



EBB
European Biodiesel Board

ufop

NFU

FEDIOL



Commissioner for Agriculture Dacian Ciolos
1049 Brussels
Belgium

Brussels, 9 October 2012

Re: European Commission's proposal for a directive on Indirect Land Use Change

Dear Commissioner,

The Commission is preparing to adopt a proposal on Indirect Land Use Change that is set to change dramatically the policy landscape for EU biofuels in Europe. Our Industry is of the opinion that the proposal, as it currently stands, will have dramatic consequences for its growth prospects and, more broadly, employment in Europe leading as it will to a wave of plant closures across Europe.

European producers understand and support the Commission's plan to adopt sustainable and effective biofuel legislation. They regret however that the Commission's aim of assessing the potential ILUC impact of biofuel production has been tarnished by an all too simplistic view of world agricultural trends and trade. As a result, the legislative proposal it is about to adopt is both incoherent and naïve, and will lead to a major U-turn in the EU's policy to fight climate change and de-carbonise road transport.

We would like in particular to draw your attention to the following:

1. The IFPRI study remains by and large highly controversial among the scientific community. Inaccuracies and errors in data have largely overestimated the ILUC impact of biodiesel. By way of comparison, the US Environmental Protection Agency (EPA) recently decided to increase its share of biodiesel, considered an "advanced biofuel".
2. The industry as a whole (farmers, biofuel producers, commodity groups and researchers) has invested nearly 14 billion euros in the development of the sector. These investments were based on the legal framework proposed by the Commission and adopted by EU institutions only three years ago to reduce CO2 emissions in Europe and to reduce Europe's dependency on fossil fuels in transport.
3. However, despite repeated claims that current investments would be protected, the immediate introduction of an ILUC penalty in the Fuel Quality Directive (Directive 2009/30/EC) means that oil suppliers will be unable to comply with their objective of 6% CO2 emissions reduction by 2020. The extremely high – although highly scientifically disputable - value estimated for oilseeds is likely to exclude most European biodiesel from counting towards the fuel suppliers' targets. With diesel cars accounting for about 60% of Europe's fleet, the decline in biodiesel consumption is unlikely to be offset by other biofuels.

Answer: Association Européenne pour les Oléoprotéagineux (EOA), [REDACTED]

4. The current debate on a 5% cap for first-generation biofuels is pointless if ILUC factors are introduced immediately in the Fuel Quality Directive (Directive 2009/30/EC). It is unlikely that even the 5% threshold will be reached, as we expect production levels to quickly dry up and biodiesel plants to close. The 5% cap will have no “raison d’être” if the issue of ILUC factors is not resolved reasonably.
5. As it currently stands, the consequences of this proposal amending the Fuel Quality Directive (2009/30/EC) and Renewable Energy Directive (2009/28/EC) are largely predictable:
 - A rise in imports of soy to replace rapeseed meal – a co-product of biodiesel –, increasing Europe’s dependence for animal feed. Deprived of the biodiesel outlet, our sector will no longer be able to supply protein meals, dramatically increasing the EU’s dependency on imports from third countries (over 13 million tonnes a year, est. value of 4.6 billion Euros);
 - The loss of hundreds of thousands of direct and indirect jobs, and the total disappearance of the biodiesel sector in the event of the immediate introduction of ILUC factors. The industry is currently estimated to provide 100 000 direct jobs to European citizens, and the end of the sector in Europe would mean the closure of roughly 50 of the 150 existing crushing/refining plants. Even in the event of a grandfathering clause protecting existing investments, a limit of 5% first-generation biofuels would result, in France, in a 30% drop of biodiesel production, meaning a 600 000 tonnes loss in biodiesel availability;
 - Delays in the development of second-generation biofuels and green chemistry, as those investing in these new technologies are the very same that have invested in the past years in first-generation biofuels. The large-scale technical introduction of second-generation biofuels is not expected until after 2020.
6. The proposal both lacks objectivity and proportionality, and could lead to significant consequences for trading biofuels. As such, those proposed measures also raise the question of their compatibility with WTO rules.

Based on the above, we are calling on the Commission to review its proposal along the following lines:

- **The estimated ILUC figures based on the IFPRI study are not acceptable as a basis for decision making. We are ready to help the Commission to improving further both its general knowledge of ILUC and modelling in order to reach a truly consensual scientific basis for decision.**
- ***In the absence of scientifically robust evidence, we urge the Commission to ensure effective protection of current investments through grandfathering provisions in each of the two directives.***
- **Capping first-generation biofuels at a level of 5% is unacceptable as it would mean a dramatic downscaling of existing levels of biofuels utilisation in several member-states.**

Not more than three years after the EU adopted its ambitious climate change and energy package, the industry remains committed to a sustainable future in transport and to ambitious reductions in CO2 emissions. It truly believes that, in these times of crisis, it can contribute to creating employment and growth in Europe.

Yours sincerely,



President of EOA



Chairman of the Combinable Crops Board, National Farmers Union (NFU)



UFOP (Union zur Förderung von Oel- und Proteinpflanzen e.V.)



Chairman of FOP



EBB President



Fediot President

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