

Mr Günther Oettinger
Commissioner for Energy

Brussels, 30th April 2012

RE: Biofuels & Indirect Land Use Change (ILUC)

Dear Commissioner,

On the eve of an orientation debate among the College of Commissioners on the issue of Indirect Land Use Change (ILUC) associated with the production of biofuels in Europe, we wish to express our deep concern with the possible outcome of this debate for the future of the European biodiesel industry, the backbone of European biofuels production (9.5 million tons of biodiesel produced in 2010 covering about 85% of European needs).

The uncertainty still associated with the rapidly evolving science used in evaluating ILUC impacts makes it highly hazardous to use it for policy decisions – especially in light of any potential WTO challenges. The flaws of the IFPRI model, currently used as the main basis of the Commission's work on ILUC (the leader of this US-based institute has recently publicly expressed his strong personal opposition to biofuels production in Europe), are particularly important when it comes to the oilseed sector. Inaccuracies and mistakes in data have led to a substantial over-estimation of the ILUC impact for biodiesel (by nearly 80%):

- 1) The IFPRI study contains the questionable addition of an Indonesian peatland effect while palm oil is involved only marginally in the production of biodiesel. EU production of biodiesel saves close to 60% CO₂ emissions compared with "regular" diesel, whereas palm oil is produced from trees replacing tropical forests, which are destroyed with a huge negative impact on CO₂ emissions and the environment. No reason is advanced for this extraordinary confusion;
- 2) An undervaluation of land availability: 500 million hectares of land dedicated to temporary forage and fallow are not taken into account;
- 3) A very poor modelling of oilseed crushing, but also an assessment of the vegetable protein use in animal feeds not adapted to the European situation (i.e. under-estimation of the replacement of rapeseed and sunflower cakes by soya-bean cakes);
- 4) Very conservative yield hypotheses whereas anticipated high prices will lead to higher yield increases than in previous decades;
- 5) The contribution of biodiesel production in Europe to food and feed security is at best underestimated, if not eluded by the IFPRI study. Biofuels have triggered the development of oilseed production leading to the joint production of significant quantities of vegetable proteins for animal feed. These protein rich materials have replaced South American soya-cakes thereby reducing Europe's import dependency. In 10 years, Europe's self-sufficiency has improved from 25% to nearly 40%;
- 6) No reference is made to the security of supply objective: the end of biodiesel production in Europe would most likely mean a return to the status quo, with high European dependence on oil & gas suppliers such as Russia

And yet, the arguments currently under discussion appear to sweep such doubts aside, as if it was scientific evidence that certain EU biofuels save few or no emissions compared to others. An ILUC proposal, as currently envisaged by the Commission, jeopardizes the future of the only major current



alternative to fossil fuel in Europe (where 65% of European cars still operate on diesel). The end of European biodiesel production would result in a sharp increase in biofuels imports from third countries less concerned about environmental damage and sustainability criteria, while the objective of reaching 10% renewable energy in transport by 2020 would be dangerously put into question.

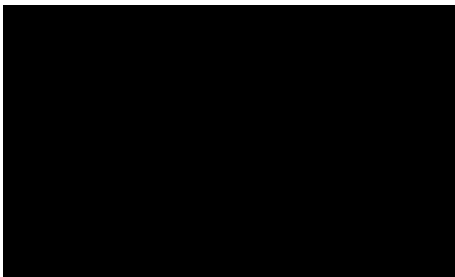
Against this background, we fail to understand the urgency of any action on ILUC. We have also noticed that some energy-related decisions (such as the one on Canadian oil sands) have been postponed to next year pending further scientific study. The direct consequences of the disappearance of the biodiesel industry on employment, European competitiveness, growth and innovation in Europe would be significant:

- non-deployment of nearly 400,000 jobs in Europe by 2020 and threat to 30,000 direct jobs in Europe today;
- halt to investment in the oilseed processing sector and innovative green chemistry. Recently significant investments have been made in several member states;
- the end of research and development in second generation biodiesel, whose deployment on an industrial scale is expected only by 2022-2025;
- devastating impact on economic activity in rural areas, and consolidation of biofuel production outside Europe, especially on the American continent, which would run counter to the G20 objectives to balance world agriculture production and would have a very negative impact on biodiversity.

The biodiesel sector could agree on the need for further CO2 direct emission reductions. The sector is prepared to make further commitments to contribute, through its knowledge and expertise, to a truly consensual scientific basis for decision-making, and encourage the European Commission to take the lead in launching such an effort internationally, and then to decide, but only then.

Hoping that you will be receptive to this approach and that these arguments will be duly taken into account when assessing the best option on how to deal with ILUC,

Yours sincerely,



President of the EOA

Cc: [Redacted]

Note on EOA:

Founded in April 2002, the European Oilseed Alliance (EOA) is meant to bring together the organisations representing the various partners of the EU oilseed and protein-crops sector: producers, collectors, processors, and other partners closely linked to the sector. The purpose of EOA is to defend EU oilseed sector.

EOA membership represents 90 % of EU oilseed production and is made of oilseed sectors organisations from Germany, France, the United Kingdom, Belgium, Poland, and the Czech Republic. European organisations of the oilseed sector – Copa-Cogeca, EBB, Fediol - are closely associated to EOA activities and actions.