



Sustainability and trade in the European Union

Canada Grains Council
Winnipeg, 4 April 2011

Gloria Gabellini - Policy Advisor, COCERAL

Contents

- Sustainability in Europe
- EU legislative framework for biofuels and sustainability
- Biofuels figures in the EU
- The Renewable Energies Directive:
 - Implementation timeline
 - Sustainability information
 - Green House Gas (GHG) savings
 - Challenges
 - Indirect Land Use Change
- The Food Sustainable Consumption and Production Roundtable

Sustainability in Europe

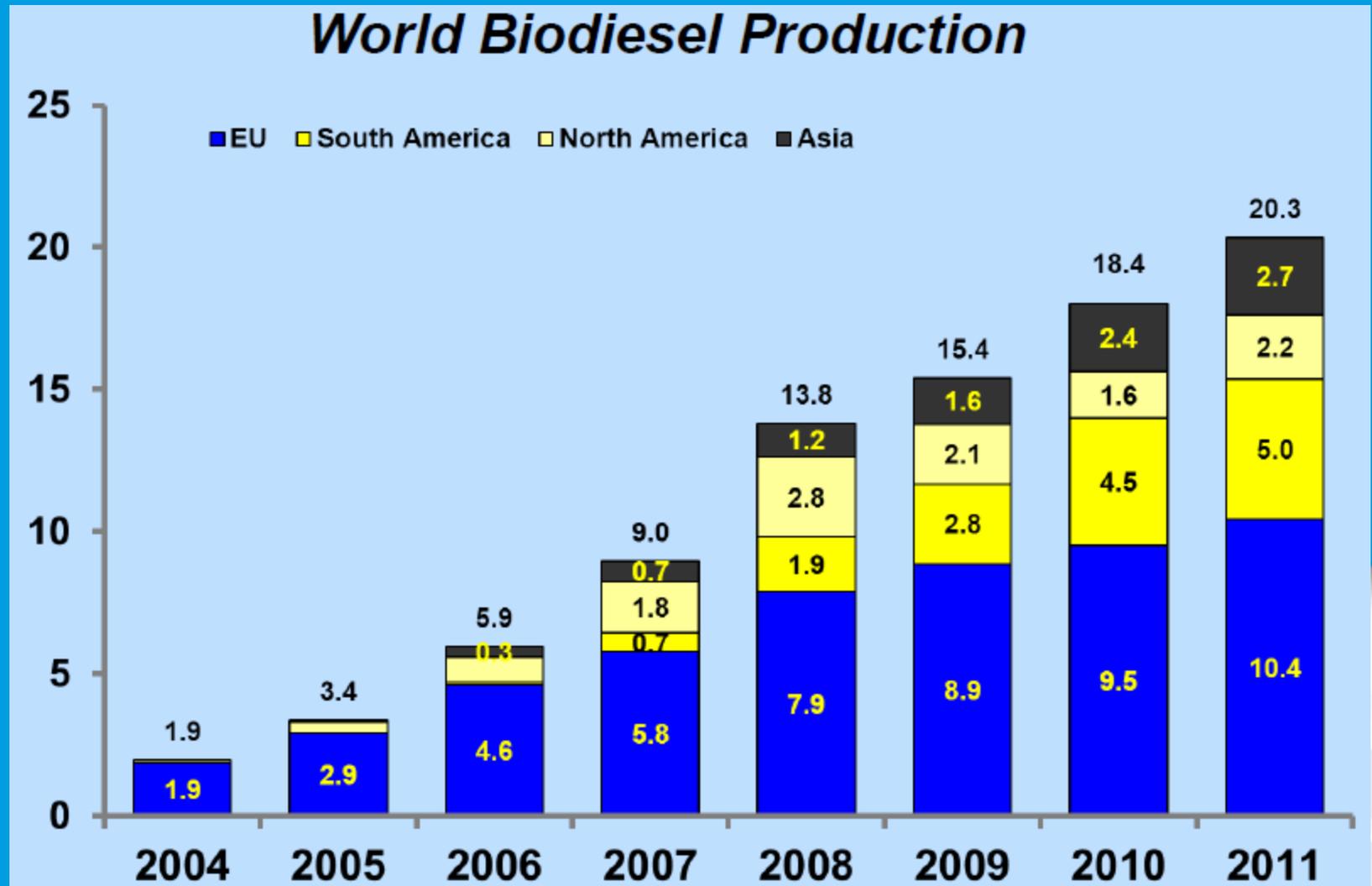
What does it mean?

- **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

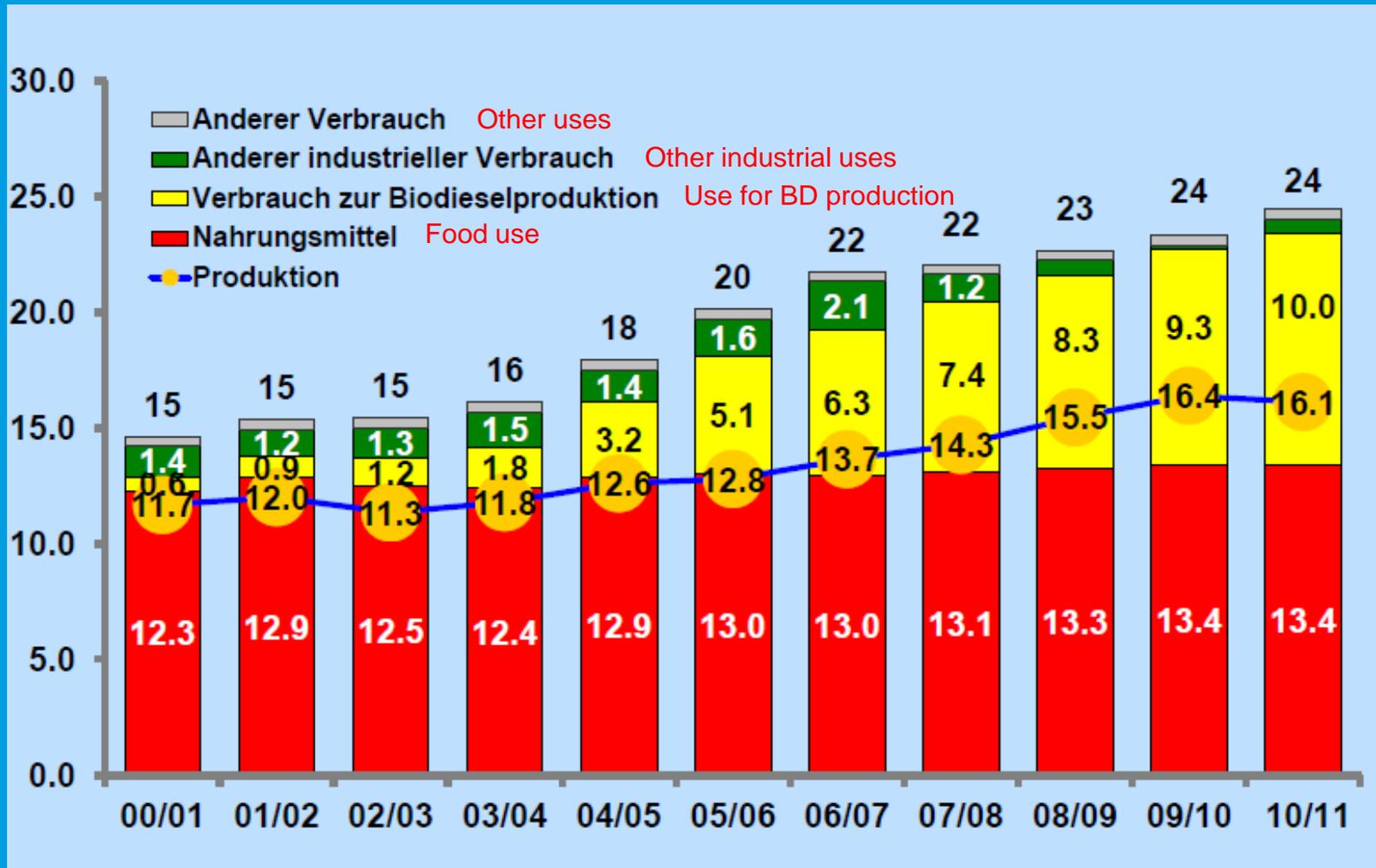
- Directive 2009/28 [Renewable Energies Directive] sets EU targets for renewable energies by 2020:
 - 20% share of energy from renewable energies
 - 10% share of renewable energies in transport
- Compliance with sustainability criteria is necessary condition for biofuels to account toward the 10% target
- 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)

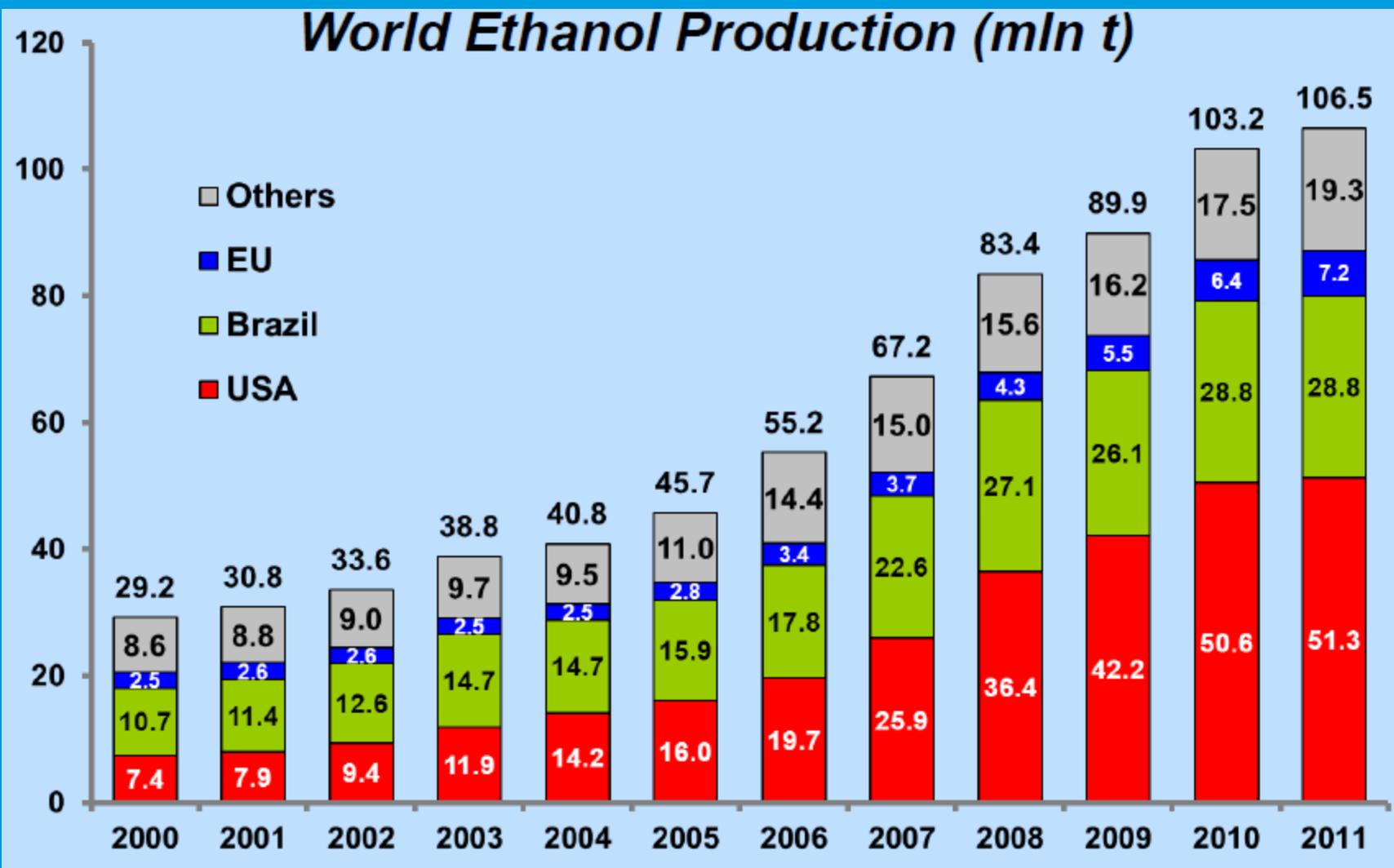


Source: FO Licht - Toepfer

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

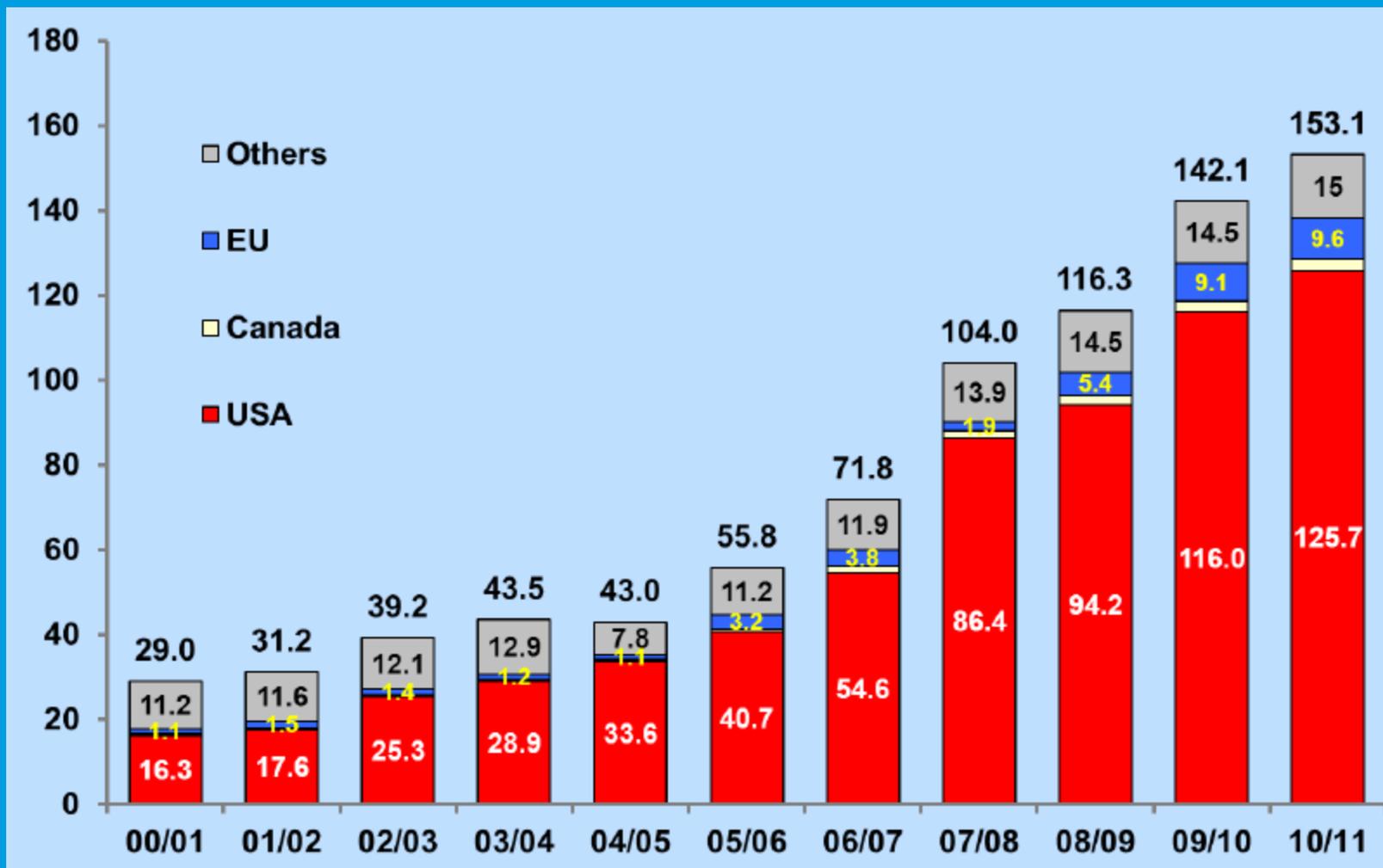


World Bioethanol Production



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 5th 2010
- 3 ways to demonstrate compliance
 - National measures
 - A few Member States have transposed legislation
 - Voluntary schemes
 - 14 notified to Commission
 - 1st 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 CO₂ 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