



European Economic and Social Committee

NAT/354
Reducing greenhouse gas
emissions/Road transport

Brussels, 24 October 2007

OPINION

of the
European Economic and Social Committee
on the

Proposal for a Directive amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels and amending Council Directive 1999/32/EC, as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC
COM(2007) 18 final – 2007/0019 (COD)

On 14 March 2007 the Council decided to consult the European Economic and Social Committee, under Articles 95 and 175 of the Treaty establishing the European Community, on the

Proposal for a Directive amending Directive 98/70/EC as regards the specification of petrol, diesel and gas-oil and introducing a mechanism to monitor and reduce greenhouse gas emissions from the use of road transport fuels and amending Council Directive 1999/32/EC, as regards the specification of fuel used by inland waterway vessels and repealing Directive 93/12/EEC
COM(2007) 18 final – 2007/0019 (COD).

The Section for Agriculture, Rural Development and the Environment, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 4 July 2007. The rapporteur was Mr Osborn.

At its 439th plenary session, held on 24 and 25 October 2007 (meeting of 24 October 2007), the European Economic and Social Committee adopted the following opinion by 74 votes and 3 abstentions.

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1. Conclusions and recommendations

- 1.1 The European Economic and Social Committee (EESC) strongly supports the Union's plans to tackle climate change by reducing greenhouse gas (GHG) emissions. In the transport sector the Committee believes that action must start at the fundamental level of tackling the pressures that have led to a continuous growth of traffic of all kinds over many years.
- 1.2 The Committee also believes that there is still substantial scope for improving energy efficiency in the performance of all kinds of transport. The Committee deplores the apparent weakening of the Commission's original intentions in relation to efficiency of car engines, thus relieving the pressure on the car industry to achieve higher standards.
- 1.3 The Committee endorses in principle the expansion of biofuels in the Union. It believes however that the overall CO₂ impact of biofuels needs very careful assessment, and that the pace and balance of expansion needs to be kept under review.
- 1.4 Specifically, the European Commission should specify how it expects to achieve the target for 10% use of biofuels by 2020 bearing in mind the conditions attached to the achievement of that target by the Council, and should be prepared to modify the approach if it appears to be less effective in carbon reduction than has been hoped, or is having other undesirable effects on the structure of world agriculture or on biodiversity.

- 1.5 The EESC accepts that it is nevertheless appropriate that the fuel specification rules should be altered as proposed in the present Directive so as to enable a new high biofuel petrol to be produced and marketed, provided that concerns about potential pollution impacts are met.
- 1.6 The Committee strongly supports the proposal to require the fuel industry to monitor and report the life-cycle GHG emissions from the fuels it places on the market, and that they should be required to reduce those emissions by 1% per annum from 2010 to 2020. The Committee sees a strong case for this to be operated at European level, rather than being left to the Member States.
- 1.7 The Committee supports the minor changes to sulphur content of fuels that are proposed. It suggests that the two stage reduction of sulphur emissions proposed in the case of inland waterways, be revised to a one stage reduction to the final figure (10ppm sulphur content) so as to avoid the possibility of boat owners having to make two separate modifications to their vessels.

2. **Introduction**

- 2.1 The Fuel Quality Directive 98/70/EC (and subsequent amending Directives) contains the environmental fuel quality specifications for petrol and diesel fuels in the Community with the main focus on limiting the sulphur content, and, for petrol, the lead and aromatics content. It also sets a sulphur limit for gas oil used for Non-Road Mobile Machinery.
- 2.2 Directive 1999/32/EC of the Council, amending Council Directive 93/12/EC, establishes sulphur limits for certain liquid fuels and specifically refers to the fuel used in inland waterway vessels.
- 2.3 The present proposal would alter the permitted specifications so as to allow a new grade of high biofuel petroleum to be introduced containing up to 10% ethanol. It would also impose some minor further tightening of the sulphur levels permitted in fuels.

3. **Key EU developments**

- 3.1 The Community has lately committed itself to achieve Greenhouse Gas emission targets of reductions of 20% below 1990 levels by 2020.
- 3.2 Inland transport currently accounts for almost 20% of these emissions and needs to play its part in delivering these reductions. The Commission has tackled one aspect of GHG emissions from transport through the adoption of a comprehensive new strategy to reduce carbon dioxide emissions from new cars and vans sold in the European Union. This will enable the EU to reach its long-established objective of limiting average CO₂ emissions from new cars to 120 grams per km by 2012.

- 3.3 On the fuels side, the EU biofuels directive (2003/30/EC) aims to make a further contribution to reducing net CO₂ emissions by promoting the use in transport of fuels made from biomass, as well as other renewable fuels. The Community Strategy on Biofuels has been further elaborated in the Commission's Communication – An EU Strategy for Biofuels on which the Committee has adopted an opinion on 24 October 2007¹.
- 3.4 In March 2007 the Council set a 10% binding minimum target to be achieved by all Member States for the share of biofuels in overall EU transport petrol and diesel consumption by 2020, to be introduced in a cost-efficient way.
- 3.5 The present Directive is intended to support that strategy. The principal change is to permit higher levels of ethanol to be blended in a new grade of petrol for motorists so as to allow for the rapid expansion of biofuels mandated by the Council.
4. **General comments**
- 4.1 The European Union has rightly taken a leadership role in the world on the issue of climate change, and has adopted stringent targets for reduction in GHG emissions for 2012 and 2020.
- 4.2 The EESC fully supports the targets and the Commission's general approach to establishing a comprehensive programme of action. It believes however that in the transport sector there is some danger of establishing the wrong order of priorities.
- 4.3 In the transport sector the Committee believes that action must start at the fundamental level of tackling the pressures that have led to a continuous growth of traffic of all kinds over the past two centuries. The European Sustainable Development Strategy adopted by the Council in 2006 has committed the Union to the objective of decoupling the growth of the economy from growth in transport. That should be the highest priority task. The Committee once again urges the Commission to put in hand a fundamental integrated review of how to bring this about.
- 4.4 Another priority should be to require much improved fuel efficiency from cars and other vehicles. The proposal to establish a limit of 120 grams of CO₂ emissions per kilometre is a useful step. The Committee believes that it should be possible to proceed further and faster on this issue, and that it would have been better to stick to the original proposal to require motor manufacturers to meet this target. The Committee looks to the Commission to push harder in this direction.
- 4.5 As to biofuels the Committee agrees that they may have some useful part to play. But it feels that greater account must be taken of the environmental, social, agricultural and employment

¹ EESC Opinion CESE 1442/2007

impacts involved both in Europe and across the world. The Committee is currently working on a separate opinion on this issue.

- 4.6 The growth of biofuel crops may be a useful form of land use, provided that they do not displace other uses that are as good or better in terms of greenhouse gas reduction. European agricultural practices meet high environmental standards thanks to cross compliance, and in principle the cross compliance regime may be capable of being developed into a tool for ensuring that biocrops are grown in an optimal way from a carbon efficiency point of view. It will however be essential to compare and contrast the transport and refinery processes involved in producing biofuels and traditional fuels. The overall CO₂ impact of biofuels needs very careful assessment and may not be positive in all cases.
- 4.7 More broadly a massive expansion of biofuel crops in Europe and other parts of the world could have other major impacts on food production, protection of forests and biodiversity and other matter which also need to be carefully assessed. This question too will be examined in detail in a separate opinion.
- 4.8 In the Committee's view the optimal pathway for development of the biomass and biofuels market requires continued monitoring, and it will be important that measures of support for the development of this market whether in this directive or in other measures should allow the market to find the optimal pathway towards the most efficient and carbon-mitigation effective solutions.
- 4.9 In view of these reservations about the scale and pace of development of biofuels the Committee believes that the Commission and the Union should keep the target for 10% use of biofuels by 2020 under review, and be prepared to modify it if necessary.
- 4.10 The Committee approaches the present Directive from this general perspective. The Committee does not in principal oppose amending the fuel quality Directive so as to permit the blending of appropriate biofuels. But it thinks that great care should be taken to ensure that blending biofuels into petrol does not result in other adverse environmental effects such as the release of more harmful VOCs. It is also important that the calculations of expected impacts on net CO₂ emissions should be very carefully carried out, taking full account of a full life cycle analysis, case by case, so as to optimise the potential for CO₂ gains.

5. Specific comments

5.1 Expansion of biofuels

- 5.1.1 The Committee accepts that some expansion of biofuels is likely to be needed. It is appropriate therefore that the fuel specification rules should be altered as proposed in the directive so as to enable a new high biofuel petrol to be produced and marketed, provided that potentially polluting side effects are dealt with.

- 5.1.2 The Committee calls for further action on the proposal to relax the limits on vapour pressure so as to allow higher pressures in the new high biofuel petroleum. Higher pressures will lead to greater volatility of the petroleum, with greater release of undesirable VOCs both at the petrol pump and through evaporation and permeation from tanks and other parts of vehicles. This problem can be considerably mitigated by appropriate technical measures.
- 5.1.3 The Committee suggests that the Commission should examine this aspect further before implementing the Directive. Some commentators have suggested that it might be possible to make more use of biofuels without requiring higher pressure levels. Alternatively the higher permitted levels should be coupled with further measures in regard to petrol pumps (as already envisaged by the Commission) and to restricting the use of permeable elements in engine design so as to ensure that net VOC emissions do not increase when biofuels are introduced more extensively.

5.2 **Monitoring of Lifecycle Greenhouse Gas (GHG) Emissions**

- 5.2.1 The Committee strongly supports the proposal to require the fuel industry to monitor and report the life-cycle GHG emissions from the fuels it places on the market, and that they should be required to reduce those emissions by 1% per annum from 2010 to 2020. Although the fuel industry has improved its own performance in terms of energy efficiency in recent years there is still room for substantial improvement. There is still far too much flaring of gas at well heads. This wastes a valuable resource and gives rise to millions of tons of carbon emissions and other pollution. Refinery operations and pipeline transmission and transport within the fuel sector also vary greatly in their energy efficiency and their levels of leakage and waste; much could be done to improve standards throughout the industry to those of the best operators.
- 5.2.2 The monitoring requirement proposed on the fuel industry is cast in such a way that the progressive introduction of biofuels into the energy mix can count as a contribution towards the overall target for emission reductions by the industry. The Committee backs a strategy designed to harness the potential benefits of biofuels for the environment, the market and jobs and thus secure optimum CO₂ reduction overall, but it is concerned that the current proposal may lead fuel companies to neglect opportunities for improving energy efficiency in their own operations in favour of over-rapid expansion of biofuels.
- 5.2.3 If the proposal does go forward a number of points need to be made. It will be critically important to ensure that the lifecycle analysis of biofuels and oil products is thoroughly carried out and is not treated in a formulaic way. Different types and sources of biofuels will have very different impacts on the overall CO₂ balance. Generally speaking, biofuels perform better than fossil fuels in life cycle CO₂ terms. The European Union should take steps to foster optimum solutions.

- 5.2.4 If the CO₂ benefits are to be properly realised each source used must have its own analysis and assessment, since different biofuel applications have different carbon impacts.
- 5.2.5 The proposal rightly endorses the use of biomass for biofuel production or for power production. This should result in the continued positive development of the biomass market.
- 5.2.6 The proposed directive says nothing about standards of monitoring and how the requirements are to be monitored and enforced. Given that most of the firms involved are operating on a global basis, and will need to have a consistent approach adopted to the requirements imposed on them the Committee sees a strong case for the standards and the monitoring and enforcement to be operated at European level, rather than being left to inconsistent interpretation and enforcement amongst the Member States.

5.3 Sulphur in fuels

- 5.3.1 The Committee supports the proposed confirmation of the mandatory date of 2009 for achieving a maximum of 10ppm sulphur in diesel. It also supports the proposed reductions in the maximum sulphur content of gas oils intended for use by non-road mobile machinery and agricultural and forestry tractors. These proposals bring the sulphur requirements into line with those already adopted for road vehicles and will help to ensure that sulphur and particulate pollution is further abated.
- 5.3.2 In the case of inland waterways the Commission has proposed a two stage reduction of sulphur emissions. The Committee suggests that it might be better to consider a one stage reduction to the final figure, so as to avoid the possibility of boat owners having to make two separate modifications to their vessels. It might also be appropriate to consider some relief for historic or heritage vessels that will not readily be capable of the necessary modifications.

Brussels, 24 October 2007.

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