



Comments

Revision of the Guidelines on State aid for environmental protection and energy

**Association of the German
Biofuel Industry**

**Verband der Deutschen
Biokraftstoffindustrie e.V.**

1. VDB as representative of the biofuel producers in Germany

The Association of the German Biofuel Industry (Verband der Deutschen Biokraftstoffindustrie e. V. - VDB) represents the interests of 15 biofuel producers in Germany with a production capacity of 2.3 million tons of biodiesel (and 600 GWh of biomethane). This equals approximately 60% of the total biodiesel capacity in Germany in the transport sector.

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2. Remarks on the initiative

VDB welcomes the Commission's initiative to revise the Guidelines on State aid for environmental protection and energy.

With an increasing use of sustainable biofuels, agriculture and forestry would make a growing contribution to climate protection and to the production and use of sustainable protein feed. Biofuels such as biodiesel, vegetable oil and biomethane are technological options that promote the circular economy and are in line with the farm-to-fork strategy in the context of implementing the European Green Deal.

In this regard, an essential prerequisite for the use of biofuels in agriculture and forestry in Germany is the need to allow tax exemption for sustainable biofuels within the Guidelines until at least 2030. Apart from biofuels, there are no serious decarbonization options for agricultural and forestry machinery.

VDB is therefore concerned about the planned expiry of the energy tax refund for sustainable biofuels at the end of 2020 and refers specifically to the regulations in numbers 113 and 121 of the Commission's Guidelines on State aid for environmental protection and energy.

Like any other economic sector, the biofuels industry needs an appropriate policy and legal framework: Against this background, we advocate to establish the

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conditions for the notification of tax refunds of biofuels within the context of the current revision of the State aid Guidelines. We request that points 113 and 121 of the guidelines are included in the decision on the prolongation. It should be considered that biofuels from agricultural crops are subject to comprehensive sustainability criteria and must meet strict greenhouse gas reduction requirements in accordance with the Renewable Energy Directive (RED II).

3. General remarks

As the European Green Deal sets up the target to achieve a reduction of 90% in transport-related GHG emissions by 2050, investments in clean technologies and sustainable alternative fuels are essential to reach the transition that is needed. Therefore, it is necessary to define the regulatory framework for the use of climate-friendly energy sources. Biofuels, electromobility, electricity-based fuels and enhanced energy efficiency together make climate protection in transport possible. Without renewable fuels the necessary GHG reductions cannot be achieved in road transport and the GHG budget will be exhausted prematurely.

Biofuels such as biodiesel, bioethanol and biomethane have saved around 9.7 million tonnes of greenhouse gases in 2019 in Germany alone. It is evident that the GHG balance of the transport sector would be even more devastating if biofuels did not make a substantial contribution to climate protection. Compared to fossil fuels, biofuels reduce greenhouse gases by up to 90 percent. The entire production process is considered here, starting with the emissions from the agricultural cultivation, transport, and the industrial processing of the raw materials.