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FOOD or FUEL?

CAOBISCO/IMACE concerns on the review of the EU Biofuels Directive

CAOBISCO is the Association of Chocolate, Biscuits and Confectionery industries of the European Union. CAOBISCO industries are major users of cereals, sugar, glucose and vegetable oils. IMACE is the International Margarine Association of the Countries of Europe. The IMACE industries are major users of vegetable oils.

We support the initiatives aimed at improving energy efficiency, but we are jointly concerned that our key raw materials are increasingly being used for the production of biodiesel and bio-ethanol. We have already experienced steep increases in raw material prices linked to the Biofuels policy.

Considering the support measures for biofuels in the EU Member States and the review of the EU Biofuels policy, we expect serious shortages of raw materials in the coming years. Due to quality requirements, we are, in most cases, not in a position to replace these raw materials in our products.

The rapeseed oil situation shows that the use of this vegetable oil in biodiesel will likely exceed the production of rapeseed oil in Europe in the next few years. This will create an import dependency and could destabilise the supply of vegetable oils. Prices of rapeseed oil have almost doubled over the last 5 years.

Worldwide, we are facing a significant price increase on cereals and cereal derived products (starches, glucose, etc). Bio-ethanol production at a worldwide level has created an additional demand for cereals, which will likely increase in the coming years.

Cereal and oil seed production compete for the same acreage of land. For this reason we believe, with the EU Commission, that the scope for an acreage increase for these crops will be limited.

Public support for first-generation energy crops and - energy end-use has reduced the raw materials availability for our industries in the EU. In this context we urge the authorities to stimulate second-generation applications with a better energy efficiency and GHG emission reduction due to higher yields and lower inputs. The current uneven playing field is compromising our industries' competitiveness, where better solutions could be implemented.

We understand that the EU Commission will review the results of the existing policies for biodiesel and bio-ethanol. We, however, want to stress that the only way forward is to fully take into account the feedstock constraints in Europe.

As food industries, we would like our concerns to be fully taken into account in the context of the review of the EU Biofuels Directive and we particularly call upon the European Commission to propose the following measures:

- Eliminate compulsory set-aside
- Release intervention stocks for the supply of the food industry
- Eliminate the existing import barriers, taking into account the demand of the food industry. Additional imports of bio-ethanol and biodiesel should be stimulated by a reduction of import duties.
- No mandatory targets. Maintain the system of indicative targets in the Biofuels Directive and allow Member States the flexibility to take into account the raw material availability in setting national targets as well as alternative options for renewable energy.
- Member States to provide an economic and environmental impact assessment of biofuels support measures before their implementation. Public support should be modulated according to the efficiency and environmental benefit of each biofuel and not lead to overcompensation
- Provide for specific support for R&D and mainstream commercialisation and production of second-generation biofuels. These would provide good performing alternatives without creating distortions in the food ingredients markets.
- Considering the feedstock constraints, a concrete market perspective for second generation biofuels are key to setting objectives beyond the 2010 target. Without concrete possibilities of expanding the feedstock base (e.g. through 2nd generation Biofuels) the gap between these targets and the effective inclusion rate will most certainly increase.

CAOBISCO is the Association of the Chocolate, Biscuits and Confectionery Industries of the European Union. Through its 2200 companies, CAOBISCO represents 300,000 direct employees and generates more than 45 billion Euros annual turnover. The CAOBISCO industries are major users of sugar, cereals, glucose and vegetable oils.

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IMACE is the International Margarine Association of the Countries of Europe. The IMACE membership is composed of the National Margarine Associations in Europe, representing SMEs as well as multinational companies. The total production volume in 2004 amounted to some 2, 2 million tons.

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