

Euro-Thai Newsletter

Biomass sustainability rules: loose application in overseas territories?

The agreement on the **Renewable Energy Directive revision** achieved last week includes, as we reported previously, a series of pledges to strengthen sustainability criteria for biomass use. These pledges will **prohibit the logging of primary forests**, protected areas, and biodiversity rich areas. However, **these pledges will not apply in their entirety to the so-called European 'outermost regions'** of Guadeloupe, French Guiana, Réunion, Martinique, Mayotte, Saint-Martin, Azores, Madeira and Canary Islands. These regions will be **allowed to use biomass for electricity generation to ensure energy needs are covered, circumventing if necessary these prohibitions.**

In practice, the exception is a special provision uniquely for French Guiana. This French overseas department, part of the South America landmass, is 98.9% covered by – largely primary – forest and host to the **Guiana Space Centre (CSG)**, from where the European Space Agency (ESA) conducts its launches. The CSG consumes around 18% of Guiana's electricity production. The CSG has decided to reduce its dependency on local energy providers and its carbon footprint by **opening two photovoltaic power plants and two biomass units** this year. Moreover, Paris is **boosting the production of biofuels in the region and more than doubling plantations for energy purposes by 2030** – from 70,000 tonnes in 2023 to 160,000 tonnes in 2030. These would largely be used to supply – surprise – the space sector.

The hypocrisy and the 'don't do as I do, but do as I say' approach, by opening loopholes on domestic biomass that will directly benefit the ESA, **will undermine the EU's authority to call on third countries to reduce their biomass dependency to limit deforestation.**

Synthetic fuels: the rise of CO₂ as sustainability ally

Research indicates some new synthetic fuels could prove serious alternatives to traditional fossil fuels and biofuels. One of these is a **CO₂-hydrogen mixture** for aviation and maritime shipping. **Sustainably produced** – with hydrogen via renewable energy and CO₂ either from existing industrial processes or captured from air – researchers claim **it can be climate neutral.** Many therefore see this mixture as an important future source of clean energy.

The EU more generally sees **CO₂ with potential for the green transition** and consequently following up on the work done with hydrogen. The Commission is in the process of drafting its **strategy for carbon capture, utilisation and storage** for later this year. This will build on the Commission's Communication on Sustainable Carbon Cycles (December 2021) and will follow in the wake of its proposal of 30 November 2022 for an **EU-wide voluntary framework to certify carbon removals**, that awaits final agreement between the EP and Council before ratification.

EU-US energy partnership: from fossil fuels to renewables

After the Russian invasion of Ukraine, Brussels has made an enormous effort to diversify away from Moscow as its primary gas supplier. This was seen in Washington as an opportunity and in Brussels as a need to strengthen transatlantic ties, and an **EU-US Task Force on Energy Security** was quickly created. For Brussels, new supplies have come in the shape of **Liquefied Natural Gas (LNG) and at a steep price. Now the US is the EU's main provider.** US Imports of 56 billion cubic meters (bcm) in 2022, were more than 250% the 22 bc of the previous year. The April 4 10th **EU-US Energy Council**, the coordination forum on strategic energy issues for policy exchange and coordination at political and technical levels, agreed Washington will provide the EU with a minimum of 50 bcm of LNG. **Washington's profiteering by keeping the price of LNG exports high** as consequence of Brussels' fatal mismanagement of its energy security is contributing – intentionally or not – to **making European industry less competitive** with American companies paying sharply lower prices for domestic energy.

This EU-US Task Force on Energy Security is also looking at renewables, particularly **hydrogen**. The Task Force has welcomed the **construction of new LNG infrastructure** and is pushing for it to be **designed as dual-purpose**, making it turn-key ready for – renewable – hydrogen, allowing the US to ship hydrogen via its modern LNG carriers. The EU estimates it will need to import 10 million tonnes of renewable hydrogen by 2030. To ensure supplies and help developing infrastructure in third countries, it will establish a **European Hydrogen Bank**. The US is first in line, together with African and ASEAN countries, as partners in the venture.

A third leg to this partnership is critical raw materials. The Commission's **Critical Raw Materials Club** will bring together countries that use and produce materials for batteries and green tech to strengthen global supply chains. **Washington was first on Brussels' list of invitees.** Two vital ingredients in the production of solar panels – **copper and aluminium** – will be part of the discussions. Aluminium is of special interest, as the **tariffs on a range of steel and aluminium products** imported from Europe imposed by the Trump administration were temporarily suspended by Biden. Now, the **October deadline for finding a deal is fast approaching.** Prospects of finding a solution do not look promising. Any return to tariffs would sour trade relations with little possibility of future concessions by either side as the shadows of the 2024 European and American elections lengthen.