

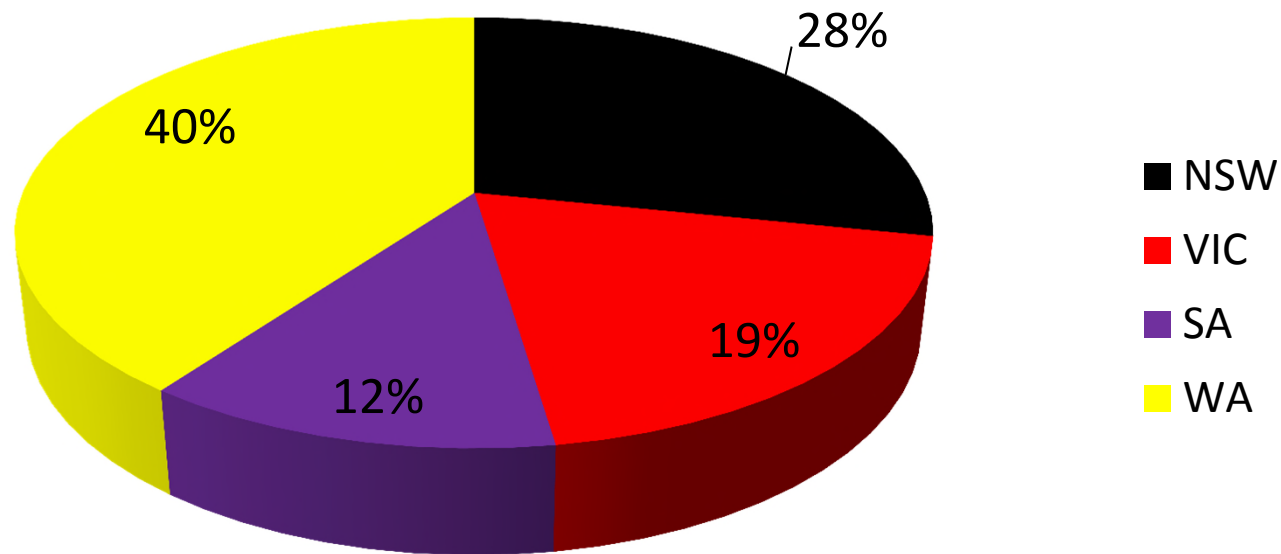


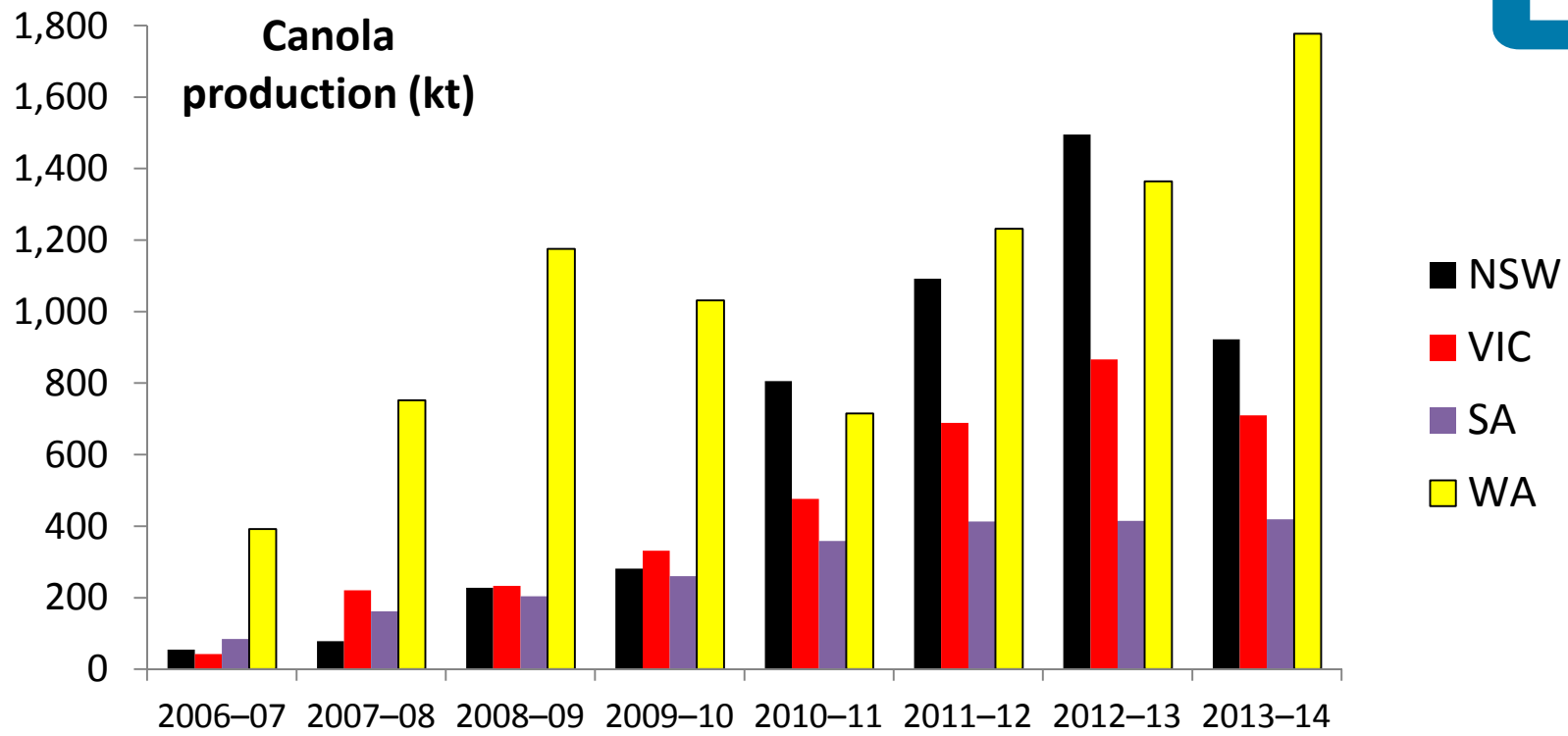
Policy changes in the EU and implications for Australian exports of canola to the EU

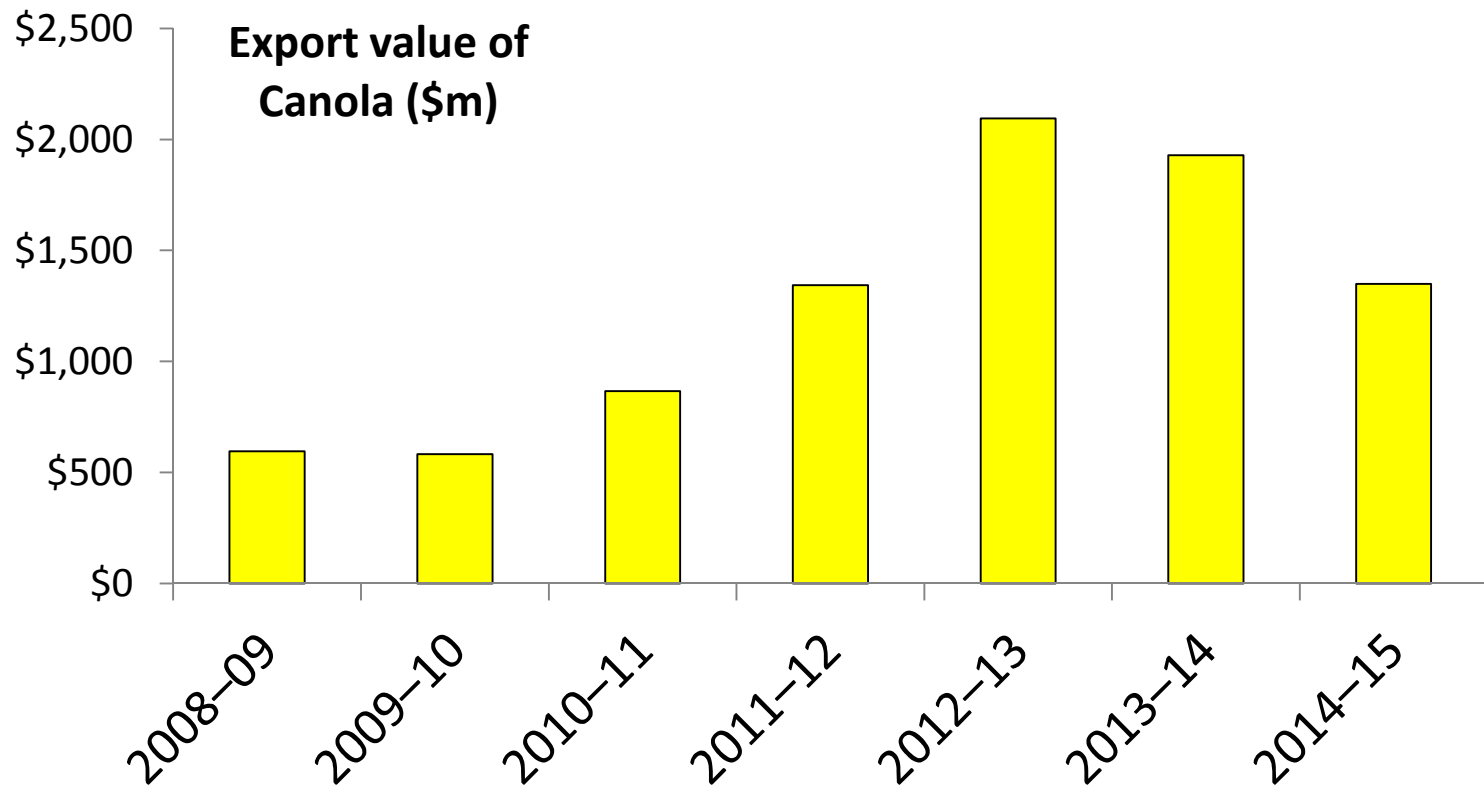
Ross Kingwell

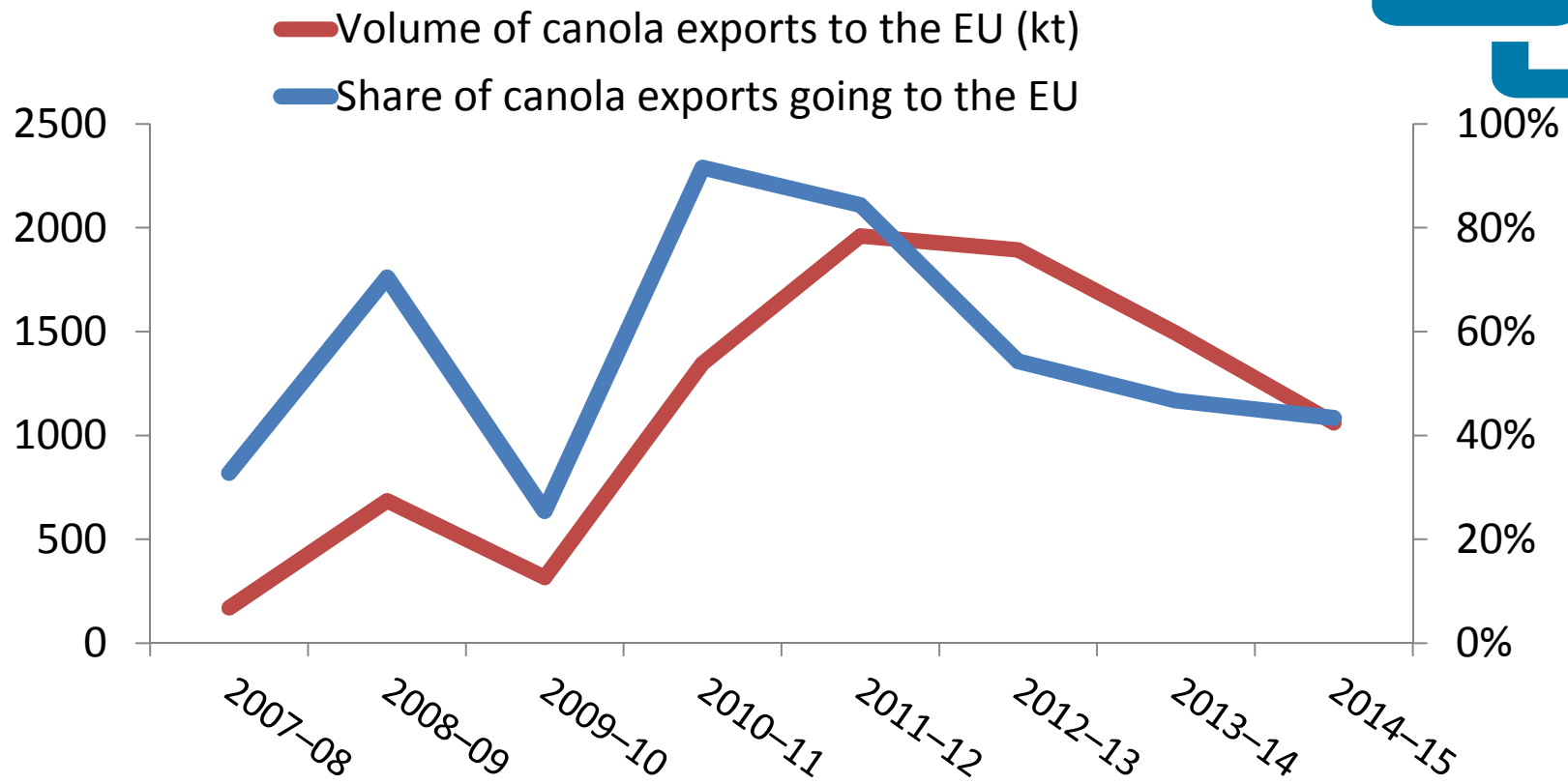
Background

Shares of national canola production over the years: 2009/10 to 2013/14












What will limit Australian exports of canola to the EU?


- Recent EU policy announcements that limit use of first-generation biofuels
- Emergence of China as an importer of Australian canola
- Competing sources of biodiesel feedstocks
- Increased plantings of GM canola in Australia

EU Renewable Energy Directive Policy

- Article 7a(2) of Directive 98/70/EC relating to the quality of petrol and diesel fuels and amending Council Directive 93/12/EC1 requires fuel suppliers **to reduce by at least 6% by 31 December 2020 the life cycle greenhouse gas emissions per unit of energy** ("greenhouse gas intensity") of fuels used in the Union by road vehicles, non-road mobile machinery, agricultural and forestry tractors and recreational craft when not at sea.


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- The blending of biofuels is one of the methods available for fossil fuel suppliers to reduce the greenhouse gas intensity of the fossil fuels supplied.
 - Article 17 of Directive 2009/28/EC establishes sustainability criteria that biofuels need to comply with in order to be counted towards the targets in the Directive and to qualify for inclusion in public support schemes.

These criteria include requirements on the minimum greenhouse gas emission savings that biofuels need to achieve compared to fossil fuels.

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- Article 17 of the EU's Renewable Energy Directive (RED) dictates that irrespective of whether a biofuel's raw materials are cultivated inside or outside the EU, the greenhouse gas emission saving from the use of the biofuel must be at least 35 %. **Currently, default values of 38% savings in greenhouse gas emissions apply to canola relative to emissions from use of mineral diesel.**
 - **BUT.....from 1 January 2017, greenhouse gas emission savings must be at least 50%.**
 - **From 1 January 2018, emission savings need to be at least 60% for new biofuel facilities.**

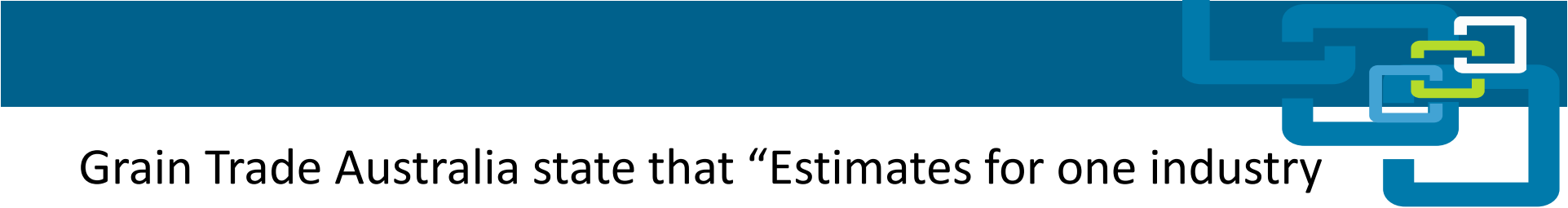


Article 17 also states that the greenhouse gas emission saving from the use of biofuels needs to be calculated in accordance with Article 19(1).



Article 19(1) outlines that the greenhouse gas emission saving from use of a biofuel has to be calculated using either;

- (a) default values for greenhouse gas emission saving for the biofuel production pathway; or
- (b) actual values calculated in accordance with a methodology described in Annex V of the RED; or
- (c) a mix of default and actual values, where disaggregated default values in Annex V may be used for some factors, and actual values, calculated in accordance with the Annex V methodology are used for all other factors.



Grain Trade Australia state that “Estimates for one industry participant on the costs of complying with existing EU certification requirements was calculated at \$400K-500K per annum.”



Where to from here?

- The EU is likely to remain in the short and medium term an important export market for Australian canola.
- We must satisfy the EU emission reporting requirements if access to the EU is to be maintained.
- We need to verify our ability to meet the EU emission-saving targets.
- We have the science and industry capability to deliver the EU reporting requirements.
- A national project led by CSIRO (with EU and local partners) to provide regionally-based, EU compliant assessments of emission-savings.
- It's a \$250K project with funding support from AEGIC and AOF members (plus sizeable in-kind support from CSIRO, AEGIC, and AOF).

Research underway in 2015 & 2016





Australia's "Country Report" is under review by Australian experts.

Then it will be reviewed by two reputable independent EU organisations.

Then it will be submitted to EU Commission with support from DFAT and DAWR.