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PRESS STATEMENT

Concerns over cost and availability of gas and electricity for EU vegetable oil and meal production

Brussels, 8 September 2022 - FEDIOL welcomed that the EU *Save Gas for a Safe Winter* package presented by the Commission in July and approved by the Council, recommended prioritising measures that do not affect protected customers, such as households and essential services for the functioning of society, including food production. In the context of continued Russian war in Ukraine and concerns as to availability of gas supplies, EU Member States decided to reduce gas demand by 15% next winter as part of a comprehensive set of measures to accelerate energy savings and transition towards reduced dependence on Russian gas.

As Ministers are set to discuss on 9 September 2022 further action in the energy markets at European and national level, options to ease pressure on electricity and gas prices should be considered to maintain domestic vegetable oil and meal production.

Indeed risks to the availability of gas supply are taken very seriously. Pending clarity on national implementation of the *Save Gas for Safe Winter* package, **disruption to the gas supply** could indeed be a concern for food and feed business operators and **would entail a serious risk of food and feed shortages**.

European food business operators are experiencing up to twelve-fold price increases to source energy from gas and electricity, compared to pre-war situation. These developments are the reason for high production costs for EU manufacturers of vegetable oils and meals. Key regions outside Europe processing oilseeds have seen their costs for energy 'only' doubling during the same period and they are not exposed to carbon prices. Expansion of crush capacity in these regions goes at the expense of EU crush and increases 3rd country dependency, which will make supplies of food and feed more vulnerable.

The fact that **prices of raw materials for production of vegetable oils and meals have returned to pre-Ukraine war levels**, following recovered supplies from Ukraine and availability of EU harvested crops, is adding to the strains felt by food chain actors in trying to navigate through difficult times and maintain their activity. European operators in our sector remain committed to continue improving the energy efficiency of their operations, find energy savings and encourage the use of renewables as a source for heat and power generation. However, the increase of cost differentials is affecting the EU industry's competitiveness and, hence, long-term investments in Europe face a serious reality check.