



MAY 2021

# CROPS AND SUGAR BEET

## TECHNICAL UPDATE AND PRACTICAL ADVICE

FROM YOUR RED TRACTOR ASSURANCE TEAM

## RED: WHAT IT MEANS FOR YOUR BUSINESS

For the past decade, Red Tractor has been recognised by the European Commission as a scheme which assures crops and sugar beet through compliance with the EU Renewable Energy Directive (RED).

You may be aware that the current RED is to be replaced with a revised directive, known as RED II, later this year.

Changes brought about by this legislation will come into effect on 1 July 2021, and you must be compliant in order to continue to supply into the biofuels market.

The most notable change is a requirement to do a mass balance calculation (see 'Changes in RED II' below).

### WHAT IS THE RENEWABLE ENERGY DIRECTIVE?

The RED establishes an overall policy for the production and promotion of energy from renewable sources within the EU.

Interest in the use of biofuels and bioliquids as an energy source has been growing significantly in recent years.

This is being driven by three main factors:

- 1** Their potential contribution to the rural economy and the diversification of agricultural markets as an alternative to liquid fossil fuels, offering the potential for increased energy security.
- 2** Greenhouse gas savings compared with fossil fuels, if cultivated and produced correctly.



**3** In 2003 the European Union adopted its first legislation promoting the use of biofuels as a transport fuel focused primarily on delivering energy security and greenhouse gas benefits.

The energy sector is responsible for more than 75% of the EU's greenhouse gas emissions and this new directive is seen as a critical step to meeting Europe's renewable energy targets.

It requires the EU to fulfil at least 32% of its total energy needs with renewable energy by 2030. RED II builds on progress so far, which includes meeting the target of 20% of the EU's total energy needs being met by renewables in 2020.

At its heart, the directive aims to mitigate the environmental impacts of expanded European and UK demand for bioliquids and biofuels brought on by these targets.

Sustainability is central to this as it seeks to protect land deemed valuable for biodiversity and land considered to act as a carbon store from direct

conversion into production of cereals for the biofuel market.

### HOW DO I BENEFIT?

Red Tractor has delivered certification for RED for the past 10 years – this is done as part of your annual assessment.

The first version of the EU's directive was built into the Red Tractor scheme because the alternative, a dedicated RED audit through a specialised certification body, would have meant additional burden and an expense for farmers.

Completing this as part of your Red Tractor assessment is a streamlined approach, which focuses on the elements of assurance required by the food and feed markets.

Compliance brings significant value to your Red Tractor membership. It means that you are automatically eligible to supply into the biofuels market, giving you the freedom to supply your crops into different markets if, and when, it suits you.



## BENEFITS FUELLING EFFICIENCY AND MARKET ACCESS



# 10 YEARS

The number of years Red Tractor has delivered RED certification for so far



## STREAMLINED ASSESSMENT

There's no need for any additional assessments, Red Tractor covers it all



No additional cost to you as a Red Tractor member



## 57.2 MILLION LITRES

The total amount of bioethanol produced from UK wheat in 2020

## 30.8 MILLION LITRES

The total amount of bioethanol produced from UK sugar beet in 2020

## ACCESS ALL AREAS



You can supply the biofuel market at home and overseas

## INDUSTRY REACTION

“UK and global farmers selling commodities under RED have always had to comply under the same rules and those rules will now involve some more paperwork at farm audit level, but rest assured the trade will still have to do the main leg work when it comes to paperwork.”

**CECILIA PRYCE** Head of Compliance, Shipping and Research - Openfield

“Red Tractor is the perfect platform to demonstrate the sustainability criteria for crops to be eligible for biofuels. It's extremely pleasing to see that when RED2 is implemented it will continue to be audited under Red Tractor, thereby providing UK farmers with continued access to biofuels and delivering price support to UK crops.”

**BRETT ASKEW** Red Tractor Crops Board, NFU North East Crops chair

### FAQ: THE UK HAS LEFT THE EU, WHY DO I NEED TO COMPLY?

☒ The UK has comparable legislation, the Renewable Transport Fuel Obligation, which essentially mirrors the requirements in the current EU RED. This means UK

growers need to meet the requirements if they want to supply the biofuels market, regardless of Brexit.

☒ In addition, the UK does export biofuel and raw material grain and oilseed to produce biofuel in Europe and this must meet the requirements of RED II.

### WHAT3WORDS REQUIREMENT

You may have noticed assessors collecting location information for each of your stores over the past few months, either using **what3words** or longitude and latitude co-ordinates. This is also required under the new RED II.



# IMPORTANT: WHAT'S CHANGING FROM 1 JULY 2021

■ The RED II includes a new definition of non-natural highly biodiverse grassland; namely grassland that would cease to be grassland in the absence of human intervention and that is species-rich and not degraded and has been identified as being highly biodiverse by the relevant competent authority, unless evidence is provided that the harvesting of the raw material is necessary to preserve its status as highly biodiverse grassland. The competent authorities in the UK have not currently identified any such grassland but we believe they are in the process of developing a definition which will be provided to members when it is made available.

■ You will be required to undertake a mass balance calculation per site. This requirement is detailed in a new standard which will be audited to from 1 July. The new standard is:

<b>EI.2</b> <b>A mass balance must be in place</b>	a. the estimated quantity of grain stored, per site, is recorded immediately post-harvest	Mass balance records
	b. records are kept for quantities of grain which leave each site (e.g. grain passports)	
	c. carry-over between harvest years is recorded	
	d. reconciliation of amounts stored vs. out loading records is available per harvest year	
	<i>* for initial assessments this information may be requested in advance and the set-up of the mass balance system will be verified by the assessor</i>	

■ From 1 July 2021 the crops passport will refer to the recast RED II. From this date you will need to ensure that if you are confirming compliance with RED II the passport does reference it. The declaration looks like this:

## Section 8: Renewable Energy Directive – from 1 July 2021 the recast RED/Directive (EU) 2018/2001 (confirmation to be completed by grower/storekeeper)

This load has been grown on land which meets the requirements of the Renewable Energy Directive Sustainability Criteria and from 1 July 2021 the recast RED/Directive (EU) 2018/2001

Signed:

Print name:

## MARKET AT A GLANCE

As part of the government's aim to meet its net zero emission targets, E10 petrol is due to hit forecourts in September.

Compatible with 95% of petrol vehicles on Britain's roads, there is little doubt that the move to E10 fuel could open up a more profitable avenue for bioethanol production.

### “E10 – COMPATIBLE WITH 95% OF PETROL VEHICLES ON BRITAIN'S ROADS.”

One currently mothballed bioethanol plant plans to reopen this September, while another which currently runs on maize aims to increase production and may seek to switch to wheat if it is competitively priced as a feedstock compared with imported maize.

With the AHDB supply and demand estimates suggesting the barest of wheat stocks as we leave the 2020/21 season and a tight supply/demand balance for the 2021/22 season, adding more demand to the market is good news for Red Tractor farmers, particularly those local to the biofuel plants in the North East of England.







# RED AND YOUR RED TRACTOR MEMBERSHIP — A VALUABLE PARTNERSHIP



**GUY SMITH**

**COMBINABLE CROPS  
AND SUGAR BEET  
SECTOR CHAIR**

Since I took the Chair of the Red Tractor Cereals, Oilseeds and Sugar Beet Board in January earlier this year I've spent quite a bit of time talking to arable farmers about Red Tractor and listening to their comments. One of the more curious questions has been along the lines of 'Why does Red Tractor get involved with assuring crops that go into biofuel?'. It's a good question because clearly this isn't about food assurance and you will never see the Red Tractor logo on fuel station forecourts.

The answer is to be found in the Renewable Energy Directive in the EU – as mirrored by the Renewable Transport fuel Obligation (RTFO) in the UK under Brexit rules. These are the directives and obligations that largely drive the demand for biofuel that in turn farmers will benefit from by selling crops into this new and expanding market soon to be supercharged by the E10 initiative. The reality is that on its own biofuel made from farm-grown crops would struggle to compete against fossil fuels because the latter are cheaper to

produce. So the RED is the instrument by which the government insists by law that a proportion of the country's fuels come from renewable sources. But there is a catch. Concerns have been expressed that this government-backed encouragement of the use of biofuels could have a negative effect on the environment if too much land of a high ecological status is converted for biofuel production. This has led to the government insisting that on-farm checks are made to ensure biofuels are not produced at the expense of

**“NO FARMER LIKES EXTRA RED TAPE BUT, AT THE SAME TIME, FARMERS RECOGNISE THE IMPORTANCE OF NEW MARKETS SUCH AS BIOFUELS FOR THEIR CROPS TO HELP STRENGTHEN PRICES”**

this land. So for crops such as wheat or oilseed rape to be allowed to go into the biofuels market they must be certified as eligible through an approved scheme. This is true for all crops that go into our biofuel refineries, whether they are produced domestically from UK farms or imported from abroad. To provide these checks the RED/RTFO recognises a number of schemes. Red Tractor is one of them.

To date this level of necessary compliance has been achieved through a fairly straightforward verification by the farmer that they haven't started producing grain for the biofuel market at the expense of ecologically sensitive areas on their farm. Unfortunately the government has now decided this isn't enough and they want to see further evidence proving that grain or oilseed being loaded out of a farm grain store actually came from the assured farm. This will mean some more record-keeping and further questions and checks in the Red Tractor audit.

As someone who grows wheat in the South East, which is a long way from the biofuel refineries in the North East, I'm conscious that I am unlikely to sell directly into these markets. But I'm also aware that if the biofuel market is going to use a significant proportion of UK wheat production then this will help strengthen the wheat price which, in turn, will benefit me as a wheat producer. It may also be the case that occasionally my wheat will find its way into a domestic biofuel home or that an export market for crops to the EU for biofuel may open up which will also give me important new markets for my produce. So it makes sense for as much of the UK crop as possible to be RED/RTFO compliant.