

Mr. Angel Gurría
Secretary-General of the OECD
2, rue André Pascal
F-75775 Paris Cedex 16
France

31 October 2007

Dear Mr. Secretary-General,

EuropaBio, the European Association for Bioindustries, is very disappointed that the OECD did not react officially to the negative press campaign that followed the publication of the report entitled "**Biofuels: Is the cure worse than the disease**", prepared by Richard Doornbosch and Ronald Steenblik for the Roundtable on Sustainable Development which was hosted by the OECD. We understand from the OECD that this report should not be seen as reflecting the general view of the OECD as it was only prepared as a background report for this particular meeting, and was not approved as an official point of view of the Organisation. Nevertheless the press referred to the paper as an official position of the OECD, and several NGOs have misused the "findings" of this report, urging the EU to scrap the 10 percent biofuels target, causing a lot of harm to this young industry which is in full development and jeopardising the environmental and social benefits that biofuels can offer as we aim to build a sustainable economy.

While the authors refer to the same reports which are used by EuropaBio when predicting potentials and opportunities in relation to biofuels, the conclusions drawn by the authors differ in several ways from the conclusions that EuropaBio members draw from reading the same reports. It is important to weigh up all the arguments and to avoid that the development of biofuels does more harm than good if pursued irresponsibly. The advantages that biofuels provide however are much greater than the disadvantages whereas this report clearly paints a pessimistic picture for the future of biofuels that is not scientifically justified.

The paper has been used by several journalists to generate fear around the development of biofuels and undermine the potential of biofuels to contribute to a more sustainable society.

The following are examples of this:

- The authors mention that conventional (first generation) biofuel technologies deliver GHG reductions of less than 40%, which they apparently consider is too small to justify use. EuropaBio agrees that conventional biofuels deliver GHG reductions of approximately 30%, but in contrast to the report we consider this significant, as biofuels are the only means to cut GHG from transport. In the long run (when second generation biofuels are commercially viable) biofuels will reduce GHG by nearly 90%.
- The authors estimate that almost 1.8 Gt of CO₂ emissions can be avoided if biofuels obtain a 13% global market share. This equals 3% of **all** energy related CO₂ emissions. We consider this contribution significant.

EuropaBio believes that the development of biofuels provides a major potential for Developing Countries, and as such we are very pleased to see in the report a reference to the statement from FAO (referred to on page 8 of the OECD report) that "*Bioenergy provides a chance to enhance growth in many of the world's poorest countries by bringing about an agricultural renaissance and supplying modern energy to a third of the world's population*".

The development of biofuels could do more harm than good if pursued irresponsibly. But most of these issues can be effectively tackled, if the production of biofuels is done in an environmentally and socially sustainable way. For this reason, EuropaBio actively supports the development of a sustainability certification scheme for biofuels, which can ensure this.

EuropaBio fully supports some of the policy recommendations of this report, which recognizes the serious need to address climate change and believes that biofuels are part of the solution:

- Priority should be given to research into second-generation biofuels. Not only their technologies, but also the assumptions regarding the cost and long-term availability of feedstocks. Domestic policy efforts should be redirected from (subsidy) instruments aimed at the deployment of biofuels in general back to the R&D and demonstration phase of advanced biofuel technologies ...
- Policy efforts to develop certification of biofuels must be unified. Only a global and coherent approach stands a chance of making a positive difference...
- Certification of biofuels - and the design criteria to use them in combination with GHG emissions reduction regulations and preferential tax treatments — should be urgently placed on the WTO agenda. A special committee on trade and environment has been created to channel these discussions and could possibly be used to this end...

In order to facilitate the transition towards second generation biofuels, a market for first generation sustainable biofuels is needed, with an appropriate infrastructure and distribution. Of course it will be important to make a more efficient use of available land, to increase land productivity (meaning more biomass output/ha), as well as crop quality (meaning more fermentable carbohydrates or higher oil content).

We sincerely hope that the OECD will take steps to clarify the organisation's relationship with the authors Richard Doornbosch and Ronald Steenblik and that their report is not an official OECD position contrary to what has been reported extensively in the media.

Please do not hesitate to contact us in case you would like to receive more information.

Yours sincerely,

Dirk Carrez
Public Policy Director