

Final 27<sup>th</sup> October 2010

EU Commission register of interest representatives: ID number is 82 157494320-38.

## **Indirect land use change and biofuels: Can a fair solution be found?**

### **Background**

*The Irish Bioenergy Association (IrBEA) was founded in May 1999. It's role is to promote the bioenergy industry and to develop this important sector on the Island of Ireland. The overall aim of IrBEA is to promote biomass as an environmentally, economically and socially sustainable indigenous energy resource, and also to promote its non-energy related benefits.*

*This is a response to a public consultation on indirect land use change and biofuels being carried out by the DG Energy of the European Commission (closing 31<sup>st</sup> October 2010).<sup>1</sup>*

*This submission was prepared by Bernard Rice on behalf of IrBEA. After consultation with IrBEA members, this is to be submitted to the DG Energy of European Commission, the Department of Communications Energy and Natural Resources, and made available to stakeholders involved in bioenergy policy development.*

*This submission concerns mainly the impact on transport biofuel production and trading.*

### **Main problems with ILUC monitoring for Transport Biofuels**

Direct or indirect changes in land use in any country over a period as long as ten years are at the mercy of more and more volatile market conditions and have become very difficult to predict. In relation to indirect land use change (ILUC), three particular issues arise:

1. How to monitor ILUC in biofuel-producing countries
2. The degree to which ILUC is likely to occur in the various biofuel-crop-producing countries, and the impact of national and EU biofuel supports and other policies on such changes.
3. The impact of ILUC on the sustainability of biofuel production

### **Summary of Position**

The key points are summarised below, and elaborated in a little more detail in the text that follows.

- EU farmers already provide all the data required to monitor land-use change through existing EU and national legislations
- Landuse change is not widely monitored outside the EU
- Methods for monitoring ILUC are unproven and not satisfactory
- Only fair solution is to restrict imported biofuels to those demonstrating ILUC monitoring and proof that this does not adversely impact the sustainability of this biofuel

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<sup>1</sup> [http://ec.europa.eu/energy/renewables/consultations/2010\\_10\\_31\\_iluc\\_and\\_biofuels\\_en.htm](http://ec.europa.eu/energy/renewables/consultations/2010_10_31_iluc_and_biofuels_en.htm)

## EU Land-use Monitoring Already in Place

Within EU, the records submitted by farmers under the Single Farm Payment system provide all the data needed to monitor land use change, whether direct or indirect. The possibility of adverse environmental impacts from any change in land use is limited by cross-compliance requirements, by other Commission conditions (e.g. in Ireland, the limit of 10% on conversion of pasture to tillage in the mid-term CAP negotiations of 2003<sup>2</sup>), and by the commitments of all member states to achieve substantial reductions in their greenhouse gas emissions in the period up to 2020. Also, member states are currently required by the 2009 Renewable Energies Directive to submit evidence of the sustainability of their biofuel crop production before it can count towards the meeting of their substitution targets.

## Land-Use Change not widely Monitored outside the EU

Outside the EU, the possibility of monitoring ILUC and evaluating its sustainability (not just in terms of GHG but also many other issues such as water consumption and impact on local communities) is much more problematic. Vegetable oils in particular are likely to be imported into the EU from many Asian and South American countries which are unlikely to have the necessary monitoring infra-structure at present. Once these oils come into competition with more closely-monitored and costly EU produce, conflicts between importers and indigenous EU producers will arise similar to those that have already arisen over other agricultural produce e.g. Brazilian beef imports.

## ILUC cannot yet be relied upon

Several modelling studies have attempted to evaluate the level of ILUC that is likely to occur assuming that EU member states meet their 2020 biofuel substitution commitments. This is a very complex exercise, and most studies begin by assuming that biofuel market supports within EU and in other countries will remain unchanged. But this is most unlikely to happen. Member states may be expected to adjust their policies depending on their initial levels of success in achieving their biofuel substitution targets, and non-EU countries will adjust their policies to achieve their own targets for domestic consumption and exports. All agricultural commodity markets have become increasingly volatile, and the recent B99 episode demonstrated how a simple change in one country's biofuel support policy could threaten EU biodiesel production. The modelling studies also have to make assumptions about the level of penetration of second-generation biofuels by 2020. This is highly speculative. The studies are useful, but at least for the present their outputs should be treated with great caution.

Any attempt to distort the biofuel market over an issue such as ILUC using unsatisfactory methodologies would add even more confusion to the situation.

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- <sup>2</sup> Department of Agriculture and Food (2006): Terms and conditions for the EU single payment scheme (SPS) and for the 2006 disadvantaged areas scheme and other 2006 EU area-based schemes. Help-sheet Department of Agriculture and Food, Kildare St., Dublin.

## **Only solution may be to restrict biofuel imports to those with satisfactory ILUC monitoring and sustainability criteria**

With regard to ILUC monitoring, in the end the only satisfactory solution is for the EU to confine their import of biofuels or feed-stocks to countries that reliably monitor all land use and can extract details of any ILUC involving biofuel crops. These countries should then be required to evaluate the effect of this ILUC on the sustainability of their biofuel production. Clearly this can be done satisfactorily only when the nature and extent of the ILUC has been determined. A target date should be set for the completion of this task, and ways of providing assistance in its completion from EU member states or potential importers should be examined.

\*\*\*\* Ends \*\*\*\*

### **About the Irish Bioenergy Association (IrBEA)**

IrBEA was founded in May 1999. It's role is to promote the bioenergy industry and to develop this important sector on the Island of Ireland. The overall aim of IrBEA is to promote biomass as an environmentally, economically and socially sustainable indigenous energy resource, and also to promote its non-energy related benefits.

The objectives of the IrBEA are to:

- Improve public awareness of biomass as a realistic option for energy supply
- Influence policy makers to promote the development of bioenergy
- Promote the implementation of bioenergy projects
- Networking and information sharing among those interested in bioenergy development
- Promote the interests of its members
- Liaise with similar interest groups

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