

Mr. Gunther Oettinger, Commissioner for Energy
Ms. Connie Hedegaard, Commissioner for Climate Action
Mr. Janez Potočnik, Commissioner for Environment
Mr. Siim Kallas, Commissioner for Transport
Mr. Karel de Gucht, Commissioner for Trade
Mr. Antonio Tajani, Commissioner for Industry and Entrepreneurship
Mr. Dacian Cioloș, Commissioner for Agriculture
Mr. Andris Piebalgs, Commissioner for Development
Mr. Michel Barnier, Commissioner for Internal Market

European Commission
1049 Brussels
Belgium

Brussels, 19 December 2011

Dear Commissioners

RE: Securing an effective response to Indirect Land Use Change (ILUC) debate in EU biofuels policy

We are writing as a group of companies, trade associations and NGOs who believe that a practical and effective solution needs to be agreed to address the ongoing debate about ILUC in European biofuels policy, in the interests of:

- Meeting EU renewables targets
- Helping to deliver energy security
- Fostering rural economic development and
- Developing a sustainable bioenergy system that can help towards decarbonising transport in Europe and beyond.

Collectively, we represent several billions of Euros of investment into the biofuels sector in Europe. We agree that:

The EU has taken a progressive lead in adopting the world's strictest biofuels sustainability criteria.

Over 65 countries have some form of biofuels policies. However, the EU's sustainability scheme remains world-class. Our organisations support and adhere to this sustainability policy for biofuels. We call for more focus on its sound implementation in the EU and on enabling the investments that will make these standards work in other countries and regions.

The lack of an effective resolution to the ILUC debate for biofuels is threatening investments.

It is threatening both existing and future investments into the sector and undermining delivery towards the EU's renewable energy ambitions. Many studies show that scientific modelling efforts to calculate ILUC have been inconclusiveⁱ. Also, a growing body of research suggests that there are agricultural and biofuels production practices that prevent or reduce potential ILUC riskⁱⁱ but these have been largely overlooked in the studies undertaken for the EU Commission so far.

Each of the four policy options assessed so far could have significant drawbacks.

Some of these options would perversely cause more ILUC rather than preventing it. For example, the adoption of uncertain CO₂ penalties would reduce the range of feedstocks that can be used to comply with renewable targets and place more volume pressure on those that remain. This could drive more

ILUC risk for the remaining feedstocks. Any feedstocks penalised by ILUC factors would have no opportunity to make further sustainability improvements.

None of the four policy options encourage greater adoption of ILUC mitigation practices.

Most importantly, none of the four policy options being assessed encourage producers to adopt additional practices that reduce ILUC risks, nor do they improve investor confidence for biofuel development. A combination of any of the four policy options under assessment would not only exacerbate their negative effects but also deliver no overall reduction in the carbon emissions of transport fuels.

Recent studies show there are a range of ILUC mitigation practices.

These can include: the use of co-products for animal feed purposes, crop production on degraded lands, improved agricultural production practices that lead to increased yields, other land management measures, negotiation of effective bilateral agreements with third countries and the development of certain advanced generation biofuels. We believe these areas of agricultural science and biofuel technology could make a significant contribution to the development of a more sustainable bioenergy system. A market-driven approach to introducing incentives for ILUC mitigation would not require additional public funding.

We urge you to consider the value of adopting a more holistic approach in your decision-making.

We would be concerned by any disproportionate approach that penalises the biofuels sector on the basis of inconclusive science. We believe the Commission's decision-making should consider the potential role of ILUC mitigation practices. There is no 'silver bullet' solution. However, a sensible approach to encouraging greater uptake of ILUC mitigation practices could also yield additional environmental benefits that may go much further beyond the biofuels sector. We are keen to meet with you or your teams to discuss these ideas in further detail at the earliest opportunity.

Yours sincerely,



For further enquiries about our organisations, please contact:

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Teresa Sayers, Chief Executive, **Downstream Fuel Association**

Raffaello Garofalo, Secretary General, **European Biodiesel Board**

Nathalie Lecocq, Director General, **FEDIOL**

Simo Honkanen, Senior Vice President, Sustainability and HSSE, **Neste Oil**

Meghan Sapp, Secretary General, **PANGEA (Partners for Euro-African Green Energy)**

Simon Maine, **Riverstone Holdings**

Ivan Martin, Head of EU Liaison, **Royal Dutch Shell**

Bernd Schnittler, President, **UPEI, (Union Petroliere Europeene Independante)**

i These include, but are not restricted to, the *E4Tech report, 'A causal descriptive approach to modelling to modelling indirect land use change impacts of biofuels'* (October 2010, <http://www.dft.gov.uk/publications/modelling-indirect-land-use-change-impacts-of-biofuels>); *Review of IFPRI Reports on Land Use Change for European Biodiesel Policies, (S&T)² Consultants Inc* (http://www.ebb-eu.org/EBBpressreleases/IFPRI_EBB_OConnor_final_report.pdf) and the *European Forum for Sustainable Development report, 'The Missing Indirect Land Use Change Factors: How to Make Decisions When Science Is Incomplete?'* (August 2011, http://www.efne.eu/fileadmin/user_upload/142201_Copenhagen_Economics_-_Indirect_land_use_change.pdf)

ii These include, but are not restricted to, the recently published report by Ernst and Young, 'Biofuels and Indirect Land Use Change: The Case for Mitigation' (October 2011, <http://pangealink.org/archives/1505>); the Ecofys report, 'Responsible Cultivation Areas' (September 2010, <http://www.ecofys.com/en/publications/17/>) and the E4Tech report, 'A causal descriptive approach to modelling to modelling indirect land use change impacts of biofuels' (October 2010, <http://www.dft.gov.uk/publications/modelling-indirect-land-use-change-impacts-of-biofuels>).