



**Seed Crushers'
and Oil Processors'
Association**

SCOPA position on ILUC
Response to Commission Consultation of 17 September 2010

Given available data, SCOPA believe that it is too soon to draw conclusions on the extent of Indirect Land Use Change (ILUC). Consequently, we believe that it would be inappropriate at this time to introduce measures to deal with ILUC.

General principles

It is important that any legislation proposed by the European Commission to tackle Indirect Land Use Change does not threaten investments made under the current legal framework. A significant change in the legislation would not only risk stifling investments in first generation biofuels but it would also have a detrimental effect on the investments in innovative biofuels. These require a long term perspective and legal uncertainty would represent too much of a risk for operators.

SCOPA would like to stress the need for any legal proposal regarding indirect land use change to be WTO compatible. We are keenly aware of the need to import certified sustainable from third country raw materials in order to reach the EU renewable energies targets. A solution which could be considered non-WTO compatible would represent a significant risk for companies.

The 10% target for renewable energies in road transport is the result of a democratic decision-making process. The entire rationale behind the Renewable Energies Directive cannot be questioned on the basis of inconclusive studies. This consultation is therefore welcome as it allows assessment and comparison of the studies available in the Indirect Land Use Change debate.

Analysis of the studies

Our industry has analysed the four studies put forward by the European Commission as background documents for this stakeholder consultation on ILUC. A significant level of uncertainty remains regarding the extent of ILUC making conclusions difficult to draw at this stage. The major divergences in raw data and in assumptions have a major bearing on the output of the studies on the consequences of ILUC.

Raw data and assumptions

A number of key parameters used to evaluate ILUC vary significantly in the different models. The raw data varies significantly from one study to another and similar uncertainties exist regarding projections on future yield evolution. According to the DG Energy review, there has not yet been a successful attempt to quantify how additional demand affects yields through changes in inputs, technological developments or cropping intensity.

One of the other key concerns of the industry is that co-products are adequately taken into account. Here again, the studies come to very different results when assessing the contribution of co-products in terms of land expansion.

Results

A consequence of the lack of consensus on the raw data and the assumptions underlying the different models, is that the findings of the studies are divergent.

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1. The estimates of the greenhouse impact of land use change associated with biofuels vary significantly from one study to another. For Searchinger et al (2008) this ranges between 127 to 232 g CO₂/MJ. According to the data used for the California low carbon fuel standards (2009) the figures range from 15 to -13 g CO₂/MJ. For EPA (2010) they range from -4 to -64 g CO₂/MJ and IFPRI (2010) concludes that this is -43 g CO₂/MJ.

2. According to the JRC and Institute for Energy study for DG Climate Action only a limited amount of models provide results in terms of greenhouse gas emissions attributable to Indirect Land Use Change.

Two models are helpful in this respect (FAPRI -CARD and GTAP) but their results diverge considerably. For FAPRI-CARD the EU rapeseed biodiesel emissions over 20 years are approximately 221.6 g CO₂/MJ. On the other hand the GTAP estimates the emissions for the EU biodiesel mix over 20 years at 57 g CO₂/MJ.

3. It appears clearly from the literature review done on behalf of DG energy that it is not possible to conclude from the studies which feedstocks perform better in terms of limiting Land Use Change. While the AGLINK and GTAP models conclude that EU Biodiesel production entails half as much land use change as EU wheat ethanol, the LEITAP analysis concludes to the exact opposite.

Conclusions:

The currently available studies have clear shortcomings. In addition to the points raised above, it appears that no study on Indirect Land Use Change has so far taken into account the effects of the EU sustainability scheme whose precise objective is to regulate direct land use change. No studies evaluating the impact policy (GHG emissions threshold and land use restrictions) were identified in the literature review done on behalf of DG Energy. In addition, when determining the types of biofuels that will be consumed in the future, none of the studies take into account the legal limitations in terms of GHG emissions savings.

In our view it is something of a paradox to justify legislating on the issue of Indirect Land Use Change on the basis of studies that generally assume that legislation has little or no impact on land use and the subsequent greenhouse gas emissions.

The divergence of the currently available studies makes it impossible to determine which biofuel would have a better ILUC performance based on feedstock or production area. The notion of a pathway specific ILUC factor therefore seems to be unfounded.

Recommendations

The science behind Indirect Land Use Change is currently inconclusive. It is therefore not appropriate at this stage to take specific measures to deal with ILUC. The current legislation already provides ambitious sustainability criteria for biofuels.

The Renewable Energies Directive includes an ambitious decarbonisation mechanism. The implementation of an Indirect Land Use Change factor in the greenhouse gas emission calculation of biofuels is at best premature. We particularly disagree that differentiated ILUC factors could be introduced for specific biofuel pathways (per production area or feedstock). This would be a major risk in terms of WTO compatibility and cannot be substantiated scientifically.

Increasing the greenhouse gas savings threshold as the result of the implementation of an ILUC factor may have undesirable consequences. It would put the pressure of reaching the 2020 targets on a reduced number of crops. The introduction of an ILUC factor/s would reduce the number of pathways and concentrate the demand for biofuels on a few feedstocks therefore causing significant pressure for the relevant markets. The implementation of a factor would require at the very least an impact assessment to measure its practical implications.

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