

## Argentina's comments against the amendments to the draft report on the revision of the Renewable Energy Directive (RED II)

Argentina would like to express serious concerns regarding proposed amendments **224, 1041, 1044, 1047, 1051** and **1133** (to the draft report on the revision of the Renewable Energy Directive - RED II), which characterize soy-based biodiesel as having a "high indirect land-use change-risk".

The criteria for the determination of high indirect land-use change-risk were already set out in the Delegated Regulation 2019/807, of 13 March 2019. Soy-based biodiesel was not qualified as a high ILUC risk product. Argentina has always opposed the ILUC concept since it is not based on solid scientific basis or real facts, and only on theoretical models, so it cannot be measured, nor demonstrated or determined accurately and reliably. The impossibility of measuring ILUC has been clearly demonstrated by the fact that the EU has decided to adopt an indirect approach to estimate the ILUC risk, as established in Regulation 2019/807. Any of these amendments to RED II, if adopted, would turn the RED II inconsistent to the relevant EU legislation.

The above mentioned amendments have been proposed with no scientific backing.

The characterization of soy-based biodiesel as a high ILUC risk product is extremely difficult to prove and must be based on objective scientific evidence. It would lead to discrimination against soy-based biodiesel in comparison to other feedstock-based biofuels evaluated by the EU Regulation.

This discrimination runs contrary to the EU's WTO obligations.

Argentina submitted the technical report "Biodiesel based on Argentine soybean oil", elaborated by the Ministry of Agriculture, Livestock and Fisheries and the National Institute of Agricultural Technology of Argentina, in April 2021, which proves based on scientific evidence that Argentinean soy-based biodiesel cannot be characterized as a high ILUC risk product.

Argentina's soybean production does not pose land use change risk. Soybean cultivation in Argentina is concentrated in a purely agricultural area that has been farmed for more than a century, was not originally forestland but grassland, and is near crushing plants and ports.

The soybeans produced outside of this area are unlikely to be used for fuel due to the distance to processing facilities. Additionally, National Law No. 26,331 enacted in 2007 does not permit the change in land use of native forests.

In the last nine years, there has also been a reduction in the surface area cultivated with soybean. No land use change can result from a decreasing land base.

Argentine companies that export biodiesel follow sustainability criteria and are certified through schemes approved by the European Union under their Renewable Energy Directive with RED I and II, as well as with ISCC and 2Bs. This guarantees that Argentina's biodiesel is generated from biomass that has not been produced on deforested soils since the 2008 cutoff date, confirmed by satellite images.

Crushing of soybean results in soymeal (82%) and soy oil (18%). Argentina is the main provider of soymeal to the EU feed industry. Biofuel production is not a driving decision for planting soy. It also is important to note that, in the case of Argentina, of the total soybeans produced, less than a third of the soy oil result in biodiesel production.

Thus, natural location, the regulatory framework, certification, proximity to crushing plants and ports, logistics and no-till farming act in concert to maximize the reduction of greenhouse gas emissions (GHG) of Argentine biodiesel.

The FOB emission-saving value of Argentine biodiesel was calculated to be 70,1% relative to RED I's reference value, and 74% with respect to RED II's. These values comfortably comply with the European Union's requirements for imports in force since 2018.

Argentina is a reliable supplier of energy to the EU through the provision of sustainable soy-based biodiesel that is rapidly produced and delivered to the market. Argentina's biodiesel is a cost-efficient tool to reduce greenhouse gas emissions and is available in the market today.

Amongst other sustainability criteria, as established in RED II, Argentine soy-based biodiesel is certified as deforestation-free in accordance with EU schemes and has been contributing for years to meeting energy consumption and greenhouse gas emission reduction goals in the EU. Our country wants to continue being a regular supplier of this biofuel to the EU.

In our opinion, characterizing soy-based biodiesel as a high ILUC risk product is deemed to have the following negative consequences on the EU:

- More fossil fuel consumption in the EU, running counter to the objective of diversifying energy supplies, which is a pillar of its REPowerEU Plan.
- More fossil fuel imports fostering higher and more volatile energy prices
- Acting against EU energy autonomy strategy and the EU objective of decoupling from unreliable energy providers.
- Creating an unnecessary self-inflicted new constrain in the energy supply
- Undermining the EU's climate goals
- Missing the targets of the EU renewable energy and GHG emissions in the transport sector
- Disregarding Commission proposal of increasing the 2030 target for renewables under the Fit for 55 Package.

Based on the above mentioned arguments, Argentina kindly and respectfully requests that, in the vote in the ITRE committee and the final vote in the European Parliament, the soy-based biodiesel is not characterized as a high ILUC risk product and amendments referring to it are disregarded thus keeping soy-based biodiesel as a sustainable energy source to reach EU climate targets.