoto target as well as the EU agreed long-term target of 2°C;

43. Asks the Commission to introduce a mandatory and comprehensive certification scheme allowing the sustainable production of biofuels at all stages, including standards for the cultivation and processing phases as well as for the overall life-cycle greenhouse gas balance, applicable to biofuels both produced within, and imported into, the European Union;
44. Calls on the Commission to support the development and use of the Global Monitoring for Environment and Security (GMES) system to monitor land use in the production of bio-ethanol so as to prevent the destruction of rainforests and other negative impacts on the environment;
45. Recognises that further increasing palm oil production may affect natural forests and traditional food production, causing bio-diversity loss, land conflicts and significant releases of greenhouse gases; calls therefore on the Commission to ban the use of biofuel derived from palm oil within the EU;
46. Expects any Europe-wide biomass target to be set in line with the agreed EU target of 25% renewables by 2020;
47. Advocates policies and measures as well as alternative technologies in the transport sector that are consistent with EU climate targets;
48. Calls on the Commission to take action with a view to reaching a compromise on biofuels between the motor vehicle and petroleum industries at the earliest opportunity, in line with the principle 'biofuels for cars, not cars for biofuels';
49. Calls for the eighth recommendation of the CARS 21 Group, according to which second generation biofuels are a particularly promising technology for reducing carbon dioxide emissions in the transport sector, to be translated into action;
50. Recommends that the possible use of biofuels in all modes of transport be considered in the context of product and technology promotion;
51. Believes that it make sense, where biofuels are used in selected sectors such as agriculture and forestry, shipping and local public transport, to encourage their use by means of longer-term fiscal incentives for pure fuels based on compliance with an appropriate certification scheme;
52. Calls on the Commission to encourage the addition of biofuels to traditional fuels in every Member State by amending Community provisions on excise duty;
53. Stresses the importance of the use of fiscal measures, such as tax exemptions, but calls on the Commission to be on the alert for distortions of the market;
54. Supports the Commission in its intention to create, in the context of the WTO negotiations, clear rules allowing the development of a European biofuel sector, in particular by establishing an appropriate and coherent commercial and customs framework;

55. Calls on the Commission to increase the priority given to the recognition of the non-trade concerns as part of a future WTO agreement; notes that this would enable the EU to ensure that imported biofuels meet certain sustainability criteria, predominantly in the environmental field;
56. Notes that biofuels are now being traded on the world market and that the EU is not yet self-sufficient in this area; considers, however, that the promotion of domestic production should be an absolute priority;
57. Considers that an acceptable rate of penetration of bioethanol imports into the EU should be established for a given period, to fit in with the gradual development of Community production in conformity with the European strategy in favour of sustainable development, in particular in the energy sector;
58. Calls on the Commission to reject very firmly any proposal, in the context of WTO negotiations on trade and the environment, to include bioethanol on a list of 'environmental products' which may be subject to exemption from or a reduction in customs duties;
59. Believes that it is essential for a report to be submitted by the Commission by the end of 2007 on the production and export conditions for biofuels in the principal producer countries;
60. Calls on the Commission to promote in the biomass action plan further study and research on biomass-based plastics so as to attain a better understanding of their contribution throughout their life cycle to savings of fossil fuels, to the reduction of greenhouse gas emissions and to savings of energy in recovery operations other than composting;
61. Calls on the Commission to consider, as a pilot project, the establishment of renewable energies parks, where energy needs would be met by a combination of various renewable energy sources, such as biomass, wind energy and solar energy;
62. Is convinced that public support for biofuels is essential and notes the widespread public anxiety about green genetic engineering; believes that the development of energy-intensive biomass must be environmentally safe and must not create a real or perceived threat to non-GM food production; is convinced that Marker Assisted Selection (MAS), which allows the improvement of crops, through 'smart breeding', i.e. the crossing of plants of similar families rather than their genetic modification through the integration of alien genes, must provide a major contribution to the development of energy-intensive and at the same time environmentally safe biomass;
63. Urges all Member States to create appropriate incentives for the sustainable cultivation of energy crops without jeopardising food production, facilitating sustainable access and mobilising additional biomass deriving from agriculture and forests;
64. Calls on the Commission to devote extra attention to small-scale biofuel projects within the primary agricultural sector, such as mobile distillation and fermentation, which could have a major impact on the future processing of primary by-products;

65. Believes that funding from the budget allocated under Heading 2, Pillar 1 of the Common Agricultural Policy (§60) and from the European Agricultural Fund for Rural Development should also be earmarked for the energy use of biomass;
66. Considers that this should be achieved through prioritising research, development and demonstration relating to those biomass applications which have been shown to deliver the greatest and most cost-effective greenhouse gas reduction and energy savings performance and through the creation of a dedicated market in order to improve profitability by means of information campaigns; suggests that particular attention be given to the development and promotion of win-win solutions where biomass production can be combined with habitat restoration, low input agriculture and environmentally-friendly land management;
67. Urges a substantial increase in the guaranteed maximum area fixed at 1,5 million hectares under the subsidy scheme for energy crops and that no crop be excluded from the subsidy scheme for energy crops, although particular emphasis should be given to those offering high energy efficiency;
68. Urges the Commission to abolish the set-aside scheme and devise new incentives for energy crops;
69. Notes that the cultivation of renewable raw materials must also be carried out in accordance with best practices and that the cross-compliance rules apply to such cultivation;
70. Urges the Commission to extend the list of crops eligible for cultivation for the production of biofuels in the support systems, to ensure that the most suitable energy crops are selected at local and regional level and to encourage the fermentation of manure;
71. Calls upon the Commission to remove the barriers to the development of energy crops in the new Member States, which apply a simplified single area payment scheme;
72. Urges the adoption of a standard framework at European level ensuring that priority is given to the provision of biomass for energy purposes even in those countries where bioenergy does not yet play a part;
73. Is convinced that the sustainable production and use of biomass,) including small scale cultivation and as an element of integrated rural development policies, offers considerable advantages for developing countries and) for technology transfer with these thirds countries and the export of bioenergy technologies should be supported by the European Union; takes the view, nevertheless, that this policy should be balanced and that these efforts should focus on countries meeting their own energy needs rather than solely developing their export capacity;
74. Calls on the Commission to devise a specific initiative designed to inform, train and increase awareness of the use of biomass and biofuels aimed at the farming world, citizens and local administrators;
75. Considers that the production of biomass and biofuels could contribute significantly to the

attainment of Europe's climate control objectives;

76. Calls on the Commission to present a proposal for a directive on heating and cooling from renewable energy sources as soon as possible and recalls its resolution of 14 February 2006 with recommendations to the Commission on heating and cooling from renewable sources of energy¹
77. Stresses the need for an EU-wide information policy on biomass and biofuels;
78. Calls for reliable general conditions to be laid down for investors and manufacturers in the interests of a long-term strategy to promote a competitive market for biofuels in the European Union, particularly in terms of tax incentives;
79. Calls for greater political and economic attention to be paid to cooperation and integration among the biofuels markets in the EU and its neighbouring European states, particularly in the framework of the specific partnership agreements;
80. Believes that the Intelligent Energy for Europe programme will help to support local projects relating to energy saving and the appropriate use of natural resources.
81. Instructs its President to forward this resolution to the Council and Commission.

¹ *Texts Adopted*, P6_TA (2006)0058.

EXPLANATORY STATEMENT

In the spring of 2006, the European Commission presented a green paper on energy policy in the EU setting out as its main objectives competitiveness, sustainability and security of supply.

The biomass action plan and the EU strategy for biofuels should also be seen in this wider context. Mention certainly needs to be made of biomass as an important component in the realisation of these objectives. At present, around half of the renewable energies used in the EU are already generated from biomass.

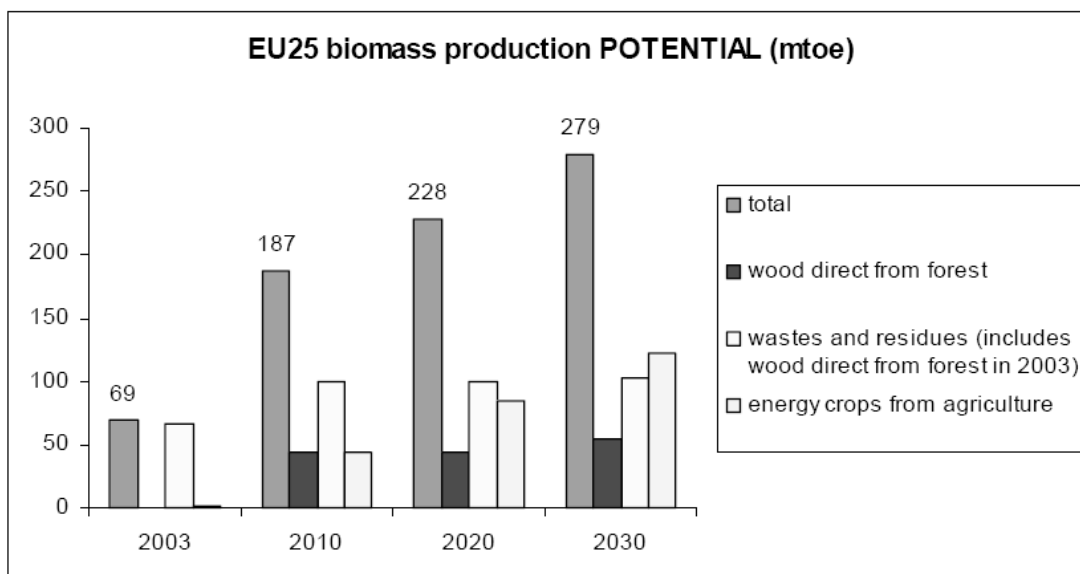
The biomass action plan sets out to describe measures to promote the use of biomass, electricity generation and heat production, measures in the transport sector and additional measures concerning the supply of biomass and research as well as financial aspects.

An impact assessment is being carried out at the same time. Ultimately, the Commission's proposals will be brought forward in line with the specific impact assessment and the opinions of Parliament.

The EU currently meets 4% of its energy needs from biomass. This is due to more than double by 2010 from 69 mtoe¹ in 2003, i.e. in the Commission's judgment an increase in biomass use to approximately 150-187 mtoe is possible by 2010.

The promotion of biomass use dovetails with the objectives set for the use of renewable energies in the EU of 12% by 2010 made up of a 21% share of the electricity sector and of 5.75% for biofuels.

¹ Million tonnes of oil equivalent



2003: Eurostat / Projections: European Environmental Agency

Costs and benefits of biomass use

Biomass is the only carbon carrier among the renewable energies and hence of particular importance for the manufacture of carbonaceous products. The energy use of this alternative therefore needs to be considered. Energy use of biomass contributes to the diversification of the energy supply in Europe and can reduce dependence on imports. In addition, a noticeable reduction in greenhouse gas emissions can be relied on where biomass is utilised in the areas of heating and cooling, transport and electricity generation. The creation of jobs is therefore a definite possibility but estimates of this impact vary between 200 000 and 300 000 jobs. Rural areas in particular may benefit from increased use. More rapid development and increased use of biomass are also possible on the basis of voluntary agreements with the energy industry, the oil industry, the car industry, the agricultural sector, the waste industry and the forestry sector. All experience shows that specific targets and legislative provisions take effect only after a lengthy implementation phase in the Member States.

Biomass heating

Biomass use in residential and industrial heating is simple to implement and good value when compared with other heating fuels; this is true of the acquisition both of systems and of the fuel itself. Techniques are now available for turning wood and clean residues into standardised pellets that ensure suitable supplies for consumers. In the area of heat generation there are development opportunities that are already reflected today in the growth of the biomass market. The Commission must therefore ensure that implementation of Community law on co-generation in the form of Directive 2004/8/EC is pressed ahead with in the Member States. Improving the performance of household biomass boilers goes hand in hand with adaptation of Directive 2005/32/EC on eco-design.

Biomass in district heating

Millions of EU citizens are connected up to district heating networks. The objective is the development of new district heating systems. The Commission rightly appeals to Member States to add the supply of district heating to the list of goods and services subject to a reduced rate of VAT (COM(2003)0397) as, for example, in the case of natural gas and electricity which are taxed at reduced VAT rates. In addition, the opportunities must be created for feeding biogas into gas supply networks in order to promote the marketing and expansion of biogas installations.

Electricity from biomass

Electricity can be generated from biomass using various technologies. For example, biomass can be added to coal or gas as a supplementary fuel. Central large-scale power stations such as in Denmark or Finland operate very cost-effectively in this way. However, the heat arising as a by-product of electricity generation should be used in cogeneration plants. This double dividend should therefore be encouraged by Member States and the Commission. More generally, Directive 2001/77/EC on the promotion of electricity produced from renewable energy sources sets out the framework for electricity generation from biomass.

Biofuels

Directive 2003/30/EC on biofuels lays down market shares for biofuels of 2% in 2005 and of 5.75% in 2010 as a target for all Member States in the EU.

At present, approx. 90% of biofuels are produced from domestic raw materials with only 10% coming from imports. Only 1.8 million of the 97 million hectares of the potential cultivation area in EU25 are being used to produce raw material for biofuel production (2005). Biodiesel accounts for a 70-80% share of total biofuel consumption.

Worth noting are the wide variations in market penetration of biofuels in individual Member States, although the general point needs to be made here that the market share of biofuels throughout EU25 was under 2% in 2005.

Some Member States are using the option of fuel tax exemptions to promote biofuels, although this is subject to state aid control. In addition, a number of Member States have imposed obligations on oil companies requiring them to add a higher percentage of biofuels to standard fuels. This shows that Member States are using two mechanisms to implement the biofuels directive, i.e. (1) tax exemptions and (2) obligation to add biofuels to ordinary fuels.

The admixture of biofuels to conventional fuels at a given percentage rate may be a solution to the difficulties with tax exemptions and should therefore be applied throughout the EU. As a general rule, it should be remembered that second-generation biofuels are preferable in the long term. The establishment of a biofuel technology platform jointly with industry is to be welcomed.

Balancing imports and exports

Biofuels are now traded throughout the world market. The EU cannot adopt an autarkic approach to supply. However, it should be remembered that top priority should go to encouraging domestic production.

To achieve a higher market share for biofuels of 5.75% by 2010, various approaches are possible.

The following measures could be adopted:

1. Amendment of Standard EN14214 to authorise a wider range of vegetable oils for the production of biodiesel;
2. Market access conditions for imported bioethanol to be designed in such a way as to enable the development of an indigenous European industry;
3. Amendment of the biofuels directive and adaptation to state of development of research;
4. Support for developing countries (in WTO context as well as through European technology transfer).

In addition, the relevant standards relating to fuel quality need to be reviewed. Furthermore, technical barriers need to be removed (problem of carrying petrol blended with ethanol in oil pipelines).

In the long term, thought must be given to the fact that ethanol can help reduce demand for diesel within Europe. This would be of particular benefit to the European market as well since the capacity to produce bioethanol is comparatively greater than for biodiesel production. Hence, the use of ethanol should be encouraged in order to help meet the demand for diesel. A diesel engine can be modified accordingly so that 95% ethanol can be used in such engines. This requires an overhaul of Standard EN 14214.

Thought should more generally be given to allowing ethanol to replace methanol in biodiesel production as this would be possible with an appropriate adjustment to the standard.

The Commission should develop a certification scheme in order to ensure sustainable production of biofuels irrespective of whether they are produced in the EU or imported. Furthermore, the Commission must submit a report by the end of 2007 analysing and evaluating the production and exports conditions for biofuels in the principal producer countries.

Common agricultural policy (CAP)

The reform also paved the way for promoting the production of energy crops (non-food crops). Research into such non-food crops should be stepped up even further in the future in order to ensure more efficient use of farmland (genetic engineering). The increased cultivation of energy crops may represent additional earnings potential for farmers but does not replace

the producer of foodstuffs or feedstuffs. It must be decided at regional and local level what energy crops to plant.

The European Agricultural Fund should be opened up to promote the energy use of biomass and the guaranteed maximum area laid down in the subsidy rules for energy crops should be increased beyond 1.5 million hectares.

Forestry

At present, 35% of the wood growing in the EU is unused. The forestry action plan should therefore be submitted as soon as possible by the Commission.

Waste

The framework directive on waste is currently under review. The promotion of waste recycling and recovery techniques is an urgent necessity. In addition, it must be made easier to use recyclable waste as fuel. This also goes for the by-products of agricultural food production.

Logistics

A start has already been made on improving the supply chain and, in particular, the trade in pellets and chips with support from the 'Intelligent Energy for Europe' programme. However, much still needs to be done here in the Member States in order to establish a functioning market in the EU on a lasting basis.

Member States should submit national biomass action plans to ensure that each one makes a contribution to the objectives of European energy policy, viz. security of supply, competitiveness and sustainability.

Financial support

Financial support for biomass from the EU can be provided by structural and cohesion funds in assisted regions. It is essential to adopt an integrated approach combining, in optimum fashion, the subsidies available in the EU with those in the Member States.

In particular, financial support must be ensured for research and development so that, in the long term, biomass can be used better and more efficiently as a fuel, for electricity generation, for heating and cooling purposes, in intelligent energy networks, in the area of biosciences and biotechnology in the sense of non-food procedures, in biorefinery plans and for the manufacture of second-generation biofuels.

Summing up

The promotion and expansion of biomass use in the European Union offer a great many opportunities. However, biomass cannot be a panacea for future energy supply issues in the EU.

Alongside energy use, all other types of use should be facilitated. No single way exists towards increased use of biomass and biofuels. It is therefore the task of the EU and the Member States to leave optimum use open to competition and to create uniform framework conditions for this purpose.

13.9.2006

OPINION OF THE COMMITTEE ON AGRICULTURE AND RURAL DEVELOPMENT

for the Committee on Industry, Research and Energy

on EU Strategy on Biomass and Biofuels
(2006/2082(INI))

Draftsman: Willem Schuth

SUGGESTIONS

The Committee on Agriculture and Rural Development calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. considers that the production of biomass and renewable energy contributes to the reduction of energy dependency (as regards both oil and biomass imports) and promotes the diversification of energy sources, as prescribed in the Commission Green Paper, "Towards a European strategy on the security of energy supply" (COM(2000)0769) but must also be accompanied by more general thinking about our energy consumption and hence our way of life and methods of production with a view to consuming energy more efficiently (through the use of more renewable energy), but above all, consuming less energy; stresses that tackling the problem of climate change must be an objective of all measures in the field of bioenergy;
2. considers that the replacement of fossil fuels leads to economic opportunities and comprises ecological and social aspects;
3. considers that the production of biomass and biofuels could contribute significantly towards the attainment of Europe's climate control objectives;
4. stresses that support for the promotion of energy crops was introduced as part of the reform of the common agricultural policy (CAP);
5. highlights the potential offered by the use of agricultural by-products, forestry products and waste for the production of heating, cooling, fuels and electricity; considers, however, that the production of biomass and biofuels should not displace the main role of agriculture, which is to produce food;

6. considers that Community support is required for the promotion of biomass and biofuels obtained from a variety of organic waste, in particular forestry waste, waste derived from the treatment of waste water, solid urban waste and edible oils;
7. calls on the Commission to eliminate any obstacles based on European legislation so as to render possible and to promote fermentation of manure or organic waste to produce biogas;
8. stresses that, when exploiting agricultural by-products, energy crops and forestry products and waste, attention must be devoted to the aspects of energy efficiency and sustainable development; considers, therefore, that these products should primarily be used in the most efficient way, for the purpose of obtaining heat;
9. stresses the importance of market mechanisms that allow biomass energy sources to become competitive on a sustainable basis ;(deletion)
10. calls on the Commission to make further efforts to bring together product standards and support for renewable raw materials throughout the EU, in order to promote an internal market for renewable energy sources;
11. considers that the quality of biofuels (in particular biofuels used as a petrol substitute in the transport sector) must be monitored by suitably equipped laboratories and that investment must be made at European level in the technological modernisation of the laboratory infrastructure used to monitor the quality of fuels in a neutral, disinterested fashion;
12. points out that biofuels require specific trials, which call for investment, for which reason structural and cohesion funds must be assigned to investment not only in investment projects but also in infrastructure which will enable the quality of the products in question to be maintained;
13. calls on the Commission to present a proposal for a directive on heating and cooling from renewable energy sources as soon as possible and recalls its resolution of 14.2.2006 with recommendations to the Commission on heating and cooling from renewable sources of energy¹ and the decision of the Economic and Financial Affairs Council to authorise Member States to apply a reduced rate of value added tax to the supply of district heating of renewable origin;
14. stresses that the best possible regulatory environment should be created for the use of biomass in order to boost the production of biomass in a way which is sustainable in terms of ecology, economics and international food security and to ensure that it is used more effectively, for example by promoting cogeneration;
15. believes that the resources devoted to Community rural development priorities could help boost the use of renewable energy and will help to combat climate change; stresses, however, that rural development funds are available for a holistic approach to the economic revitalisation and ecological safeguarding of rural areas and their natural

¹ *Texts Adopted*, P6_TA (2006)0058.

resources; stresses that Member States must consider provisions for aid or provide tax concessions under their national rural development programmes and other budgetary appropriations;

16. supports the conclusions of the March 2006 European Council that an effort should be made to increase the share of renewable energies to 15% and the share of biofuels to 8% by 2015;
17. calls on the Commission to devote extra attention to small-scale biofuel projects within the primary agricultural sector, such as mobile distillation and fermentation, which could have a major impact on the future processing of primary by-products;
18. considers that in the case of bio-refineries, mechanisms should be devised which will encourage the installation of infrastructure enabling resources to be fed promptly into conversion plants or - should bio-refining be linked to the energy crop - enabling products to be made promptly available for final use;
19. believes that creating an EU market for biofuels would reduce the dependence of Europe's energy supply and would offer an opportunity to develop alternative sources of income not only for our farmers but for our rural economies as well;
20. stresses that, in the interests of sustainability, when exploiting biomass, encouragement should be provided for exploitation as close as possible to the location where the agricultural raw material originates, thus eliminating energy waste caused by transport; calls on the Commission and Member States, therefore, to use rural development funding for the purpose of converting rural public institutions to use bioenergy as a heat source;
21. considers it to be important to harmonise the implementation of Directive 2003/30/EC of the European Parliament and of the Council of 8 May 2003 on the promotion of the use of biofuels or other renewable fuels for transport¹ (the Biofuels Directive) in all Member States;
22. supports the announcement by the Commission that it will review by the end of 2006 the limit values for the biofuel content of petrol and diesel fuels, which impede the wider use of biofuels, in the context of Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels²;
23. emphasises the importance of making the indicative targets set in the Biofuels Directive obligatory and urges to set new, more ambitious and long-term targets until 2020, in order to create investor confidence and ensure long-term support for farmers and businessmen investing in the industry; notes that the indicative targets must be based on careful analyses of the sustainable production potential of biofuels and be linked to efficient environmental protection measures;
24. stresses the importance of adopting by 2010 a binding figure of 5.74% for the indicative

¹ OJ L 123, 17.5.2003, p. 42-46.

² OJ L 350, 28.12.1998, p. 58. Directive as amended by Directive 2000/71/EC (OJ L 287, 14.11.2000, p. 46).

targets set in the Biofuels Directive;

25. believes that the EU should aim for a mandatory rather than a voluntary structure to promote biofuels and suggests the introduction of a mandatory minimum percentage of 5.74% for the proportion of biofuels to be blended in all fossil fuels;
26. stresses that the introduction of a mandatory percentage must not result in the disappearance of or reduction in the existing incentives for the production of biofuels in the EU;
27. considers that measures such as further tax incentives, investment subsidies and duties, as promising ways to promote biofuels; urges that action to promote energy crops be accompanied by monitoring of their impact on the agricultural environment and biological diversity and that these measures be put in place for a sufficiently long duration in order to ensure industry confidence and stimulate investment;
28. considers that as a priority the technical specifications laid down in Directive 98/70/EC of the European Parliament and of the Council of 13 October 1998 relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EEC¹ - in particular the limits on ethanol, ether and oxygenated-compound content and on vapour pressure and the volumetric fraction of biodiesel - should be amended in order to allow mixtures of biofuels and conventional fuels exceeding 5%;
29. calls on the Commission to encourage the addition of biofuels to traditional fuels in every Member State by amending Community provisions on excise duty;
30. stresses the importance of the use of fiscal measures, such as tax exemptions, but calls on the Commission to be on the alert for distortions of the market and to take action against them;
31. calls on the Commission to consider developing a transparent, public database at EU level, which should include records of best practice relating to the use of biomass (renewable raw materials and organic materials from farming and forestry) for the production of biofuels, heat and electricity and relating to the impact of processes on climate and which should include data on the origin and ecological impact of the cultivation of the raw materials used, in order to be able to assess the desirability of processes and replicate throughout the EU those initiatives which are of proven utility;
32. welcomes the Commission's initiative to develop a "Biofuel Technology Platform" and the Commission's support of projects such as BioXchange, an Internet biomass trading floor, which brings together supply and demand for biomass in Europe;
33. considers that research and development in the area of biomass and biofuels must encompass large-scale projects concerned with the medium-term implementation of demonstration units, but that research must also be conducted into more fundamental domains in less-explored areas, which are regarded as promising, in particular pyrolysis

¹ OJ L 350. 28.12.1998, p. 58. Directive as last amended by Regulation (EC) 2003/1882 (OJ L 284, 31.10.2003, p. 1).

and biotechnology involving genetic mutation;

34. urges the Commission to abolish the set-aside scheme and devise new incentives for energy crops;
35. notes that the cultivation of renewable raw materials must also be carried out in accordance with best practices and that the cross-compliance rules apply to such cultivation;
36. urges the Commission to extend the list of crops eligible for cultivation for the production of biofuels in the support systems, to ensure that the most suitable energy crops are selected at local and regional level and to encourage fermentation of manure;
37. considers that in this area, great importance should be attached to developing an energy-crop promotion strategy involving the creation of incentives for the introduction of crops with carefully selected plants, which are compatible with specific soil and climate characteristics and which can be quickly rotated, so that land use can be diversified and the principles of agricultural multifunctionality can thus be observed;
38. welcomes the Commission's initiative to make sugar production for bioethanol eligible for CAP support schemes;
39. calls upon the Commission to remove the barriers to the development of energy crops in the new Member States, which apply a simplified single area payment scheme;
40. urges the Commission to ensure that full support is given to research and development of second generation biofuels in parallel with research on, for example, crop refinement and improved crop raising methods for first generation biofuels;
41. considers that, from a long-term, perspective in which hydrogen becomes a direct alternative for use in electricity-generating fuel cells and a raw material used in the production of liquid fuels, technology platforms should encompass options which involve different types of resources;
42. supports the introduction of an EU certification scheme in order to ensure not only product quality but also minimum environmental and social responsibility requirements; suggests that any certification system should apply in a non-discriminatory way, both to domestically produced and to imported biofuels and that the production and use of biofuels should be globally positive for the environment;
43. urges the Commission to ensure that sound labour practices are rigorously adhered to in third countries, with particular regard to the exploitation of workers and children on sugar cane plantations;
44. considers that particular importance should be attached to upholding sound environmental practices in third countries such as Brazil (where extensive areas of natural habitat are being destroyed in order to enable sugar cane to be grown), for example in the vital Cerrado and Mata Atlântica ecosystems, which are regarded as extremely important to the conservation of biological diversity;

45. calls on the Commission to increase the priority given to the recognition of the non-trade concerns as part of a future WTO agreement; notes that this would enable the EU to ensure that imported biofuels meet certain sustainability criteria, predominantly in the environmental field;
46. stresses the need for appropriate Community management of biofuels imports and asks the Commission to consider putting in place qualified market access arrangements for biofuel imports from third countries, in order to allow the biofuel industry in the EU to develop and become competitive while applying high environmental standards;
47. considers Community taxation of biofuel imports to be required only if the competitiveness of Europe's biofuels industry is endangered by environmental and social dumping;
48. calls upon the Commission to monitor the impact of demand for biofuel, green electricity, heating and cooling on commodity and by-product prices, their availability for competing industries and the impact on food supply and prices, in the EU and in developing countries, and, in the event of price rises which result in food shortages in poorer countries or among poorer sections of the population, to take immediate regulatory action;
49. calls on the Commission to step up the feeding of biogas into the gas network and the use of biogas as a fuel by means of appropriate incentives and thus to make a further contribution to reducing dependence on energy imports;
50. calls on the Commission, in general, not to encourage the development of intensive cultivation of renewable energy resources with a one-sided emphasis on production, which would have a disastrous environmental, economic and social impact and would not, therefore, contribute to the European sustainable development strategy;
51. stresses the need for an EU-wide information policy on biomass and biofuels;
52. Calls on the Commission to set up and provide support for a pilot programme for the use of first and second-generation biofuels;
53. considers that, with a view to the implementation of the sugar reform and the discontinuation of sugar beet cultivation in the EU, an analysis needs to be made of exactly how existing potential for producing biofuels from sugar beet and other alternative crops might be enhanced;
54. calls on the Commission to take action with a view to reaching a compromise on biofuels between the motor vehicle and petroleum industries at the earliest opportunity, in line with the principle 'biofuels for cars, not cars for biofuels'.

PROCEDURE

Title	EU-Strategy on Biomass and Biofuels		
Procedure number	2006/2082 (INI)		
Committee responsible	ITRE		
Opinion by Date announced in plenary	AGRI 6.4.2006		
Enhanced cooperation – date announced in plenary	-		
Drafts(wo)man Date appointed	Willem Schuth 21.3.2006		
Previous drafts(wo)man	-		
Discussed in committee	25.4.2006	21.6.2006	12.9.2006
Date adopted	12.9.2006		
Result of final vote	+: 38	-: -	0: -
Members present for the final vote	Vincenzo Aita, Marie-Hélène Aubert, Peter Baco, Thijs Berman, Niels Busk, Luis Manuel Capoulas Santos, Giuseppe Castiglione, Joseph Daul, Albert Deß, Gintaras Didžiokas, Carmen Fraga Estévez, Duarte Freitas, Jean-Claude Fruteau, Ioannis Gklavakis, Lutz Goepel, Bogdan Golik, Friedrich-Wilhelm Graefe zu Baringdorf, Esther Herranz García, Elisabeth Jeggler, Heinz Kindermann, Stéphane Le Foll, Kartika Tamara Liotard, Albert Jan Maat, Mairead McGuinness, Rosa Miguélez Ramos, Neil Parish, María Isabel Salinas García, Agnes Schierhuber, Willem Schuth, Czesław Adam Siekierski, Csaba Sándor Tabajdi, Marc Tarabella, Kyösti Virrankoski, Janusz Wojciechowski, Andrzej Tomasz Zapałowski		
Substitute(s) present for the final vote	Bernadette Bourzai, Zdzisław Zbigniew Podkański, Armando Veneto		
Substitute(s) under Rule 178(2) present for the final vote	-		
Comments (available in one language only)	-		

18.9.2006

OPINION OF THE COMMITTEE ON THE ENVIRONMENT, PUBLIC HEALTH AND FOOD SAFETY

for the Committee on Industry, Research and Energy

on Strategy on Biomass and Biofuels
(2006/2082(INI))

Draftsman: Liam Aylward

SUGGESTIONS

The Committee on the Environment, Public Health and Food Safety calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Welcomes the Biomass action plan and the EU Strategy for Biofuels; stresses that there is a need to develop cost-effective opportunities for increased use of biomass in energy applications, in order to combat climate change and GHG emissions; to contribute to reducing dependency on the finite resource oil; to promote sustainable and affordable energy supply and to enhance security of supply and technology and economic development within the EU;
2. Is firmly convinced that the production and further development of biomass and biofuels will provide a positive stimulus for competitiveness and the labour market in Europe;
3. Stresses that promoting biomass and biofuels helps to give a boost to rural areas; underscores the fact that, in particular for small and medium-sized holdings in agriculture and forestry, using biomass for energy production will open up new prospects alongside food production;
4. Considers that this should be achieved through prioritising research, development and demonstration on those biomass applications which have been shown to deliver the greatest and most cost-effective GHG reduction and energy savings performance; and through the creation of a dedicated market in order to improve profitability by means of information campaigns; particular attention should be given to the development and promotion of win-win solutions where biomass production can be combined with habitat restoration, low input agriculture and environmentally friendly land management;

5. Agrees with the Commission that the use of biomass in stationary applications such as power, heating and cooling can contribute optimally to the achievement of the EU's stated objectives of reducing fossil energy dependency and GHG generation;
6. Stresses that any cultivation of energy crops should not jeopardise European and third countries' abilities to achieve environmental priorities such as halting the loss of biodiversity, protecting forests, preventing soil degradation and achieving good ecological status of its water bodies;
7. Is worried that there is a risk of an increased demand for the cheapest commodity crops currently available on the world market, which could lead to further, substantial increases in tropical deforestation and other clearing of biodiversity rich ecosystems. Asks therefore for the introduction of a mandatory environmental certification for sustainable cultivation and production of both domestic and imported bioenergy;
8. Stresses that bio-energy production should always comply with good agricultural practice, and should not affect domestic food production within the EU and in third countries; considers that incentives should be limited to those applications of biomass which provide the highest efficiency and environmental and climate benefits;
9. Calls on the Commission, before it sets production requirements for imported biofuels, to examine whether the requirements are in keeping with World Trade Organisation rules;
10. Points out that the use of forest biomass must not lead to increased pressure on natural forests and must always be promoted in ways that are compatible with the enhancement of the ecological quality of forests; stresses that sustainability in forestry cannot be limited to harvesting less than the natural re-growth while ignoring biodiversity; considers that biomass production must not lead to the expansion of artificial forest plantations at the expense of high nature value habitats such as wet meadows, bogs, semi-natural steppe and Mediterranean maquis;
11. Urges the Commission and the Member States to give priority to the selection and promotion of those bio-components which ensure the most efficient carbon balance and are the most energy efficient; considers it urgent for the Commission to make a study on their energy life cycle from "seed to wheel" and also to prioritise research in the field of bio-refinery, second-generation biofuels and in crop optimisation without restricting the continued existence and further development of first-generation biofuels;
12. Stresses the need for maximum use of bioenergy products, for both thermal and electrical energy production, with a view to a high level of efficiency, which will benefit the environment;
13. Urges the Commission to comment on all the expected costs and benefits of encouraging biomass production within and outside the EU;
14. Considers that given the conflicting demands on biomass from waste, it is important that bio-energy should not be used as an excuse to promote waste incineration over more resource saving options such as reuse, recycling or composting;

15. Considers that biofuels should not be a replacement for fuel efficiency standards in vehicles; expects the car industry to do its utmost to attain a target of 140 g CO₂/km by 2008/9; urges the Commission to monitor progress and take further measures to achieve the EU target of 120g/km by 2010;
16. Stresses that an effective and successful energy policy involving the opening-up of national energy markets is possible only with European and international coordination; welcomes the Commission's signal for a coordinated approach. Stresses the need for flexibility for Member States to develop their own policy within an EU framework. Calls on Member States to encourage the development of national biomass action plans reflecting the full range of biomass-to-energy options, to build biomass boiler-houses and to prioritise energy-related investments under the structural and cohesion funds; recognises the importance of public procurement and tax exemptions for the promotion of biomass and biofuels;
17. Urges Member States to seek and compare best practice in the promotion of biomass and biofuels production and usage by means of the open method of coordination;
18. Calls on the Commission to propose the necessary legislative and regulatory measures in order to reach the agreed EU target of 25% renewables by 2020 and to remove any unjustified barriers to the market of biomass and biofuels without compromising the environmental and health considerations on which such measures were based;
19. Believes that the Intelligent Energy for Europe programme will help to support local projects relating to energy saving and appropriate use of natural resources.

SHORT JUSTIFICATION

In order to increase the share of renewable energy in Europe and to reduce the oil-dependency the European Commission urges through the EU Biomass action plan (COM(2005)628) and the Communication on the EU Strategy for bio fuels (COM(2006)34), to improve the production and use of bio-energy in Europe and in third countries.

The main aim of the Action Plan on Biomass is to reach the target of 150 *mtoe* (*million tonnes of oil equivalent*) by 2010, more than double of the rate of 2003 (69 *mtoe*).

Development of this type of energy, mostly obtained by cereal, sugar, oil seed crops, waste oils, wood and wood residues will lead, following the action plan, to an increase of 5% of the share of renewable energy use within the EU to the 6% reduction of imported energy reliance and, would allow a CO₂ emissions reduction of 209 mt per year with important benefits for the air quality.

Use and production of biomass is expected to play a significant role in employment (250 000 people) mostly in rural areas as well as in energy price reduction.

The EU plan provides a wide set of measures (31 actions) to improve the development of biomass production and use mainly in three areas: transport, electricity and heating.

Member States have to play an important role in extending the use of biomass, by providing national biomass action plans as well as tax exemptions and public procurement procedures.

Concerning biofuels, the EU Strategy proposes to promote the production of a wide range of products derived from biological material (vegetal oils and animal fats) which is used in a liquid form especially as a replacement of fossil fuel, within the EU and in third countries (also as an alternative for developing countries affected by the sugar regime cuts). It provides a series of measures to improve cost-effective production and in particular second generation raw products for biofuels as well as financing research directed to optimise crop production. The Commission initiative is focused mainly on increasing the demand for biofuels by setting obligations requiring fuel supply companies to incorporate a given percentage of biofuels in the fuel they place on the market. National targets shares for Member states and stricter infringements procedures are inserted on the same purpose.

Your draftsman appreciates the approach taken by the Commission with regard to the aim and the measures of the bio-fuel Strategy and the Biomass Action Plan and in particular welcomes the opportunity for EU Member States to work together in demonstrating leadership to its constituents in a time of instability regarding energy supply and climate change.

A proper intervention is needed now, in order to provide Europe with an effective alternative and clean Energy policy including exploiting efficient bio-energy.

This would allow some important environmental benefits like GHG emissions cuts as well as the reduction of fossil fuel dependency. Another important aspect of this kind of energy generation is that its production can be obtained by small scale processors at urban and rural level. This important characteristic enables small communities in Europe and in third countries to produce their own energy by using natural resources provided by their own

territory.

These district scaled plants provide important savings on transport costs which are fairly unsustainable in some third developing countries and also, indirectly, on air pollution produced by means of transport.

As the Commission proposes, it is important to act on the demand side, increasing the need of bio-energy, by setting obligations and target rather than providing generalized subsidies to "energy crops".

To ensure more efficient production and use, research on second generation biofuels should be enhanced. These new technologies offer the possibility of using a wider range of agricultural and forest waste as raw material and could lower the pressure on land as well as the need for biofuel imports. Therefore incentives and tax exemptions should address these kinds of more cost-efficient productions.

Nevertheless, to take full advantage of bio-energy, the Commission and all relevant actors should take the following serious concerns into account:

First of all, we need to ensure that bio-energy production should not create environmental harm. This strategy and the derived increase of demand of bio-energy may entail some risks like overexploitation of grounds, e.g. by setting-aside good practices like rotation of crops; as well as the destruction of forest and ecosystem especially in third countries, mainly in tropical areas. Monocultures induced by external demands in developing countries may cause devastating forest clearance, with environmentally but also socially destructive effects like it happened for example, as outlined by many NGO's, in South East Asia for the palm oil industry.

Therefore, in order to ensure the sustainability of the production of bio-energy a mandatory environmental certification is needed which could be the appropriate tool to control the environmental impact of plantations. This may be the only way we can avoid the creation of solely a cost-oriented market which would encourage destructive and unsustainable practices mostly in third countries.

In addition, it should not be underestimated that environmental certification could guarantee EU production against an unfair competition, based on environmentally unsustainable production in third countries. The EU should improve its effort to make sure that also at international level and especially within the WTO such kind of certification should be considered admissible.

A second concern is unclear definition of biomass in the legislation of some Member States. Inorganic waste can be considered as such. It should be made clear that the simple by-product of waste incineration should not as such be considered as biomass.

Thirdly, as far as the impact of this strategy on agriculture and CAP reform is concerned, it should be stressed that some measures are taken in order to support crops destined to biodiesel feedstock: in particular by allowing them to be cultivated in non set-aside land as well as by providing energy crop payments as a special investment for energy crops grown on non set-aside land.

Nevertheless the agricultural production of biofuels should not affect soil fertility and therefore should always comply with good environmental practices and sustainable

cultivation methods.

Your draftsman welcomes the initiative of organizing the European Biomass Conference and Exhibition, the 15th edition of which will be held in Berlin in May 2007, as a unique opportunity to gather all actors involved in the development of a sustainable production of biomass. In this regard we would suggest that the Committee on the Environment, Public Health and Food Safety should participate in this important workshop in order to be updated on the recent developments in this field.

Finally, the Renewable Energy Project is a project tailor-made for the European Union. Just as the Common Market and the Introduction of the Euro were necessary, but a pipedream for many at the time, Renewable Energy Common Policy is next. In a world of high oil prices, increasing dependency on a few external non-stable suppliers, new concerns relating to long-term availability of fossil fuels and the urgency of new greenhouse gas emissions, this can no longer be a pipedream but an urgent reality. We need long-term, well thought through sustainable policy on Renewable Energy and we need to provide leadership now.

PROCEDURE

Title	Strategy on Biomass and Biofuels
Procedure number	2006/2082(INI)
Committee responsible	ITRE
Opinion by Date announced in plenary	ENVI 6.4.2006
Enhanced cooperation – date announced in plenary	
Drafts(wo)man Date appointed	Liam Aylward 25.4.2006
Previous drafts(wo)man	
Discussed in committee	12.7.2006
Date adopted	13.9.2006
Result of final vote	+: 49 –: 1 0: 0
Members present for the final vote	Adamos Adamou, Georgs Andrejevs, Liam Aylward, Irena Belohorská, John Bowis, Frieda Brepoels, Martin Callanan, Dorette Corbey, Chris Davies, Avril Doyle, Mojca Drčar Murko, Edite Estrela, Anne Ferreira, Matthias Groote, Françoise Grossetête, Gyula Hegyi, Caroline Jackson, Dan Jørgensen, Christa Kläß, Eija-Riitta Korhola, Holger Kraemer, Urszula Krupa, Aldis Kušķis, Marie-Noëlle Lienemann, Peter Liese, Jules Maaten, Linda McAvan, Marios Matsakis, Riitta Myller, Péter Olajos, Miroslav Ouzký, Dimitrios Papadimoulis, Vittorio Prodi, Dagmar Roth-Behrendt, Guido Sacconi, Richard Seeber, Kathy Sinnott, Jonas Sjöstedt, Bogusław Sonik, María Sornosa Martínez, Antonios Trakatellis, Thomas Ulmer, Anja Weisgerber, Anders Wijkman
Substitute(s) present for the final vote	Bairbre de Brún, Hélène Goudin, Rebecca Harms, Jutta D. Haug, Miroslav Mikolášik, Bart Staes, Claude Turmes, Thomas Wise
Substitute(s) under Rule 178(2) present for the final vote	
Comments (available in one language only)	...

21.9.2006

OPINION OF THE COMMITTEE ON INTERNATIONAL TRADE

for the Committee on Industry, Research and Energy

on a strategy on biomass and biofuels
(2006/2082(INI))

Draftsman: Jean-Pierre Audy

SUGGESTIONS

The Committee on International Trade calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

1. Notes that the EU is lagging seriously behind with regard to both the use and the production of biofuels, which are a crucial elements of international trade;
2. Underlines the decisive contribution that a genuine strategy to promote sustainable biomass applications can make in reducing greenhouse gas emissions, developing new opportunities via the industrial processing of agricultural products and second-generation biofuels in particular, reducing the EU's energy dependency and stimulating growth and employment both in the EU and in other parts of the world, in particular developing countries;
3. Considers that in order to achieve these objectives a policy to develop a European biofuel industry must be developed and the use of such products in the EU increased; points, however, to the risk of irreversible environmental consequences which may be caused by the reckless, uncontrolled and intensive cultivation, production and import of biofuel;
4. Notes that imported bioethanol is a good option from a climate change perspective;
5. Notes that biofuels are now being traded on the world market and that the EU is not yet self-sufficient in this area; considers, however, that the promotion of domestic production should be an absolute priority;
6. Emphasises that, among the necessary preconditions for developing a strong and dynamic European biofuels industry, it seems to be essential to establish an appropriate and consistent trade, excise and customs framework guaranteeing the competitiveness of

biofuels produced in the EU;

7. Considers that an acceptable rate of penetration of bioethanol imports into the EU should be established for a given period, to fit in with the gradual development of Community production in conformity with the European strategy in favour of sustainable development and in particular in the energy sector and that trade and customs policy should be compatible with keeping to this rate taking into account the imperatives of the development policy;
8. Notes that bioethanol production costs in the EU are, as matters currently stand, higher than those in several other leading producer countries, including Brazil and the United States; points out, however, that the competitiveness of those countries is due to long-standing large-scale subsidy and public support programmes and also, as far as Brazil, for example, is concerned, founded on what are questionable practices both from a social and from an environmental perspective;
9. Considers that when measures are taken to stimulate demand for bioethanol in the EU, in some cases requiring the use of public money or entailing budgetary consequences for the Community and its Member States, such action must not work solely to the advantage of imports;
10. Stresses the need to consider whether bioethanol should be treated as a 'sensitive product' in the context of negotiations on agricultural market access at the WTO and, in so far as is appropriate, excluded from the application of the tariff reduction formulas that are envisaged;
11. Calls on the Commission to reject very firmly any proposal, in the context of WTO negotiations on trade and the environment, to include bioethanol on a list of 'environmental products' which may be subject to removal or reduction of customs duties;
12. Notes that some developing countries have excellent competitive opportunities on a global scale for producing and trading in biofuels, but that at the same time some standards should be set as regards fuel quality; considers that technical and other trade barriers should also be eliminated to enable a genuine world market to emerge;
13. Calls on the Commission to proceed with caution when negotiating demands for preferential access to the Community market in bioethanol by our partners in Mercosur during the EU's biregional negotiations with that zone; considers it essential for all matters relating to international energy markets to be negotiated in multilateral forums such as the WTO so as to make for the utmost transparency, and for the Union's common interest to take precedence, in keeping with the future common energy policy;
14. Considers that the application of the Generalised System of Preferences (GSP) and GSP+ should further the objective of economic development of the more vulnerable countries and, as far as bioethanol production is concerned, be consistent with the goals of a future common energy policy, and calls on the Commission to implement the appropriate graduation mechanisms whenever necessary, observing the criteria set out in Council Regulation (EC) No 980/2005 of 27 June 2005 applying a scheme of generalised tariff

preferences¹;

15. Endorses the Commission's efforts to support the biofuel industry in developing countries and regions which have potential in that area and where local production could help to reduce poverty on a lasting basis; believes, however, that such a policy should be balanced and aimed as a matter of priority at satisfying the domestic energy needs of the countries concerned rather than focusing exclusively on developing their export capacity;
16. Considers that the EU should place greater emphasis, in all partnership, free trade and preferential agreements, on the emergence of open markets in biofuels; considers that transparent, integrated and open national, European and international markets will ensure the long-term, sustainable development of the sector; calls on the Commission to evaluate all preferential agreements with this in mind;
17. Calls for greater political and economic attention to be paid to cooperation and integration among the biofuels markets in the EU and its neighbouring European states, particularly in the framework of the specific partnership agreements;
18. Calls on the Commission seriously to examine the possibility of establishing a specific tariff position or subposition for bioethanol and bioethanol-based products under an agricultural chapter of the Combined Nomenclature, to gain a better understanding of the real statistics in imports and ensure that an appropriate customs classification applies;
19. Encourages the Commission and the Member States to exercise particular vigilance concerning attempted fraud or avoidance of customs duty on bioethanol, ensuring in particular compliance with the rules of origin and tariff classification and preventing abuses of some suspensive customs procedures;
20. Points out that the Community industry can, where necessary, employ trade defence instruments (anti-dumping and anti-subsidy proceedings, and safeguards) to protect itself against unfair or excessive competition from imports; points out that the concept of 'material retardation of the establishment of an industry' is particularly relevant to an infant industry such as the bioethanol industry when assessing damage in such proceedings;
21. Invites the Commission to submit before 1 April 2007 a report on bioethanol production and export conditions in the main producing countries outside the EU, so that Parliament can assess the fairness of competition between Community production and imports from these countries; calls for this report to focus on subsidy programmes and other types of state support and on the social and environmental aspects of this industry's operation;
22. Invites the Commission to set up a certification system for biofuels used in the EU, with the aim of ensuring that their production is in conformity with the environmental standards in force, and to ensure that this production does not have any negative impact on the environment, in particular through the European programme Global Monitoring for Environment and Security system (GMES);

¹ OJ L 169, 30.6.2005, p. 1.

23. Calls on the Commission to develop a certification procedure which permits the sustainable production of biofuels, irrespective of whether they are produced in the EU or imported;
24. Points out that the EU is a world leader in establishing environmental and social protection standards and encourages the Commission to promote these standards in trade with third countries so as to increase as far as possible the sustainability of biofuel production and to streamline the production costs of biofuel in these countries;
25. Considers that the Commission should pay particular attention to the logistical dimension, including worldwide logistics and security; considers that this should be taken into account in EU sustainability impact assessments; calls on the Commission to produce an evaluation in good time;
26. Calls on the Commission to clarify State aid rules and encourage tax exemptions to support the development of biofuels in the EU;
27. Welcomes the Commission's emphasis on the importance of using up Community stocks of intervention cereals to produce bioenergy; highlights the fact that this will make it possible to reduce the quantity of intervention cereals going for export, and thus make it easier for the EU to fulfil the obligations it has undertaken in the WTO; calls, therefore, on the Commission to devise appropriate incentives with a view to ensuring that as large a quantity as possible of intervention cereals is used up in this way;
28. Considers that the activities of the European Agricultural Fund should be extended to cover the promotion of biomass for energy purposes and that the set maximum guaranteed area under the aid schemes for such production should be increased to over 1.5 million hectares;
29. Considers that priority should be given to further research in the field of non-food plants in the EU, in order to guarantee the efficient and economical use of areas under cultivation;
30. Considers that the Commission should reconsider all action plans and directives with a view to permitting the rational production and use of bioenergy and biofuels and that this should be done principally in the fields of plant production, forestry and waste management;
31. Considers that the need to produce biofuels can only be seen as part of a healthy and realistic mix between food production and energy applications; this is particularly relevant in view of future worldwide shortages in food production; calls on the Commission to make this a topic for international debate.

PROCEDURE

Title	Strategy on biomass and biofuels		
Procedure number	2006/2082(INI)		
Committee responsible	ITRE		
Opinion by Date announced in plenary	INTA 6.4.2006		
Draftsman Date appointed	Jean-Pierre Audy 25.9.2005		
Discussed in committee	3.5.2006	19.6.2006	11.7.2006
Date adopted	11.9.2006		
Result of final vote	+: 20	-: 3	0: 1
Members present for the final vote	Jean-Pierre Audy, Daniel Caspary, Giulietto Chiesa, Christofer Fjellner, Béla Glattfelder, Jacky Henin, Alain Lipietz, Caroline Lucas, Erika Mann, Helmuth Markov, Georgios Papastamkos, Godelieve Quisthoudt-Rowohl, Tokia Saïfi, Peter Šťastný, Johan Van Hecke, Daniel Varela Suanzes-Carpegna, Zbigniew Zaleski		
Substitute(s) present for the final vote	Jorgo Chatzimarkakis, Robert Goebbels, Maria Martens, Antolín Sánchez Presedo, Margrietus van den Berg, Mauro Zani		
Substitute(s) under Rule 178(2) present for the final vote	Filip Kaczmarek (substituting Robert Sturdy)		

15.9.2006

OPINION OF THE COMMITTEE ON TRANSPORT AND TOURISM

for the Committee on Industry, Research and Energy

on a strategy for biomass and biofuels
(2006/2082(INI))

Draftswoman: Marta Vincenzi

SUGGESTIONS

The Committee on Transport and Tourism calls on the Committee on Industry, Research and Energy, as the committee responsible, to incorporate the following suggestions in its motion for a resolution:

- considers that pointers should be laid down for future options for energy policy that avoid promoting sector-specific actions or channelling investment in converse directions;
- emphasises that, when evaluating the issue of the domestic production and import of biomass, promoting the development of an independent biomass sector in the European Union is an aspect that must be taken into account,
- calls for new long-term targets to be laid down for the period up to 2020 for the use and promotion of biofuels in order to gain the confidence of investors;
- is convinced that the European Union strategy for promoting biofuels, particularly against the background of the Lisbon Strategy, must be guided by efficiency and sustainability and that measures must not be allowed to generate a disproportionately high level of administrative expenditure;
- calls for the eighth recommendation of the CARS 21 Group, according to which second generation biofuels are a particularly promising technology for reducing carbon dioxide emissions in the transport sector, to be translated into action;
- emphasises that action still needs to be taken to improve energy efficiency;
- emphasises the need to introduce a CO₂-based fuel tax in the European Union in order to provide a fiscal incentive for those fuels which make a greater contribution to cutting CO₂ emissions by virtue of a better CO₂ balance;

- calls for the definition of different types of second generation biofuels in order to distinguish, given the impacts on the environment, between sylviculture products and products derived from lignocellulosic waste materials, landfill organic waste and raw materials of animal and vegetable origin;
- considers that, as soon as possible, the technical standards for biofuels should be laid down and the existing directive on fuel quality should be reviewed in order to allow a higher admixture of biofuels in petrol and diesel;
- is of the opinion that second-generation biofuels (BTL fuels) have a much higher energy use potential than first-generation biofuels;
- considers that the creation of a European platform for biofuels, with a view to their use in transport, should be promoted;
- expects Member States to introduce investment incentives for the production of biomass in the transport sector that are compatible with the structural and agricultural policy rules;
- recommends that the possible use of biofuels in all modes of transport be considered in the context of product and technology promotion;
- emphasises that in order to make biofuels competitive and enable the growth of an open market on which consumers can make their own choices felt, it would be desirable for a stable reference framework to be established for a transitional period of several decades;
- calls for reliable general conditions to be laid down for investors and manufacturers in the interests of a long-term strategy to promote a competitive market for biofuels in the European Union, particularly in terms of tax incentives;
- calls for clarification of the methods of agricultural production of alternative fuels and the possible impacts of more intensive production;
- supports the development and introduction of a European certification system in order to guarantee minimum standards in the manufacture of biofuels in the areas of economics, ecology and social welfare; stresses that such a system should be applicable both to domestically manufactured biofuels and to imports from third countries;
- emphasizes the need for a Union-wide information policy in the area of biomass and biofuels.

PROCEDURE

Title	Strategy on biomass and biofuels		
Procedure number	2006/2082(INI)]		
Committee responsible	ITRE		
Opinion by Date announced in plenary	TRAN 6.4.2006		
Enhanced cooperation – date announced in plenary			
Drafts(wo)man Date appointed	Marta Vincenzi 22.2.2006		
Previous drafts(wo)man			
Discussed in committee	2.5.2006	20.6.2006	12.9.2006
Date adopted	13.9.2006		
Result of final vote	+: –: 0:	39 0 0	
Members present for the final vote	Gabriele Albertini, Margrete Auken, Philip Bradbourn, Michael Cramer, Arūnas Degutis, Christine De Veyrac, Petr Duchoň, Saïd El Khadraoui, Robert Evans, Emanuel Jardim Fernandes, Luis de Grandes Pascual, Ewa Hedkvist Petersen, Jeanine Hennis-Plasschaert, Stanisław Jałowiecki, Georg Jarzembowski, Dieter-Lebrecht Koch, Jörg Leichtfried, Fernand Le Rachinel, Bogusław Liberadzki, Eva Lichtenberger, Erik Meijer, Robert Navarro, Seán Ó Neachtain, Janusz Onyszkiewicz, Josu Ortuondo Larrea, Willi Piecyk, Luís Queiró, Reinhard Rack, Gilles Savary, Renate Sommer, Dirk Sterckx, Ulrich Stockmann, Armando Veneto, Marta Vincenzi		
8Substitute(s) present for the final vote	Zsolt László Becsey, Helmuth Markov, Willem Schuth, Luis Yañez-Barnuevo García		
Substitute(s) under Rule 178(2) present for the final vote	Brian Simpson		
Comments (available in one language only)	...		

PROCEDURE

Title	Strategy on biomass and biofuels			
Procedure number	2006/2082 (INI)			
Committee responsible Date authorisation announced in plenary	ITRE 6.4.2006			
Committee(s) asked for opinion(s) Date announced in plenary	AGRI 6.4.2006	ENVI 6.4.2006	INTA 6.4.2006	TRAN 6.4.2006
Not delivering opinion(s) Date of decision				
Enhanced cooperation Date announced in plenary				
Rapporteur(s) Date appointed	Werner Langen 21.6.2006			
Previous rapporteur(s)				
Discussed in committee	25.4.2006	13.7.2000	2.10.2006	
Date adopted	3.10.2006			
Result of final vote	+ 28 - 0 0			
Members present for the final vote	Pilar del Castillo Vera, Jorgo Chatzimarkakis, Giles Chichester, András Gyürk, David Hammerstein Mintz, Erna Hennicot-Schoepges, Fiona Hall, Rebecca Harms, Romana Jordan Cizelj, Werner Langen, Anne Laperrouze, Vincenzo Lavarra, Reino Paasilinna, Eugenijus Maldeikis, Miloslav Ransdorf, Vladimír Remek, Mechtild Rothe, Paul Rübig, Andres Tarand, Catherine Trautmann, Nikolaos Vakalis, Lambert van Nistelrooij, Alejo Vidal-Quadras,			
Substitute(s) present for the final vote	Pilar Ayuso, Manuel António dos Santos, Satu Hassi, Peter Liese, John Purvis			
Substitute(s) under Rule 178(2) present for the final vote				
Date tabled	12.10.2006			
Comments (available in one language only)				