

EBB

European Biodiesel Board

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EBB POSITION ON THE RELATION BETWEEN BIOFUELS AND INDIRECT LAND USE CHANGE

1. Background

Over the last year, EU policy makers have reacted to increasing international pressure to investigate the existence and potential drivers of indirect land use change. The recently published Renewable Energy Directive (2009/28/EC) and the Fuel Quality Directive (2009/30/EC) require the European Commission to report to the European Parliament and the Council on *“reviewing the impacts of indirect land use change on greenhouse gas emissions and addressing ways to minimize that impact”*¹. As part of this requirement, the European Commission has put forward a policy paper outlining eight policy options that reflect whether and how indirect land use change (ILUC) could be addressed in the framework of the European policies. This will be followed by a series of public consultations to which EBB will participate.

A highly debated concept within the scientific community, **indirect land use change (ILUC) was created by a number of research studies to explain a chain of “potential” causal relations between land displacement and agricultural production (i.e. for biofuels) at planetary scale and over variable time dimensions**. Also decisions on how land is managed in one area are deemed to be the consequences of production decisions taken in other secluded areas and this relation is finally quantified in the form of carbon footprint.

As a consequence, the benefits of biofuels production for example would be mitigated if such ILUC emissions would be included in the calculation of the biofuels carbon footprint, although science has not reached consensus on the matter. Moreover, **EBB would like to emphasize that it is impossible to link ILUC effects to individual consignments of biofuels**. Therefore, the mere introduction of such an exercise would impose a major burden upon individual operators.

2. Indirect Land Use Change: a debatable and challenging concept

The cause-effect relations implied are open loops of many “if” questions that are extremely difficult, if not impossible to be capped by an econometric model, while such models are normally designed to provide robust results supporting political decision-making.

Last, but not least, the introduction of ILUC should be assessed against the World Trade Organization’s rules. **So far it is not clear whether there is compatibility between ILUC provisions in international legislation and WTO rules**, given that ILUC mitigation provisions could in fact have discriminatory impacts against third countries. In the view of EBB, it is essential to avoid that any future sustainability schemes hamper international trade flows.

Accordingly, EBB considers that the political and scientific debate on ILUC should refer to the recent United States political developments. **As such, EBB welcomes the US Congress decision taken last June 26th to halt the hasty introduction of the indirect land use effect in the biofuels greenhouse gas methodology as part of the US Environmental Act**. A five year period has

¹ Directive 2009/28/EC of the European Parliament and of the Council of 23rd April 2009 on the promotion of the use of energy from renewable sources and amending and subsequently repealing Directives 2001/77/EC and 2003/30/EC, Art. 19-6.

been set by the Congress in order for the science of the indirect land use change to advance to the point that no doubt will shadow the scientific results.

Against this politicized environment on both sides of the Atlantic, EBB considers that **EU decision makers have a political responsibility towards the 27 Member States to base the EU wide binding legislation on undisputed scientific evidence**. Moreover, the American legislators' decision is an undeniable stepping stone for depoliticizing an overall scientific issue such as the indirect land use change. EBB trusts the European Commission will follow the US approach in order to avoid unforeseeable damages that can be the consequence of hasty decision making.

3. Addressing land use change in a comprehensive way and accounting for biofuels positive impacts

Indirect land use change issues should be addressed in a comprehensive way. The fundamental problem at planetary scale is the sustainability of biomass and consumption patterns. Sustainability must be therefore both a goal and an instrument. It is worth reminding the IEA assessment that global agricultural land used for biofuels would represent from 2,5% to 3,8% of the world's cultivated surfaces in 2030². **Consequently, indirect land use change would not be an issue if sustainability requirements would be applied horizontally to all agricultural and other industrial productions, regardless of their end use (food, feed, bioenergy, and other industrial applications).**

Moreover, EBB regrets that the **positive indirect effects of agricultural production for energy crops** have been left outside the debate. There are indeed key positive factors that should be taken into consideration, such as:

- The insertion of new oilseeds crops in the agricultural rotation significantly improves annual yields of both oilseeds and cereals;
- The abundance of animal feedstock from the biofuels co-products substitutes the need for more land for animal feedstock cultivation, while decreasing the price of such products by increasing supply;
- Biofuels crops represent a tool for local development in developing countries, by bringing in the agricultural circuit deserted or degraded lands;
- Existing voluntary crop specific sustainability schemes already provide safeguards for potential effects of indirect land use change; these safeguards should be therefore taken into consideration when drafting policies at international level;
- Investments brought by energy crops in different areas help improve agricultural mechanization and yields worldwide.

4. EBB recommendations

Against the background of lack of scientific consensus, extreme uncertainty in the modeling exercise, the United States legislators' decision and a need for universally applicable sustainability rules, **EBB encourages the European Commission to suspend any decision on eventual ILUC effects of biofuels production until a reliable scientific consensus is reached on the matter.**

Accordingly,

- EBB supports **a constructive policy mix fostering increased scientific research, which should help reaching undisputable ILUC modeling results**. Only this level of understanding of the ILUC impact will be considered satisfactory by the biodiesel industry.
- Equally, EBB believes that **international agreements protecting carbon-rich habitats, as well as the expansion of the sustainability requirements to other countries and commodities** (similar to Commission's **option A** and **option B**³) should be sought

² In its "Reference Scenario" for 2030 in *World Energy Outlook 2006*, the IEA projects an increase in the share of the world's arable land devoted to growing biomass for liquid biofuels from 1 percent in 2004 to 2.5 percent in 2030

³ Idem

regardless of the indirect land use change political finality. Indeed an international cooperative approach on biofuels sustainability is necessary and requires ultimately that principles will have to be agreed internationally.

- EBB is also favouring policy options giving **bonuses in recognition of the positive indirect effects** of biofuels production (similar to Commission's **option E**), i.e. **yield improvements, co-products** use in the feed chain (that avoid ILUC effect from other biomass production), **non-use of land** (e.g. algae). Whereas the negative effects are impossible to be linked to individual consignments of biofuels, the positive effects are certain and quantifiable and they should be recognized and promoted, regardless of the level of science on the ILUC modelling effects. Including such an option in EU policy would also ensure a level playing field between EU and non EU producers especially in terms of verification and auditing of the declared positive effects.
- Finally, EBB is asking the European Commission to consider a **framework where competing fuel/energy sources are benchmarked against the same principles**. Life cycle assessments including indirect effects should be the reference instruments to evaluate the performance of both biofuels and fossil fuels. For instance it would be important to account as "indirect" fossil fuel effects the environmental disasters caused by oil extraction (Delta of the Niger) and oil transport (e.g. Prestige, Erika, Exxon Valdez) leading to million of tonnes of oil spilled in the oceans and seas every year. Only in this manner the right comparison between the two sets of products will be done in a fair and levelled way. As a result consumers will receive the right information for making their purchasing choice among competing products, under a performance-based standard.

Over the last years, the EU biodiesel industry has committed significant investments to build-up a worldwide leading technology and production capacity and is now ready to produce in line with the ambitious objectives adopted at EU and national level. However, this will only be possible provided that a favorable legislative and regulatory environment is maintained and no hasty policy decisions are taken at international and EU level.

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*The European Biodiesel Board, also known as **EBB**, is a non-profit organisation established in January 1997. EBB represents the voice of the EU biodiesel industry. It gathers 74 companies and associations and aims to promote the use of biodiesel in the European Union. EBB member companies account for around 80% of EU biodiesel production.*