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INDIRECT LAND USE CHANGE IMPACTS OF BIOFUELS CONSULTATION

DIESTER INDUSTRIE

Introductory remarks

Diester Industrie is a French company created in 1992.

Diester Industrie adds value to oilseeds and their products in renewable energy and renewable chemistry markets.

The company is the world leader in biodiesel production, operating in France and through its subsidiary, Diester Industrie International, elsewhere in Europe.

In its submission, Diester Industrie will explain that the work carried out through the 4 studies has too many inconsistencies to be relevant for policy purposes.

Furthermore Diester Industrie wonders if an ILUC effect really exists.

Indeed, the European biofuels production will remain limited and yields are likely to increase due to crop genetic selection. It is the case for example Eastern Europe where there is a very big agronomical potential using the best practices.

However we consider that studies should be performed in order to find a consensus on this issue.

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 European Commission will submit a report by the end of 2010 on the possible impact of ILUC on greenhouse gas emissions of biofuels.

Diester Industrie considers that the studies on this issue (including the four studies conducted for the European Commission) cannot provide a good scientific basis for determining the levels of ILUC from biofuels.

The European Commission should make a proposal “based on the best available scientific evidence, containing a concrete methodology for emissions from carbon stock changes caused by indirect land use changes”

Many of the models used were not developed for the purpose of modelling ILUC. Furthermore it has been clearly stated in the executive summary of the study conducted by the DG ENERGY that all the studies on ILUC present many inadequacies and uncertainties.

It is obvious that no regulation can be based on such uncertainty as those studies give no indisputable answer to the questions relative to the ILUC concept for biofuels.

The main points which raise doubts concerning the robustness of those studies are the following:

- there is no consensus raised by those studies concerning the ILUC for biodiesel
- the models differ on many important aspects: five out of the eight models used by the Commission look only at the developments in agriculture in isolation from other sectors such as the energy sector
- the data used are quite old, sometimes partly outdated and not always relevant
- None of the scenarii took as reference a scenario without biofuels: it entails that the genuine ILUC effect of biofuels remains unknown because it has simply not been studied
- The models do not take properly into account the positive impacts of co-products
- The yields improvements due to better agronomical practices are not well evaluated: as a result the forecast by 2020 are not scientifically consistent.
- In many cases, pre-existing deforestation was arbitrarily attributed to biodiesel, it leads to a wrong overestimation of the green house gas emissions generated by ILUC

Another important weakness in the work comes from the lack of a comparative evaluation of the fossil fuels impacts (direct and indirect):

Indeed the Renewable Energy Directive and the Quality Directive define that the Green House Gas Emission of the biofuel has to be compared with the corresponding fossil fuel. The direct and indirect impacts of fossil fuels need to be assessed discussed and applied in the same way as for biofuels.

An approach focused only on biofuel cannot be claimed as a scientific one.

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

Diester Industrie considers that no EU action is needed to address indirect land use change.

Indeed no political decision can be taken considering the lack of scientific evidence. A penalty based on ILUC would penalize all the biomass and biofuel industries on the basis of partial and debatable elements.

In order to progress on this issue, Diester Industrie would favour the development of a scientific work on the negative externalities of fossil fuel. This step is fundamental to compare biofuels and fossil fuels on a fair and scientific basis.

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 the 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***
- . land management***

At this stage, with so many uncertainties, it is obvious that no reliable conclusions on whether indirect land use change impacts of biofuels can be drawn.

Distinction between biofuels based on the work which has been done would be arbitrary and will stop all the positive work performed by the biomass/ biofuel sectors in the world to improve their practices in order to be compliant with the Renewable Energy Directive.

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

Diester Industrie considers Option A as the most appropriate and reasonable action, taking into account the previous answers.

Diester Industrie has some comments on the other proposed actions.

A. Take no action for the time being, while monitoring impacts including trends in certain key parameters and, if appropriate, proposing corrective action at a later date

The work has to be extended to all sectors (food, energy) and to fossil fuels in order to be able to draw any conclusions on the possible ILUC impact.

B. Take action by encouraging greater use of some categories of biofuel

This point is already addressed in the Renewable Energy Directive with the double counting for the biofuels produced from residues, wastes, ligno cellulosic and non-food cellulosic material.

C. Take action by discouraging the use of some categories of biofuel

This option is not acceptable given the lack of scientific evidence.

Some options are described in the consultation document; those options should be rejected for the following reasons:

➤ **Increase the minimum greenhouse gas saving threshold**

The cut off value of 35% will rise to 50% in 2017 and to 60% in 2018 for new plants. It is not acceptable to increase those values given that they are already difficult to meet (because of the restrictive GHG methodology) and that they will be updated every 2 years.

➤ **Additional sustainability requirements**

Diester Industrie considers that this option has to be rejected as the biofuels produced and used in the European Union have already to meet many sustainability requirements defined in the Renewable Directive.

The mandatory sustainability requirements for biofuels in Europe are already specific for Europe as there is no equivalent in the rest of the world.

Additional sustainability requirements would entail unacceptable administrative burden and will put the European agriculture and biofuel industry in danger.

➤ **Introduction of an “ILUC factor”**

It has to be rejected for the same reasons.

D. Take some other form of action

Some recommendations could be applied by all the sectors (food / energy..) in order to minimize negative environmental impacts on biodiversity, air and water quality, improve the GHG balance.