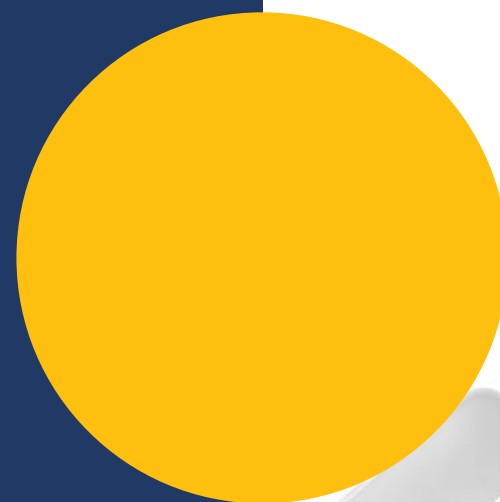




FEDIOL

2022-2023

ANNUAL REPORT





Jordi Costa

President's Introduction

We are at the close of another eventful mid-year review.

Russia's aggression against Ukraine has caused significant human casualties and forced millions of people to flee war zones and even their country. The war has also significantly impacted global food markets resulting in major food security concerns, notably in import dependent countries. Over one year later, solutions have been found to reconnect Ukraine to the world market, and our supply chains showed considerable resilience, but the situation is far from stable or secure.

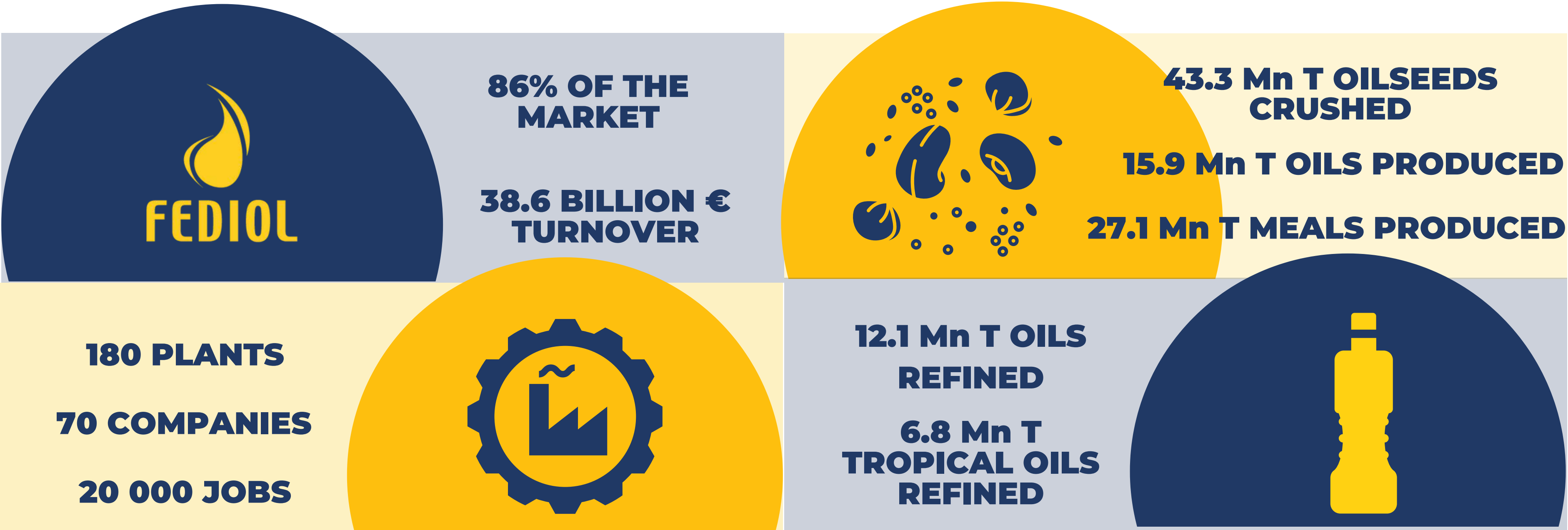
The war also threw Europe into an unprecedented energy crisis putting high energy users as our industries at serious risk. The unprecedented rise of energy prices led to a serious strain on our activities, and it was the milder winter that prevented national contingency plans from being triggered, which would have added further supply uncertainty to the already existing challenges. The cost of energy in Europe in the 2nd half of 2022 was one of the key reasons for low soybean crush.

On the supply side, the implementation of solidarity lanes helped crops in Ukraine get out of the country and contributed to a rapid and steady increase of sunflower oil availability, through higher EU crush of imported Ukraine sunflower seed and through imports of Ukraine sunflower oil. The high EU rapeseed crop 2022 was further complemented with supply from Ukraine, Canada and Australia, leading to high volume rapeseed crush. Palm oil supply faced its own issues during the months of Indonesian export ban to support domestic consumption. Crush margins and refining margins have been decent, partially following the trend in energy prices, and the members' turnover has gone up.

The difficult political context had only a moderate impact on the EU Green Deal related reforms. Europe, driven by determined EU Institutions, pursued its ambitious climate, biodiversity and Farm2Fork strategies at a high pace. Numerous policy initiatives have been completed: Emissions' Trading System, Carbon Border Adjustment Mechanism, Renewable Energy Directive III, EU-Deforestation Regulation, to name the main items followed closely by FEDIOL's experts. Others are still advancing in the decision-making: Industrial Emissions Directive, Corporate Sustainable Due Diligence, Forced Labour Regulation and the Sustainable Use Directive, although the latter is facing resistance.

Overall, the intensity of the process and the speed at which regulatory processes advance are unprecedented and raise questions as to whether the laws that are decided upon will be workable upon implementation. The process of societal transformations we are witnessing, and we are also called to contribute to and support, requires from all players in the system a considerable ability to adapt, to think out of the box, to innovate or to redesign; this is the case indifferently of the position we hold within the supply chain. The process of transformation of our industry towards decarbonisation and towards more sustainability as well as the conversion of our society towards more circularity needs to be supported and accompanied in a business relevant and effective manner.

Facts & Figures



Milestones

15/07/2022

FEDIOL responds to EU public consultation on sustainable food systems

22/07/2022

FEDIOL responds to EU public consultation on NGTs

29/07/2022

Publication of the revised Nutriscore algorithm; a step into the right direction for vegetable oils and fats, after FEDIOL dossier submitted in June 2021.

26/10/2023

Position on Corporate Sustainable Due Diligence (with COCERAL & FEFAC)

12/12/2022

Launch of the new website on health and nutrition aspects of vegetable oils and fats : vegetableoils.eu

30/01/2023

FEDIOL attends the Multistakeholders Platform on Forests

13/02/2023

Joint FEDIOL SNE position paper on revising 3-MCPDE MLs in infant and follow on formula

18-20/04/2023

Advocacy meetings at EP in Strasbourg

26/04/2023

FEDIOL position on date marking

28/04/2023

FEDIOL responds to public consultation on the EFSA draft opinion on MOH

28/04/2023

2nd regular meeting of the Expert Group on the European Food Security Crisis preparedness and response Mechanism

10/05/2023

Amsterdam Declaration Partnership Multi-Stakeholder Meeting in London

FEDIOL in Action



PUBLIC

24 Press releases
12 Positions
7 Statements
14 Letters
16 Consultations



STATISTICS & DATABASES

53 Market updates
37437 Data processed

COMMUNICATION

358 000 Website visitors
1245 Extranet users
1161 Twitter followers
1367 LinkedIn followers
930 Twitter posts



MEETINGS & CONFERENCES

92 With EU institutions
95 With stakeholders
65 Expert groups
38 Events attended
5 Workshops organised



Green Deal and cross cutting issues



Code of Conduct

The code of conduct for responsible business and marketing practices, is an important part of the implementation of the Farm to Fork strategy. Following its signature in 2021, FEDIOL continued implementing its roadmap and action plan to focus on the most relevant aspirational objectives for its sector. In 2022-2023, several actions were concluded such as the LCA assessment (June 2022), a page on the FEDIOL web-site dedicated to the Code of Conduct (September 2023), labelling recommendations on frying oils (March 2023), a new dedicated FEDIOL website on nutrition and labelling (December 2022). The inventory of commitments on deforestation was completed in March 2023 and the company data collection on carbon emissions has delivered first results in June 2023. FEDIOL reports on an annual basis its actions. Further discussions are taking place to identify further activities which could help raise awareness on every operator's responsibility and companies in achieving the objectives set by the Code for the years to come.



Farm to Fork follow-up

As a continuation of FEDIOL's involvement in the German Grain Club study carried out by the Kiel University in 2021 to assess the Green Deal and Farm-to-Fork objectives, FEDIOL participated in the organisation of the Farm-To-Fork Dialogue. The hybrid event, sponsored by German and EU stakeholders and held on 20 October 2022 in Berlin, aimed at examining the potential impact of the Green Deal in the context of current crises and at highlighting practical approaches to foster the adaptability of the agricultural and food sectors through innovative developments. The event also provided a platform to discuss with high-level speakers sharing their visions of the challenges ahead, how the Farm-to-Fork strategy can best achieve the desired objectives.



Sustainable Food Systems

The upcoming legislative proposal is foreseen to become a general overarching law for the sustainability of food systems. FEDIOL responded to the public consultation in July 2022 and prepared a new position also in July 2022. FEDIOL further participated in workshops and interviews during the autumn 2022 and in different meetings of the advisory group on sustainability of the food chain in 2022 and 2023, where the topic was brought forward.

A Commission document -likely a legislative proposal - is expected to be released in September and FEDIOL will assess it in detail once released. A number of topics are expected to be raised in this framework, from sustainability criteria to labelling and nutrition aspects.



Transforming the food system towards more Sustainability

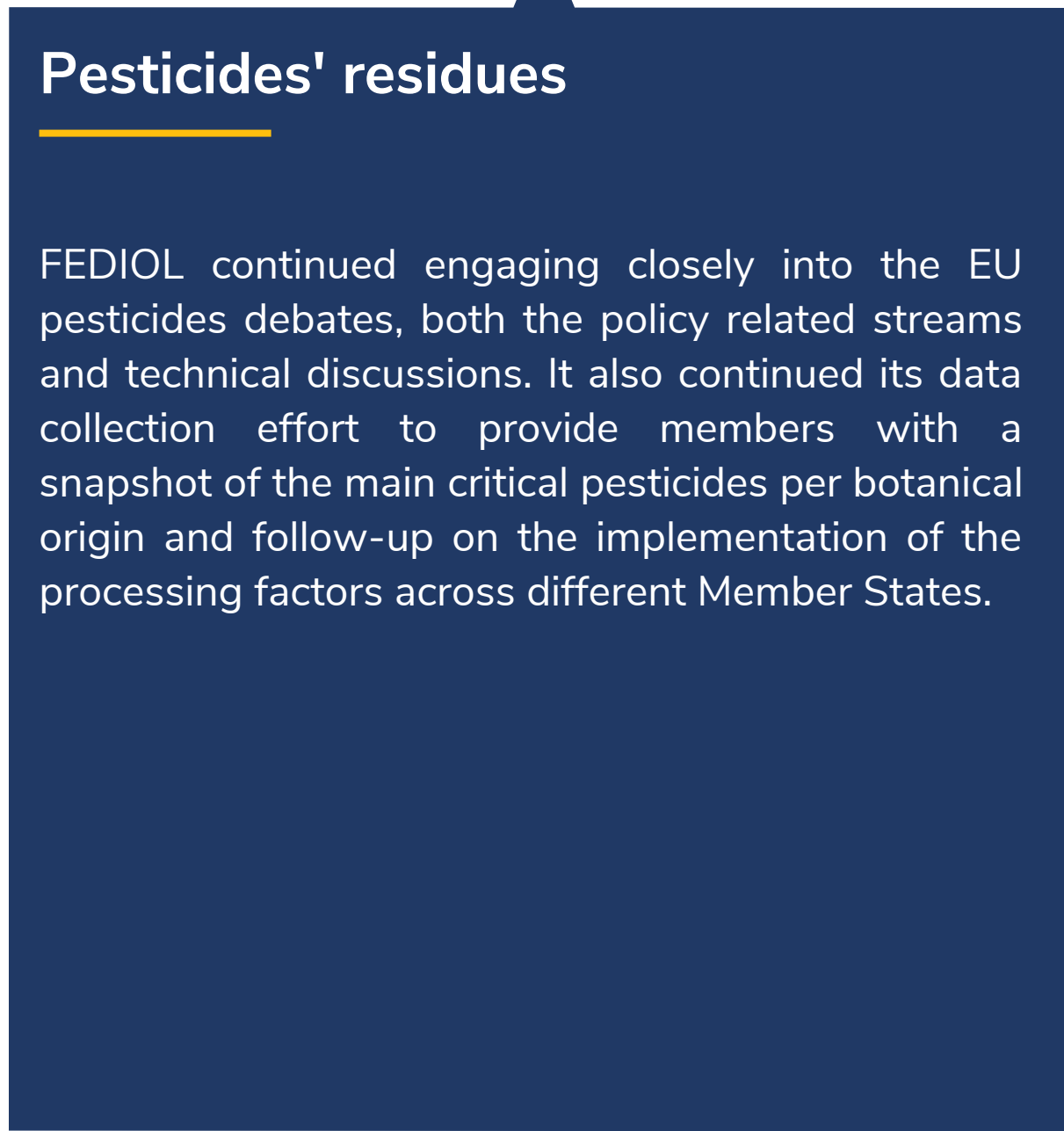
Mineral Oil Hydrocarbons

Mineral oil is widely present in our environment, the risk of contamination of our food through multiple pathways has been established and action must be undertaken to reduce and limit the incidence of mineral oil hydrocarbons in our food chain. With the outlook on the new EFSA opinion towards September 2023, FEDIOL continued to engage on several MOH-related topics, including analytics, data collection, toxicology, comment on pre-regulatory action, and outreach to third country missions to raise awareness about up-coming legislation and the potential impact on certain commodities. FEDIOL continued to raise its voice with EFSA, Commission services and JRC to highlight concerns on analytics and prepare the ground for up-coming regulatory activity.



Pesticides' residues

FEDIOL continued engaging closely into the EU pesticides debates, both the policy related streams and technical discussions. It also continued its data collection effort to provide members with a snapshot of the main critical pesticides per botanical origin and follow-up on the implementation of the processing factors across different Member States.



3MCPDE and GE

FEDIOL continued an intensive engagement towards the Commission and Member States. Its consistent position enabled EU and national authorities to consider the complexity of the file and other sources of 3-MCPDE and GE than just vegetable oils and fats. Discussions are still ongoing between the Commission and Member States on the setting of additional Maximum Levels for final food products and FEDIOL will continue providing input.

In parallel, discussions restarted at EU level on which revised MLs to set for 3-MCPDE in infant and follow on formula, as per their legal obligation. FEDIOL joined forces with Special Nutrition Europe, highlighting which lower Maximum Levels could be achievable for both sectors. It is expected that a decision will be reached soon between Member States and the Commission.



Transforming the food system towards more Sustainability

Other contaminants

In the past years, FEDIOL initiated a proactive approach, to assess upcoming or new or emerging contaminants in foods. To this end, FEDIOL undertakes an annual review of contaminants, which also serves as a basis for identifying on which substances to initiate data collections through the FEDIOL membership and prioritise the data that needs to be provided to EFSA. Various topics are on the FEDIOL table - from those at the level of the risk assessment to those at the stage of risk management. FEDIOL continues its facts-based approach by always providing arguments backed up with data collections and scientific references. To this end, FEDIOL provided input in a number of Commission stakeholders consultations.

In parallel, FEDIOL is also active, as an EFSA registered stakeholder, in EFSA stakeholders fora. In 2023, FEDIOL was re-appointed a member of the EFSA discussion group on chemical occurrence data and is a member of the EFSA discussion group on emerging risks, representing Primary Food Processors (PFP).

Diets, nutrition and front of pack labelling (FOPNL)

FEDIOL actively engaged on nutrition and labelling related topics in 2022-2023. FEDIOL developed a position on the Commission delegated regulation on date marking in April 2023, explaining why the existing proposal does not work as such and proposing alternatives.

FEDIOL published its position on the revised Nutriscore in November 2022 highlighting the positive aspects but also its reservation to applying such a system for nutrient profiling purposes - depending on where the threshold for nutrient profiles would be set. FEDIOL awaits the Commission proposal on FOPNL and NP to assess which option will be chosen at EU level.

In the meantime, the revised Nutriscore system from July 2022 is a clear success for the FEDIOL sector, matching its request and argumentation line for vegetable oils and fats rich in unsaturated fats. A number of vegetable oils and fats which were labelled as “C” will bear a “B” (e.g. rapeseed, soybean, olive oils) and a number of “D” oils will be labelled as “C” (e.g. sunflower oils).

FEDIOL also launched a [new website](#) on nutrition and labelling. It aims at providing information on the nutrition and labelling aspects of vegetable oils and fats, their role in the diet, the existing EU claims and an overview of national dietary guidelines.





Driving Europe's **climate** neutrality and sustainability ambitions

Environmental Footprint or LCA methods

The long-term engagement of FEDIOL in the LCA activity not only brought an enhanced knowledge of the strength and weakness of these methodologies, but now also delivered an up-dated report on the sector's environmental performance. Upon completion of the FEDIOL Product Environmental Footprint project for products from crushing and refining, members in the industry are better prepared for a possible substantiation of green claims. This contributes to thinking about how to drive and communicate about environmental performance.

Preparing for enhanced EU climate ambitions towards 2030

FEDIOL enhanced members' understanding and anticipation of possible implications of strengthened EU climate and energy policies by reaching out to the European Parliament with PFP colleagues on the 25% cut in free allowances. Failing to implement recommendations made in an energy audit would not only be contrary to meeting the spirit of the EU emission trading scheme (ETS) but would also negatively affect companies. Similarly, FEDIOL conveyed the need for keeping a favourable treatment on the energetic self-use of biomass under the Renewable Energy Directive, ETS and energy taxation directive (ETD).

Anticipate strengthening role of BREFs in reaching Green Deal goals

The EU Green Deal sets an ambitious agenda for a sustainable future EU society. While supportive of the general directions, we are also keen to preserve the competitiveness of our industries. The European Commission published a proposal to revise the Industrial Emissions Directive (IED) with the aim of raising its effectiveness in reducing main industrial emissions and in enhancing resource efficiency (e.g. energy, water use). Food and drink sectors such as oilseed crushing and vegetable oil refining represent a relatively low share of all industrial emissions. However, a revised IED will definitely affect our industry, regarding for instance possible loss of confidentiality of business sensitive data and regarding energy and water use. As PFP, FEDIOL commented on the Commission proposal and is also reaching out to the competent Committees in the European Parliament and to the Council.



Driving Europe's climate neutrality and sustainability ambitions

Action against deforestation*

Throughout the trilogue negotiations, FEDIOL's advocacy focused on highlighting the serious implementation challenges arising from certain provisions that were gathering majority support, including on the traceability to plot information requirements and the requirement for segregated compliant volumes, which threaten to cumulate inefficiencies in the supply of commodities and to exclude smallholders. FEDIOL also insisted on the need for strong partnerships between the EU and producing countries to address obstacles to compliance with the EU Regulation through capacity building, technical and administrative support, and broader diplomatic dialogue. Once the Regulation was agreed, FEDIOL and its members started working together on facilitating implementation as much as possible, including through developing an internal best practices document and seeking responses to numerous practical questions that the Regulation does not address for the Commission and Member States to offer clarifications.

Corporate Sustainability Due Diligence Directive*

FEDIOL actively engaged in advocacy towards the EU institutions and in coordination with other business stakeholders on the Proposal for a Directive on Corporate Sustainability Due Diligence (CSDDD). The advocacy focused on stressing the need for alignment with international guidelines and best practices, limiting the civil liability provisions to company's own actions, greater proportionality and a risk-based approach, partnerships with producing countries on governance, and guidelines.



**FEDIOL is cooperating closely with FEFAC and COCERAL on these files for the development of positions and outreach strategies*

Forced Labour

FEDIOL developed its position and mainly engaged with the Commission and the European Parliament on the Forced Labour Regulation to explain the specificities of sourcing from long and complex agricultural supply chains originating in third countries and to exchange on how to remain engaged in addressing Forced Labour violations while limiting the destruction of large quantities of food products in cases where a small volume of product from a non-compliant farm has been mixed with vast quantities of products from farms where no violation has occurred. FEDIOL's main input to policy-makers has been to ask for more legal clarity and certainty, agriculture-specific guidelines, strong EU partnerships with third countries, and coherence with the UN and OECD guidelines, Corporate Sustainability Due Diligence, Deforestation Regulation, and other relevant EU legislation.

Ensure functionality and sustainability in agri-food markets

Addressing secure supply of raw materials and energy

FEDIOL continued its involvement in the EU Crops Market Observatory and in the various workgroups of the EFSCM (European Food Security Crisis preparedness and response Mechanism). This allowed contributing to dedicated tasks, such as a report on ‘Improving the diversity of sources of supply’, elaboration of recommendations on ‘Crisis communication on food supply and food security’ and setting up a “Dashboard on the monitoring of ‘essential’ grain and oilseed stocks”. This helped convey the message that there was no food security issue related to oilseeds, vegetable oils or oilseed meals, even with the war in Ukraine still ongoing.

FEDIOL followed up on the energy crisis measures to ensure that there were no discrepancies in the national measures on top of the already existing competitive disadvantage of EU crushers versus third country operators.

FEDIOL pointed out the massive imports of (potentially fraudulent) UCO and UCO-Biodiesel from China, which has a sharply negative price effect on rapeseed oil and rapeseed and consequently threatens to reduce rapeseed supply .

Innovation in crops and technical applications

FEDIOL, in coordination with COCERAL and FEFAC as well as as with the other Primary Food Processors (PFP) members, responded to different EC initiatives related to the upcoming regulation on NGTs and the finalisation of its impact assessment last summer (public consultation, targeted questionnaire, stakeholder interview). Throughout the year and ahead of the regulatory proposal (July 2023), FEDIOL co-signed several letters to the European Commission as part of the Food and Feed Chain, and engaged with different services, jointly with COCERAL and FEFAC, to share the sector’s concerns that could emerge from the upcoming proposal.



Ensure functionality and sustainability in agri-food markets



Bioeconomy

EUBA, the European Bioeconomy Alliance of which FEDIOL is a member, held meetings with various Directorates-General of the European Commission on various issues related to the bioeconomy, including on certification of carbon removals. It adopted and promoted its position on the European Commission's Proposal for a Revised Packaging and Packaging Waste Regulation, in which it called for a greater role for bio-based packaging. EUBA also kick-started a reflection on its manifesto for the new European Parliament and Commission in view of the upcoming 2024 European elections.

Renewable Energy Directive

FEDIOL's activity was carried out in parallel to the EU Biofuels Chain action, contributing to a RED III agreement which maintains a role for crop-based biofuels in the renewable energy mix of the transport sector. In parallel to the advocacy on RED III, FEDIOL and the EU Biofuels Chain promoted the broader benefits of crop-based biofuels in various initiatives, including the European Parliament Own-Initiative Report on the Protein Strategy, and defended fair treatment of crop-based biofuels in a joint letter on the EU Energy Taxation Directive (ETD).



Meet the Team



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KEEP IN TOUCH



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