

Brussels, 3 February 2014

**Report of the Advisory Group on Energy and Non-Food Crops**

**29 January 2014**

**Approval of the minutes of the last meeting**

The report is approved.

**Elections of the chairperson of the group**

Mr Aspar - trade representative - is the candidate for the presidency for the next six months, since in July the reform of the advisory groups will enter into force and new elections are due.

Mr Aspar is elected president of the group.

**Agricultural issues - CAP reform and implications for energy crops.**

The CAP reform was presented with a focus on greening payments and rural development – see presentation.

A representative of farmers asked why there is a limitation for sugar, oil and starch crops for biofuel related investments in the delegated acts for rural development. Commission made reference to the ILUC proposal to limit food crop-based biofuel. Although this is only a proposal at this stage and it is still going through the decision-making process, Commission considers useful to raise attention of authorities that there is the possibility that these crops may only be used for biofuel and renewable energy (RE) within certain limits.

A representative of UK farmers commented that this reform seems to go backward as concerns market orientation. Farmers will likely choose to grow non-food energy crops because they are eligible for support rather than because they have a market outlet.

A representative of Spanish farmers asked clarification on non-farming activities. Commission replied that these measures enable member states to support diversification of agricultural production, which may include RE.

The President asked if pesticides and fertilisers can be used on N-fixing crops in Ecological Focus Areas (EFA).

Commission replied that these decisions are currently being taken within the development of the delegated acts. The use of pesticides and fertilisers is a sensitive issue. Member states will have to draw the lists of the crops that can be grown on EFA.

A representative of farmers asked why the coefficient for N-fixing crop would be below 1 and why Indirect Land Use Change (ILUC) has not been taken into account for other uses than biofuels.

Commission replied that in the current legislation ILUC effects are not considered at all, only direct emissions are accounted for. The Commission is assessing the possibility for

developing sustainability criteria for solid and gaseous biomass. As regards the coefficient, this discussion is still open. The Commission would propose to have three types of coefficient, corresponding to the different elements of biodiversity. If N-fixing crops are given a high coefficient then the EFA would be rapidly filled.

### **Energy issues - ILUC state of play and 2030 framework.**

A representative of DG Energy presented the state of play of the ILUC proposal as well as the recent EU climate and energy strategy for 2030 – see presentation.

A representative of the biodiesel industry commented that the biofuel industry might disappear with the proposed strategy. How will the Commission decarbonise the transport sector without biofuels?

Commission said that the EU-wide targets for RE will stimulate innovation. Commission acknowledged that it is not clear how the future for biofuels will look like, yet the 2020 strategy and targets for RE will not change.

A representative of oilseed sector asked if the decision process on ILUC is blocked at a point where now it is necessary to talk about the post-2020 strategy. He also reiterated that the 2030 strategy does not include binding targets for biofuels and recalled the history of the biofuels targets since 2003 and how targets have been crucial. He called for coherence in policy making.

A representative from the crushing industry asked about the report on the impact of food prices.

Commission replied that the report was published as a chapter of the progress report from last year.

A representative of German farmers noted that the success of the previous biofuel and energy policy is also due to the confidence of investors and industries. He asked if there is not a threat that investors' confidence will lack with the current policy plans and thus the 2030 targets will not be met.

Commission shares the idea that confidence is a key principle and challenge.

A representative of the industries argued that not only the costs, but also the benefits of second generation biofuels should be taken into account, such as job creation, health and environmental benefits.

Commission agrees that the cost of energy cannot be considered only as a cost. However, the report on energy costs was specifically requested by the Council on this matter.

The Commission mentioned the GLOBIOM project and said the results are expected towards the end of 2014.

### **Energy issues – Fuel Quality Directive implementation.**

A representative of DG Clima presented the state of play of the Fuel Quality Directive (FQD) transposition as regards GHG target. The majority of member states have transposed the 6% GHG target, some of them have put an additional 4% target (9 member states). 9 member states foresee meeting the target before 2020.

As concerns the GHG methodology for fossil fuels he reported that a lot of discussion took place on this subject and it turned out that there were large concerns within the industry and in the international community. Cost-benefit analysis was completed in September last year and since then the Commission is holding internal discussion in view of presenting its proposal. In some weeks the interservice consultation on the new proposal will be launched. The CLIMA Commissioner indicated that the proposal will not be transmitted to this Parliament most probably, but still it will be done within the mandate of this Commission, i.e. by October.

A representative of Austrian producers highlighted the importance of having updated GHG values for fossil fuels.

A representative of German farmers asked for more precise information at member state level on FQD transposition, also in writing. He also observed how important this group is, if we consider the broad presence of many Commission's directorates and how choices in these matters reflect on all sectors.

Commission said that lawyers are currently checking the transposition, so it is not possible to share at this point a comprehensive list of national transposition norms.

A representative of the biomass association asked about the state of discussion in DG CLIMA on the neutrality of biomass in the future.

Commission said that today there is not the intention to change the current approach that applies under the ETS.

#### **Agri issues - land abandoning in the EU.**

A presentation was given on statistics and indicators on farmland abandonment in the EU – see presentation.

A representative of farmers commented on the aspect of security for investment. Investments in energy crops cannot be expected if there is no predictability in policy. Long term policies are needed.

A representative of German farmers argued why the GLOBIOM exercise and other models consider forest conversion into farmland for growing biofuels, while areas in Europe where farmland is abandoned are not taken into account. This exercise should be global and take all aspects into consideration.

A representative of the biodiesel industry welcomed the Commission's presentation on land abandonment but also highlighted how much more needs to be done to account this phenomenon.

#### **Agri issues - oilseeds market and agricultural market perspective post 2020.**

A presentation was given on the world and EU oilseeds production and trade, as well as market prospects from 2013 to 2013 with a focus on biofuels – see presentations.

A representative of German farmers noted that the certification systems put in place by the Commission could be taken into account to confirm assumptions.

Commission replied that all information are included in the model.

The presentation considered the physical volumes of waste oils, not energy content.

A representative of French farmers asked if there is an impact assessment of the 5% cap for crop-based biofuels on protein production. The JRC has addressed this question in the report published under <http://ftp.jrc.es/EURdoc/JRC83936.pdf>

**Trade issues - trade defence measures.**

An overview was given on trade defence measures for biodiesel and bioethanol (anti-subsidy and anti-dumping) – presentation not available at the time of writing.

A representative of Polish farmers drew the attention on growing imports to the EU from Peru and Colombia which are supposedly originating from the USA.

**A.O.B.**

The President will most likely propose to the group a motion to DG AGRI's Commissioner to maintain at least two meetings per year in the context of the advisory group reform. The motion can be presented only by unanimity.