

RPT-EU energy chief clamps down on threat from biofuel

Reuters

BRUSSELS, June 10 (Reuters) - The European Union's energy chief set new green standards for biofuels on Thursday to discourage companies from felling forests to grow profitable biodiesel or bioethanol crops.

"We've got to make sure all the biofuels we use are sustainable for the climate, for woods and forests and for unspoiled nature," European Energy Commissioner Guenther Oettinger told reporters.

The EU wants to obtain 10 percent of its road fuels from renewable sources by 2020. Oettinger said between 6 and 9 percentage points of that amount was expected to come from land-using crops such as grains, palms or sugar cane.

Within the next decade, that could create a market worth \$17 billion a year, eyed by both European farmers and growers in Brazil and Asia such as Indonesia's PT SMART (SMAR.JK: Quote) and Malaysia's Sime Darby (SIME.KL: Quote).

Critics say the target creates an incentive for farmers to hack into forests to create space to grow fuel crops.

Burning forests to clear land can pump vast quantities of climate-warming emissions into the atmosphere, enough to cancel out any of the theoretical benefits the biofuels were meant to bring in the first place.

The new sustainability criteria state that biofuels used to meet EU targets must save at least 35 percent of greenhouse gases compared to oil and cannot come from recently cleared land. Monitors will be paid to enforce the standards.

The criteria add to a growing list of challenges for Asia's palm industry, including Indonesia's \$1 billion climate deal with Norway last month [ID:nSGE65209C] and consumer worries about deforestation [ID:nSGE6200AG].

"We have the toughest criteria worldwide," said Oettinger. "We're trying to export our ecological standards. You are not allowed to chop down woods to grow palm oil plantations."

"In a few years time, when you fill up your car at a petrol pump, you could see a logo showing the fuel you are putting into your car is good for the environment."

OVER-SIMPLISTIC

Environmentalists said the standards were over-simplistic because they do not take account of "indirect land use change".

Put simply, if you switch a field of grain to biofuel, somebody will go hungry unless those missing tonnes of wheat are grown elsewhere or farming yields are vastly improved.

In a globalised world, the options for replacing the missing grain are unlimited, with a fleet of about 350 giant bulk ships ready to ferry the shortfall from anywhere -- and often from a country that is burning its forests to expand farmland.

The quantities of land needed are huge. Satisfying the EU's thirst for biofuels would need an additional 5.2 million hectares of land by 2020, according to a recent scientific estimate -- a bigger area than the Netherlands.

"As long as the Commission is unwilling to deal with the issue of indirect land use change, all attempts by the EU to brand biofuels as sustainable will be misleading, counterproductive and destined for failure," said Nusa Urbancic of green transport campaigners T&E.

Oettinger said he was monitoring any new science that might shed light on the problem and was prepared to act.

"If you want to exclude all abuse, you would have to exclude all biofuels to start with ... but I believe they offer more opportunities than dangers," he said.

He dismissed charges by Asian biofuels lobbyists that the EU was using the environment as an excuse to erect trade barriers.

<http://af.reuters.com/article/energyOilNews/idAFLDE65919H20100610?pageNumber=2&virtualBrandChannel=0&sp=true>