PHASING OUT BIOFUELS: THE CONSEQUENCES

In the European Union, vegetable oil consumption for biofuels amounts to 10.4 million tons. By stopping biodiesel production there would be no alternative market for such an amount of vegetable oils, since it would be difficult for rapeseed oil to compete with much cheaper oils on the world market. Hence, farmers would likely reduce rapeseed production with heavy financial, social and agronomic implications.

WHAT COULD THEN OCCUR:

Oilseed production stopped and/or replaced
In the most likely scenario, farmers would reduce or replace their production of oilseeds:

Switching to alternative crops is not a likely option in the **absence of market demand for alternative crops and of revenues** comparable to oilseeds.

As a consequence 5 million ha of fertile farming land would more likely be left idle over 5 years.

The EU loses about 65% of its rapeseed meal supply and imports 11.4 million tons of soybean meal to compensate.

Crushing and refining activities stop - close to half of the EU's crushing and refining plants close – representing around 10,000 direct jobs.

Farmers' **loss of turnover would be in the order of €16.9 billion over a 5-year period** and thereafter a continuing further loss in turnover of more than €5.3 billion per year.

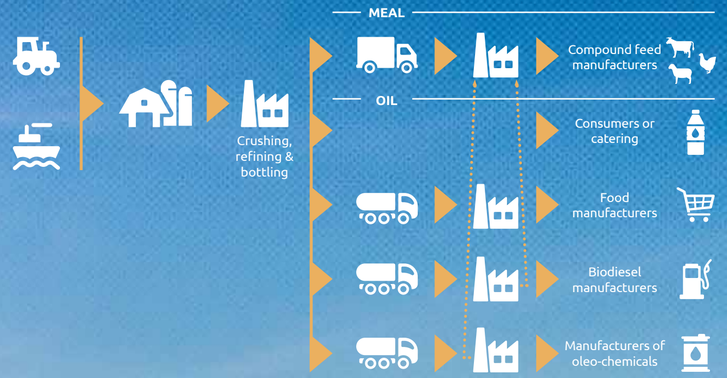
Oilseed production maintained:
In the very unlikely case farmers continue to produce oilseeds and put the surplus on the global markets, what would happen is:

Lack of market for huge vegetable oil surplus - this would result in over-production and would drive vegetable oil prices down in Europe and smallholders in Asia, Africa or Latin America.

Revenues of European farmers and crushing industries plummet – loss of up to €13.6 billion in turnover over a 5-year period and a continuing further loss of €2 to €3 billion each year.

THE VEGETABLE OILS AND MEALS PROCESSING CHAINS

The processing of vegetable oils holds a central position in the different value chains: crushers and refiners buy their raw materials from trading companies, while meals and oils are generally delivered to other industrial manufacturers.



Besides delivering oils and meals, the process of crushing of oilseeds and refining of vegetable oils triggers a number of co-products, which are supplied to different markets for the production of food, feed, oleo-chemicals, bio-materials, detergents, cosmetics, personal care products, biodiesel and bioenergy.

ABOUT FEDIOL

FEDIOL is the federation representing the European Vegetable Oil and Proteinmeal Industry.

OUR MEMBERS
- Purchase, store and transport seeds and oils
- Crush oilseeds into crude oils and meals
- Refine and process crude oils and fats of vegetable origin
- Sell oils in bottles for food and in bulk for food, feed, oleo-chemical and energy markets
- Sell meals for the feed market

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85% of the market covered | **23 billion turnover** | **180 plants** | **± 35 companies** | **20,000 direct jobs**

FEDIOL

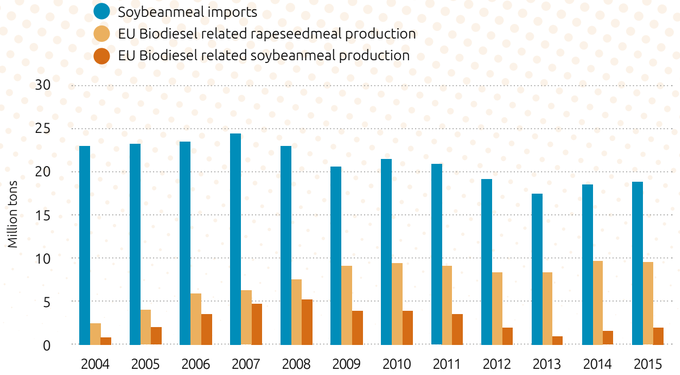
AN EU WITHOUT FIRST GENERATION BIOFUELS?

Impact on the oilseed and agricultural markets

SOME OF THE BENEFITS OF BIOFUELS

- **Biodiesel production reduces the imports of proteins:** The dominant feedstock for EU-produced biodiesel is rapeseed oil. The 16 million tons of rapeseed needed for biodiesel production also deliver almost 10 million tons of rapeseed meal, which is high in protein value (34%). This has reduced the EU's dependency on imported proteins, a fundamental source for the European livestock sector.
- **The EU's biofuel production ensures that rural areas remain populated:** By providing direct and indirect employment, biofuels production keeps tens of thousands of people in rural areas and helps to maintain public services in more remote towns and villages.
- **Rapeseed production plays a fundamental role for soil quality:** Soil coverage with rapeseed over 10 months decreases the leakage of nitrates during winter, and improves the soil's fertility and workability thanks to the rapeseed's deep root system. Rapeseed cultivation is significantly helping farmers meet the 3-crop requirement, particularly in less fertile areas.
- **Rapeseed production favours the growth and yield of other crops:** If planted after rapeseed, winter wheat and barley achieve a 10% higher yield potential than they would with other crops, and need less fertilisers.

Soybean meal imports declining as a result of biodiesel related increase of proteinmeal production within the EU



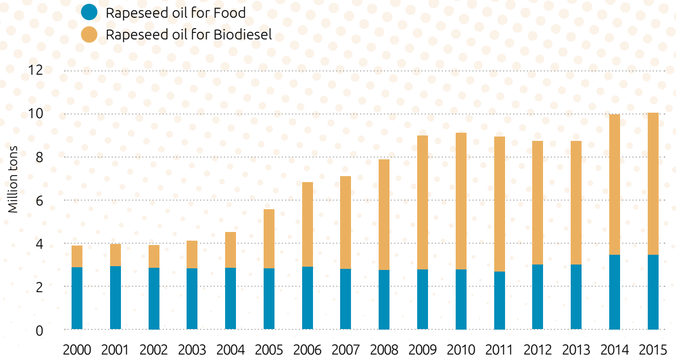
Beyond these agronomic benefits, it is important to note that:

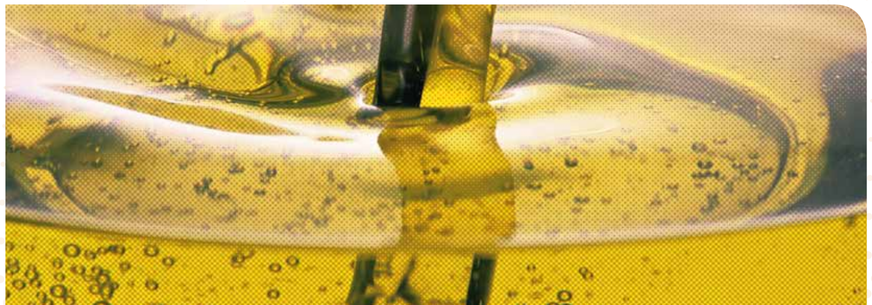
- **EU biofuels contribute to the decarbonisation of the transport sector:** EU biodiesel produced from rapeseed today achieves about 60% GHG emissions savings compared to fossil fuels.
- **The EU is a pioneer of sustainability certification:** All biofuels consumed in the EU are produced according to the most stringent sustainability criteria in the world, which ensure biofuel crops are not grown on deforested land, peat lands, or in areas with a high biodiversity value.
- **EU biodiesel reduces our dependence on imported fossil diesel:** In the EU, 94% of all energy used in transport comes from fossil fuels, often imported from politically unstable regions. Biodiesel can reduce this deficit and increase the energy independence of the EU.

ADDRESSING SOME MISPERCEPTIONS...

- **The supply of rapeseed oil for food has not been affected by its use as feedstock for biodiesel production:** Biodiesel has had no perceptible impact on sectors producing rapeseed oil for food, whose share has actually slightly increased over the last years. This is in line with findings from several studies, including the World Bank and IFPRI. Moreover, the volume increase has mostly been driven by yield improvement rather than additional land use.
- **Not all oils are the same:** Palm oil, palm kernel oil or coconut oil have specific fatty acid profiles that are different from European seed oils. They are used for their special technical and nutritional characteristics.
- **Substituting tropical oils with EU vegetable oils is tricky:** EU vegetable oils such as rapeseed would need to go through a partial hardening process in order to give the liquid oil a solid structure – a process which triggers a high amount of trans fatty acids (TFAs), which raise health concerns.

Rapeseed oil supplied to food and biofuel markets





FEDIOL OILSEED CRUSHING PLANTS + REFINING PLANTS WHICH WILL BE AFFECTED BY A CHANGE IN BIODIESEL PRODUCTION

In the EU, biofuels production accounts for 220,000 direct and indirect jobs across the whole value chain: from farmers cultivating the land to downstream industries across the value chain processing the crop. Among those, there are 180 oilseed crushing and refining facilities in Europe which directly employ 20,000 people.