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From: General Secretariat of the Council
To: Delegations

Subject: Preventing fraud in relation to biofuels (biodiesel)
- Information from the Dutch delegation, supported by the Belgian
and the Luxembourg delegations

Delegations will find in the Annex an information note from the Dutch delegation, supported by the Belgian and the Luxembourg delegations on the above subject, to be dealt with under "Any other business" at the Council (Environment) meeting on 10 June 2021.

Preventing fraud in relation to biofuels (biodiesel)

- Information from the Dutch delegation, supported by the Belgian and the Luxembourg delegations -

In recent years, various fraud cases involving biofuels (biodiesel) have come to light, and these have led to criminal investigations. In light of current data from the ongoing criminal investigations, combined with the current set-up of the biofuel supply chain, there is no reason to rule out the possibility that more irregularities could occur in the sector. These cases seriously harm the confidence that consumers and the market need to have in the sustainability of biofuels. Renewable fuels, if they are sustainable, can play an important role in the transition to zero-emission transport. Due to these cases of fraud, the Netherlands has conducted an *integrated analysis of the sustainable biofuel chain*.

One of the conclusions of the analysis is that the Renewable Energy Directive II (RED II) already provides tools to improve supervision and to increase transparency in the supply chain. Such tools include the introduction of a Union database and the supervision by Member States' competent authorities of certification bodies that are conducting independent auditing under a voluntary scheme. However, the analysis also shows that further improvements are necessary, especially when higher targets for renewable energy in transport are needed for the Fit for 55 package.

The role of public supervision should be extended to all actors involved in the supply chain within each Member State. This extension should be included in the revision of the RED II (Article 29). RED II already offers the freedom to adopt this measure at national level, but it would be helpful if it were mandatory. It is the intention of the Netherlands to adopt this measure. In addition to this, private supervision should be strengthened, for instance via a stricter sanctions policy and minimum requirements for training of auditors. Furthermore, European collaboration between supervisors, both public and private, should be promoted in order to share signals and best practices.

The Netherlands is inviting the Member States to work on a joint statement to call upon the European Commission to put the prevention of fraud high on the agenda in the revision of the RED II Directive, with a focus on stronger public supervision and a quick and ambitious deployment of the Union database.
