

BI(11)4019:3

Ms Connie Hedegaard
Member of the European
Commission
200, rue de la Loi
B-1049 Brussels

Brussels, 8th June 2011

**Re: The phenomenon of indirect land-use change related to biofuels and
bioliquids (iLUC)**

Dear Commissioner,

The European Commission is set to prepare by July 2011, its report on the impact assessment on the phenomenon of indirect land-use change related to biofuels and bioliquids (iLUC), potentially leading to a legislative proposal. In this context, Copa-Cogeca wishes to inform you of its position.

Copa-Cogeca has taken note of both the European Commission's opinion which states that the phenomenon of indirect land-use change related to biofuels and bioliquids is neither visible nor measurable, and its decision to assess this phenomenon by means of modelling. Copa-Cogeca believes that evaluating this phenomenon through modelling would not provide sufficiently accurate results. On the one hand, Copa-Cogeca has observed that general equilibrium models produce extremely variable results, reducing as performance improves. On the other hand, causal-descriptive models produce, in certain cases, results which would lead to the conclusion that there is no iLUC, or rather negative iLUC. Furthermore, none of the models take into account the effect of sustainability criteria, as established by Directive 2009/28/EC, nor do they consider the environmental management of regions in which the phenomenon of land-use change is liable to occur.

Although food production remains the primary objective of EU agriculture, Copa-Cogeca would point out that:

- in EU agriculture, not all arable land previously in production in the EU is being farmed;
- only part of the oilseed, cereals and sugar beet used to produce biofuels is actually converted into energy. The majority stays in the feed sector and is used as animal feed. Replacing oilseed, cereals and sugar beet by crops destined solely for non-food purposes would present a real threat to food security. However, first-generation biofuels from oilseed, cereals and sugar beet would drive the development of these crops, generating an additional supply of crop residue available for the production of second generation biofuels;
- The phenomenon of indirect land-use change is not only related to biofuels and bioliquids. There are much more obvious causes of indirect land-use change than biofuels and bioliquids, notably spatial planning, environment, trade and agricultural policy. Furthermore, the significant decrease in deforestation of the Brazilian rainforest highlights the efficiency of measures which have been taken by the Brazilian government.

Copa-Cogeca is opposed to a legislative proposal addressing the phenomenon of indirect land-use change related to biofuels and bioliquids, based on imprecise and contradictory models, which places the production of biofuels of Community origin at a disadvantage. Indeed, the phenomenon of indirect land-use change is greatly influenced by many political measures that are not mutually connected.

Copa-Cogeca believes that the sustainability criteria established by articles 17.2 to 17.6 of Directive 2009/28/EC, once fully enforced by Member States, will be efficient in guaranteeing that biofuels of Community origin are sustainable. The EU should encourage effective environmental legislation to be established in third countries, in order to prevent the phenomenon of land-use change from occurring. Therefore, Copa-Cogeca calls on the European Commission to protect high carbon stock land and biodiversity in third countries through bilateral agreements, financial support and legal advice. This approach would be more effective than iLUC factors, the latter being to the detriment of European production without providing any guarantees with respect to land-use change in third countries.

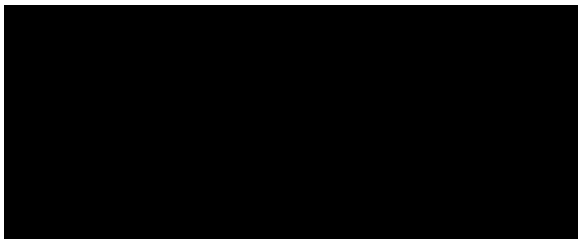
In addition, a fairer evaluation of greenhouse gas emissions would require the value of the reference fossil fuel to be reviewed, as it underestimates the greenhouse gas emissions of fuels from fossil sources.

Finally, the EU should put in place incentives for the development and proliferation of advanced and next-generation biofuels.

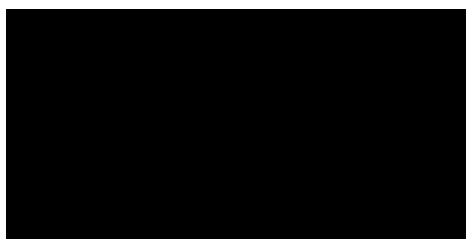
We hope these comments will be granted your full consideration.

This letter has also been sent to Mr Janez Potočnik, Mr Karel De Gucht, Mr Dacian Cioloș and Mr Oettinger.

Yours faithfully,



President of Copa



President of Cogeca

CC: Jos Delbeke, Richard Weber, Philip Owen, Ignacio Vazquez Larruscain.

Annex

In EU agriculture, not all arable land previously in production in the EU is being farmed. Since 2008, the total grain production area (cereals, oilseed, protein crops) has fallen by 1.6 million hectares, from 71.2 to 69.6 million hectares. Furthermore, sugar export restrictions imposed on the EU by the WTO, as well as increased sugar imports, have freed up 700,000 hectares of sugar beet area.

The EU imports more than 80% of its protein needs for animal feed purposes, representing the equivalent 35 million tonnes of soya meal, at a value of €14 billion. Protein-rich by-products of biofuel production would help the EU reduce its heavy dependence on imported animal feed.

- For every litre of bioethanol produced in the EU, this creates between 1 and 1.2 kg of by-product for use as animal feed. The production of 16 million tonnes of bioethanol needed to replace 10% of transport fuel in the EU by 2020 will generate up to 21 million tonnes of animal feed, such as DDGS, substituting 6.6 million hectares-worth of soya from third countries.
- Between 2003 and 2008, rapeseed production increased from 12 million tonnes to 19 million tonnes, generating an additional 4 million tonnes of rapeseed meal. Already, this 4 million tonnes of rapeseed meal substitutes 2 million hectares-worth of soya from third countries. In the EU-27, the oilseed production potential is estimated at 39 million tonnes, i.e. an additional 7.3 million tonnes of meal. In total, this 11.3 million tonnes of additional meal would substitute 5.6 million hectares-worth of soya from third countries.

Protein-rich by-products from EU first-generation biofuel production would help replace 12.6 million hectares-worth of soya or 11% of the global soya surface area, estimated to be 110.6 million hectares by 2025 (FAPRI, 2011).

Even though soya production does not directly cause deforestation, it has been observed that Brazilian beefmeat production is being shifted to forested areas in order to make way for soya production.

Consequently, EU biofuel production would not only help to reduce the area needed for crops destined mainly for animal feed production but also to compensate for the phenomenon of indirect land-use change caused by our imports of soya. Furthermore, the Commission's report¹ reveals that beefmeat production in Brazil incurs twice as many GHG emissions as EU beefmeat production. If we take into account the deforestation caused by Brazilian beefmeat production, this increase in emissions is four-fold.

In conclusion, as far as Copa-Cogeca is concerned, the phenomenon of land-use change related to biofuels and bioliquids does not exist.

¹ Final report JRC/IPSC/IPTS evaluation of the livestock sector's contribution to EU greenhouse gas emissions, November 2010