



Brussels, 6 October 2021
21EB320

TO:
Ms Kadri Simson
Commissioner for Energy
European Commission
Rue de la Loi 200
1049 Brussels
Belgium

CC:
Ms Ditte Juul Jorgensen
Director General
DG ENER

Implications of natural gas price spikes on EU industry and food chain

Dear Commissioner,

We would like to draw your attention to the serious implications on our sector of derailing price spikes for natural gas in Europe.

FEDIOL, the association representing the processors of oilseeds and of crude vegetable oils, is supportive of the EU objective of carbon neutrality set by the EU Green Deal. Our members, as high energy users, are adhering to this goal and are committed to contribute through their own effort of decarbonisation to achieving the mid-term, 2030 targets. Companies in our sector take their responsibility to create a more sustainable food system through their continued track record of enhancing energy efficiency, through the reduction of their non-renewable energy sources and reduced impact in their own operations and across the supply chain.

However, the price for natural gas has sharply increased at a moment when the price of carbon allowances has hit the €60 mark, putting energy intensive sectors under additional competitive pressure compared to their peers abroad exporting to the EU. The considerable and unpredictable strain from the energy market is jeopardising aspirations and on-going efforts to support transformation towards more sustainable industrial practices in Europe. Excessive market developments in the EU natural gas market, as those we are facing now, affect the EU industry competitiveness and send wrong signals to investors. Our industries need constant energy supply at competitive prices to ensure the EU food chain is supplied with protein meals and vegetable oils. Extra-EU locations are far from facing similar pressure, which has the potential to create lasting consequences on the crushing and refining activity in Europe and trigger carbon leakage.

While recognising and sharing the importance of higher fossil fuel prices to provide effective decarbonising signals, our sector is seriously concerned by the speed at which these prices have exploded within only a few months in Europe. The situation in the EU energy market, besides national specificities, confirms the difficulty of finding an appropriate mix of energy sources and demonstrates the weakness of a system relying on energy imports and on limited renewable sources of energy. The current situation underscores the need for a well-managed and balanced energy transition, during which sufficient renewable energy sources be available to replace fossil energy sources and under which the EU industry can maintain its competitiveness on global markets.

Trusting that you will give careful consideration to the matter, we remain at your disposal for any additional information you might require.

Yours sincerely,
(signed)

Jordi Costa
FEDIOL President