FEDIOL and the sustainability challenge

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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)

- Food use: 70% in 1998, 40% in 2008
- Feed: 35% in 1998, 5% in 2008
- Technical: 35% in 1998, 35% in 2008
- Energy: 5% in 1998, 35% in 2008
- Biodiesel: 5% in 1998, 35% in 2008
- Total oils: 5% in 1998, 35% in 2008

The EU Oil & Proteinmeal Industry
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)

Supply & Sales of certified sustainable palm oil

CSPO, 02/2010-01/2011

MT/month

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan
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
      - Functionning 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