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Opportunities, risks and barriers of international biomass trade

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Workshop ‘Policy options for sustainable biomass trade’

Vienna, 3 June 2015

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Objectives of this work in BioTrade2020+

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- Define **solid long term strategies** on how to include sustainable biomass imports in European bioenergy markets
- Existing situation:
  - which policies impact biomass trade (in EU and sourcing regions)?
  - SWOT of different export regions
- Starting from
  - **Risks and opportunities** of biomass trade
    - For import regions (focus EU)
    - For sourcing regions (N-Am, S-Am, Afr, S-E Asia, E-Europe)
  - Practical barriers for trade

- Define **key principles** of sustainable biomass trade
- Explore **policy options** to steer / facilitate <u>sustainable</u> biomass trade

Stakeholder consultation !!

- Interactive workshop Brussels, 24 October 2014
- Telecon Working Group 3, 27 November 2015
- Advisory Board Meeting, Munich, 22 February 2015
- On-line survey (April - June 2015)

  http://www.surveygizmo.com/s3/1979784/Biotrade2020plus

  preliminary results will be highlighted,

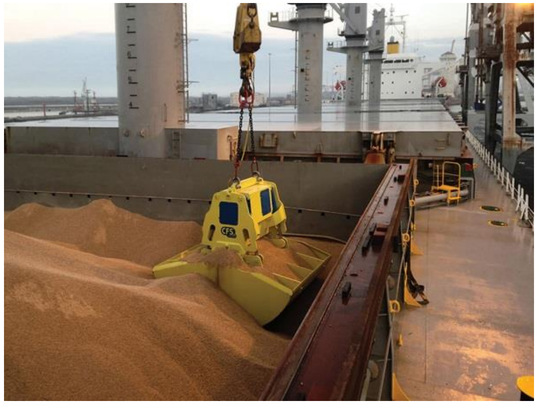
  ‘♣♣’ *: >66% rate important or very important*

  ‘♣’ *: >50% rate important or very important*

- **Workshop Vienna, 3 June 2015**

Opportunities EU importing regions

1. **Complementary** with other renewable energy ♣♣
2. For regions with **limited domestic** potential ♣♣
3. Broader **feedstock portfolio** (more flexibility in sourcing, stabilize prices) ♣
4. **Cost-efficient** way to reach renewable energy targets ♣♣
5. Facilitate local bioenergy **infrastructure/development** in the EU ♣
6. Invest in **new technologies** (substantial biomass volumes needed to reach economy of scale) ♣
7. Reduce **domestic competition** for biomass
8. Links with **strategic trade** partners



Opportunities sourcing regions

1. **Economic** development ♣♣
2. Create/sustain **jobs** in forestry, agriculture, industry ♣♣
3. **Synergies** with local sectors, improve their business case ♣
4. Improved **productivity** in forestry and agriculture ♣
5. Improved **sustainable practices** in forestry, agriculture, industry based on sustainability requirements ♣
6. Building up **supply chains** and infrastructure (may trigger local use) ♣
7. **Capacity building**, improved knowhow and awareness ♣

Risks for EU importing regions

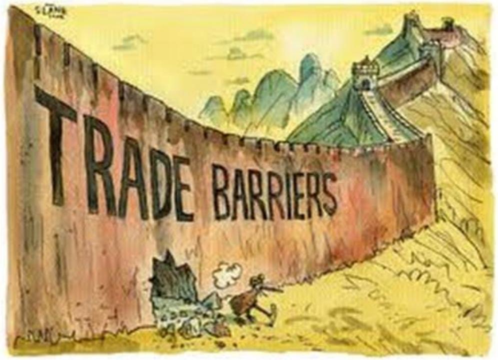
1. Domestic potential **underutilized** (subsidized imports, lower envir. constraints)
2. **Import dependency** remains
3. Impact of subsidies on feedstock **prices** ♣
4. **GHG** emissions related to transport
5. Longer **coal reliance** (for co-firing)
6. Business case **uncertainty** (linked to unstable policies and fluctuating prices)

♣♣

Risks for sourcing regions

1. **Overexploitation** (biodiversity loss and carbon loss in forests and soils) ♣
2. **Displacement** of local biomass/land use ♣
3. Reduced **access to land**
4. Lower **local renewable energy** opportunities
5. Mainly opportunity for **large players**, less for **smallholders**
6. **Low value-added** exports (limited econ. impact in sourcing regions)
7. **Unstable EU policy** ♣♣

Barriers for trade



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1. Protectionist **policies**, trade tariffs, subsidies for exported biomass
2. Technical **standards** (strictness, differences, uncertainties) ♣
3. **Logistics** (roads, port infrastructure) ♣
4. **Safety and sanitary/phytosanitary** requirements (varying or inconsistent) ♣
5. **Sustainability criteria** & certification systems ♣♣ (*see further*)
6. Unclear **classification** and unreliable **trade statistics** ♣
7. Bad **public image**, insufficient public **knowledge** ♣♣

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Barriers for trade

- Sustainability criteria & certification systems
  - **Different requirements** by EU MS (not EU-wide) ♣♣
  - **Proliferation** of certification systems (some less demanding than others) ♣♣
  - Differences in **sustainability governance** (legislation & enforcement) by country/region ♣♣
  - Different rules for **domestic vs imports** ♣
  - Sustainability criteria only required for energy and **not for other applications** ♣
  - Unlevel playing field with **fossil fuels** (no assessment required) ♣♣
  - Certification systems don't include sufficient **aspects of sustainability** ♣
  - **WTO** doesn't allow specific sustainability requirements (like social criteria) ♣
  - Changing sustainability requirements => **uncertainty** for stakeholders ♣♣

Key principles for sustainable trade

1. **Sustainable and legally** acquired biomass sourcing (traceable and verifiable) ♣♣
2. **Full value chain** assessment ♣♣
3. **Priority of local use** over trade; avoid displacement ♣
4. Consider **indirect effects** in support mechanisms ♣
5. **No discrimination** in market access (WTO compliant) ♣
6. Principles of '**fair trade**' (fair share of benefits over value chain) ♣♣
7. **Transparent** markets (reporting & monitoring) ♣♣

Policy options *(see paper)*

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» **Sustainability criteria for bioenergy**

1. **Common binding sustainability criteria** at EU level, also for solid and gaseous biomass for energy.

2. Requirements should go **further than the current RED** criteria for biofuels (GHG, biodiverse land, high carbon stock land).

3. Proof of **sustainable forestry management** for forest biomass

4. More efforts in **cooperation/good practice exchange** with sourcing regions towards sustainable practices and capacity building.

» **Standards & labelling**

5. Technical **standards** for traded biomass should be **harmonized** at international level (ISO).

6. All wood-derived products (i.e. materials and energy carriers) should be **labelled** to indicate if they come from legal and sustainable forests or not.

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Policy options *(see paper)*

- **Displacement / indirect effects**
  7. Certain types of feedstock that have higher risks of indirect effects/displacement should be **excluded from support**.
  8. There should be incentives for **practices that avoid/reduce negative indirect effects**. The EC should clearly define such practices.
  9. **Indirect effects should be quantified** and included in value chain calculations (e.g. in terms of GHG balance).
- **Monitoring**
  10. Better monitoring systems with **distinct classifications** are needed for international trade flows of wood and other lignocellulosic products.

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Please fill in the form to which extend you agree with the policy options.

Thanks for your attention

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