

Günther Oettinger
Commissioner for Energy

Subject: Biofuels and Indirect Land Use Change (ILUC)

Brussels, 21st July 2011

Dear Mr Commissioner,

As representatives of the European biodiesel sector, we wish to bring to your attention an upcoming decision by the European Commission that could jeopardise the future of the biodiesel industry in Europe.

This decision concerns the Indirect Land Use Change (ILUC) effect attributed to biofuels, a phenomenon widely recognised as difficult to define and quantify. However, it currently threatens to do unjustified reputational damage and commercial harm to producers who have invested and continue to invest much effort in ensuring a sustainable alternative for the transport sector.

ILUC is a legacy of last-minute negotiations on the December 2008 energy and climate change package. At the time, the Renewable Energy Directive (Directive 2009/28/CE, dated 23 April 2009) required the Commission to prepare a report on the subject and, where appropriate, to make legislative proposals on how to address the issue. It was completed in December 2010, and the Commission suggested four options to potentially remedy ILUC.

These options are now subject to an impact assessment, due to be finalised by the summer. Amongst them, it appears that the favoured option would be an ILUC penalty – i.e. the incorporation of an ILUC-emission factor in the calculation of greenhouse gas impact of biofuels. IFPRI, a Washington-based research institute, is currently updating its study from July 2010 and the impact assessment is expected to be largely based on the results of this study.

In the context of scientific exchanges, we contacted IFPRI on this subject. We understand that results for the biodiesel industry would be particularly high, in particular for rapeseed-based biodiesel. Furthermore, several aspects of the study raise questions as to the credibility of its results:

1. The high sensitivity of the results: Between the first study published in 2010 and the current one, some results - ILUC impact of biofuels – could be divided by three whilst others increase.
2. The “peatland effect”: new hypotheses (linked to substitution between different oils), which seem questionable to us, forecast a 30% palm oil development on Indonesian virgin peatlands. This would penalise the biodiesel industry by sharply increasing its ILUC impact.
3. The modelling of animal feed: in the study, the animal feed sector is modelled according to the North-American market which strongly differs from European standards.

Therefore, any ILUC quantification seems very difficult, if not impossible, because the results are extremely sensitive to chosen parameters. The ILUC debate should not be limited to biofuels only, but be addressed in a comprehensive way, looking into the energy and environmental performance of both biofuels and fossil fuels.

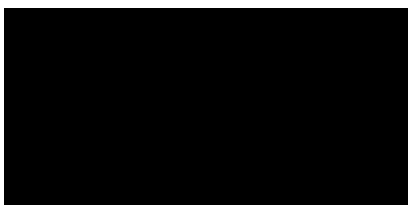
The biodiesel industry has invested heavily over the past years to help meet Europe’s target for greener transport by 2020. Biofuels contribute to decreasing greenhouse gas emissions , reducing Europe’s energy dependence, developing a sustainable agricultural sector, creating jobs in rural areas, and ultimately having a positive impact on our external trade balance. Last but not least, producing biofuels allows for the production of large quantities of vegetable protein used for animal feed. These co-products have helped and will continue to help the EU reduce its protein deficit and ultimately substitute other crops grown for animal feed. It is therefore particularly disturbing that any decision on ILUC could potentially lead to the end of the industry in Europe.

At a time when diesel fuel represents 65% of energy used in road transport, we are concerned that the European Union’s ability to fulfil its 10% renewable energy target could fall short if European biodiesel production were stopped.

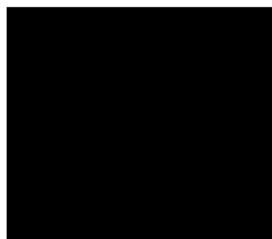
In conclusion, while biofuels are subject to the most stringent sustainability criteria in the world, we fear that a single academic study might set in motion a legislative process at the expense of Europe’s interests.

We are therefore turning to you in the hope that you may be able to restore balance and fairness to the ILUC debate in Europe.

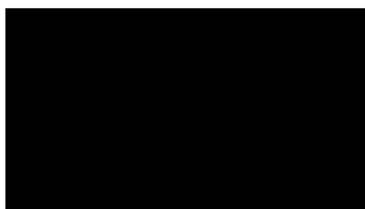
Yours sincerely,



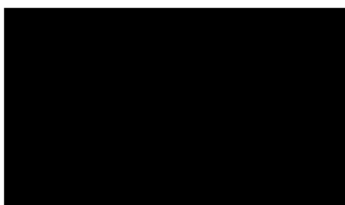
Chairman of the European Oilseed Association (EOA)



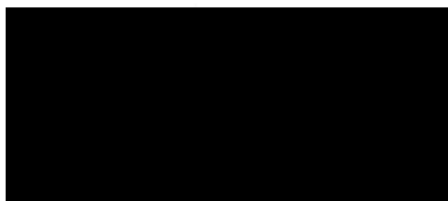
President of the European Biodiesel Board (EBB)



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



President of National Farmers Union (NFU)



Chairman of Diester Industrie and Spokesperson for the European Oilseed Association (EOA)



The letter has also been sent to:



Mail address: European Oilseed Association (EAO), 12 avenue George V, 75008 Paris