POSITION PAPER

Revision of the Indirect Land-Use Change (ILUC) Delegated Act

T&E's position on why the revision of Delegated Regulation (EU) 2019/807 must survive the scrutiny period and enter into force

June 2026

Executive summary

Adopted by the European Commission in April 2026, the revision of Delegated Regulation (EU) 2019/807 now classifies soybean oil as a high indirect land use change (ILUC)-risk biofuel feedstock, making it ineligible to count toward renewable energy targets by 2030.

This proposal mirrors several existing national-level policies, with Member States such as France, Denmark, Belgium and the Netherlands already implementing soy biofuel phase outs.

T&E's position maintains that the revised Delegated Act must pass the legislative scrutiny period without objection and enter into force. Soy-based biofuels are heavily linked to deforestation and land-use change, particularly in South America's Amazon and Cerrado biomes, and undermine the EU's overarching climate ambitions of reducing transport emissions.

Despite opposition from some industry stakeholders, the arguments against the revision are technically, economically and strategically weak and inaccurate.

Allowing this revision to proceed is essential to:

01 **Reduce deforestation and deforestation-linked emissions caused by EU biofuels policy**

02 **Uphold the credibility of EU climate policy**

03 **Redirect markets toward truly sustainable energy sources and higher value commodities**

04 **Decouple soy oil from biofuel demand to break the price correlation between energy prices and vegetable oils**

05 **Ensure stronger support for genuine energy security and more sustainable decarbonisation pathways**

1. Introduction: indirect land use change in the renewable energy framework

The Renewable Energy Directive (RED) was designed since its inception to reduce greenhouse gas emissions by incentivising the uptake of renewable energy sources. It is also the main piece of legislation governing the promotion of biofuels to decarbonise the transport sector.

Following its adoption in 2009, the RED's negative impact on ecosystems became rapidly evident, as it incentivized palm oil production and subsequent deforestation. This was later corroborated by the EC's 2015 GLOBIOM study, which also found that **both palm and soy biodiesel are three times and twice as carbon-intensive as fossil fuel diesel**, respectively, when accounting for the indirect land-use change incurred from their cultivation.

Based on these findings, the 2018 recast (RED II), recognised that not all biofuels are created equal. Specifically, it initiated a phase-out of "high ILUC-risk" biofuels, whose global production's expansion drives significant deforestation and peatland drainage. This progress began with the phase-out of palm oil-based biofuels. Since then, an updated European Commission report, published in January 2026, **confirmed that soybean expansion also bears a significant risk of inducing indirect land use change** and de facto reclassified soy as a high ILUC-risk feedstock.

In this position paper, T&E argues that this phase-out is not only scientifically justified, but essential to maintain the integrity of the EU's climate goals. We detail why the EU must resist the pressure to refuse this decision and ensure that soy follows the same exit path as palm oil.

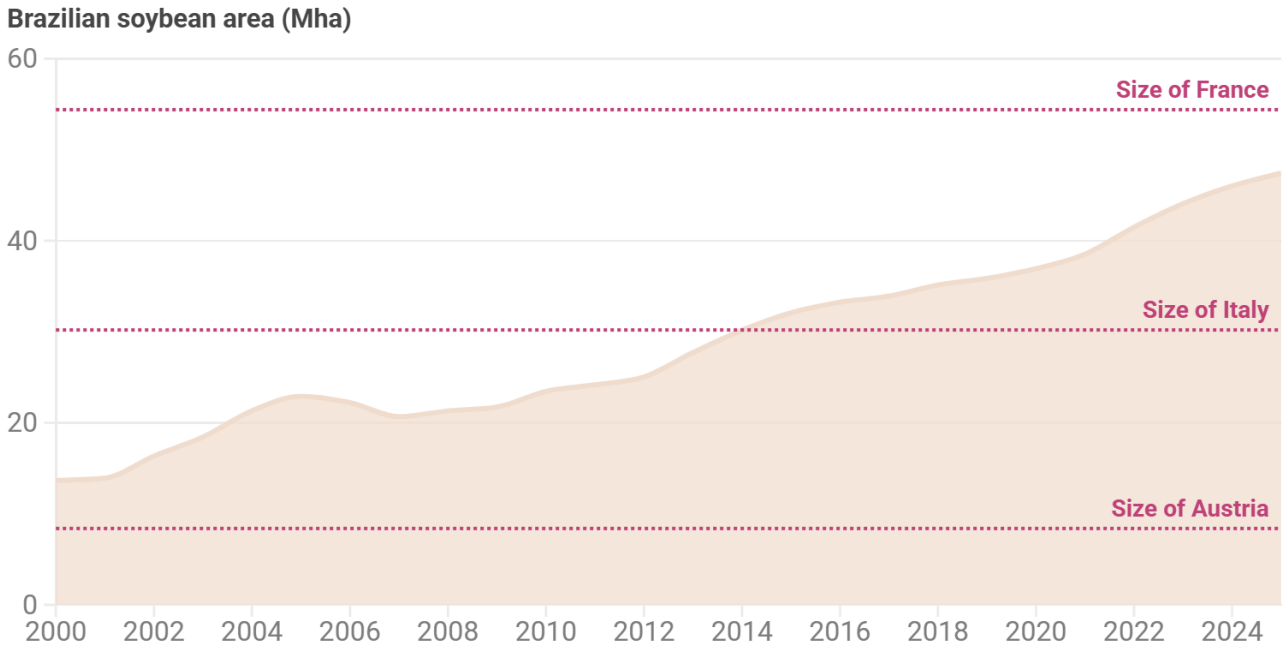
2. The soy reality

The inclusion of food and feed crops, such as soybean, as eligible biofuel feedstocks under the RED has created unintended consequences. While palm-oil based biofuels were rightfully identified as high ILUC-risk in 2019, soy was initially spared, despite evidence of similar deforestation patterns. Four years later, soy as a commodity was classified in the **EU Deforestation-Free Regulation as one of the biggest drivers of deforestation in the world**, substantiating concerns around the negative impacts of soy-derived fuels.

Notwithstanding this, EU consumption of soy-based biofuels **increased fivefold** between 2015 and 2022. This rapid growth reflects strong policy-driven demand via the promotion of alternative fuels for transport in the RED, rather than intrinsic sustainability. Simultaneously, global soybean production has expanded dramatically.

Brazilian soy fields are now larger than most European countries

The country's cultivated area expanded nearly fourfold over the last 25 years, mainly in the Cerrado biome. This also indirectly impacts deforestation in the Amazon biome, due to the resulting displacement of cattle herds.



Source: T&E, based on data from the Brazilian public agency CONAB

This intense land transformation is particularly evident in Brazil where production has surged by **over 400%, reaching ~170 million tonnes in 2025, compared to 2000 levels**. This expansion required the conversion of ~47 million hectares of farmland, an area larger than the entire landmass of Sweden, which occurred primarily in ecologically sensitive regions of the country, namely:

1. **The Cerrado biome**, a global biodiversity hotspot.
2. **The Amazon forest**, through indirect land use displacement, such as cattle herding.
3. **The Matopiba frontier**, where new deforestation and land conflicts are emerging.

While EU legislation excludes feedstocks grown on land deforested after 2008, this safeguard is insufficient. Often, the rising demand of energy crops like soy encroach on pasturelands that were established on forested land prior to 2008, pushing cattle ranching into new frontier regions and driving agricultural expansion into previously uncultivated areas, resulting in indirect land-use change (ILUC) emissions that negate climate benefits.

Recent weakening of governance mechanisms, such as the lifting of the soy moratorium, further increases the risk of deforestation linked to EU biofuels consumption.

Sustainability safeguards included in the RED that still result in the destruction of natural land and operate with a "cherry-picking" approach by sacrificing certain biomes for biofuel production are not safeguards, but considerable loopholes that the soy phase-out would help close.

3. Why the revision is necessary

3.1 Addressing high ILUC risk and resulting, unaffordable emissions

Soybean oil is a textbook case of a high ILUC-risk biofuels feedstock. The expansion of this feedstock into areas dedicated to other land uses - such as food production and cattle ranching - **causes their inevitable displacement into previously uncultivated areas**. This land use "relocation" is necessary to make up for lost capacity and satisfy the demand levels of the displaced commodities, which have remained unchanged. This ever-growing expansion results in the deforestation and clearance of new areas that hold high carbon-stock and biodiversity value.

The climate consequences of this displacement are severe. When carbon-rich biomes like the Cerrado or the Amazon are cleared, the emissions from lost biomass and soil carbon create a "carbon debt" that takes decades to centuries to repay. This makes soy-based biofuels on a holistic level more emission intensive than the fossil fuels they replace.

According to Cerulogy's analysis of the EU Commission's original 2019 report, when the resultant CO_2 emissions are factored in soy biodiesel production, it would take **130 years of soy biofuel use to pay off this carbon debt and start to deliver net emission reductions**. Continuing to count soy biofuels toward renewable targets therefore contradicts the EU's climate objectives.

3.2 Preserving EU climate and environmental credibility

The EU has positioned itself as a global leader in climate action. However, maintaining soy biofuels within RED risks undermining the Union's credibility, both domestically and internationally. At the domestic level, continuing to ignore ILUC emissions - and the exceeded threshold for soy expansion recently confirmed by the European Commission - hides the true carbon cost of transport. This creates a clear mismatch between what is reported and the actual increased atmospheric emissions, pushing the EU away from its decarbonisation goals.

With an ILUC disregard, not only is the EU hiding the carbon leakage effect of biofuels consumption, it **outsources environmental degradation and biodiversity loss to third countries**, negatively impacting soil and water quality and the provision of other ecosystem services. Additionally, the EU's continued support for soy biofuels jeopardises its standing in the international arena, contradicting its full commitments under the Paris Agreement and the

Kunming-Montreal Global Biodiversity Framework by incentivising and subsidising a measure that offers no benefit to the 1.5 degree goal and contributes to the biodiversity loss it pledged to halt.

Additionally, the recent WTO rulings on palm oil (DS593/DS600) established a clear precedent: the EU has the recognised right to phase out feedstocks based on objective environmental risks, like ILUC. However, this legal safeguard depends on consistency. By allowing soy to remain while phasing out palm oil - despite both exceeding the high-expansion threshold - the EU would leave itself **vulnerable to claims of unfair treatment**. To maintain its international credibility and legal integrity, the EU must apply its environmental standards uniformly, ensuring that soy follows the science-led path set by the palm oil disputes.

3.3 Aligning markets with sustainable outcomes

Policy signals matter. Excluding soy-based biofuels from EU incentives is the **clear policy signal** that industry needs to invest in genuine, sustainable renewables. This shift corrects a long-standing market distortion where artificial demand driven by subsidies rather than carbon savings propped up fuels linked to tropical deforestation.

Ending this artificial demand for soy-based fuels would make alternative sources become more attractive, steering the transport decarbonisation pathways towards direct electrification and reserving support for limited bio-feedstock with genuine climate and environmental integrity where electric alternatives are not viable.

4. Addressing the main counterarguments

4.1 “The EU cannot afford to limit energy resources at a time when energy independence is crucial”

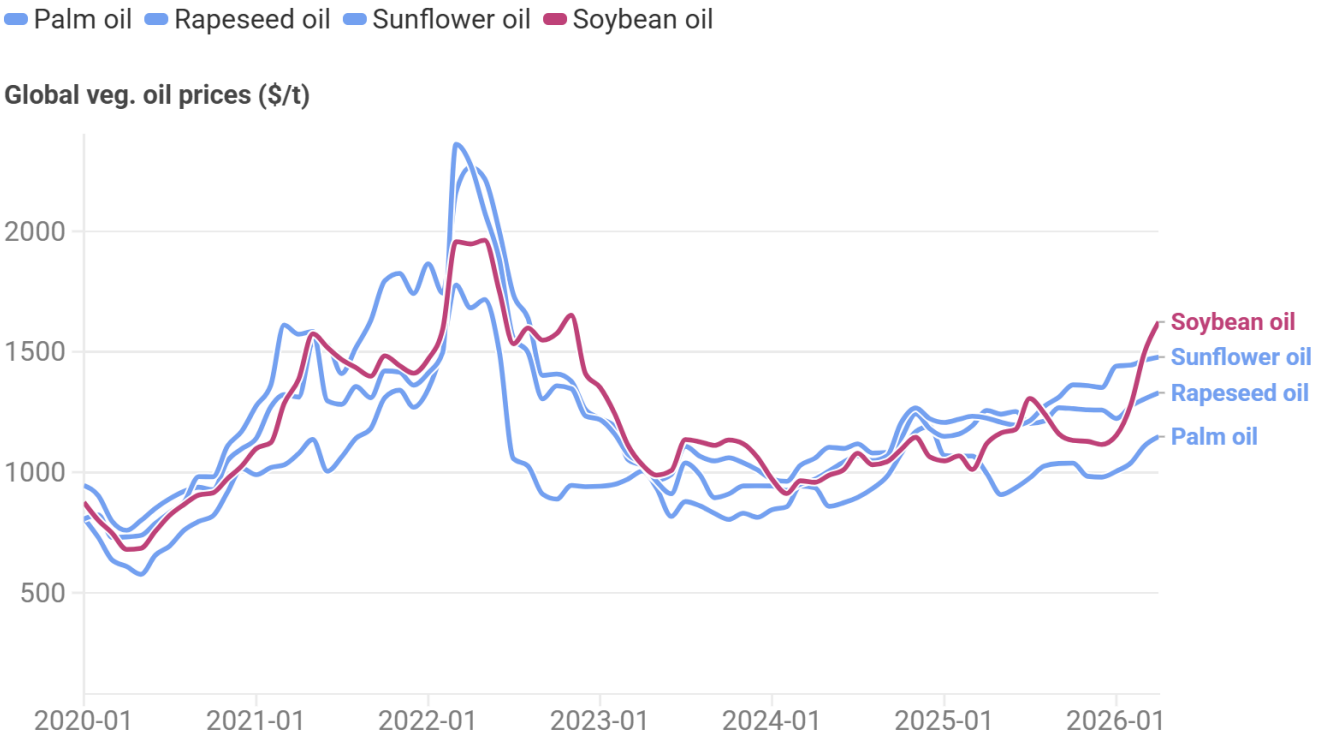
This argument is a fallacy. While energy independence is a vital goal for the EU, using it as a justification to include high ILUC-risk feedstocks in the equation, such as soy, is a false dichotomy. In fact, the EU’s reliance on soy does not enhance energy security, it merely exchanges fossil fuel dependency for another precarious reliance on a different volatile commodity market, while also risking **direct consequences on food prices and the climate**.

Not only does the Union import more than **double its domestic soy biodiesel production**, it is also almost entirely reliant on external markets for its soy feedstocks. Because EU soy biodiesel production is inextricably linked to imported beans and oil, it creates a dangerous bottleneck, relying on a market where 90% of all soy imports are concentrated in just three countries: Brazil, United States and Argentina. The lack of diversification options and domestic potential leaves European energy resilience hostage to soy supply chains vulnerable to geopolitical risks and economic shocks.

The current energy crisis and skyrocketing crude oil prices, triggered by the closure of the Strait of Hormuz, exposes the fallacy of any reliance on soy-based biofuels. Soy oil prices have spiked as the global energy market scrambles for biofuel alternatives, while soy meal prices are also being pushed upward by soaring fertilizer and transport costs.

Most importantly, any such reliance could create a 'double hit' for the European economy, where **energy insecurity translates into food inflation**. To actually strengthen resilience, European countries must reduce their dependence on imported biofuel feedstocks.

Vegetable oil prices continue to rise since the start of the Hormuz crisis, with soybean oil up 40%



Source: T&E, based on monthly commodity price data from the World Bank

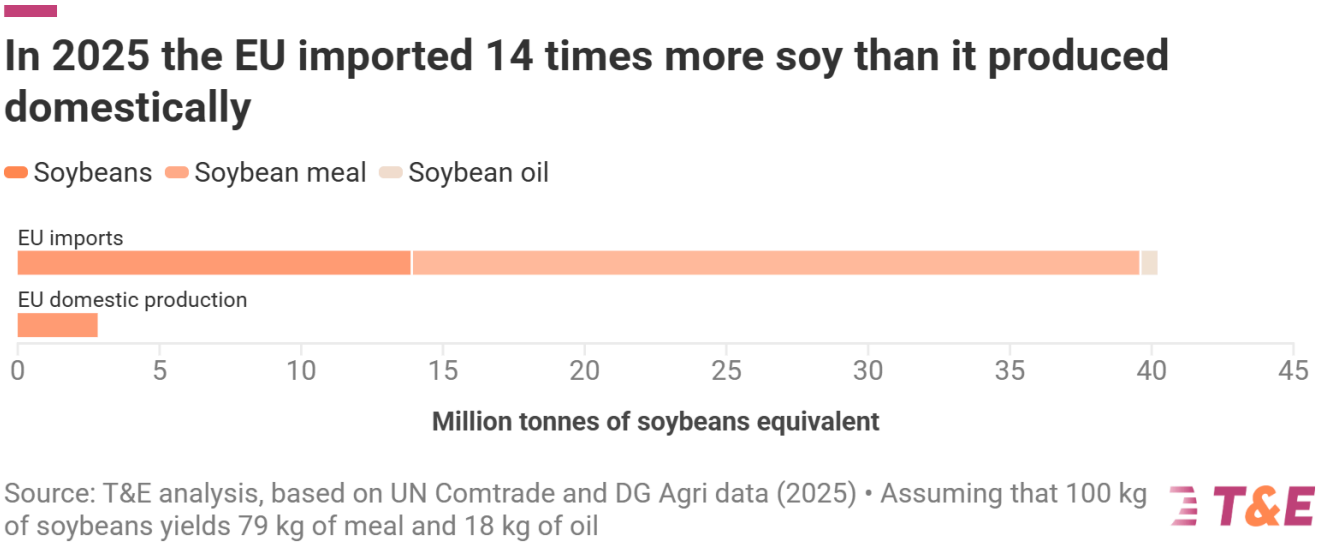
4.2 “The revision harms EU farmers, industry and the EU protein strategy”

EU soybean production represents a miniscule **fraction of the market**. This is why the EU agricultural sector’s exposure to this policy change is limited. Rather than a loss of market, the soy biofuel phase-out is an opportunity to reallocate EU-produced soybean oil to higher value sectors, namely for human consumption and the oleochemical industry anchoring its use in the material bioeconomy rather than a volatile energy market.

Critically, the claim that this Delegated Act undermines the EU protein strategy stems from the fact that soybean's overall value conflates two separate markets: the demand for protein (meal) and the demand for energy (oil). Soymeal production represents roughly **80% of the soybean volume and typically about 60% of its value share** - though this is decreasing, due to the sharp increase in soy oil market value.

Soymeal demand is not implicated in the soy-based biofuel phase-out, and continues to support the primary market for animal feed and food. Its resilience can be reinforced by a substitution effect, where the EU market would increasingly absorb soy oil to replace palm oil imports, thereby keeping processing volumes stable and strengthening domestic market resilience. The shift from imported palm to EU made soy oil would also bring additional ILUC benefits.

Furthermore, phasing out imported soy biofuels creates new opportunities for European farmers. Supply adjustments can be absorbed by domestic oilseed production, such as rapeseed and sunflower, providing EU farmers with predictable demand. In turn, this would also represent a viable alternative supply chain for the crushing sector.



Source: T&E analysis, based on UN Comtrade and DG Agri data (2025) • Assuming that 100 kg of soybeans yields 79 kg of meal and 18 kg of oil

While critics point to potential pressure on crush margins due to reduced oil demand, the structural necessity of soymeal for EU food security, coupled with palm oil displacement and alternative EU oilseed production, can ensure the continued viability of the crushing sector. Any short-term margin volatility can be expected to be mitigated as soy oil is reabsorbed by higher-value sectors including food and feed, as well as chemical and material application industries, **transitioning the industry from a volume-based energy provider to a value-based ingredient supplier**. Hence, the revision encourages value optimisation, not sector decline.

4.3 Implementation and transition

The proposed timeline, which would mandate a soy eligibility phase out by 2030, provides the necessary regulatory certainty and predictability for the crushing and refinery industries to restructure their sourcing and business strategies while aligning with Europe's climate goals. It also gives global supply chains sufficient time to adapt, preventing sudden disruptions and allowing for a progressive shift towards alternative energy sources. **Any further delay would only reward climate inaction**.

To ensure a smooth transition, the European Commission should stay committed to enabling frameworks that support investments in electrification and better monitoring of advanced biofuels, while providing guidance to affected industries by identifying specific investment needs to decouple soy from biofuel production.

5. Strategic importance for the EU

Allowing the Delegated Act to enter into force is not merely a technical adjustment, it is a strategically coherent decision. It reinforces the synergy across different policies, showing that aligning climate, energy and environmental goals is not only possible, but enforceable.

It would also fortify the EU's reputation at international level, signalling a continued commitment in reducing its environmental footprint and carbon leakage effects. Moreover, ending the dependence on soy will boost the EU energy and food system resilience both at the same time, as they will not compete for resources.

Blocking or delaying this revision due to external pressures, despite the well documented negative impacts connected with soy expansion, risks **entrenching unsustainable practices**. Ignoring that data to appease industry's claims would jeopardise the credibility of EU institutions, as they rely on public trust that is built on scientific evidence.

Conclusion

The classification of soybean oil as a high ILUC-risk feedstock reflects overwhelming scientific evidence. Maintaining its eligibility under the Renewable Energy Directive is incompatible with the EU's climate objectives.

MEPs and Member States should therefore allow the revision of Delegated Regulation (EU) 2019/807 to pass through the scrutiny period and enter into force without delay.