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## **NORDICS BET ON ADVANCED BIOFUELS TO SUIT CARBON NEUTRALITY AMBITIONS**

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Scandinavian governments have raised the bar in their commitment to becoming carbon neutral and several companies have responded by developing new technologies to harness forest resources, widely recognised as the Nordic green gold, in a bid to reduce transport emissions.

Renowned worldwide for their cold weather and iconic timber, Sweden and Finland are now trying to build a reputation as leading countries in the fight to global warming, taking their climate commitments seriously.

In these countries, the share of renewable energy is already one of the highest in the EU and reduction targets for greenhouse gas emissions (GHG) in transport are among the most ambitious set out so far.

Sweden has committed to being climate neutral by 2045, also outlining a high-reaching goal of 70% GHG reduction in the transport sector by 2030 and introducing an aviation tax last year.

The Finnish government has striven for more on its climate ambition, pledging to become carbon neutral by 2035, while the countrys private sector is willing to make its own contribution starting from a more circular use of natural resources.

In Finland, for instance, forests are a major source of both economic and social wellbeing, as well as the countrys most significant renewable natural resource covering more than 70% of the national land area.

For a country with no gas nor oil resources, wood-based products and forest biomass have come to the Finns rescue in their attempt to decarbonise the transport sector, making use of the opportunity afforded by sustainable advanced biofuels.

Advanced or second-generation biofuels are manufactured from non-food biomass like forest residues or pulp and are listed in Annex IX of the Renewable Energy Directive.

In 2018, EU lawmakers overhauled the piece of legislation in order to set a 14% target for renewables in transport, 3.5% of which was reserved for advanced biofuels.

UPM, a major Finnish forest industry company, uncovered the potential of manufacturing biofuels in 2006, making their first investment decision in 2012 and started the production in 2015.

In its biorefinery in Lappeenranta, UPM produces 130,000 tons of renewable diesel and naphtha for road and maritime transportation from the residue of wood pulp, known as crude tall oil and listed

in Annex IX part A of the revised RED.

With a current turnover of over 10 billion, UPM is now considering a new investment of 500,000 tons annually, based on sustainable feedstock.

EURACTIV.com spoke with Nils Torvalds, Finnish MEP and rapporteur for the Biofuels directive in 2015, about Finland's recipe to combine environmental and industrial policy goals.

He said that three different and crucial aspects fostered the uptake of biofuels production in his country and that it could be a good lesson for other EU member states.

First, technology. The Finnish oil company Neste had a special problem when Finnish import of oil was, for historical and political reasons, tied to import crude oil from the Soviet Union, he said.

He added that due to the high sulphur content of Soviet oil, the company decided to take a different path, investing in different kind of innovations.

The second reason is the presence of the raw material, namely by-products from forests or waste in Finland.

Third, you need a market, which can be created either by a blending mandate on EU level or by tax policies of the member state, he pointed out.

Torvalds said he was convinced the European Parliament, and subsequently, the Council, will adopt the 55% CO<sub>2</sub>-reduction through the Climate Law, increasing the level of ambition in the context of the climate action.

When it comes to transport, some part of [the climate action] might be met by electric cars already 2030, but for heavy traffic and air transport, you need more and more billions of litres of advanced biofuels, he stressed.

In order to address the long domestic road distances, Finland has relied on biofuels from the very first discussions on the use of renewable energy sources in transport.

When they had to transpose into national law the first Renewable Energy Directive (RED), for instance, Finland set a higher binding target of 20% instead of 10% for biofuels by 2020.

According to a study commissioned by the prime ministers office in 2018, Finland will need some 30% liquid biofuels in 2030 to meet a 50% emission reduction target in road transport.

A new biofuels obligation law was approved in March 2019, setting once again more ambitious targets on biofuels than those implied in the RED II.

The total energy share of biofuels in road transport was pencilled in at 30% by 2030, with a sub-target of 10% exclusively dedicated to advanced biofuels. Both targets are also single-counted.

[Edited by Zoran Radosavljevic]

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