

## **Carbon Standards in Agricultural Production and Trade**

### **The case of the EU**

**25-26 October 2010**

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## **The Renewable Energy Directive (RED)**

- **Overall climate package: reduce green house gas emissions by 20% by 2020 compared with 1990 levels**
- **Overall energy target: increase share of renewable energy consumption to 20% of total energy consumption by 2020**
- **Specific target for transport: 10% share of renewable energy (mainly biofuels) in transport petrol and diesel by 2020 (first generation biofuels – those that could have ILUC effects)**

## Sustainability criteria

- **Single EU scheme**
  - **Applies to both EU production and imports**
  - **Member States cannot set additional criteria**
- **Have to be met in order to:**
  - **Count toward the targets**
  - **Be eligible for financial support (for their consumption)**
- **Not prohibited to produce or sell unsustainable biofuels in EU**

## Mandatory sustainability criteria

- **GHG saving of at least 35%**
  - **50% as of 2017**
  - **60% for new installations as of 2018**
  - **default values and calculation method for actual values included**
- **No raw material from converted land with:**
  - **high biodiversity value**
    - Primary forest, protected areas, biodiverse grassland
  - **high carbon stock**
    - Forests, peatland, wetlands

## Compliance with the sustainability criteria

- 1) Member States need to set up system (incl. requiring adequate standard of independent auditing)**
- 2) Commission can recognise 'voluntary schemes' (ex. Better Sugar Cane Initiative, Round table for Sustainable Palm Oil (RSPB), Roundtable for Sustainable Biofuels (RSB) - none officially recognised yet). Then Member States must accept this evidence**
- 3) International agreements (none yet)**

**[Producers can also prove their compliance with the threshold (of 35%) and show that emissions from their production are lower than those that were assumed in the calculation of the default values]**

## Indirect Land Use Change

- **EP and Council Request to the COM to study ILUC, and submit proposals by end 2010, if deemed necessary**
- **Many ILUC studies already exist + 4 specific studies launched by COM**
- **4 COM studies on-line (public consultation and comments by 31 October)**

*[http://ec.europa.eu/energy/renewables/consultations/2010\\_10\\_31\\_iluc\\_and\\_biofuels\\_en.htm](http://ec.europa.eu/energy/renewables/consultations/2010_10_31_iluc_and_biofuels_en.htm)*

## Indirect Land Use Change

- **Advanced modelling is the most scientific way to investigate ILUC effects**
- **Most studies show that ILUC does exist, however still uncertainty over the magnitude**
- **Uncertainty does not discredit the use of modelling, it is inherent to scientific work**

## Policy options

- **Comprehensive multilateral climate agreement, including on forests and carbon rich lands (REDD/LULUCF) would be first best**
- **In the absence of such an agreement, what can be done unilaterally and bilaterally?**

## Policy options

- **Unilateral for the EU:**

- "do nothing" because modelling results uncertain/impact not strong

- "precautionary principle" in face of uncertainty: introduce additional sustainability criteria with "safe" margin taking into account WTO/TBT requirements: proportionate and non-discriminatory

- **Bilaterally:**

- Enhance the sustainable development chapters in bilateral trade agreements



# External Trade

**THANK YOU FOR YOUR ATTENTION**