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## **FEDIOL Position**

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### **The Future of Biofuels and EU 2030 Climate and Energy Framework**

FEDIOL members are oilseed crushers and vegetable oil refiners who produce vegetable oils and protein meals for food, feed, energy and non-energy technical uses.

FEDIOL is extremely concerned that the Commission has opted not to renew the transport sector sub-targets under the Renewable Energy Directive (RED). This clearly undermines the Commission's declared commitment to promote sustainable biofuels and reduce transport's GHG emissions by 60% by 2050<sup>1</sup>.

#### **Discontinuation of biofuels: A lose-lose case**

*Loss in green growth in rural economy:* As a result of the mandate set with the RED, FEDIOL members made 1.5 billion Euro worth investments in crushing and refining capacities to meet the increased demand for vegetable oils for biodiesel production, contributing to the EU's rural development and green growth strategy. The discontinuation of biofuels policy in Europe will make the investments in rural Europe redundant.

*Loss in local protein production and loss in trade balance:* Today, over 30% of vegetable oils produced in Europe is supplied to the biodiesel industries. The EU has a stable food market for vegetable oils and there are no possibilities for exporting the surplus production in a fully liberalised international market. These put the vegetable oil industry in Europe in a fragile condition without alternatives to the biodiesel outlet. Moreover, the disappearance of biodiesel outlet of vegetable oils will deprive Europe from over 12 million tonnes of protein co-products, used exclusively by the livestock and food sectors<sup>2</sup>. This would increase EU's imports from 3<sup>rd</sup> countries and increase the EU current account deficit by over 4.5 billion Euros every year. Employment and rural development will be equally negatively affected, with closures in the sector and reduced production.

*Loss in investor confidence and economic activity:* Discontinuation to biofuels policy would represent a turnover loss between 11.2 billion and 13.4 billion Euros annually for the FEDIOL members only. The crushing industry would have to fundamentally

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<sup>1</sup> [White Paper Roadmap to a Single European Transport Area, COM \(2011\) 0144](#)

<sup>2</sup> Oilseeds crushing produce vegetable oils and protein meals simultaneously. As the crushing operations are a low margin business, both co-products need to have a market demand for the crushing to be able to take place. For every tonne of rapeseed oil produced, 1.5 tonnes of protein meal is produced. For every tonne of soybean oil produced, 4 tonnes of protein meal is supplied to the food and feed markets, contributing to the food security and alleviating European protein deficiency.

restructure to go back to pre-biofuels levels with considerable negative effects on jobs and European economic recovery.

*Loss of progress in building the EU internal renewable energy market:* RED has allowed the EU to develop an internal renewable energy market with integrated sustainability schemes. With the discontinuation of sectoral sub-targets, internal market is threatened by fragmentation, as there will be lack of coordination between Member States' national interpretation and implementation of the EU renewable energy target, thus resulting in inconsistent policies excluding biofuels from the European renewable energy mix.

## **Realistic approach in addressing indirect-land use change (iLUC) concerns**

FEDIOL calls on EU decision-makers to carefully examine options that do not put current investments and jobs at risk.

iLUC science remains, by large, an area of academic research and the European Commission has launched a research project with the International Institute for Applied Systems Analysis (IIASA) to improve an iLUC model<sup>3</sup>. IIASA scientists agree that despite the ongoing improvements to the GLOBIOM model, the end results will never reflect the reality, and remain a hypothetical best-estimate<sup>4</sup>.

Indeed, the real-time global forest monitoring project, supported by International Institutions such as UNEP, FAO, Global Forest Watch and World Resources Institute as well as by NGOs such as Greenpeace, IUCN and Conservation International, found that the deforestation trends have reversed after 2008, proving that iLUC hotspots are not subject to deforestation due to EU biofuels policy<sup>5</sup>.

Against this background, the future of renewable fuels shall not be held captive of ongoing academic research and of theoretical studies. Taking a precautionary measure at the EU-level and excluding biofuels from the EU renewable energy mix, based on inconclusive and disputable evidence, would only hamper the EU economy and competitiveness.

## **Paving the way forward for European biofuels: Setting the priorities right**

At a time when the EU's dependence on imported fossil energy is increasing<sup>6</sup>, where the EU transport sector is 94% dependent on fossil fuel, and of which 84% is imported<sup>7</sup> from politically unstable regions, biofuels continue to be a relevant and reliable alternative in greening the European transport.

FEDIOL strongly believes that a dedicated target for renewable energy in transport is needed. Conventional food crop-based biofuels will have a role to play beyond 2020, as they provide the necessary critical volumes for the development and distribution of advanced biofuels, until they are available in a sufficient scale and commercially viable.

*1. In line with the European Commission's recent Communication on "European Industrial Renaissance"<sup>8</sup>, conventional biofuels can be produced adhering to the principle of cascading rule, prioritising the production and consumption of food.*

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<sup>3</sup> GLOBIOM Study

<sup>4</sup> Reference to the minutes of stakeholder meetings

<sup>5</sup> Global Forest Watch Project, <http://www.globalforestwatch.org>

<sup>6</sup> [World Energy Outlook 2012, IEA \(2012\)](#)

<sup>7</sup> [Clean Power for Transport, European Commission \(2013\)](#)

<sup>8</sup> COM (2014) 14/2 – European Commission Communication for a European Industrial Renaissance

Today, only 4% of the EU arable land is used to produce rapeseed for biofuels, which also produces protein-rich feed materials (for food production) in a complementary manner. At a time when protein meal demand is increasing, the increased vegetable oil demand from the biofuels has led to the doubling of protein meals produced and increased the European protein self-sufficiency by 20 percentage points. This helped alleviate Europe's structural protein deficiency and dependency on imports of protein crops and meals from third countries.

- 2. Biofuels policy could serve as a tool to improve agricultural efficiency and increase sustainable production of raw materials. A carefully designed policy, with built-in flexibility mechanism, could allow the increased production to be used as a buffer crop in an event of crop-failure or harvest loss, ensuring that food remains the first priority and that prices are not negatively affected.*

Biofuels policies encourage farmers to produce more raw materials for food, feed and non-food markets. The production volume of oilseeds is therefore higher with the biofuels policies in place and ensures that food, fuel and other markets are fully supplied. Looking beyond 2020, in an event of increased demand and possible supply shortages, a carefully designed biofuels policy with a flexible mandate – for example a quota that in a particular year can be met within that year or the following year - could provide an adequate response to the food security concerns. The incentives for higher world agricultural production would be maintained and the feedstock intended for biofuels could then serve as a buffer for the demand of the food sector.