



Brüssel, August 22nd 2013

Summary

Fact Check on Biofuels Subsidies

Review of “Biofuels – at what cost? A review of costs and benefits of EU biofuels policies”

1. Biofuels – at what cost? A review of costs and benefits of EU biofuels policies

- Published by: International Institute for Sustainable Development (IISD) in cooperation with Global Subsidies Initiative (GSI)
- Date of **publication**: April 2013
- Financial **Support**: BirdLife International, the European Environmental Bureau (EEB), Transport and Environment, and the Global Subsidies Initiative (GSI) of the International Institute for Sustainable Development (IISD)
- **Reviewers** from: Anonymous reviewers, Fraunhofer Institute for Systems and Innovation Research ISI, International Council on Clean Transportation (ICCT), Department for Environment, Food and Rural Affairs (United Kingdom), Oxfam, IISD, Organisation for Economic Co-operation and Development (OECD)
- **Used** by: MEP Corinne Lepage, Claude Turmes, NGOs like Oxfam, Misereor, Transport & Environment, European Environmental Bureau, Bird Life International etc.
- **Annex change**: After its first publication in April 2013, the Annex to the report was changed and important data was erased at the end of May / beginning of June 2013.

2. Results GSI/IISD compared to Ecofys

- a. Three main fields of support: Budgetary Support (tax exemption), Market Transfer (e.g. Quotas), Support for Research and Development (52 Million in 2011 according to GSI).

Budgetary support:

	GSI/IISD	Ecofys	Difference	
Biodiesel	3,194	1,599	1,595	50%
Bioethanol	2,610	0,709	1,901	73%

Ecofys checked the calculation of budgetary support for biodiesel and bioethanol, which was 3.496 billion Euros lower than what GSI/IISD had estimated.

In addition, they developed a new approach to calculate market price support, being convinced that the GSI/IISD-approach to calculate market price support is flawed.

For biodiesel alone, the difference between GSI/IISD and Ecofys is 3,764 Billion Euros (GSI/IISD: 5.966 billion Euros, Ecofys: 2,202 billion Euros).



- b. GSI/IISD: **Forgone revenue** from tax exemptions based on current production levels until 2015: 29 Billion Euros
Ecofys: The continuation of the tax exemptions for biofuels until 2015 as supposed by GSI/IISD, could not be verified and we have falsified several underlying assumptions.

3. Findings:

The GSI/IISD-Authors have by far overestimated the subsidies for biofuels. Biofuels receive support at a level that is **approx. 50-60 percent lower** than what GSI/IISD calculated. The reason for this seems to be that GSI/IISD do not take current legislation in EU Member States into account or misinterpret it.

For example it seems like they have overestimated tax exemptions in Germany 22 times too high. This of course cannot be verified, as GSI/IISD do not lay open their calculations.

4. Conclusion

- a. To the extent that the report's results have been used for decision making and as an argument in the political process underlying the further legislation of biofuels policy, a re-evaluation is urgently needed.
- b. Outcomes of studies should be carefully assessed by also considering the funding organisation, in this case BirdLife International, European Environmental Bureau (EEB), Transport and Environment.
- c. The institutions of the Peer Reviewers might think about checking with their experts whether a proper Peer Review has been conducted. The reputation of these facilities might suffer if they are associated with reviews that have not been attended to with sufficient diligence.
 - OECD
 - Fraunhofer Institute
 - UK Department for Environment, Food and Rural Affairs
- d. It is questionable whether staff from the International Council on Clean Transportation (ICCT) and Oxfam should be seen as independent experts on biofuels or rather as lobbyists.