



Mr. Michael Koehler,
Head of Cabinet
Energy
European Commission
B-1049, Belgium

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Ref. 12 ENV 93

Indirect Land Use Change (iLUC) and Impacts of a Commission Proposal

Dear Mr. Koehler,

We have written to you previously about the impacts of a potential iLUC proposal on the EU vegetable oil and proteinmeal industry and the upstream grain trade sector. As the Commissioners discuss possible ways to tackle the issue and the public debate intensifies, we would like to reiterate some critical aspects of the iLUC phenomenon.

- **The science on iLUC is inconclusive:** Land use accounting is a relatively new area of science, where models and databases have significant gaps. The inconclusiveness of science is so significant that it is insufficient to underpin effective policy design and implementation. This is also recognized by DG Climate Action in the Commission Decision on Land-Use, Land-Use Change and Forestry (LULUCF).
- **IFPRI study overestimated the iLUC impact of biodiesel by 78%:** The false assumptions regarding the oil and meal content of oilseeds has led to an overestimation of LUC of 1.4 million hectares. This corresponds to 78% of the IFPRI's estimation for agricultural cropland expansion. Having a deviation as much as 78% and taking into account that this report has not been scientifically peer reviewed, IFPRI's iLUC Report cannot be used as a reference in the policy making.
- **Option 1:** According to the public reports, this option would entail an increase of the GHG savings threshold to 60% with grandfathering provisions. Should this option be preferred by the European Commission, soybean crushing for food, feed, biodiesel and oleo chemical applications would become economically unviable in the EU. This would increase the EU protein deficiency, increase imports from 3rd countries, hamper the EU aspirations for a bio-based economy and force FEDIOL members to end one-third of their operations permanently. This would have an economic impact equivalent to approximately 9 billion Euros turnover loss annually and cause more than 7,000 persons to lose their jobs.
- **Options 2 and 3:** These options under consideration would threaten the entirety of oilseeds industry, as attributed iLUC-factors would restrict the use of all vegetable oils for the production of biodiesel. The estimated economic impact of such a decision would amount to approximately 13 billion Euros annually and lead to considerable employment losses, where FEDIOL members directly employ more than 20,000 persons.
- **Multi-feedstock sourcing is absolutely crucial for food, feed and biofuels markets:** Options that penalize pathways would put the commodities' availability into question, increase price volatility and jeopardize the EU targets for renewable energy and bio-based economy. According to the NREAPs, biodiesel is critical in reaching the 10% target by 2020 and beyond.

We regret to see that the European Commission has not devoted equal effort in assessing other options, including measures which would encourage iLUC mitigating practices.


Once again, we ask the members of the European Commission to carefully consider the implications of an iLUC proposal, not only for the biofuels producers but for the entirety of the chain. As all scientists do agree, every human activity could cause iLUC to take place. However, putting the entire burden on a single product would only have significant draw backs for the European food, feed and oleo chemical industries.

Thanking you in advance for your consideration, I remain,

Yours Sincerely,



Director General of FEDIOL



Secretary General of COCERAL

Cc: Cabinet of President Barroso
Cabinet of Climate Action
Cabinet of Agriculture & Rural Development
Cabinet of Industry & Entrepreneurship
Cabinet of Trade
Cabinet of Transport
Cabinet of Environment

About FEDIOL – The EU Vegetable Oil and Proteinmeal Industry

FEDIOL represents the interests of the European vegetable oils and proteinmeal industry. With over 150 facilities in Europe, the sector provides over 20.000 direct employments. Our members process approximately 56 million tonnes of basic products a year for the food, feed, energy and oleo chemical markets. FEDIOL members make the EU industry the second largest player in the world market for vegetable oils, after China.

Oilseeds crushing yield vegetable oils and proteinmeals as co-products. While vegetable oils are used for food and technical uses (pharmaceuticals, paints, detergents, biodiesel, etc.), proteinmeals are used to meet the increasing global demand for meat and protein.

About COCERAL - Comité du Commerce des céréales, aliments du bétail, oléagineux, huile d'olive, huiles et graisses et agrofournitures

COCERAL is the voice of the European cereals, rice, feedstuffs, oilseeds, olive oil, oils and fats and agro supply trade. Its members are the national trade organisations of most of the EU-27 Member States, who represent collectors, distributors, exporters, importers and agri-bulk storers of the above mentioned commodities.