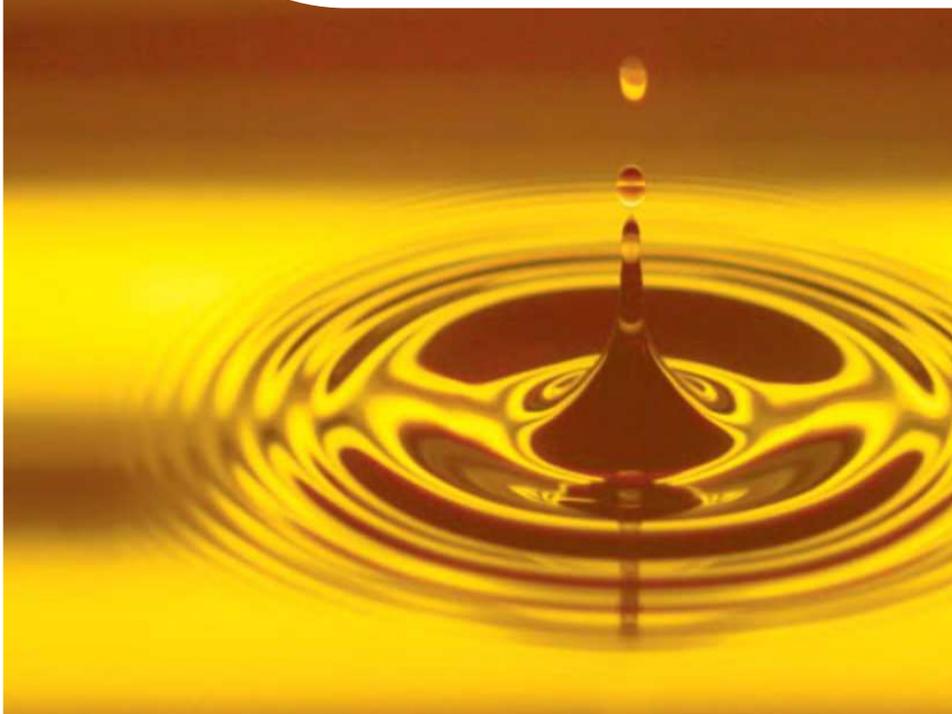


FEDIOL and the sustainability challenge



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FEDIOL and the sustainability challenge

- Introduction
 - Presentation of FEDIOL
 - Market developments 1998-2008
- FEDIOL views on sustainability
 - Industry and civil society-led initiatives
- Renewable Energies Directive implementation
 - Challenges
 - Industry response
- The Indirect Land Use Change
 - State of play
 - FEDIOL views

FEDIOL and the sector at a glance

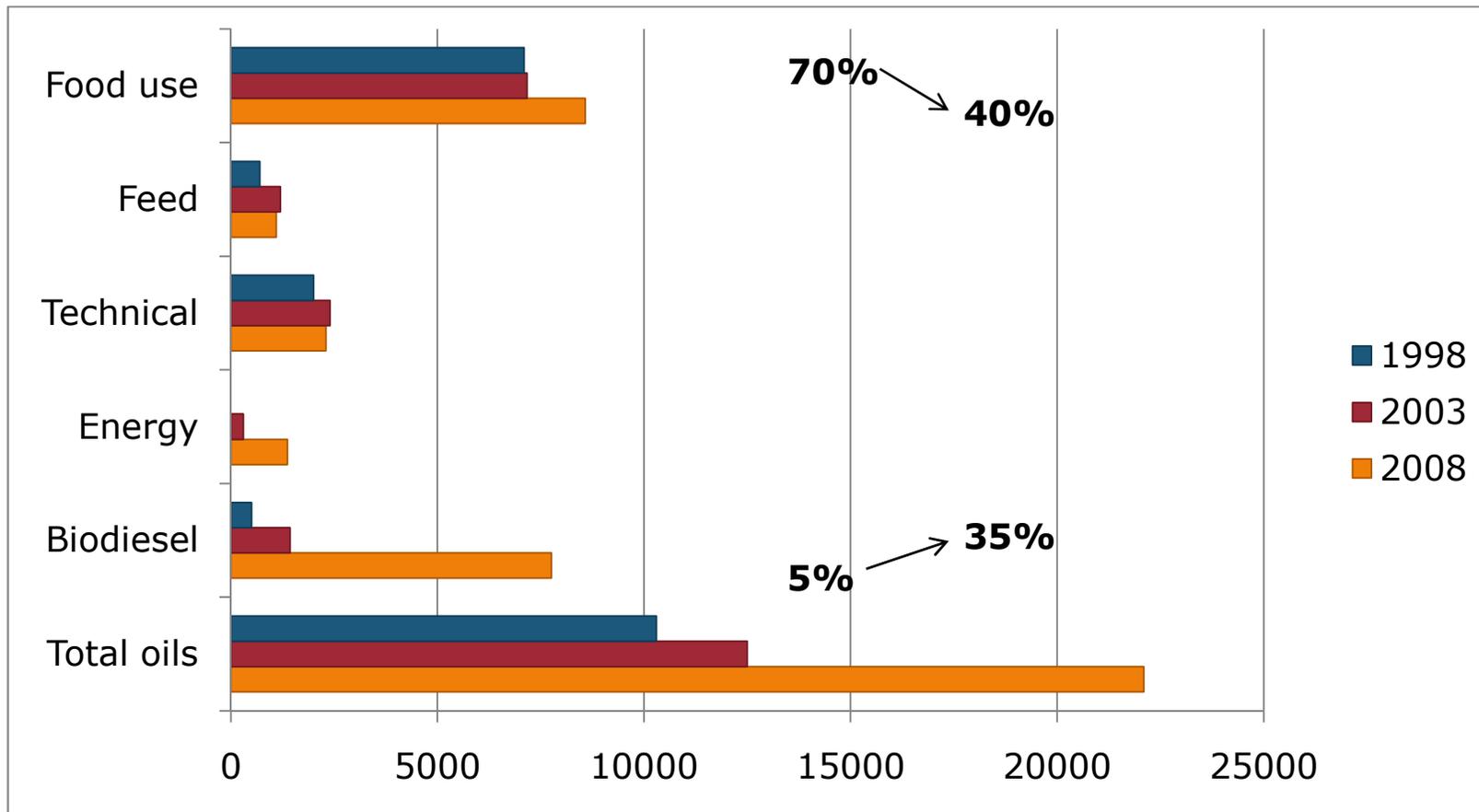
- Representing 85% of the European Market
- More than 35 companies in 16 European countries
- 20,000 persons employed
- More than 150 facilities all over Europe
- 16 million MT of vegetable oils marketed (for a total value of +/- € 15 billion)
- 20 million MT of meals marketed (for a total value of € 5 billion)
- Member Associations in 14 countries (A, B, DK, D, F, FI, H, I, NL, POL, SE, SP, UK + UKR)

FEDIOL priorities and working areas

- Food and feed safety
- Environment and Sustainability
- Agriculture and raw material supply
- Biotechnology
- Biodiesel
- Feed marketing
- Labeling, nutrition and health
- Fair competition, trade
- Contracts



Market developments 1998-2008 (1000t)





FEDIOL and sustainability

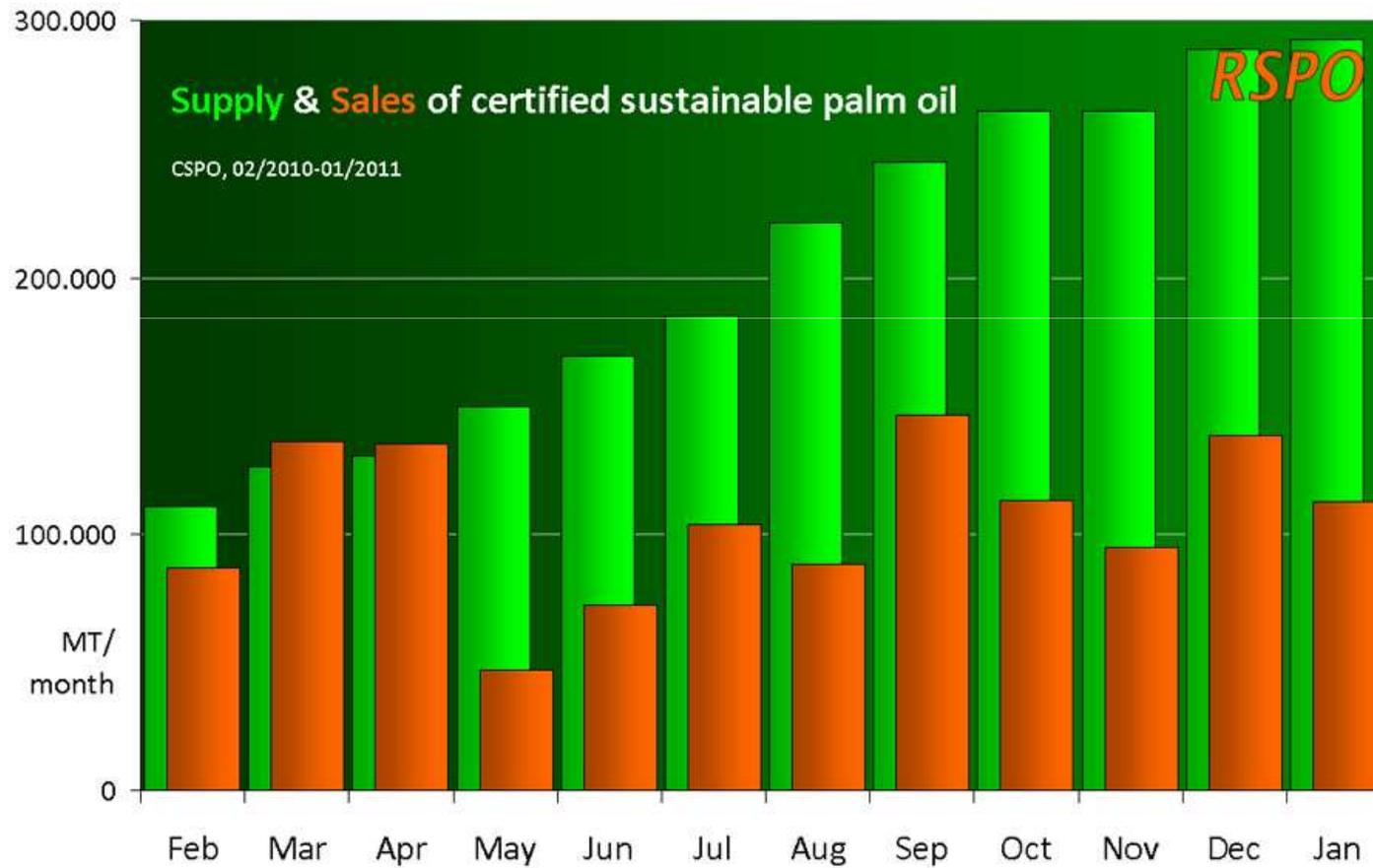
- Sustainable production entails:
 - Conserving services provided by ecosystems
 - Meeting the demands of a growing world population
 - Fostering employment abroad and in the EU
- Successful sustainability standards:
 - Based on sound science
 - Workable and verifiable
 - Supply chain approach
- Maintaining single market
 - EU-wide preferable to MS initiatives
 - Sustainable Consumption and Production platform
 - Level playing field, no market distortion
- WTO compatibility
 - Stability of legal framework



Industry and civil society-led initiatives

- Involvements in RTRS and RSPO
 - Cultivation has major influence on envi. impact
 - LCA analysis: improving crushing and refining insufficient
 - Changing practice at the production level
 - Independently of end-use (food, feed, fuel)
 - Promote trade of sust. products on global scale
 - Successful multi-stakeholder platforms require:
 - Strong buy-in from the producers
 - Commitment at the end of the chain (end-users)
 - Notion of shared responsibility
 - E.g. RSPO: lagging demand

Industry and civil society-led initiatives (2)





Industry and civil society-led initiatives (3)

- Legislation can be a useful contribution
 - RED creates demand of sustainable raw materials
 - Voluntary schemes :
 - Critical element for RED implementation
 - EU level recognition
 - Helps deal with market fragmentation
 - Flexibility:
 - Creation of RTRS and RSPO add-ons
 - Seeking EU recognition



RED Implementation

- Ambitious sustainability criteria transformative when implemented:
 - High expectation for business operators:
 - Costly re-organization of supply chain
 - Physical Mass Balance
 - High level of traceability => less efficient logistics
 - Complex calculations regarding GHG emissions
 - Steep de-carbonization mechanism
 - 60% for new operations in 2018
 - Challenge of GHG accounting under Mass Balance
 - Actual data necessary
 - No averaging of GHG emissions savings
 - Petroleum industry: default values
 - Cooperation between farmers, traders and industry



RED Implementation (2)

- Public authorities falling short:
 - Late implementation at national level
 - Legal vacuum
 - No mutual recognition between Member States
 - Legal basis art 95 of treaty
 - BUT market fragmentation
 - Emissions from cultivation data missing
 - Lists of NUTS 2 areas not published for several MS
 - e.g. German operators cannot source Polish raw materials
 - Slow recognition of voluntary schemes:
 - Commitment of industry and voluntary schemes
 - Democratic imperative
 - Heavy process



RED Implementation (3)

- Industry response
 - EU harmonization: CEN standard
 - Draft standard adopted in September 2010
 - Product declaration
 - Functioning of Mass Balance
 - Referenced on EC transparency platform
 - Necessary adaptation to moving target
 - Communication on implementation of RED
 - Reporting requirements
 - Necessity to work as supply chain:
 - Traceability requirement
 - Joint declaration traders-farmers



Indirect Land Use Change

- Possible legislative framework in 2011
- Necessity to stabilize legal framework:
 - Biofuels have valuable envi, social, economic role
 - Sustainability criteria contribute and are legitimate
 - Operators now need clarity
- Commission vision on biofuels unclear
 - EC Expert Group on Future Transport Fuels :
 - Biofuels one of main options for transport de-carbonization by 2050
 - Communication on the progress of renewable energy in the EU
 - Stability of support measures at national level
 - Divergent signals on ILUC



Indirect Land Use Change (2)

- Broad impact assessment:
 - Trade dimension: by definition ILUC is global
 - WTO compatibility is critical
 - Social and economic impact
 - Rural development dimension
- Policy options
 - ILUC factor or increase of GHG emissions savings threshold
 - 1st generation biodiesel sacrificed
 - Rape, palm and soy targeted
 - Burn bridge to 2nd and 3rd generations
 - Additional sustainability criteria for certain types of biofuels may be viable
 - Based on experience of roundtables

Conclusions



- Sustainability is relevant for all outlets (food, feed, technical and fuel)
- RED: groundbreaking legislation
 - Ambitious sustainability criteria
 - Voluntary sustainability schemes should be coherent with RED methodology
- Unclear political discourse
 - ILUC remains open
 - May jeopardize industry efforts
- High stakes