

## **OPEN LETTER**

**To Commissioner Mairead McGuinness and Vice-President Frans Timmermans**

### **Taxonomy threatens EU climate goals - Exploit the bioenergy potential**

**Dear Executive Vice-President Timmermans,  
Dear Commissioner McGuinness,**

The Taxonomy's Climate Delegated act adopted on June 4<sup>th</sup> by the European Commission represent an improvement over the original proposal: with a further streamlining to existing metrics and policies. Nevertheless, several areas have not been appropriately addressed and this will negatively impact the chances of achieving the European Union's ambitious climate goals.

The Taxonomy could, to a large extent even become an obstacle to investments in renewable energy technologies, particularly the largest renewable energy source in both the EU and Sweden: bioenergy. Even before decisions on the Taxonomy were made, a restrictive view on bioenergy from energy crops and forestry has already caused investors to hesitate to make new investments in biofuel production. That is why we are calling on the Commission and the European Parliament to strive for three important changes in the Taxonomy:

- 1. Streamline Taxonomy sustainability requirements to those in the Renewable Energy Directive.**

The EU's Taxonomy cannot introduce a parallel and divergent regulatory framework from the EU Renewables Directive by means of secondary legislation. In order to maintain coherency among EU policies and for them to work as pieces of the same puzzle, the requirements for reporting on sustainable biofuels for bioenergy installations must remain the same as the mentioned Directive.

Additionally, the Commission must remove the proposal to measure greenhouse gas emissions "at the exhaust tailpipe". Climate impacts from vehicles are comprised of emissions from both the production and the use of the vehicle.

Climate and environmental impacts for electric vehicles depend upon how batteries are produced and how the electricity that powers electric cars is generated similar to the impacts from traditional vehicles are determined by fuel production and exhaust content. All types of technology and activities can be improved and made more environmentally friendly. The Taxonomy Climate delegated act, as it is currently designed, would slow down investments in sustainable biofuels, biogas, and promising e-fuels.

- 2. Permit and support sustainable energy crops.**

Europe has a large resource in arable land that is used unproductively or left fallow. The European Commission's Joint Research Centre has found that in the period 2015-2030 about 11% (more than 20 million ha) of agricultural land in the EU are under high potential risk of abandonment due to factors, related to biophysical land suitability, farm structure and agricultural viability, population

and regional specifics.<sup>1</sup> Marginal land in the EU should be used to mitigating climate change, growing energy crops could constitute a valid chance for rural development. Farmers must be allowed to produce sustainable biofuels that replace fossil fuel imports into the Union. Moreover, biofuels grown on arable land also create economic growth and jobs in rural areas.

### 3. Keep the bureaucracy in check.

In the Commission's Taxonomy Climate delegated act, every European forest owner down to those with just 13 hectares, a small area that is far from commercial, would be forced to make their own climate plan. The proposal is unreasonable because it demands additional unnecessary regulatory hassle without creating any benefit. These requirements seem superfluous especially since the carbon stock in both Swedish and European forests have been increasing, year after year, for the past several decades.

#### **The importance of technology neutral instruments**

The taxonomy has been drafted with the legitimate purpose of providing investors with guidance regarding the assessment of sustainability. However, not everything can be simplified. The current classification system appears to be strongly influenced by opinions and beliefs which will favour certain types of renewable energy over others.

Unfortunately, this problem has plagued climate and energy policy for a long time now and continues to slow the transition. In order to make serious progress in phasing out fossil energy, it will be necessary for all different renewable energy alternatives to work together.

The best way to promote sustainable investments is to utilise general and technology-neutral instruments such as strengthened emissions trading, sustainability criteria, and a carbon dioxide tax.

With such unbiased instruments, it is easy for investors and planners to assess their projects based on their economics and climate benefits. This will allow for different technical solutions to compete on equal terms.

#### **An improved Taxonomy**

Sweden not only achieved but also surpassed the EU's climate target for 2020 by a wide margin. Sweden has not only by far the EU's highest share of renewable energy, but also the EU's lowest greenhouse gas emissions per capita. Sweden has achieved this largely due to its investment in bioenergy, which today accounts for 38 percent of all Swedish energy use and is the country's largest energy source. **The large increase in the use of biomass for energy has been accompanied with a continuous increase of carbon stock in the Swedish forests. In fact, we still have a large potential to use more forest residues for bioenergy production, to replace gasoline and diesel, instead of leaving it in the forest after harvest to emit its carbon dioxide there.**

The use of bioenergy and the continued development of the bioenergy and biofuels sector are now being called into question by the Taxonomy and other EU policies. For Sweden, the Taxonomy will have direct consequences for the country's ability to follow through on our ambitious climate goal for the transport sector by 2030 and restrict opportunities to phase out fossil fuels. It will also impact on its domestic industry, favouring technologies that are largely dependent on imports at a time of distress for the EU economy.

For plans to produce sustainable biofuels from Swedish raw materials, the European Commission's proposal has all but been a stop sign. The Taxonomy is devastating for the chances of achieving Sweden's Fossil-Free roadmaps as these plans are largely based on the use of renewable biofuels.

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<sup>1</sup> <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/agricultural-land-abandonment-eu-within-2015-2030>

The ambition to realize negative emissions through the use of bio-CCS is also dependent on the continued large-scale use of bioenergy in combined heat and power plants and industries.

Leading politicians must take a clear stand on the fossil-free benefits that photosynthesis creates through bioenergy and biomaterials, in all future decisions within the EU.

We therefore call upon the Commission to reconsider the remaining restrictions on biofuels and include bioenergy experts to contribute to the work of the Sustainable Finance Platform, where the bias against the bioenergy sector is not counterbalanced.

If this is not possible, Sweden and other countries should encourage the Council and the European Parliament to veto the Taxonomy Climate Delegated Acts proposal to the Commission.

This is not only about a central part of Sweden's energy supply, but it is also about opportunities to achieve ambitious climate goals.

Yours Sincerely,

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