

EPA accepts ABIOVE's comments during public submissions

São Paulo, February 8, 2010 – The Environmental Protection Agency (EPA), governmental agency responsible for formulating criteria to encourage biofuels use in the USA, announced the final results of its analysis and recalculated soy biodiesel emissions, conferring to the biofuel a 57% reduction in emissions against mineral diesel.

The analysis will serve as a legal basis for implementing the Renewable Fuel Standard 2 (RFS 2), a program whose goal for 2022 is the consumption of 36 billion gallons of renewable fuels in the USA. With this review, EPA placed soy biodiesel as an appropriate biofuel to meet the American program targets.

During the preparation stage, ABIOVE took active part in the public submissions opened by EPA, and Brazil has a privileged space in the discussions because of the Memorandum of Understanding on Biofuels, signed in 2007.

In August 2009, the Association raised questions during the meeting in Brasilia, organized by the Brazilian Ministry of Foreign Affairs, concerning the preliminary version published by the American agency. In October, ABIOVE formalized the questions in a report and submitted them to the official entity.

The main points, mentioned by EPA itself, were:

1. *Inappropriate use of economic projections to formulate public policies:* ABIOVE questioned the use of long term projections on biodiesel consumption based on mistaken assumptions, such as fixed percentages of soy oil as raw material and low or no effect of oleaginous diversification caused by biodiesel demand.

EPA explained that it tried to contemplate part of those remarks when it developed the FAPRI economic models, with sensitivity analysis on productivity and demand for byproducts. However, they acknowledged that such approach implies in a high degree of uncertainty and does not contemplate development and diversification scenarios for the oleaginous fruit.

2. *Lack of consideration to pastures as areas available for agricultural expansion* EPA underestimated the stocks of areas available for and the huge intensification potential of Brazilian cattle raising farms. With an increase of 1 to only 1.4 number of heads of cattle / hectare, 33 million hectares will be made available for agricultural use, reducing the pressure on opening new areas. ABIOVE also strongly criticized the absence of a statistical database in EPA's analyses.

EPA stated that it contacted national and foreign specialists and research institutes for a better evaluation of its database, and reevaluated the ongoing agricultural practices in Brazil. This had deep consequences in the results of the model, which reported significantly lower emissions derived from the soil use effects.

3. *Use of inappropriate remote sensing techniques, low resolution images and periods*

different from the objectives of the work: ABIOVE strongly criticized the use of low spatial resolutions satellite images, which resulted in a wrong interpretation of soil use and occupation in the Brazilian territory. The images, dated from a different period from the purposes of EPA's survey, resulted in mistaken calculations about the direct and indirect consequences of soil use.

EPA acknowledged the problems raised and the specialists' recommendations about the use of remote sensing techniques. In spite of affirming that this is the "best analysis available", technicians detailed the measures and procedures adopted to improve the analyses.

4. Use of inappropriate values for carbon sequestration from native vegetation: EPA's calculations mistakenly used CO₂eq emission values equivalent to the deforestation of native areas under the assumption that the future sequestration of such gases would not occur in the future, i.e., the forgone sequestration. ABIOVE stated that this type of vegetation is at a development stage, in which production is equal to CO₂ sequestration, i.e., there are no future losses of carbon sequestration. Furthermore, the estimates of the National Institute of Spatial Research [Instituto Nacional de Pesquisas Espaciais] (INPE) indicate that a significant part of the Amazon deforestation is in a regeneration process and, therefore, with an absorption higher than CO₂eq consumption.

EPA argued that it used standard IPCC values for future losses of carbon sequestration, which overestimated emissions attributed to that factor. Hence, it reviewed the amount attributed by type of forest and country.

The above information, available in the document "Renewable Fuel Standard Program (RFS 2) - Summary and Analysis of Comments"¹, reveal that the Brazilian Vegetable Oil Industry Association [Associação Brasileira das Indústrias de Óleos Vegetais] (ABIOVE) has contributed on a positive and significant way to defend and improve the soy complex and biodiesel image, which will certainly bring positive results in the USA and other international markets.

The observation that soy biodiesel reduces emissions by 57% in relation to mineral diesel calls into question the 32% reduction announced by the European Commission and the European Directive on renewable Energies (2009/28/EC) and are another scientific determination of the soy complex and biodiesel sustainability.

ABIOVE congratulates EPA's dialogue and transparency attitude in carrying out its work.

¹ Available at <http://www.epa.gov/otaq/renewablefuels/420r10003.pdf>.