



Ref. 22PRESS230

Reducing the share of crop-based biodiesel would hamper food security, protein production, farmer income, and climate action in the long run

Summary

- **Reducing the share of crop-based biodiesel** would have short term effects on prices and availability but **sends a wrong signal to farmers and producers, discouraging production in the long run**. Ultimately, the market would find a new balance at a much lower volume with no advantage on price.
- The existence of a market for crop-based biofuels leads to crop production that surpasses food demand. During food crises, this surplus can be diverted to the food market. Eliminating or reducing the crop-based biofuel market would leave our food system more vulnerable, with less flexibility to immediately respond to food crises.
- Demand for crop-based biofuels increases production of protein-rich co-products while increasing and diversifying farm revenues, both of which increase food security.
- Crop-based biodiesel also has real advantages for the climate and environment. Higher crop production boosts the availability of co-products used to replace fossil chemicals in cosmetics and others uses. Moreover, crop-based biofuels offer GHG emission savings of more than 50% compared to fossil fuels, with waste and residue-based biofuels offering reductions of up to 90%.

1. Food Security & Vegetable Oil Demand

Markets are confirming that they are fully functional

From the beginning of the Ukraine crisis, market operators have diverted volumes of vegetable oils initially destined for processing into biodiesel toward food uses. The food market was able to cover commodity shortfalls in extraordinary circumstances thanks to the existence of a market for crop-based biofuels, the production of which maintained a critical vegetable oil reserve. Crop-based biofuels maintained the availability of crops beyond those needed to meet the demand for food, which was redirected to the food sector when the food crisis occurred. Without crop-based biofuels, total crop production would have been lower, reducing our ability to respond to and mitigate food crises. Retail supply issues that occurred in the EU as a result of the Ukrainian crisis were not linked to actual shortages but to over-stocking by consumers.

Reducing the use of vegetable oil-based biodiesel would not lead to higher food availability or lower food prices in the long run

Decreases in the expected demand for vegetable oil for biodiesel in the EU would make oil crop production less attractive, as it would lower the price a farmer would expect to get for their crops. This would decrease oil crop production, possibly leading to increased consumer prices.

2. Food, Feed, Fuels and beyond

European biofuels complement food production

Contrary to widespread belief, biodiesel production does not divert oil crops away from food. In fact, experience has shown that even as rapeseed production increases as it is included in crop rotations, food demand for rapeseed remains stable. As a rule, only the vegetable oil that is not used in food or specialised uses like oleo chemistry is used for biodiesel production.

Reducing blending obligations risks increasing the EU protein dependency

The production of vegetable oils for biodiesel feedstock also produces about 10 million tons of protein-rich meals fundamental to reducing the EU's protein deficit. Reducing blending obligations would reduce the availability of European protein-rich feed materials and increase the need for imports.

European protein production and the bioeconomy benefit from a healthy European biodiesel industry

EU biodiesel incentives boosted European oilseed production by stimulating demand for rapeseed-based biodiesel. Higher oilseed crushes followed the higher oilseed production, increasing the availability of important protein by-products. By offsetting the imports of such commodities, the EU incentives strengthened Europe's food security without disrupting the food market. Put simply, while food-sector demand for rapeseed oil remained stable, biodiesel mandates under the EU Renewable Energy Directive have led to a steady increase in oilseed production over the last 20 years:

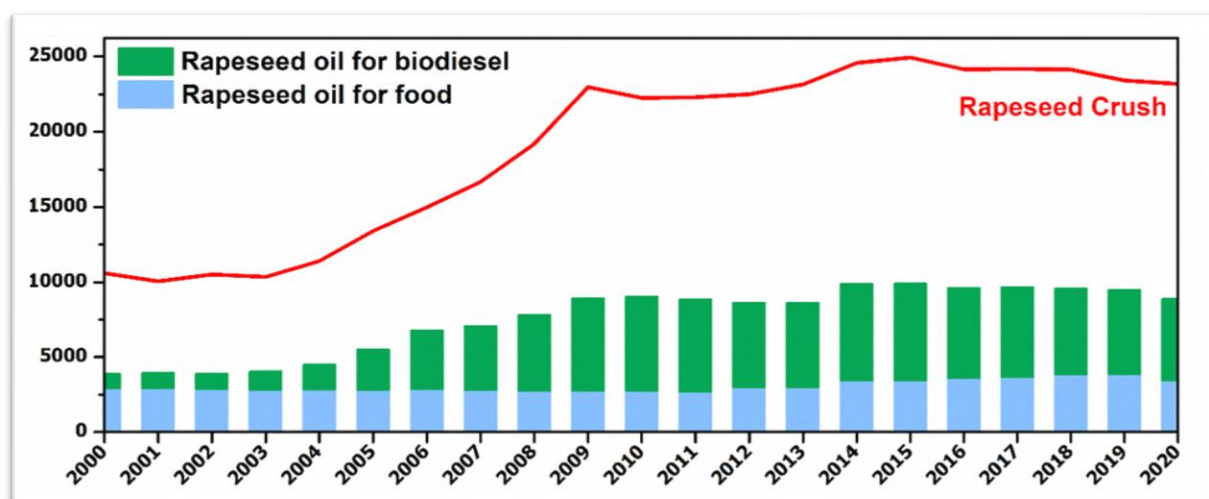


Figure 1. Rapeseed oil uses against rapeseed crush, 2000-2020

Overall, the share of the crushing of oil seeds that is used for biodiesel production ranges from slightly less than 7% for soy to 25% for rapeseed, the main products being feed and food. In addition, the co-products of the biodiesel production in bio refineries increasingly replace fossil chemicals in cosmetics and others uses. Around 83% of crops grown in the EU is utilised domestically in food, animal feed, beverages, and non-fuel industrial uses. Nearly 11% is exported, and around 6% is used in fuel. The integration of the production of animal feed with the biodiesel production makes the crush of oilseeds economically viable in the EU; the oil from the oilseeds is a by-product and is mainly used for the production of biodiesel as there is not enough demand from the food sector.

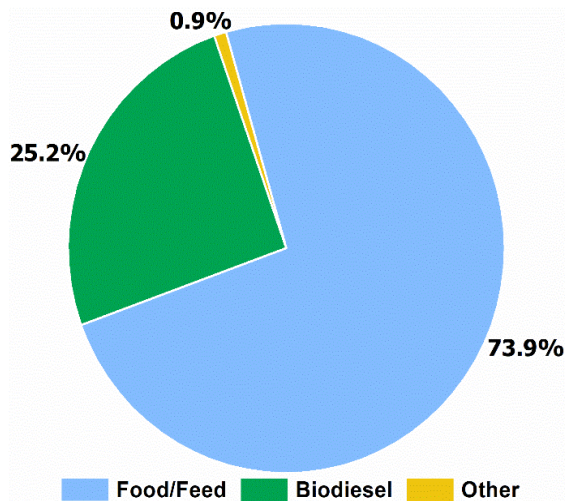


Figure 3. Rapeseed Product End-use (2020)

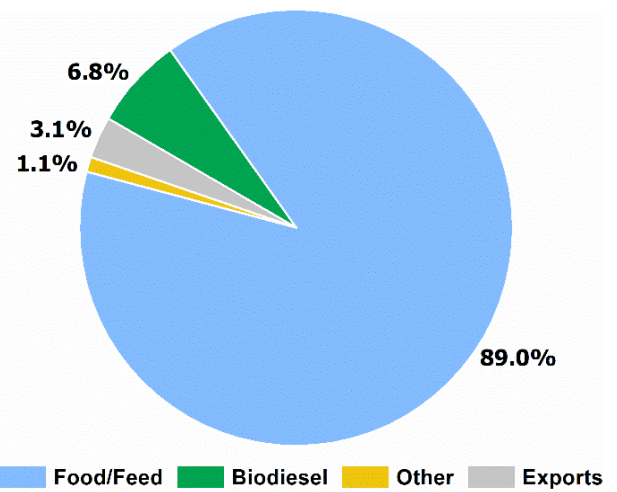


Figure 2. Soybean Product End-use (2020)

3. Biodiesel is simply the main renewable in transport

Reduced blending obligations means greater use of fossil diesel: the primary liquid fuel used in all forms of transport

Altering the existing legislative and regulatory frameworks through bans, restrictions, changes in mandates, or other forms of public intervention in the biodiesel market, would exacerbate the already tense situation in the energy market. Such actions would put further pressure on energy prices and increase demand for fossil fuels. These actions work against the EU's goals of addressing the vulnerabilities of its energy supply and becoming less dependent on imports of fossil fuels imports. Any reductions in the blending obligations of renewable fuels in the transport sector must therefore be avoided.

The EU is heavily dependent on Russian diesel

The EU relies heavily on imported oil. In 2020, the EU imported 23 million tonnes of oil equivalent (Mtoe) diesel and gasoil and 440 Mtoe of crude oil. Together, diesel and gasoil represented 70% of all vehicle fuel consumed in Europe. In the same year, the EU used 13 Mtoe of biodiesel, the largest source of renewable energy used in transport, a sector where fossil fuels dominate with a 93% market share. With a growing share of European biodiesel production from wastes and residues, relinquishing this production would severely hamper the EU's climate goals. Moreover, on average sustainable crop-based biofuels' GHG emissions are less than 50% those of fossil fuels; waste and residue-based biofuels offer reductions of up to 90%.

Conclusion

Supporting the reduction of biofuels blending sends the wrong signal and is a short-sighted measure with potentially devastating consequences for the biofuels value chain with no discernible benefits.

As European farmers are asked to produce more to enhance food security, reducing biofuel blending, will severely and negatively affect medium to long-term EU production. Without the production of biofuels, the European production of protein-rich meal for our European livestock sector will not be economically viable anymore. Reducing biofuel blending will discourage planting of oilseeds, especially rapeseed, reduce the EU crop harvested, compromise the EU crush industry and therefore lead to more imports of the final product, the protein-rich meals. Finally, the bio refineries producing biodiesel and its co-products (glycerine, naphtha) will also be compromised.

- **European Biodiesel Board (EBB)** – represents the European biodiesel industry
- **FEDIOL** – represents the interests of the European vegetable oil and protein meal industry