Opportunities, risks and barriers of international biomass trade

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Workshop ‘Policy options for sustainable biomass trade’
Vienna, 3 June 2015
Objectives of this work in BioTrade2020+

• 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 **sustainable** 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)


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

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**
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)*

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

Thanks for your attention

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