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- PRESS RELEASE -

Leaked iLUC proposal is a threat to many thousands of jobs in the biofuels chain and weakens oilseed crushers' food and feed supply

The Commission's leaked draft proposal to address indirect land-use change (iLUC) in the Fuel Quality (FQD) and the Renewable Energy Directives (RED) has been extensively commented in the media, as it has undergone the inter-service consultation.

"The leaked proposal represents a U-turn in EU policy-making and a blow to investors in the renewable energy supply chain" said Alain Brinon, the President of FEDIOL and added: "We resent that the draft abandons the objectives of EU2020 and risks undermining the EU's ability in dealing with the challenges of a bio-based economy and ensuring energy security and economic development in rural areas".

The vegetable oil and proteinmeal sector would lose between 11.2 billion and 13.4 billion Euros of turnover out of a current total turnover of 24 billion Euros. By putting an end to the biodiesel sector in Europe, out of the 150 existing crushing/refining plants, about 50 would have to be closed. Over a third of the 20.000 direct employments in the crushing industry and many more indirect employments in the EU biodiesel chain would be lost. In light of the current economic crisis this proposal is an irresponsible act based on poor modeling, immature science and driven by a biased opinion on biodiesel.

The Commission claims that the proposal will protect existing investments until 2020 but at the same time introduces iLUC factors into the Fuel Quality Directive, which would make the biodiesel blending totally unattractive for the oil companies. Setting iLUC emissions for oilseeds at 55 gCO_{2eq}/MJ is totally arbitrary, lacks sound scientific evidence and would lead to an immediate halt in the use of biodiesel in Europe. The annual volume of 11 million tonnes of biodiesel used in the EU will be mainly replaced by fossil diesel, as there are currently no sufficient alternatives available.

Despite efforts by FEDIOL to correct the modeling and assumptions, the Commission proposal still relies on biased evidence. Recent studies and international bodies have recognized that the science is changing so rapidly that using any of the modeling findings as a basis for legislation would be irresponsible.

Should the proposal be translated into legislation, faced with the implications of changes in the FQD, the grandfathering provision for existing installations developed under the RED would merely become irrelevant, as there will soon be no existing installations in the biodiesel chain to be protected.

FEDIOL disapproves setting a 5% sub-target to limit the production of biofuels and bioliquids produced from cereals and oilseeds crops, towards the final consumption of energy in transport by 2020. It should be noted that existing EU processing capacities in the biodiesel

chain are far above what would be required to fit the 5% mandate. Such a cap will immediately deprive our industry from a large part of our non-food outlets and lead to a considerable scaling down of capacities throughout the vegetable oils value chain. It will also put a break on the research and development dynamic in the biofuels chains.

The cap and iLUC factor on biodiesel production will reduce EU vegetable protein production substantially back to around 25% of the EU needs. Deprived from the biodiesel outlet, our sector will no longer be able to supply proteinmeals which would dramatically increase the EU's dependency on imports from third countries (over 13 million tonnes a year, est. value of 4.6 billion Euros).

Europe has the potential and capacity to continue supplying agricultural raw materials to food, feed, chemical, and biofuels markets. Disqualifying the so-called food crops from the use in biofuel production will put 7.6 million tonnes of vegetable oil production in jeopardy and will cut down the corresponding EU agricultural production at the farm level.

FEDIOL asks the European Commission Services to refrain from such a U-turn in policy making, based on unfounded evidence, and which would wipe out all sectors linked to the biofuels value chain.

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Note to editors:

FEDIOL represents the interests of the European vegetable oils and proteinmeal industry. With over 150 facilities in Europe, the sector provides over 20.000 direct employments. Our members process approximately 56 million tonnes of basic products a year for the food and non-food markets.

Oilseed crushing produces vegetable oils and proteinmeals as co-products. While vegetable oils are used for food and technical uses (pharmaceuticals, paints, detergents, biodiesel, etc.), proteinmeals are used to meet the increasing global demand for meat and protein.

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