



**Letter to Ministers of Finance  
of the EU 15**

Brussels, June 13, 2002

**Concerning: Draft EU Directive on a reduced rate of excise duty on  
certain mineral oils containing biofuels and on biofuels**

Dear Minister,

The Council of Economic and Finance Ministers of the EU is about to decide on a draft directive on Biofuels. **The European Environmental Bureau, the largest environmental citizens' organisation in Europe, currently with 133 member organisations, calls upon you to reject the current proposal for excise duty reductions on the sale of biofuels.**

We oppose the production of biofuels from agricultural crops.

*Please realise that you are being asked to substantially reduce your national tax incomes on the basis of a very weak environmental case; a case that also violates the principle of cost-effectiveness. On top of this, if you approve this proposal, what you will be doing is giving extra financial support to farmers. In addition, the farmers who will benefit from this are not just those located in the European Union, but also those in external countries, including the United States, who will export their biofuels, or the agricultural products for its production, into the EU.*

I would like to further explain our plea:

The EEB is convinced that the production of biofuels from agricultural crops that are grown for this purpose is a highly dubious environmental policy.

The agricultural production of biofuels is a marginal and expensive way to reduce greenhouse gas emissions. In our "background paper on the use of biofuels for transport" (displayed on our website [www.eeb.org](http://www.eeb.org), and as an attachment to this letter), we quote several sources which show that the efficiency of biofuels is very low in this respect. This is not only due to the considerable need for fossil fuels to produce biofuels, but also because the growing of the crops produces N<sub>2</sub>O, which is a very powerful greenhouse gas. We conclude that one of the main biofuels targeted in the biofuels promotion, Rapeseed Methyl Ester (RME), needs one unit of fossil fuel in order to produce 2.5 to 3 units of biofuel. Compared to biofuels produced from tree

residues, this is very inefficient, as up to 17 units of biofuel can be produced from tree residues with one unit of fossil fuel.

This inefficiency of agriculture-based biofuels leads to the following estimations being made for the macro-impact of the policy proposed:

- The targeted levels of substitution of fossil fuels with biofuels will, for example in Germany, will save less than 1.5% of the greenhouse gases from motoring fuel consumption, or 0.2% from the total energy consumption.
- Given the predicted annual growth of the transport sector of 2%, the maximum substitution of 5.75% would be offset in less than three years by the growth in transport volume,

Thus, the biofuels proposal is not a good example of cost-effectiveness. The Commission calculates the costs to be between 100 and 150 Euro per ton of greenhouse gases avoided. This is extremely expensive, knowing that the estimated average value for other measures to protect the climate is between 8 and 10 Euro, and can even be profitable in the case of insulation of buildings (where energy savings counter-balance the investment made).

Besides the very limited positive impact on climate, we foresee a substantial negative impact on the EU's environment (as well as for the regions that will export biofuels to the EU). Crop cultivation for biofuels will extend intensive agricultural practice and will affect enormous areas of land that are now being used less intensively or as set-aside. Crop cultivation for biofuels will consume large amounts of fertilizers and pesticides (there will be less restrictions on this than for food crop production), and will lead to substantial pollution of soil, ground and surface waters. In this way, it will adversely affect biodiversity and increase the health risks for humans.

The importers of biofuels will enjoy the same tax privileges as any other EU producer. This means that the Member States will sacrifice state income due to tax reduction, not only to support EU farmers, but also for all imports of biofuels from other countries.

In summary, we are concerned that the Biofuel Proposals will lead to:

- inefficient and expensive measures to abate CO<sub>2</sub> (we doubt whether there will be much CO<sub>2</sub> saving achieved at all),
- intensive monoculture putting ecosystems and groundwater at risk;
- subsidising of imports of agricultural products.

Instead of adopting this proposal, it would be much more rational to promote promising and innovative technologies to convert organic waste from the agriculture and forestry production chain into biofuels, rather than relying on biofuels from intensively farmed crops which only have a small potential for replacing fossil fuels.

Yours sincerely,  
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Secretary General, EEB