

High-level EBB position on 2040 EU Climate Target

1. Introduction

The European biodiesel Industry was born from a political ambition that remains ready to serve: to develop an EU-made green fuel to improve EU energy security by reducing diesel imports, contributing to climate change mitigation, building the circular bioeconomy, and strengthening the independence and revenue of European farmers. To this end, we are happy to have the opportunity to contribute to the European Commission (EC) 2040 EU Climate Target Consultation. Before going into detail concerning the biodiesel sector, section 2 below explains why is so important to set a strong 2040 EU Climate Target.

2. Setting a strong 2040 EU Climate Target is critical

Embracing the EU's climate ambition, the EBB has been a strong supporter of the EU's comprehensive set of climate, energy and related legislation and enabling policies, and we are pleased with the conclusion of the negotiations of most of the policy files included in the Fit-For-55 package, which we believe have put in place a strong set of rules up to 2030 and beyond.

To complete this effort, we would hope to also see successful negotiations on a coherent EU Energy Taxation Directive, that allows for all sustainable renewable fuels to benefit from a favourable tax system that recognizes their contribution to climate change mitigation.

After setting the EU rules up to 2030, we now hope that the EU climate ambition significantly ramps up in the decade 2030-2040. In this respect, while the net-zero target for 2050 should remain the ultimate goal, the EBB supports an ambitious intermediate Union-wide climate target for 2040.

To achieve the 2040 target, we consider essential for the EU to follow a few high-level core principles, summarized in section 3 below.

3. Core principles that should be part of the EU 2040 Climate Target

The EBB believes that timely setting a strong EU 2040 target for greenhouse gas (GHG) reductions will impact many economic sectors and territories in the EU, and we are looking forward to taking part in the policy discussions around the details of such target. In particular, it should include specific sectorial targets to reduce GHG emissions as well as ambition to incorporate more renewables in the European transport sector.

This target should send a clear signal to stakeholders on the way forward, strengthening certainty and predictability for political choices and investment decisions. To this end, such target, and related policies, should follow a **set of core principles**:

- **Maintain** policy coherence and a stable and predictable EU legislative framework, building upon the recently agreed 2030 targets in the EU Renewable Energy Directive (including stepping up the ambition on the transport sector), as well as related legislation (ETS, ESR, FuelEU Maritime, ReFuelEU Aviation, etc.).
- **Encourage** investments in all available decarbonisation technologies to ensure investor confidence, allowing for investments to benefit from a stable long-term policy framework and fostering the necessary capital expenditure in novel technologies and unexplored raw materials.
- **Preserve** the promotion of all sustainable biofuels in all relevant transport modes including road transport (reducing emissions from the legacy fleet will remain a key goal in the long-term, in particular in freight transport), aviation and maritime.
- **Transition** to a Well-to-Wheel / Life-Cycle Assessment (LCA) that recognizes the contribution of low-carbon renewable fuels to decarbonise the transport sector.
- **Recognize** the long-term benefits of sustainable use of crop-based biofuels beyond the fuel itself (food, feed, protein, CO₂ savings, energy security).
- **Support** the deployment of more waste-based and advanced biofuels, in addition of existing working solutions.
- **Acknowledge** the GHG emissions savings of all sustainable biofuels via a revised EU Energy Taxation Directive.

- **Respect** technology openness and allow for all available solutions to play their part in decarbonising the European transport sector.
- **Consider** the potential of carbon sinks and improvements in agriculture practices leading to additional emissions savings.
- **Promote** additional EU efforts at international level to push other regions of the world to follow the European ambitious climate policies, and ramp-up their own decarbonisation efforts.

In addition to the abovementioned key principles laid out in section 3 of this position paper, we take this opportunity to better explain the critical role of the European biodiesel sector within the EU decarbonisation efforts (section 4), as well as benefits of biodiesel for all transport modes (section 5)

4. Decarbonising the EU transport sector – the critical role of sustainable biofuels

Within the decarbonisation efforts of the decade 2030-2040, **the biggest challenge will remain transport decarbonization**. Contrary to all other sectors, which have consistently experienced falling emissions, transport is the only where emissions keep increasing every year. Accordingly to a recent EMISIA report, transport emissions can be close to 45% of all EU economy emissions in 2040-50.

The difficult path towards transport decarbonization is also due to expected growth in aviation and road freight. In these, contrarily to passenger cars, electrification is a more difficult option. While other alternative powertrains are likely to increase and become relevant contributors to decarbonization, the internal combustion engine will remain relevant for EU freight transport for a long time. Biodiesel is crucial to reduce these emissions in the short, medium & long term. Moreover, in the aviation sector, HEFA is for the moment the only available alternative to kerosene.

Therefore, while industry emissions are already being significantly reduced, transport (particularly maritime, aviation and HDVs) will require more ambitious policies. Today, European sustainable biofuels together account for over 89% of renewables in transport. They are the widest and most available alternative to fossil fuels, are expected to continue to play a key role in the post-2030 period, while delivering GHG emissions savings up to 90%.

Moreover, biofuels comply with a set of strict EU-wide sustainability criteria, that allow for a role for all sustainable biofuels in the decarbonisation of the European transport. These criteria should be applicable regardless of the end use of the biofuel, and for as long as the EU will need liquid fuels for all transport modes.

The European agricultural sector has an important role to play in providing raw materials to produce biodiesel and other biofuels. Regenerative agricultural practices, such as the use of intermediate and cover crops, have a clear potential to contribute to the scale-up of sustainable biofuel production and to reduce GHG emissions from the transport sector. Most of the European biodiesel production is developed mainly on previously mandatory set-aside lands. This has allowed to significantly reduce the EU protein deficit and to guarantee an additional income for farmers, while producing biodiesel that does not cause significant indirect land-use change (ILUC). As such, most of the biodiesel produced from European feedstocks has not had any ILUC-related emissions. Moreover, European feedstock-sourced biodiesel induces the production of more than 7 million tonnes of additional protein feed materials annually, thus reducing the need for feed imports and avoiding the use of additional land in third countries.

5. Benefits of biodiesel for all transport modes

Our industry is ready to continue delivering real solutions to help decarbonise the European transport sector, move towards a low carbon economy and contribute to the EU's long-term goal of achieving a carbon-neutral Europe by 2050. Today, we already deliver significant benefits:

- **Upstream**, European cultivation of rapeseeds, sunflower, and soy provides protein meal for animal feed, decreases imports from third countries and diverts waste fats and oils from landfill, while reducing fossil diesel use.
- **Downstream**, biodiesel's main co-products, such as green glycerine or bio-naphtha, replace chemicals of fossil origins in a wide variety of fields such as cosmetics, food, feed, polymers. In addition to road transport (cars and trucks), biodiesel in the form of Hydrotreated Vegetable Oil (HVO) and Fatty Acid Methyl Esters (FAME) can replace fossil fuels in maritime, agriculture, construction machinery and in heating boilers. In the form of Sustainable Aviation Fuel (SAF) it also replaces fossil kerosene in aviation.

Besides advanced and waste-based biofuels, other alternatives include conventional biofuels made from agricultural crops. These should not be put aside as they are able to deliver significant GHG emissions savings. Even in the long term (and particularly in the 2030-2040 period), these biofuels can contribute significantly to decarbonize the EU transport sector and are widely available today (and will continue to be in the future). Moreover, these biofuels also help the EU to reduce the need to import animal feed and buy fossil fuels from third countries such as Russia. Finally, for the wider economy, these biofuels also help to develop the bioeconomy system and the circular economy, while also providing additional income to the rural areas.

Finally, section 6 below lays the ground for the upcoming work at EU level in this important topic.

6. Way forward

Building upon the contributions to this consultation, the details of the way forward for the EU climate & energy policy for the 2030-2040 decade should be further developed, namely using the Member States' long-term climate & energy strategies, expected by 1 January 2025, as well as the industry and civil society contributions to the consultation.

This upcoming discussion on specific policy options, as well as their feasibility and coherence, should investigate the different levels of reduction in net GHG emissions by 2040 compared to 1990, and consider the remaining emissions budget for the period 2030-2050 (i.e., how ambitious can we be in the beginning of the time period vs the last years up to 2050).

With the right policy incentives, there is an opportunity for growth in available renewables such as sustainable biodiesel and waste-based biodiesel. In particular, if vehicles would accept higher blends of biofuels, it would allow for additional GHG emissions reductions of the existing fleet, which will largely remain on the roads up to 2040 and beyond.

The EBB is looking forward to contributing to the Impact Assessment on the 2040 Climate Target, expected for 2024. We hope this critical document to take into account all contributions to the consultation, and look into all the available tools to put the EU firmly on a path towards climate neutrality by 2050.

EUROPEAN BIODIESEL BOARD

The **European Biodiesel Board** (EBB) is a non-profit organisation established in January 1997. Today, the EBB gathers 48 members across 17 Member States, which represents 75% of the European output. Biodiesel is the main European solution to reduce emissions from transport and dependence on imported oil. EBB aims to promote the use of biodiesel in the European Union and is committed to fulfil international standards for sustainability in GHG emissions and sustainable feedstock. The EBB is constantly working towards the development of improved and greener technologies.



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