



October 19, 2010

European Commission  
DG Energy - ENER.DDG1.C.1  
'Regulatory policy & Promotion of renewable energy'  
Rue De Mot 24-26  
B-1049 Bruxelles  
Belgium

Via E-mail : [ec-land-use-change-biofuels@ec.europa.eu](mailto:ec-land-use-change-biofuels@ec.europa.eu)

Dear Sirs,

The United Soybean Board is pleased to provide this submission as part of the European Commission's public consultation on Indirect Land Use Change as part of the EU's Renewable Energy Directive (RED).

I am writing to you in my capacity as Chairman of the United Soybean Board (USB), which is composed of 68 U.S. volunteer soybean farmer -leaders appointed by the U.S. Secretary of Agriculture. USB administers programs and activities focused on research and market development and expansion. These programs are supported by all U.S. soybean farmers through individual contributions of 0.5 percent at the first point of sale of their soybeans.

The European Union (EU) is an important market for U.S. soybeans, which are crushed and processed in Europe to produce animal feed, and soy oil for various applications, including as a feedstock for biodiesel blends (often with rapeseed produced in Europe). U.S.-processed biodiesel from soy is also exported directly to European customers.

USB does not support including indirect land use change (ILUC) as an additional criterion to the RED's existing sustainability criteria. This view is based on two primary observations:

- 1) Current evaluations of ILUC impacts for biofuels do not allow consideration of the progress that has been made – and is being made – to reduce and minimize potential ILUC associated with biofuels; and
- 2) Incorporating ILUC into the RED does not rise to the level of scientific objectivity and validity that is required for regulatory purposes. While ILUC may be an important and real concern, there currently is no generally accepted or valid economic or scientific model to accurately measure ILUC.



European Commission  
October 19, 2010  
Page 2

Below, we respond more specifically to the Commission's questions in its consultation document:

**1) Do you consider that the analytical work referred to above, and/or other analytical work in this field, provides a good basis for determining how significant indirect land use change resulting from the production of biofuels is?**

The analytical work launched by the Commission presents a comprehensive perspective on the challenges inherent in determining the significance of ILUC. In fact, the global trade and environmental impact study itself states that "there is disagreement about assumptions and assessment methods for estimating the indirect effects of global land-use change" (p. 23) and that the 12 scientific studies reviewed provided a wide range of estimates.

In addition, we encourage the Commission to review a recent report from Purdue University (<http://www.transportation.anl.gov/pdfs/MC/625.PDF>) which states that ILUC associated with biofuels production is as much as 10% less than estimates published in 2008 and 2009.

This high disparity in study results testifies to the variability in methodologies, and the lack of clear consensus on how to measure ILUC. The lack of consensus makes it difficult to effectively address ILUC in a regulatory context.

It is our view that incorporating ILUC into the RED does not rise to the level of scientific objectivity and validity that is required for regulatory purposes. The level of uncertainty is too great, and the science that evaluates ILUC is too underdeveloped. Much work remains to be done to achieve ILUC methodologies that are sufficiently sophisticated and credible in their accuracy.

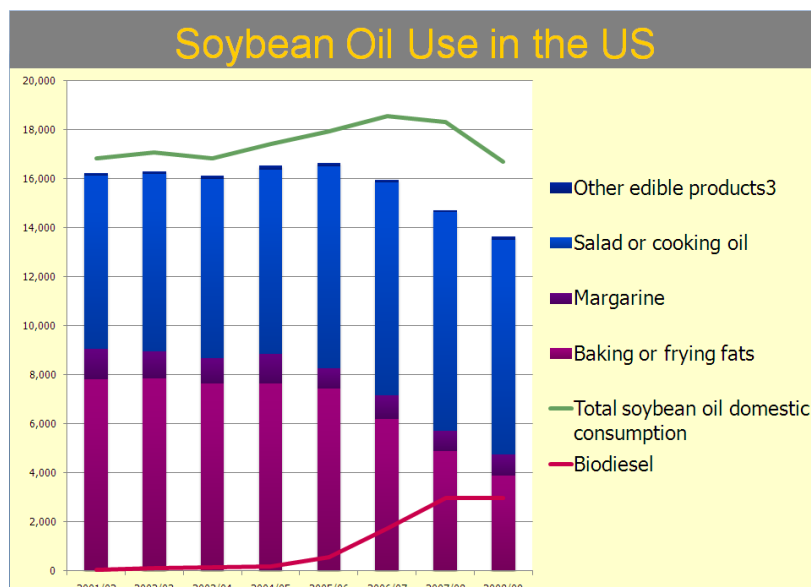
Additionally, the current methodologies for evaluating ILUC do not sufficiently account for allocation of by-products. We would like to draw your attention to the fact that soybean oil is a by-product of soy protein that is used in animal feed (oil represents about 31% of the value of the total soybean complex). This means that the assumption that an increase in demand for soybean oil for biodiesel automatically leads to an increase in planted soy acreage is not necessarily valid. In addition, since soybean oil is a by-product of meal production, its use as a biodiesel will depend on its price and its quality compared to other vegetable oil and animal fat sources. Therefore the price of soybean oil has a limited impact on the oilseed's planted acreage, which implies that the properly allocated ILUC impact for soybean biodiesel is not significant.



European Commission  
October 19, 2010  
Page 3

The graph below shows the U.S. domestic consumption of soybean oil from 2001 -2009. In 2006, an effort by the U.S. food industry to eliminate trans fats in food products resulted in a significant decrease in soybean oil consumption. The graph shows that the increase in soybean biodiesel aligned with the creation of a soybean oil surplus; the surplus was created when food companies decreased the amount of soybean oil used in salad/cooking oil, margarine, and baking/frying fats. USB has measured this soybean oil surplus to exceed 2.5 billion pounds of oil. In fact, the green line (total domestic consumption) shows that the increase in soybean biodiesel has not completely utilized the entire available soybean oil surplus, as total consumption continues to decrease annually since 2006.

Because the demand for soybean meal primarily drives the production of soy globally, the continued surplus of soybean oil will be a cost -effective biodiesel feedstock. Any increase in the demand for soybean biodiesel can be met through this oil surplus.



**2) On the basis of the available evidence, do you think that EU action is needed to address indirect land use change?**

ILUC is an important and real concern that should continue to be analyzed in the scientific community. More recent, credible data are needed to inform ILUC models. More sophisticated and accurate ILUC models must be created. Best management



European Commission  
October 19, 2010  
Page 4

practices that improve yields and reduce demands on natural resources must be refined so that any ILUC impacts are minimized.

EU contributions to all of these areas are vital if the biofuels industry is to accurately evaluate the impact of ILUC. While the level of uncertainty in current models is deleterious to incorporating ILUC in a regulatory process, it presents an opportunity for interested parties to collaborate on improving the science, monitoring and mitigation of ILUC. Should the EU desire to provide economic assistance or other incentives to encourage countries to advance ILUC science and the identification/implementation of best management practices to reduce ILUC impacts, this would be the most valuable action the EU could take at this time.

Finally, we would like to draw your attention to the fact that the U.S. Departments of Energy and Agriculture are working on a new methodology for calculating ILUC, which might be of interest to the Commission.

- 3) If action is to be taken, and if it is to have the effect of encouraging greater use of some categories of biofuel and/or less use of other categories of biofuel than would otherwise be the case, it would be necessary to identify these categories of biofuel on the basis of analytical work. As such, do you think it is possible to draw sufficiently reliable conclusions on whether indirect land use change impacts of biofuels vary according to feedstock type, geographical location, or land management?**

A significant complicating factor in this discussion is that all vegetable meal and oil markets are interconnected as well as global because their uses are interchangeable (human or animal consumption and industrial) and classifying biofuels by origin, raw material and/or land management would not eliminate their land use impacts. Other complications related to agricultural issues, difficulties in monitoring and control, as well as other problems unrelated to production of raw material for biofuels would continue to exist.

At this point in time, with the limitations we face in terms of data and models to evaluate ILUC impact, it is not fully possible to draw sufficiently reliable conclusions about how classifying biofuel feedstocks could generate a reduction of ILUC impacts. More research is needed in this area.



European Commission  
October 19, 2010  
Page 5

**4) Based on your responses to the above questions, what course of action do you think appropriate?**

USB would favor option (d), "take some other form of action." Encouraging or discouraging the use of specific biofuel feedstocks on the basis of highly uncertain models, with no confidence/assurance that policy will make a positive contribution to reducing ILUC, is not an appropriate option for regulatory purposes.

The agricultural industry is making progress towards reducing the impacts of ILUC. However, more work needs to be done to identify meaningful corrective actions that producers can take to mitigate ILUC. Additional research and data are required to produce a sound, science-based estimate of the impact that biofuels production has on international land use decisions. Significant additional research is being conducted in this area, and it may prove beneficial to wait until this research can generate a more informed discussion.

As the science improves and countries have opportunities to reduce ILUC impacts, a truly beneficial course of action would be to seek bilateral or multilateral agreements, as outlined in Article 18.4 of the RED. For example, the U.S. Department of Agriculture collects and maintains data on land use that is being used by USEPA to monitor agricultural land acreage for purposes of compliance with renewable biomass requirements of the Renewable Fuel Standard (RFS2).

In addition to the aggregate compliance approach being utilized by USEPA to monitor total crop land and determine whether or not new land is being converted for renewable biomass production, U.S. farmers must comply with requirements, including conservation compliance, sodbuster, and swampbuster provisions under regularly reauthorized farm bills in order to be eligible to participate and receive payments under farm programs. These requirements provide an additional layer of protection to assure that renewable biomass in the U.S. is being produced from existing and eligible crop land and not as a result of conversion of environmentally sensitive lands.

USB believes that using bilateral or multilateral agreements to recognize in-country efforts to reduce ILUC impacts, is a most effective course of action that the Commission should explore for addressing this important issue in a timely manner.

Sincerely,

Philip Bradshaw  
Chairman, United Soybean Board