

UNICA position on the proposed new Renewable Energy Directive (RED II)



The Brazilian Sugarcane Industry Association – UNICA – **welcomes the EU’s continued efforts to promote sustainable renewable energy** but **regrets the proposed reduction of sustainable conventional biofuels** in Europe’s energy future, as well as the European Commission’s apparent lack of ambition in terms of the proposed proportion of renewables in the energy mix.



The current target for renewables in transport is 10%. In RED II, the maximum foreseen share of renewables in the mix will only be 10.6% - an increase of just 0.6%. **The RED II proposal as it stands falls significantly short of its ambition to decarbonise transport**, a sector that accounts for almost a quarter of emissions in Europe.



Neither does RED II deliver on its mandate to develop a post-2020 policy that will promote sustainable biofuels with high greenhouse gas (GHG) savings. According to the impact assessment accompanying the RED II proposal, advanced biofuels currently account for less than 1% of the EU transport mix. The technical barriers still to be overcome to achieve a viable commercial production make its cost prohibitive to deliver significant quantities of advanced biofuels by 2030. As far as electrification is concerned, the same impact assessment states that only 1.1% of renewable electricity should be consumed in transport in 2030. **Therefore, the EU will not achieve its decarbonisation targets without sustainable conventional biofuels, the reduction of which will increase Europe’s reliance on fossil fuels.**



The European Commission’s proposal fails to acknowledge the **sound sustainability of certain conventional biofuels**, like Brazilian sugarcane ethanol, and fails to promote their use even when they have superior environmental credentials. The Commission itself recognises that seedoil-based biofuels generally have much higher ILUC effects than ethanol: **these differences should be responsibly reflected and addressed in EU policy.**

The proposal references the importance of arriving at “a cost-effective and technology-neutral post-2020 policy to create long-term perspective for investments in sustainable biofuels with low risk of causing ILUC”. However, **the proposal is clearly not technology-neutral**, as it proposes a cap on all types of conventional biofuels irrespective of their individual sustainability performance. Further, the proposal is **not cost-effective**, as the cheapest solution – sugarcane ethanol – is consequently being marginalised.

Brazilian sugarcane ethanol’s sustainability credentials are undisputed: it is classified as an **advanced biofuel** by the **U.S. Environmental Protection Agency (EPA)** and by the **California Air Resources Board (CARB)**, even when ILUC effects are taken into account. Although it comprises less than 1% of all ethanol used in Europe today, Brazilian sugarcane ethanol has a variety of important and beneficial characteristics that can help the EU meet its key climate abatement and energy security objectives in 2030 and in the longer term:

- ❖ It achieves among the **highest GHG emission savings** of all biofuels produced at scale (over 70% relative to fossil fuel alternatives, according to the default values in the EU Renewable Energy Directive, and more than 55% when estimated ILUC emissions are accounted for), because of its relatively low indirect impacts and the resource efficiency of its production;
- ❖ It **does not contribute to deforestation**, as it is grown mostly on degraded pasture land and almost entirely in the south-central part of Brazil, far away from the Amazon rainforest;
- ❖ It has a **proven minimal role in the food-versus-fuel debate**, given that it occupies only 1.5% of all arable land in Brazil.



Given the first-class sustainability characteristics of its sector, **UNICA urges European Union policymakers' to insist on a critical role for those sustainable biofuels such as Brazilian sugarcane ethanol that have the highest environmental credentials and agricultural performance.**

1. **We welcome the incentives given to advanced biofuels**, although 3.6% is very ambitious within the stated timeframe. The technology to produce significant amounts of lignocellulosic biofuels at a commercial scale is not yet mature and the cost is very high.
2. We call for **more ambition on renewable energies, and especially in transport**. A 20% target for renewables in transport should be introduced.
3. **We advocate for distinguishing biofuels based on GHG emissions savings, rather than on the feedstock used**. More specifically, a strict sustainability criteria based on GHG emissions savings should be applied to all biofuels that are currently capped at 7%, and only those biofuels that fail to meet these criteria thresholds should be capped at 3.8% in 2030.
 - a) **Brazilian sugarcane ethanol delivers superior, EU-compliant, GHG savings even when ILUC emissions are accounted for and should, therefore, not be capped at 3.8%**. A one-size-fits-all cap on all conventional biofuels fails to recognise the important differences in environmental performance among different types of conventional biofuels.
 - b) **We call for a clear and an unambiguous distinction between low-ILUC-risk biofuels and other types of conventional biofuels and for specific measures to be included for low-ILUC-risk biofuels**. Low-ILUC biofuels are mentioned several times in the directive, but no concrete measures regarding them have been included. Rather, they are confused with and bundled together with other types of conventional biofuels, and are proposed to be subject to the same cap.
 - c) **We call for sustained support for environmentally performant conventional biofuels as part of a long-term strategy to the development of more advanced biofuels**. Second-generation ethanol will not happen without a robust and healthy first-generation ethanol market, because conventional biofuels sector is paying the cost for the development of more advanced renewable fuels.
4. Considering the evolution of the passenger car fleet towards more petrol and hybrid vehicles, **we recommend developing a standard for higher ethanol blend (E20/E30) in order to maximise the decarbonisation of transports and improve air quality.**

About UNICA

UNICA is the leading trade association for the sugarcane industry in Brazil, representing 60% of the country's sugarcane production and processing. UNICA's priorities include serving as a source for credible information and analysis about the efficiency and sustainability of sugarcane products, particularly ethanol and bioelectricity. The association works to encourage the continuous advancement of sustainable practices throughout the sugarcane industry and to promote sugarcane-based biofuels as a clean, reliable alternative to fossil fuels.

Contact: Géraldine Kutas, Head of International Affairs, 0495/120869, geraldine@unica.com.br