



6 October 2008

Dear Members of the Transport, Telecommunications and Energy Council of the EU

Dear Members of the Environment Council of the EU

Re: EU Council discussions on Renewable Energy Sources – Biofuels

CAOBISCO, IMACE, AIBI, CEEREAL, COFALEC, FEDIMA, GAM, UNAFPA, CIUS and FIC represent food sectors that are committed to supporting renewable energy sources, but also believe this should not come at the expense of food security and biodiversity.

We are writing in view of the forthcoming discussions on the draft Directive on the Promotion of Renewable Energy Sources (RES) in the EU Energy and Environment Council meetings. We are committed to contributing to this critical debate, not least in the complex area of food security, and to working with Governments and relevant stakeholders to find and implement effective long-term solutions.

On 11 September 2008, the European Parliament's Industry Committee adopted a draft report that includes a compromise on biofuels, which not only takes into consideration the compromise position of the European Parliament's Environment Committee, but is also endorsed by all major political groups. Art. 3.3 of this draft report calls for:

- 40% of the 10% renewable energy in road transport target for 2020 to be met by renewable energy sources other than biofuels produced from food crops. This includes the use of electricity, hydrogen, waste and residues, cellulosic material and algae.
- A review of the 2020 target in 2014.
- An interim target of 5% in 2015, of which 20% should be from renewable energy sources other than biofuels produced from food crops.

We believe that the above amendments, coupled with strict sustainability criteria set out in Article 15 and as reinforced by Industry Committee amendments to this article, represent a major improvement to the European Commission's proposal for a Directive on the Promotion of Renewable Energy Sources.

We call on the Council of the European Union to take into account the growing international consensus that the increasing biofuels production has contributed considerably to the dramatic price increase in agricultural commodity prices. An increasing number of authoritative international studies confirmed the potential risks and raised concerns about the impact of biofuels on food security and sustainability^{i ii}

Biofuels policies have been based on incomplete information; recent studies have helped in understanding the socio-economic and environmental costs and benefits of biofuels productionⁱⁱⁱ. However, much uncertainty remains. OECD and others suggest that further review of existing biofuels policies and a proper assessment of alternatives is necessary. We strongly endorse this view and believe firmly that the EU should not precipitously endorse binding renewable energy targets that are primarily dependent on first generation biofuels for their achievement and which could, as a result, have far-reaching negative consequences inside and outside the EU.

In light of the above, we respectfully request your support in the Council of Ministers of the EU for a Political Agreement that closely reflects the compromise adopted by the EP's Industry Committee.

Yours sincerely,

CAOBISCO, Association of chocolate, biscuits and confectionery industries of the European Union.

IMACE, International Margarine Association of the Countries of Europe.

COFALEC is the Association of European Yeast manufacturers.

AIBI (International Association of Industrial Bakery) advocates the common interest of plant bakeries at European and International level.

UNAFPA, Union of Organisations of manufacturers of pasta products of the EU.

FEDIMA - Federation of European Union Manufacturers and Suppliers of Ingredients to the Bakery, Confectionery and Patisserie Industries.

GAM (European Flour Milling Association), representative organisation for the EU flour milling industry.

CEEREAL represents the breakfast cereal and oat milling industries within the European Union.

CIUS represents the broad range of companies in the food and drink industry throughout Europe that use sugar in processing their products.

FIC-Europe is the Federation of the Condiment Sauce Industries, of Mustard and of Fruit and Vegetables prepared in Oil and Vinegar of the European Union

Copy: José-Manuel Barroso, President of the European Commission
Andris Piebalgs, EU Energy Commissioner
Stavros Dimas, EU Environment Commissioner
Marianne Fischer-Boel, EU Agriculture Commissioner
Peter Mandelson, EU Trade Commissioner
Louis Michel, EU Development Commissioner

¹ World fuel ethanol production tripled in 2000-2007 and is expected to double again by 2017 to 127 billion litres a year; biodiesel production is seen to grow from 11 bn litres in 2007 to 24 bn litres by 2017. (Agricultural Outlook 2008-2017 (May 2008), OECD, Paris & FAO, Rome.)

² - Johnston, S (2007). The (Food) Price of Success, Finance & Development, Vol 44, No 4, December. IMF, Washington, DC

- Mitchell, D (2008) A Note on Rising Food Prices. World Bank, Washington, DC

- High Food Prices: the what, who and how proposed policy actions (May 2008), International Food Policy Research Institute: *“increased biofuels demand in 2000-2007 has contributed to the 30% of the weighted average increase of cereal prices. Incorporating new developments in supply and demand as well as actual biofuels investment plans, IFPRI projects that real price of maize and oilseeds in 2020 will be 26 and 18% higher compared with a scenario that keeps biofuels production at 2007 level. These are conservative estimates that do not factor in speculation and triggered trade restrictions.”*

- OECD/FAO (May 2008), *ibid.*

³- Biofuels in the European Context, facts and uncertainties (2008), Joint Research Centre, Ispra: *“the costs of biofuels will almost certainly outweigh the benefits”*

- Opinion of the EEA Scientific Committee on the environmental impacts of biofuel utilisation in the EU (April 2008), European Environment Agency: *“the overambitious 10% target is an experiment whose unintended effects are difficult to predict and control”*

CAOBISCO is the Association of 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. CAOBISCO industries show a **production** of 11 million tons of products; €3.2 billion Euros of **exports**, i.e. 10% of the total value of food exports from the European Union; and an **import** value of €1 billion. In terms of raw materials usage CAOBISCO represents over 50% of world cocoa consumption and its industries are a major user of sugar, cereals 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 many small and medium size enterprises as well as multinational companies. In 2005, the total production volume of margarines and fat spreads amounted to some 2, 2 million tons

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COFALEC is the Association of European Yeast manufacturers. Cofalec members account for 90% of the world research on yeast. They export one third of their production outside the EU. They consume one third of the European production of sugar beet molasses.

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AIBI (International Association of Industrial Bakery) advocates the common interest of plant bakeries at European and International level.

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UNAFPA is the Union of Organisations of manufacturers of pasta products of the EU. The aim of the Union is to ensure the definition,

representation and defence of the interests of the E.U. pasta industry within the framework of the European Union. To this end, UN.A.F.P.A. Ensures in particular all necessary contact with the E.U. Authorities and with the international trade Organisations that might, directly or indirectly, both by means of decisions and by means of consultative opinion, have an effect on the fate of the E.U. pasta industry.

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FEDIMA - Federation of European Union Manufacturers and Suppliers of Ingredients to the Bakery, Confectionery and Patisserie Industries.

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GAM (European Flour Milling Association) is the representative organisation for the EU flour milling industry. The industry is the leading industry in grain processing, using around 43 million tons of soft wheat and rye a year to produce 34 million tons of flour. GAM's membership covers 25 EU member States.

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CEEREAL represents the breakfast cereal and oat milling industries within the European Union. CEEREAL has 13 member associations covering 12 European countries. These Associations represent more than 70 companies that employ over 11.000 people – leading multinational manufacturers of branded products as well as small and medium-sized regional and local producers. The sector has an annual turnover of over €4 billion and produces over 1 million tons of breakfast cereal and oat milling products every year.

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CIUS represents the broad range of companies in the food and drink industry throughout Europe that use sugar in processing their products. CIUS members are major contributors to the European economy comprising: more than 3,000 businesses; generating a total annual turnover of €70 billion; employing over 450,000 people. CIUS members are major buyers of EU-produced sugar: accounting for more than two-thirds of EU sugar consumption. The CIUS secretariat rotates between UNESDA and CAOBISCO.

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FIC-Europe is the Federation of the Condiment Sauce Industries, of Mustard and of Fruit and Vegetables prepared in Oil and Vinegar of the European Union. The number of companies affiliated through national secretariats is about 800, which corresponds to about 75% of relevant markets in the EU.

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