



## **For COCERAL and FEDIOL the approval of seven Voluntary Schemes constitutes only a preliminary step towards having a harmonised internal market for sustainable biofuel raw materials**

Brussels, 19 July 2011: COCERAL and FEDIOL welcome the recognition of seven Voluntary Schemes (Schemes) for biofuels sustainability certification by the European Commission, as laid down in the Directive 2009/28 (the Directive).

European traders and crushers are now able to demonstrate compliance with sustainability criteria in all 27 EU Member States through adoption of a recognised Scheme. We further urge the Commission to accelerate the technical evaluation and recognition of other Schemes to ensure the continued development of sustainable biofuel raw materials in the market.

This first tranche of recognised Schemes provides a basis for a harmonised framework that is able to overcome the problems arising from differing transposition of the Directive's provisions by Member States.

Despite this, there are several obstacles to the full functioning of the first Schemes:

- Schemes' validity and recognition

The equivalence of Schemes is guaranteed by the legislative framework. However, the lack of recognition between Scheme owners is already creating market confusion and has high potential for trade distortions. Without recognition of validity, there is a risk that operators originating raw materials may not be able to work with the next operator in the supply chain because the first Scheme differs from the next and so on throughout the Biofuels supply chain. This reduces operator's freedom to choose the most appropriate Scheme, hindering the internal market by limiting raw materials availability/supply and in return creating disruptions to trade flows. We urge the European Commission and the Member States to use their influence with the Scheme owners to encourage timely Scheme equivalence.

It is equally vital that any voluntary scheme recognized by the Commission is automatically valid and recognized by all EU 27 Member State governments, as mandated by the Directive. Any additional delay or administrative approval at Member State level should not be necessary and should be avoided. The contrary would hamper the internal market and create distortions and disruptions in trade flows and production.

- Mass Balance time period

Having variations in Schemes' time period will prevent the creation of a level playing field and the smooth functioning of the biofuels supply chain. The recent derogation of a 12 month period under specific Schemes introduced an efficient sustainable supply chain and was managed without excessive administrative burden and more effectively than a three month period. Furthermore, a narrow period provides no additional safeguard against fraudulent claims and only strains the emerging certified supply. As the Commission has stated previously that up to 12 months mass balance is possible for Member States, it should apply the same principle to voluntary schemes, as it is voluntary schemes which are being used by many Member States to ensure compliance with the Directive. For these reasons, we urge the Commission to proceed with the objective of a uniform and workable mass balance period across all Schemes.

When evaluating the Schemes, the Commission has been inclined towards an arbitrary three month mass balance period. This is problematic for a market where agricultural raw materials are harvested annually, several months after sowing, then delivered into the market by the producer throughout the course of the following year. During the year farmers choose when they wish to sell and deliver their products. Their decisions are based on their view of market prices, their need to control their cash-flow and their capacity to store harvested products.

The prospect of using a three month period may have the unintended consequence of discouraging farmers from certifying their arable land as it could be perceived as a too prescriptive constraint. This situation would further exacerbate a potentially limited raw materials supply, due to lack of mutual recognition among Schemes.

**COCERAL and FEDIOL members are fully committed to the efficient functioning of the biofuels supply chain and support the objectives of the Directive with regards to sustainability.**

## **Background information**

**COCERAL** is the voice of the European cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agrosupply trade. Its members are the national trade organisations of most of the EU-27 Member States, who represent collectors, distributors, exporters, importers and agribulk storers of the above mentioned commodities. **COCERAL can be reached at +32 (02) 502.08.08**

**FEDIOL** represents the interests of the European vegetable oils and proteinmeal industry. With about 150 facilities in Europe the sector provides 20.000 direct employments. Its members process 30 million tonnes of basic products a year and the EU industry serves the second largest world market of vegetable oils after China. **FEDIOL can be reached at + 32 (2) 771 53 30**