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EU Reaches a Political Agreement on Renewable Energy

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Report Highlights:

On June 14, 2018, negotiators from the Council, the European Parliament and the Commission found a political agreement on the next iteration of the Renewable Energy Directive (RED II). The directive is part of the Clean Energy for All Europeans package, proposed by the European Commission on November 30, 2016. The deal will now have to be formally approved by the European Parliament and the EU Council before being published in the EU Official Journal and entering into force. Although the text is not publically available, this report refers to the agreed upon provisions of RED II.

General Information:

On June 14, 2018, negotiators from the Council, the European Parliament and the Commission found a political agreement on the Renewable Energy Directive (RED II). The directive is part of the [Clean Energy for All Europeans](#) package, proposed by the European Commission on November 30, 2016. The text of the agreement is not publically available and will not be for several weeks. However, the negotiators made public the main agreed-upon provisions.

2030 EU target for Renewable Energy at 32 percent

The deal includes a 32 percent binding renewable energy target for the EU for 2030, with an upward revision clause to be revisited in 2023. The Council, the European Parliament and the Commission had each put forward their own proposals, and this negotiated outcome is closest to the Parliament's position, which had the most ambitious target. The Commission and Council had put forward 27 percent for their binding targets. The European Parliament had proposed a binding target of 35 percent. The current overall target for 2020 is 20 percent, and, according the last Commission report, the EU is on track to meet it. [1] The target for the transport sector will be at 14 percent. The current 2020 target for transport sector is 10 percent. The agreement also sets out a binding 3.5 percent target on non-crop based advanced biofuels by 2030. Commissioner for Climate action and Energy Miguel Arias Canete said: *"I am particularly pleased with the new European target of 32 percent. The binding nature of the target will also provide additional certainty to the investors."* Conversely, environmental groups criticized the 32 percent target as not ambitious enough. The World Wildlife Fund European office said: *"Going for a renewables target that is barely above business-as-usual is a spectacular failure by the EU."* Climate Action Network (CAN) Europe said the EU was taking *"baby steps"* towards sustainable energy. *"The lack of urgency to act to avoid catastrophic climate change impact is alarming."*

Crop-based Biofuels

Crop-based biofuels will be capped at the level consumed in each Member State in 2020, with an additional 1 percent point allowed over present consumption up to the overall cap of 7 percent. EU farmers and biofuel producers—who strongly lobbied to increase the 3.8 percent cap for crop-based biofuels proposed by the Commission—are finally relieved. Copa-Cogeca Secretary General Pekka Pesonen commented: *"It is a good news that the maximum accountable share for crop-based biofuels used in transport will be maintained at 7 percent until 2030. It will give our biofuel producers a long term stable framework to work with."* According the latest EU-wide report, published in 2017 by the European Commission (based on the 2015 national reports and other data) the transport sector achieved a 6 percent share of renewable energy in 2015, well below the RED 10 percent target for 2020. Only Sweden and Finland are above the 10 percent target, followed by Austria and France – both close to the target. Renewable energy in the transport sector comes largely from biofuels (88%), with electricity playing a more limited role at this stage.

Land Use and Hurdles for Palm Oil Use

The parties agreed on a freeze for the use of high-risk indirect land use change (ILUC) biofuels at the

2019 levels, and to phase them out completely by 2030. Although specific crops are not explicitly mentioned in the agreement, the political will of the negotiators is clear in targeting palm oil. This is a notable victory of the European Parliament, who had repeatedly expressed the need to phase out palm oil to limit deforestation [2]. Environmental groups are pleased too, even though they would have preferred an immediate ban. The campaign group Transport & Environment said: *“It’s a disgrace that Europeans could be burning palm oil for another twelve years.”* Malaysia and Indonesia, the world’s two biggest producers of palm oil, have threatened the EU with trade retaliation measures in case a ban is agreed upon. Despite the phase out, the EU would be free to continue to import palm oil but it would not count towards meeting RED II’s targets. However, the Commission will have to adopt a Delegated Act to set out the specific criteria on what the EU will consider a high-risk ILUC biofuel and if crops other than palm - e.g., soybean - will be included in the phase out.

Sustainability criteria for Biomass

Biomass will count towards renewable energy targets and is eligible for support schemes. The negotiators agreed on sustainability criteria for biomass in the current legislation, whereas RED I only had sustainability criteria for liquid biofuels. Sustainability will be assessed at the sourcing level, and not as the forest-holding level, as originally proposed by the Commission. This move should enable the U.S. to efficiently demonstrate the sustainability of its wood pellets and continue to export to the EU. However, it seems that Member States will be able to adopt additional national criteria, as in the initial Commission’s proposal. Jean-Marc Jossart, secretary-general of The European Biomass Association (AEBIOM) said: *“AEBIOM welcomes the risk-based approach and the criteria themselves. You will always find people to complain about the criteria. But for the first time the European legislators gives a sustainability roadmap to the solid bioenergy sector. Despite controversy, policy makers decided to take a challenging but pragmatic approach considering field realities.”* AEBIOM also *“regret[s] to see that Member States will be able to adopt additional national criteria. We hope that we do not end up with 28 different systems after such a constructive effort achieved at European level”*.

Next Steps

The deal will now have to be formally approved by the European Parliament and the EU Council. Once endorsed by both co-legislators in the coming months, the revised RED will be published in the Official Journal of the Union and will enter into force twenty days after publication.

^[1] According the latest EU-wide report, published in 2017 by the European Commission (based on the 2015 national reports and other data) the EU as a whole achieved a 16 percent share of renewable energy in 2014 and an estimated 16.4 percent share in 2015 and the vast majority of EU countries are well on track to reach their 2020 binding targets for renewable energy.

^[2] On April,4, 2017, the European Parliament voted a [resolution](#) to call on the EU to phase-out the use of palm oil in biofuels by 2020.

