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Consultation on Indirect Land Use Change Impacts of Biofuels

Introduction:

PANGEA very much appreciates the initiative of the European Commission to involve stakeholders in the evaluation of a consultative document with the aim of establishing the most suitable strategy regarding the mitigation of indirect land use change (ILUC) impacts of biofuels.

PANGEA would like to focus attention on a few main topics relating to its activity, respecting the structure of the consultative document. Firstly, however, PANGEA would like to reiterate its continued concern regarding the attempt to create regulation for biofuel production that is predominantly discriminatory towards third-countries.

Much of the world's non-arable ecosystems are located outside of Europe and in countries where extensive development has not yet taken place. In Africa, where according to the FAO only 14%¹ of arable lands are currently being cultivated, much of the would-be or could-be

¹ <http://www.fao.org/ag/agl/agll/terrastat/wsrou.asp?wsreport=7®ion=7&search=Display+statistics+!>



farmed land currently contains some amount of above-ground carbon stock. This carbon stock falls both inside and outside of the prescribed “no-go areas” regulated in the Renewable Energy Directive and investment in any agricultural activity beyond this 14% land use would require direct land use change, or even perhaps ILUC, and therefore related carbon emissions.

In fact, by limiting biofuel production to the current 14% of arable land use, the policy could actually create ILUC, potentially increase carbon emissions, and jeopardise food security. First generation biofuels would be produced from existing food crop plantations rather than from new, additional energy crop plantations.

Sustainable biofuel production in developing countries is based upon the principle of additionality, not of replacement; yet the RED goes directly against this principle. Just because a country has not yet been in an economic position to take advantage of its arable land resources for agricultural production, does not mean that it should be discriminated against for now wanting to sustainably cultivate its land for energy crops.

Responses to Four Consultation Questions:

Question 1: PANGEA recognises its limitations to accurately and meaningfully comment on the science used to create the ILUC modelling and so defers its comments to those in the public consultation with a more significant scientific understanding on the complexities of the issue.

Question 2: Industry has more or less accepted that indirect land use change, as a concept, may exist and that all reasonable measures should be taken to avoid unnecessary carbon emissions resulting from ILUC.

That being said, policy should not be implemented before the science is known and agreed upon in the international arena. Considering the apparent inability for some of the world’s greatest minds to find models that can not only accurately predict ILUC, but could actually be applied in such a way that would produce consistent results, proves that the science is not yet ready. If policy is put in place before reliable, consistent data exists, it could significantly hinder the development of an industry that has so many positive benefits and a potential to create real, sustainable development. Increased investment in agriculture and technology transfer, improved access to jobs, food and energy as well as increased education and standards of living, have all been proven to be benefits of sustainable biofuel production in developing countries.

Imposing policy based upon models that are not yet globally recognized could inhibit the development of such an industry, and is not only irresponsible on the part of the European Commission, but is a blatant non-tariff trade barrier. Doing so would make hypocrites of the European Commission and the 27 EU member states who have pledged to work with developing countries to improve food security through the €1 Billion EU Food Facility, to improve energy



security and access to energy through the EU-Africa Energy Partnership and the ACP-EU Energy Facility (part of European Development Fund), and to address climate change issues related to development and security through the Africa, Climate Change, Environment and Security (ACCES) initiative, to name just a few.

Currently, given the industry's awareness of potential indirect or direct effects from land use change associated with biofuel production, it is PANGEA's belief that the policies outlined in the Renewable Energy Directive are already prohibitive enough to limit the worst kinds of biofuel production, and in turn, place a focus on the production of sustainable biofuels that are not only sustainable for the end-users in Europe, but also offer the aforementioned development opportunities to the communities where those biofuels are produced.

Question 3: With the current understanding of relationships between food demand and food security in terms of biofuel feedstock production and demand for energy, PANGEA believes there are certain feedstocks that offer more competition with food than others, when produced under certain circumstances.

For example, large-scale ethanol production from maize as produced in the US has a demonstrable relationship between global grain markets and ethanol demand. It is not yet clear exactly how much of a relationship there is between the two, but it does exist, and in that case there could be an argument that there is a higher potential for ILUC than with a feedstock that does not compete with food markets, such as cassava.

However, if maize ethanol was to be produced in South Africa—for example—where the country's maize market does not directly interact with global commodity markets as in the US, a potential ethanol market offers the opportunity to diversify market access for farmers. Surplus maize could be (1) processed into ethanol, (2) supply local and potentially export value-added markets, and (3) provide the local livestock industry with feed. At the same time, it would be keeping the price of local maize high—rather than flooding the local market and forcing prices below the cost of production while stocks that can't reach ports rot due to lack of proper storage—as is the case with the current harvest in South Africa.

This example shows that a value judgment based on a biofuel feedstock cannot be made on the basis of the crop alone, but must rather be made within the context of how it is produced and where it is marketed. In the above examples, maize ethanol produced in the US may have an indirect impact but maize ethanol produced in South Africa does not.

The technology used to process a biofuel should also be taken into consideration when evaluating ILUC because more efficient processing would require less land for feedstock production, and therefore, less land competition for food production. Lower GHG emissions would mean a higher value in the EU market, so maize ethanol processed using coal or other fossil fuels would have a higher ILUC impact than ethanol produced using renewable energy



sources such as biogas or biomass boilers. The same can be said with how the feedstock is produced, and its competitiveness with the same crop in another location.

Question 4: PANGEA believes that ILUC should be addressed through encouraging production and use of the most efficient biofuels available while continuing to focus on further research and development to create more efficient and less land-intensive biofuels. Biofuels made from feedstocks such as sugarcane would be a far better feedstock choice than a less efficient biofuel produced from feedstocks that offer lower greenhouse gas emissions savings, such as the previous US maize ethanol example. Continuing to focus on the supply of biofuels that count for double under the RED, such as those that are produced from waste, and focusing on R&D efforts that will allow more technologies to process more types of waste better and cheaper, will go a long way towards reducing ILUC.

Focusing on punitive measures, especially to monitor and mitigate ILUC, is far from an exact science, and confusing to both the public and would-be investors and financial partners. Negative policy making drives investment away from good biofuel production—and the related benefits mentioned previously—by painting all biofuels with the same brush as “bad.”

This has already been the case when the EU began questioning its own biofuel policies, creating doubt about further demand, and as a result damaging investment in future supply and research.

It is PANGEA's strong belief that without sustainable production of current generation biofuels, the growing industry both globally and in developing countries, will not be economically sustainable enough to support the development of even cleaner, better and innovative biofuels for the future.

PANGEA would like to again thank the European Commission for the opportunity to submit its views during this consultation on indirect land use change of biofuels and looks forward to future engagement and consultation in the future.