

UFOP welcomes initiative in the EU Energy Council of Ministers to prevent fraud in biofuel and raw material imports

UFOP calls for the involvement of industry in the design of measures

Berlin, 16 October 2024. At this week's meeting of the EU Energy Council, the sharp increase in imports of biofuels from palm oil mill effluent (POME) and the need for action to prevent fraud were discussed at the initiative of Ireland, Germany, Belgium and the Netherlands. The Union for the Promotion of Oil and Protein Crops (UFOP) welcomes this overdue initiative, as the development was to be expected. The economic incentive to direct the corresponding amount of waste is too great due to the possible double counting towards the quota obligations.

The UFOP emphasises the legal framework of the Renewable Energies Directive, which authorises member states to count biofuels from palm oil mill effluent double towards their quota obligations. The union points out that the German government has not made use of this authorisation. These biofuels can be counted towards the sub-quota for advanced biofuels, but only once the minimum requirement has been met. Nevertheless, according to the 2022 Evaluation and Experience Report of the Federal Agency for Agriculture and Food (BLE)¹⁾, the amendment to the German Greenhouse Gas Quota Act led to a rapid increase in imports in this country, from around 68,000 t in 2021 to approx. 0.31 million t in 2022. From UFOP's point of view, this can be explained by the fact that the sub-quota can be met comparatively inexpensively with POME biofuels.

Therefore, in the interest of fraud prevention, the sub-quota must be significantly increased nationally and it must be examined whether a cap must also be introduced for double counting if waste oils are the raw material basis. UFOP reminds of the theoretically available quantity potential of waste oils: with a global vegetable oil production in 2023 of around 230 million tonnes and assuming that 5 to 10% of this can be collected as recyclable waste, the global supply is limited to around 11 to 23 million tonnes. The UFOP sees a considerable need for coordination for an EU harmonisation for categorising waste oils and fats in part A and part B of Annex IX of RED II. This is one of the prerequisites for fulfilling the expectation expressed by EU Energy Commissioner Kadri Simson at the meeting of the Energy Council that the newly emerging Union database for biofuels (UDB) can also contribute to fraud prevention.



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In principle, the EU Commission must, in the view of the UFOP, itself fulfil its responsibility to check that the type of raw material is in line with the procedural innovation for proving compliance with the legal requirement according to Art. 28 (6) of the Renewable Energy Directive 2018/2001 (RED II): 'Raw materials that can only be processed using advanced technologies will be included in Annex IX Part A.' This has not yet been done and is a further necessity for fraud prevention, UFOP notes.

Against this background, UFOP welcomes Simson's announcement that she will propose to the Council that a working group be set up, but this working group should also include experts from industry and certification systems. The latter in particular must also be held accountable with regard to the quality of on-site inspections and the certification of biofuel producers, as the example of China shows. In this sense, the certification systems and certification bodies approved by the EU Commission are the extended and responsible arm of the EU Commission to carry out on-site inspections in accordance with EU law. From the association's point of view, it is incomprehensible that imports were allowed to continue even though on-site inspections and/or cooperation with the relevant authorities to clarify the quantities suspected of fraud were refused. In such cases, market access must be refused immediately, demands UFOP.

¹⁾ BLE-report: (page 93: <https://www.ufop.de/files/2517/1586/6705/EvaluationAndProgressReports2022.pdf>)

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Quick information on UFOP e. V.:

The Union for the Promotion of Oil and Protein Crops e. V. (UFOP) represents the political interests of companies, associations and institutions involved in the production, processing and marketing of domestic oil and protein crops in national and international bodies. UFOP supports research to optimise agricultural production and for the development of new utilisation possibilities in the food, non-food and feed sectors. UFOP public relations aim to promote the marketing of domestic oil and protein crop end products.