

EBB

European Biodiesel Board

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Brussels, June 29th, 2011

TO: [REDACTED]
Commissioner for Agriculture and Rural Development
European Commission
B-1049 Brussels
BELGIUM

CC: [REDACTED]

RE: Commission approach on Indirect Land Use Change (ILUC) is putting at risk the Renewable Energy Directive objectives

Dear Sir,

EBB, the European Biodiesel Board, representing the majority of EU biodiesel producers and about 80% of EU biodiesel output, is committed to the highest sustainability of the products it releases on the market, in line with the Renewable Energy Directive 2009/28 (the RED).

The RED currently represents the most comprehensive and stringent set of sustainability criteria applying to biofuels production worldwide, guaranteeing that only biofuels with a high sustainability profile are placed on the European market. European biodiesel will contribute the most towards the RED target of 10% renewable energy consumption in transport by 2020, as it currently represents more than ¾ of all biofuels consumed in the EU.

Yet, EBB is deeply concerned by the way in which Commission services are currently addressing the issue of Indirect Land Use Change (ILUC), which risks nullifying the positive objectives set out by Directive 2009/28.

Article 19-6 of the RED requires the Commission to review the impact of ILUC on biofuels greenhouse gas emissions and to propose ways to minimize that impact, if appropriate by putting forward a legislative proposal. The Commission has been developing an Impact Assessment based on four policy options presented in the report published last December 22nd 2010.

We understand that the current version of the Impact Assessment reflects a very high ILUC impact for the biodiesel pathways, and specifically rapeseed-based biodiesel. In our view, this is all the more difficult to understand as rapeseed biodiesel has intrinsically a low ILUC risk. Rapeseed cultivation increases yields of other crops in the rotation. In addition, biodiesel production from rapeseed generates large volumes of animal feeding substituting imports of proteins from South America. More generally, rapeseed biodiesel appears as one of the most sustainable biofuels pathways, due to already stringent CAP requirements and good agricultural practices adopted by EU farmers.

If the latest Commission modelling exercise was to be used as a basis for future legislative actions, this could eliminate most biodiesel and specifically European biodiesel from the market. In the view of EBB, this would be both illogical and totally unjustified, considering the following:

- Biodiesel currently represents more than 75% of all biofuels and will therefore bring the largest contribution to the 10% transport target of Directive 2009/28. The strong need for EU biodiesel is unambiguously reflected in the Member States National Action Plans (NAPs) submitted in 2010, showing that biodiesel will meet at least 66% of the 2020 transport target. This is all the more true as Member States also expect a modest contribution from "2nd Generation" biofuels by 2020.

- Another major driver for biodiesel consumption is the strong dieselization of the EU transport sector. According to Commission DG Energy own projections, diesel will represent close to 60% of energy used in road transport in 2020-2030⁴. In this perspective, large volumes of EU produced biodiesel will be needed in order for the EU to meet the 10% transport target of Directive 2009/28. The EU is also largely dependent upon imports (from Russia and the Middle East) to cover its increasing diesel demand. Therefore, EU biodiesel is a critical tool to reduce the EU mineral diesel deficit and to improve the EU's security of energy supply.

In view of the above, the European Commission cannot reasonably let its 2020 objectives of climate change mitigation and energy security being knocked-off course by artificially penalizing the European biodiesel sector. This is all the more true as ILUC is still today recognized as a very elusive concept that largely fails to be properly captured by econometric modelling. In the view of EBB, it would be highly unacceptable to base future EU policy decisions on questionable modelling exercises, especially if this was to result in eliminating the most needed European biofuel.

The oilseeds supply chain has already shared with your services substantial scientific work demonstrating that rapeseed biodiesel presents a low ILUC risk, provided key factors such as co-products substitution and yield increases are properly taken into account. Without denying the considerable uncertainty attached to any modelling exercise, this work illustrates that the ILUC impact of biodiesel pathways can be substantially lower than what has been modelled by Commission services until now.

The merit of imposing an ILUC penalty on biofuels remains totally unproven, as it would purely and simply penalize the industry without creating any corresponding sustainability benefit. Indeed, operators involved in the biodiesel supply chain (farmers, crushers, biodiesel producers, etc) do not have direct control over land use policies implemented in countries situated outside the EU.

Moreover, it is particularly disturbing to think that the EU is actually disregarding the positive impact of the measures already provided under Directive 2009/28 such as the ban of high carbon stocks area and the requirements for a minimum GHG saving level.

Finally, there is also a more general concern about the way in which the ILUC Impact Assessment is being conducted. It appears that the revised version of the IFPRI study commissioned in 2010 has been taken as the main basis for the ILUC calculations, with no possibility for stakeholders to actually review and comment the content of this study. This raises a major issue of transparency and democratic decision-making. Let us once again emphasize that in case the Commission decides to propose ILUC penalties for the different biofuels pathways, this will have wide-ranging implications for an entire industrial sector and ultimately for the overall EU climate change strategy.

Against this background, I would like to ask for an opportunity to meet with you at your earliest convenience, in order to present you further the perspective of the biodiesel industry on the ILUC file.

I hope that you will consider favourably our request and remain,

Yours faithfully,



Raffaello GAROFALO
Secretary General of EBB

CC:



⁴ http://ec.europa.eu/dgs/energy_transport/figures/trends_2030_update_2007/energy_transport_trends_2030_update_2007_en.pdf, p.54.