



# Sustainability and trade in the European Union

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# Sustainability in Europe

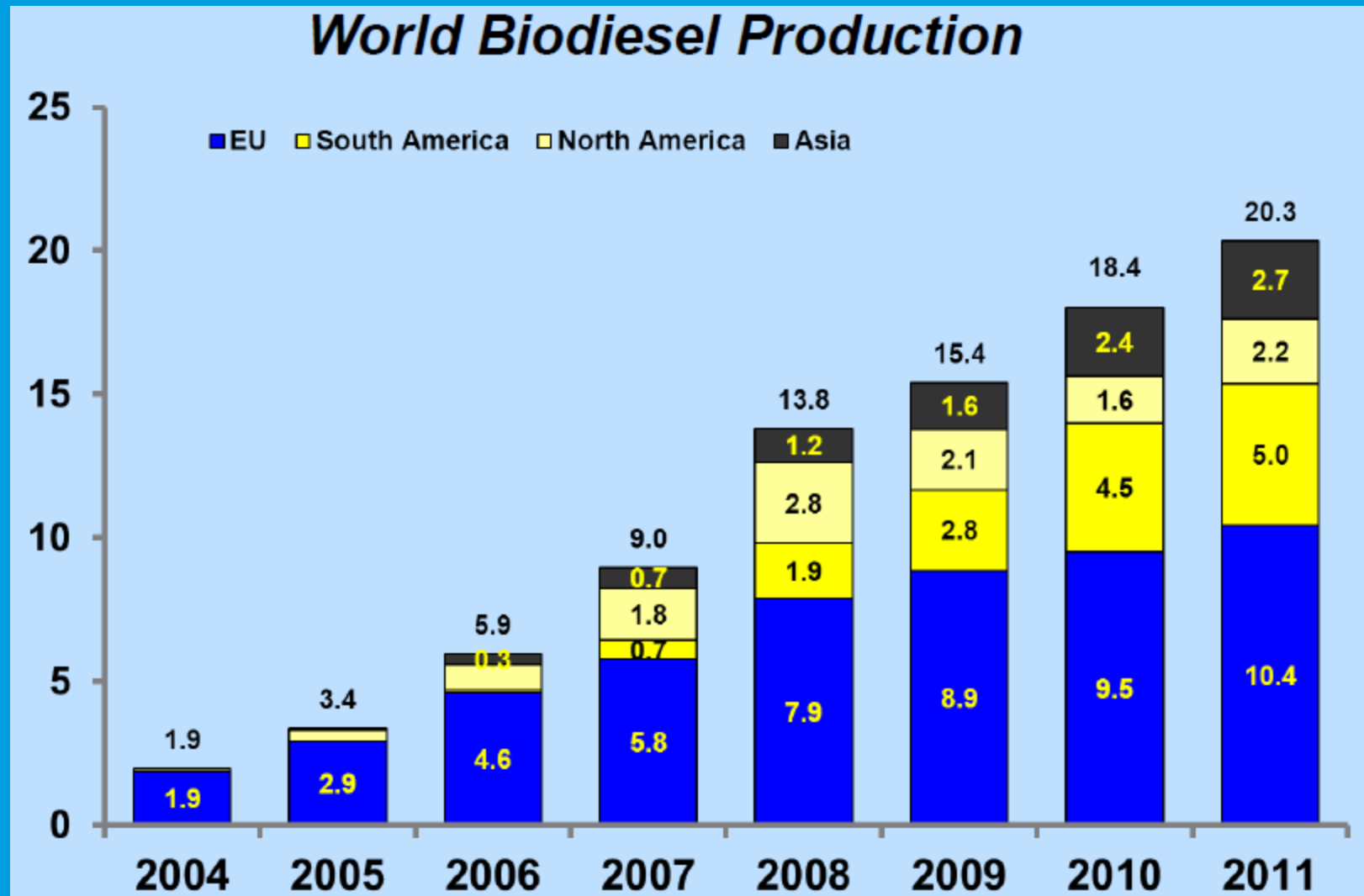
## What does it mean?

- **Regulatory initiatives:**
  - Renewable Energies Directive
  - Fuel Quality Directive
- **Voluntary initiatives by the industry**
  - Roundtable on sustainable consumption and production

# EU Legislative Framework for biofuels and sustainability

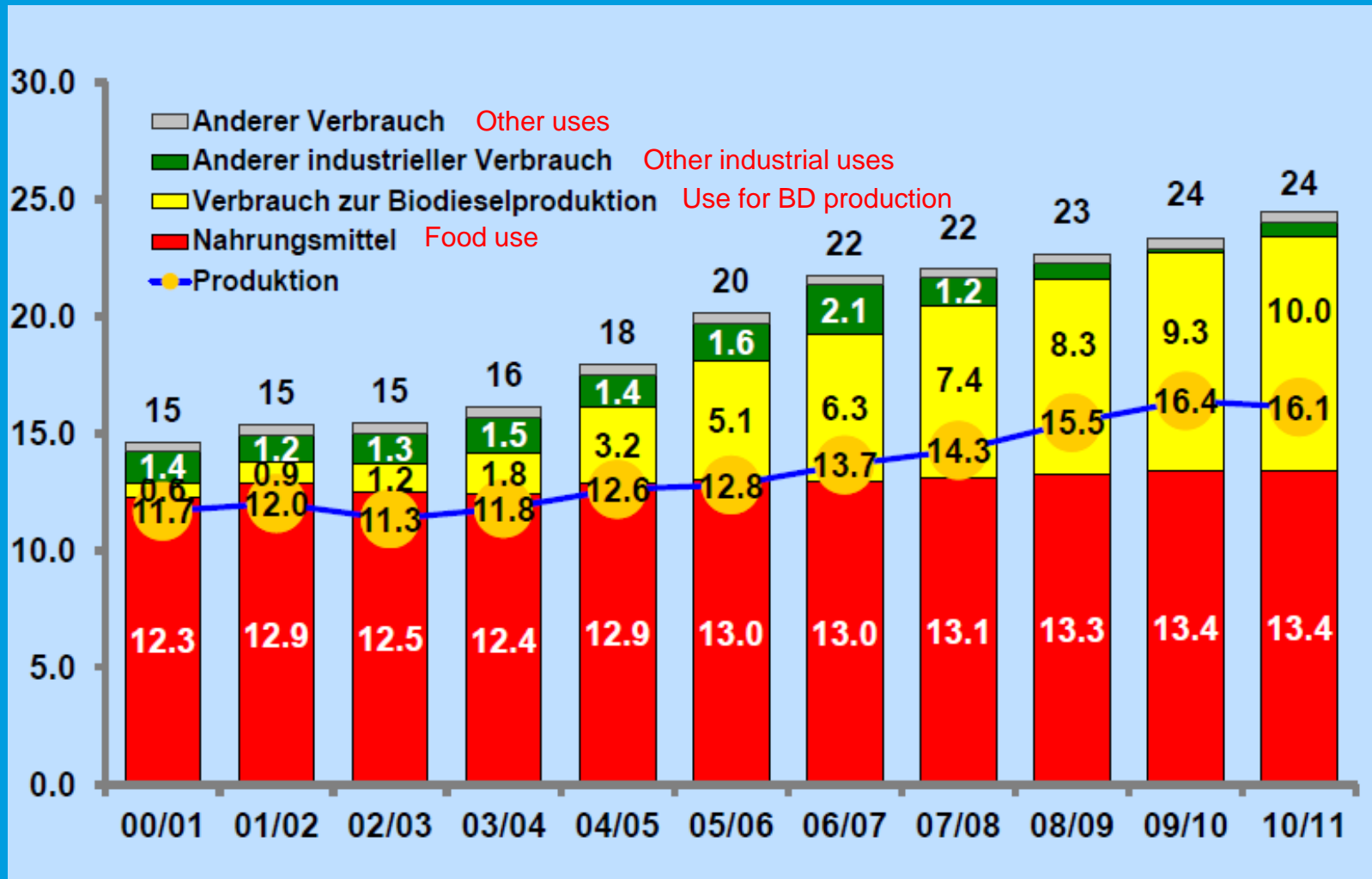
- Directive 2009/28 [Renewable Energies Directive] sets EU targets for renewable energies by 2020:
  - 20% share of energy from renewable energies
  - 10% share of renewable energies in transport
- Compliance with sustainability criteria is necessary condition for biofuels to account toward the 10% target
- Directive 2009/30 [Fuel Quality Directive] sets environmental specifications for fossil fuels
  - 6% reduction of GHG emissions by 2020 for fossil fuels

# World Biodiesel Production (mio t)

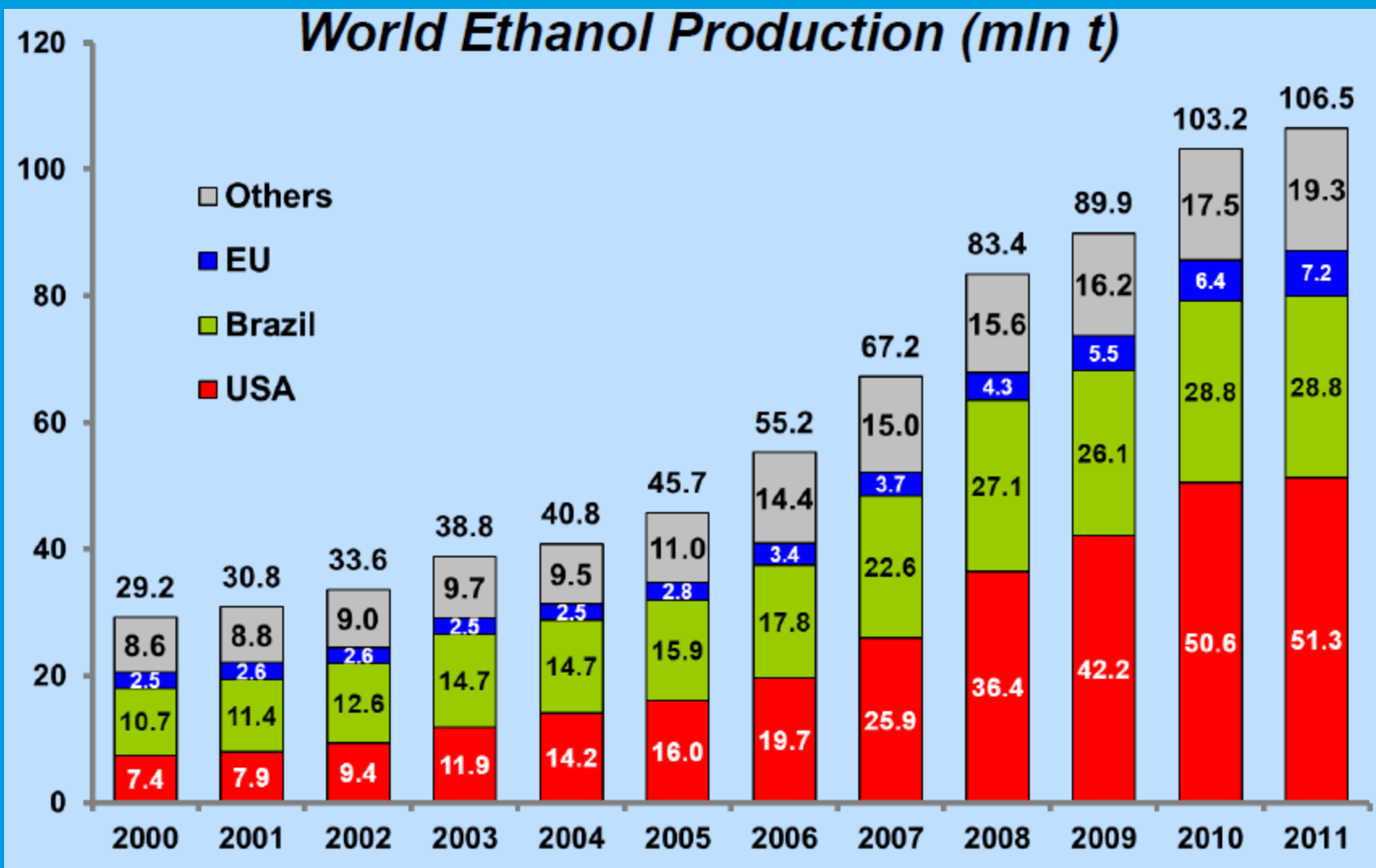


Source: FO Licht - Toepfer

# EU use of vegetable oil for biodiesel production (Mio t)

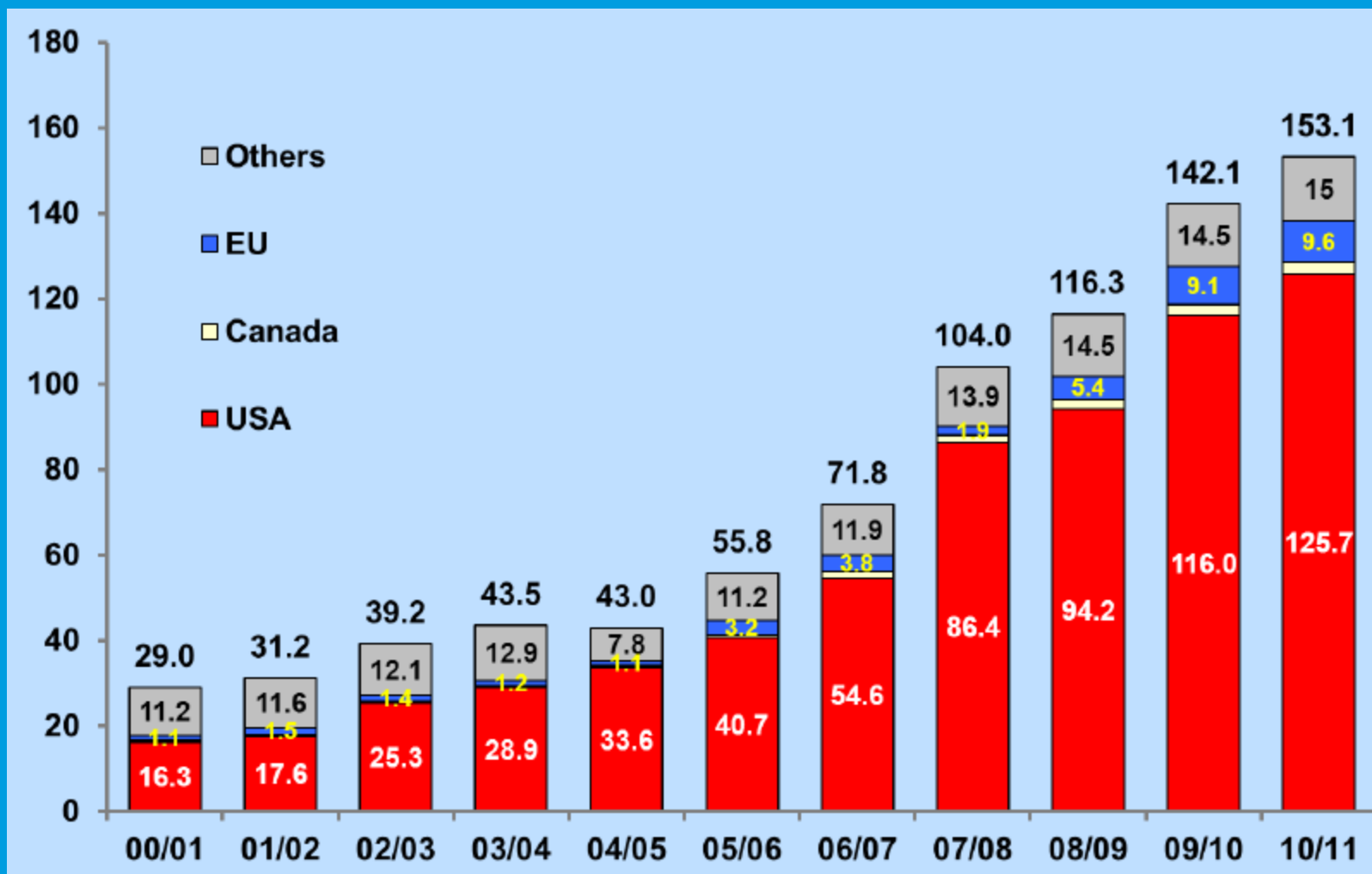


# World Bioethanol Production



Source: FO Licht - Toepfer

# World Grain Use for Ethanol (mio t)



Source: ACTI, USDA - Toepfer

# Main feedstocks used for biofuels production

## Biodiesel

Main Origin	Main feedstock
USA	Soy + UCO + tallow
Canada	Canola
Argentina	Soy
Europe	Rape (70-80%) Palm (8-15%) Soy (8-15%) Sun (1-2%)
Asia	Palm

## Bioethanol

Main Origin	Main feedstock
USA	Maize
Brazil/Central America	Sugarcane
Africa/MEO/Asia	Sugarcane + bagasse
Europe	Wheat (35-40%) Maize (15-20%) Barley (1-4%) Rye (4-6%) Wine (1-3%) Sugarb. (30-40%)
Asia	Sugarcane + bagasse + cassava

# EU Renewable Energies Directive: Implementation timeline

- Entry into force December 5<sup>th</sup> 2010
- 3 ways to demonstrate compliance
  - National measures
    - A few Member States have transposed legislation
  - Voluntary schemes
    - 14 notified to Commission
    - 1<sup>st</sup> approvals in May (ca. 7 schemes), likely finalization in June
    - Member State approval and European Parliament scrutiny
  - Bilateral agreement:
    - Not foreseen by Commission in the short term

# Sustainability information

- Compliance with land use criteria
  - Status of agricultural land in Jan 2008
  - Linked with specific volumes
  - Definitions of “highly biodiverse grassland” and “degraded land”
- Greenhouse Gas (GHG) emissions savings
  - Default or actual
- Mass Balance model:
  - Site level
  - Relevant time period
    - 3 months as common rule
    - Commission accepts up to 1 year
      - Member State or voluntary schemes choose relevant period

# Greenhouse gas emissions savings

- Default values apply in 3rd countries
  - Biodiesel from soybean below threshold (31% savings)
  - Unclear timetable for review of annex V – default values
- Grandfathering clause
  - For processing units running in 2008, obligation applies as of 2013
  - No information on CO<sub>2</sub> emissions are required
- De-carbonization mechanism
  - 50% savings by 2017
  - 60% savings by 2018

# Challenges

- Lack of harmonization at EU level
  - No mutual recognition between Member States
  - Market fragmentation
    - Germany, Austria: RED fully implemented
    - Netherlands: gradual implementation
    - Poland/France: no legislation
- Legal vacuum in most Member States
- Delay in assessing voluntary schemes
- Fossil fuel baseline and review default values
- Indirect Land Use Change

# Indirect Land Use Change

- Probable Commission proposal in July 2011
- Impact assessment prepared by a inter-DGs group
- Soy Methyl Ester consistently performs poorly in terms of ILUC
- Policy options:
  - Best case scenario: additional sustainability criteria and/or increased GHG threshold
  - Worse case: ILUC factors differentiated per feedstock/biofuel
- Final agreement: possibly end-2012

# COCERAL VIEWS and OUTREACH (1)

- **Advocating on biofuels and sustainability since several years**

## HOW?

- Setting up its internal Sustainability Working Group plus a joint one with the European crushers (FEDIOL)
- Boosting the dialogue and the coordination with the partners along the supply chain

## WHAT?

- **Practical implementation of the biofuels sustainability requirements:**
  - definition of **mass balance** that COCERAL contributed to make as workable as possible, i.e. by defining **up to one year** for the reporting period; **more flexible geographical boundaries** (mass balance at site level);
  - advocating for **flexibility to be given to the 2010 crop** which could not reasonably be required sustainability certification when sustainability criteria were not set at the time of sowing.

# COCERAL VIEWS and OUTREACH (2)

Advocating on biofuels and sustainability since several years:

- Demand for a **speedy approval of voluntary schemes**;
- Call for **homogenization of the national transposition laws**, e.g. definition of environmental areas where biofuels feedstock can be grown
- Feeding the ongoing discussion on indirect land use change (ILUC): quantifying the impacts of ILUC penalties on the biofuels supply chain – joint chain effort involving all actors (from farmers to petroleum industry)

# Sustainable Consumption and Production Roundtable



**Official launch:** May 2009 in Brussels

**Vision:** Promote science-based, coherent approach to SCP in the food sector, consider interactions across the entire food chain

**Working areas:** Methodology, communication, continuous improvement

**Scope:** Food and drink products across the whole life-cycle

**Food actors:** 23 European food chain organisations (January 2011)

**Participation:** EU level organisations subject to expertise

**Co-chairs:** European Commission (DGs ENV, SANCO, JRC, ENTR)

**Support:** UNEP, European Environment Agency

**Observers:** National governments, WWF, seats offered to consumer groups and other NGOs

# SCP: Key Objectives and Timetable

1. Establish scientifically reliable and uniform **environmental assessment methodologies** for food and drinks
  - Framework assessment methodology for F&D products: Interim Report by end 2010; finalization by end 2011
2. Identify suitable **tools and guidance for voluntary environmental communication** to consumers and other stakeholders
  - Guidance on the use of voluntary communication tools: 2011
3. Promote **continuous environmental improvement** measures along the entire food supply chain
  - Reporting on continuous environmental improvement: First Report in mid-2011;
  - Implementation of the recommendations: 2nd half 2011 onwards