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## **FEDIOL Position on the European Law-Making on Indirect Land Use Change (iLUC)**

FEDIOL members are oilseed crushers and vegetable oil refiners who produce vegetable oils and proteinmeals for food, feed, energy and non-energy technical uses. As an integral part of food, feed and biofuel chains, FEDIOL is a key stakeholder in the policy debate on iLUC.

Based on the proposal submitted by the European Commission in October 2012, European Institutions began the legislative review procedure to address the potential indirect land use change impact (iLUC) of biofuels. iLUC marks a new area for the EU policy making and the science relating to it is equally new, researchers developing econometric models and applying assumptions to reach results.

Formulation of European iLUC Policies, on the basis of immature and inconclusive evidence, will have irreversible consequences on the EU agricultural community, on the production of protein and investments of European agribusinesses.

### **iLUC Factors and Reporting**

The conclusions of the IFPRI study, used by the European Commission, led the European decision makers to believe that conventional biofuels are not environmentally beneficial. However, this study is later acknowledged by its authors as well as by the European Commission for containing a large number of uncertainties and statistical errors.

Recent studies show that potential iLUC impact of biofuels is not only 80% to 95% lower than figures provided by the European Commission, but also the inclusion of iLUC methodologies into EU policies would damage the credibility, integrity and reliability of GHG life cycle assessments and carbon footprint measurements.

In the light of such recent evidence, FEDIOL opposes the use of iLUC factors as a policy instrument, both for accounting and for reporting purposes, whether this is in the Renewable Energy Directive (RED) or in the Fuel Quality Directive (FQD). The state of science is not fit to set any iLUC values in European policy making, and thus Annexes V and VIII should be removed from the final text.

### **Protection of European Industry and Investments**

In 2008, the European Parliament found the biofuels target of 5.75% not enough for the greening of European transport and set up an EU-wide target of 10% renewable energy in transport by 2020. Since the adoption of RED in 2009, the European Industry has made investments in good faith to scale up its production capacity to be able to supply sufficient raw materials for biofuels to reach the 10% target.

Introduction of a cap as low as in 2008 and making abrupt changes are unlikely to create a favourable regulatory environment for businesses in Europe. The capacities were built with the expectation of having to reach at least 8% of conventional biofuels incorporation by 2020 and FEDIOL considers that if a cap had to be set it should not be set at a lower level than 7-8%.

### **Status of Waste & Residues**

FEDIOL does not consider that multiple counting is an appropriate support mechanism for the development and consumption of advanced biofuels. The European Union should set up a stable and realistic legal framework for advanced biofuels feedstocks, taking into account their availability as well as risks associated with potential fraudulent behaviour due to multiple counting provisions. Multiple counting remains, by large, a deceiving calculation method, not providing real emissions reductions and undercutting the objective of EU policies.

Moreover, in order to ensure consistency with other EU policy areas, waste and residues shall be classified as advanced biofuels feedstocks and shall be counted under the dedicated target accordingly. Classification and counting of waste and residues in the same category of a capped food-crop based biofuels target is inconsistent and unacceptable.

### **Differentiation between biodiesel and ethanol**

We urge the European Institutions to follow a feedstock and technology neutral approach. Biodiesel and bio-ethanol, biofuels using similar technologies, shall not be differentiated by any means, including separate sub-targets.

Technology/feedstock neutrality would ensure even-handedness of the EU decision making for relatively homogenous products, produced in the single market, using different technologies for delivery.

FEDIOL urges the EU decision-makers not to put current investments and jobs at risk, on the basis of weak foundations and unreplicable results.

To date, biofuels production in the EU has had several positive spillover effects:

- considerable investments have been made into agriculture and rural economies, enabling the EU agriculture to increase yields to respond to increased demand, while creating green jobs across sectors;
- sustainability certification of feedstocks allows 3<sup>rd</sup> country producers to adopt sustainable agricultural practices and replicate EU know-how and standards;
- through investments made into production and processing, thousand of green jobs have been generated, even at times of economic downturn and financial crisis;
- production of vegetable oils for biodiesel production produces over 11 million tonnes of protein co-products, reducing the EU protein deficiency and imports from 3<sup>rd</sup> countries;
- and paving the way for the future of EU bio-economy.