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**CAOBISCO, IMACE, AIBI, CEEREAL, COFALEC, FEDIMA, GAM, UNAFPA, CIUS
Position on the European Commission proposal for a Directive on
The Promotion of Renewable Energy Sources**

CAOBISCO, IMACE, AIBI, CEEREAL, COFALEC, FEDIMA, GAM, UNAFPA and CIUS represent food sectors that support renewable energy sources. However, we are concerned that the 10% mandatory target for the biofuels share in transport fuel by 2020 set in the European Commission's proposal for a Directive on the Promotion of Renewable Energy Sources (RES) could have unintended negative consequences.

First generation biofuels are made from vegetable oils, sugar cane, cereals and derivatives, which are key raw materials for our industries. Coupled with the growing global demand for agricultural commodities and erratic climatic conditions, the official policy of increasing *agrofuels* production has contributed considerably to the dramatic price increases in raw materials worldwide.

European Commission scientific bodies have raised serious concerns about biofuels targets:

- The European Commission Joint Research Centre¹ (JRC) questioned the overall biofuels policy by stating the *"costs of biofuels will almost certainly outweigh the benefits"*
- The European Environmental Agency² asserted: *"the overambitious 10% target is an experiment, whose unintended effects are difficult to predict and control"*.

These conclusions are supported by an ever-increasing number of authoritative international studies confirming the potential risks and raising concerns about the impact of biofuels on food security and sustainability³.

The shortcomings of biofuels were recognised by Claude Turmes, the European Parliament Rapporteur on the Renewable Energy Directive, in his draft report of 13 May 2008. The rapporteur considers that there is overwhelming evidence to support dropping the mandatory 10% biofuels target in the transport sector, because the binding target cannot be achieved in a sustainable way.⁴

The impact of biofuels production and policies on the competitiveness of the European food industry has been analysed by the University of Bologna on behalf of the European Commission DG Enterprise⁵: the high impact on prices following a sharp increase of the demand of agricultural commodities will reduce the competitiveness of the food industry and higher production costs will eventually have to be borne by the consumers.

¹ Joint Research Centre, "Biofuels in the European Context, facts and uncertainties" http://ec.europa.eu/dgs/jrc/downloads/jrc_biofuels_report.pdf

² Opinion of the EEA Scientific Committee on the environmental impacts of biofuel utilisation in the EU, <http://www.eea.europa.eu/highlights/suspend-10-percent-biofuels-target-says-eeas-scientific-advisory-body>;

³ OECD and FAO (2007) "OECD-FAO Agricultural Outlook 2007-2016." Available at: <http://www.oecd.org/dataoecd/6/10/38893266.pdf>
Von Braun, J. (2007) "The World Food Situation: New driving forces and required actions," International Food Policy Research Institute, Washington D.C., December.

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Eickhout, B. et al. (2008) "Local and global consequences of the EU renewable directive for biofuels," Netherlands Environmental Assessment Agency.

IAASTD – International Assessment of Agricultural Knowledge, Science and Technology for Development (2008) Conference Conclusions Report of intergovernmental plenary in Johannesburg, April.

King Review (2008) "King Review of low-carbon cars: Part II: recommendations for action" HM Treasury, March.

⁴ Claude Turmes, *Draft Report on the proposal for a Directive of the European Parliament and of the Council on the promotion of the use of energy from renewable sources*, 13 May 2008.

⁵ University of Bologna, *Impact of the increased use of biofuels on the competitiveness of the EU food industry*, July 2007 http://ec.europa.eu/enterprise/food/biofuelsstudy/biofuelsstudy_finalreport.pdf;

Our own quantitative study⁶ confirms that EU land would be unable to cope with the additional demand that the 10 % biofuels target would trigger and import possibilities will be more and more limited.

The Food Industry Sectors mentioned above therefore:

- Regret that the Commission proposal does not reflect the advice of its own scientific bodies. We commend the decision recently taken by President Barroso to request a study examining all the impacts of EU biofuels production and related policies.
- Call on the EU Institutions to postpone the negotiations on the draft Renewable Energy Directive pending the outcome of an in-depth and independent study considering the direct and indirect effects of biofuels production;
- Welcome the Claude Turmes report, in particular where it considers that there is overwhelming evidence to drop the mandatory 10% biofuels target in the transport sector, because the binding target cannot be achieved in a sustainable way.
- Requests that if negotiations on the draft Directive are pursued clear mandates should be included that would allow the Commission to intervene in biofuels feedstock markets in order to alleviate crisis situations.
- Calls on the EU Institutions to boost R&D for making *second-generation* biofuels commercially available and promoting renewable energy sources other than agrofuels.

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⁶ The assessment is published on www.caobisco.com and also available on request to: caobisco@caobisco.be

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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