



## ABIOVE disagrees with the study on the effect biodiesel has on the use of Brazil's soil

São Paulo, February 11, 2010 – ABIOVE, the Brazilian Vegetable Oil Industry Association, analyzed the study “Indirect land-use changes can overcome carbon savings from biofuels in Brazil”<sup>1</sup>, which was reported on in the communication media<sup>2</sup>.

The Association considers erroneous the study's conclusion that soya biodiesel will stimulate the oilseed's production and that this, in its turn, will lead to indirect deforestation, because this conclusion is based on inconsistent assumptions regarding the working of the oilseed complex and biodiesel.

The main assumption is that there will be an increase in soy production to produce biodiesel, an erroneous statement since it does not take into consideration that the oilseed's demand depends on the demand for proteic meal, an essential component of animal feeds, which represents 78% of the soybean. Oil, on the other hand, represents only 19% of the product and this, by itself, is enough to question the study's results and conclusions.

In addition, based on estimates from EPE (Energy Research Company), the authors sustain that the country will need a further 10.8 million hectares of soybeans to meet the production and consumption targets for 2020<sup>3</sup>, or almost 50% of the 2009/10 crop's planted area.

Considering a current average yield of 3,000 kilos of soybeans per hectare, this acreage means that the country will need an additional 6 million tons of soy oil for biodiesel production. However, EPE<sup>4</sup> estimates show an additional need for just 900,000 tons of vegetable oil related to 2010 levels, given that the country already adds 5% of this oil to mineral diesel, equivalent to 2 million tons of vegetable oils.

It should also be noted that, in 2010, as a result of start-of-the-art technological research to increase yield, Brazil will harvest a record crop of over 65 million tons. With the current domestic oil supply, almost 80% of the almost 2 million tons of the raw material used in biodiesel and mineral diesel production can be allocated to meeting the obligatory mixture. In addition, this mixture in mineral diesel can be increased to 17% without needing to expand the oilseed's production simply by locally processing the more than 28 million tons of soybeans exported *in natura*.

Furthermore, the study fails to be comprehensive when it ignores the benefits of oilseeds produced in crop rotation, a practice that significantly intensifies soil use and production of food, fibers and energy in the same area.

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<sup>1</sup> Lapola, D.M. *et al*, **Indirect land-use changes can overcome carbon savings from biofuels in Brazil**, Proceedings of the National Academy of Sciences, February 2010.

<sup>2</sup> Jornal Folha de S.Paulo, Science Section, pg. A18, **Biocombustível empurra boi para a mata**, February 9, 2010.

<sup>3</sup> “To fill the biofuel production targets for 2020, sugarcane would require an additional 57,200 km<sup>2</sup> and soybean an additional 108,100 km<sup>2</sup>.”

<sup>4</sup> Empresa de Pesquisa Energética, Plano Decenal de Expansão de Energia 2008-2017, Rio de Janeiro, 2008.



The diversification of oilseed production is also the way that the National Production & Biodiesel Use Program will take naturally. The increase in demand for vegetable oils will create market incentives that will naturally stimulate the supply of oilseeds with a high oil content, among them, sunflower, canola, palm and jatropha. This tendency is confirmed by the several public and private initiatives arising throughout Brazil for the production and research of these crops.

Despite these crucial elements, it should be said that the authors recognize that the direct effects of the soy complex on deforestation are small. According to them, this is due to firm and transparent attitudes, such as the Soy Moratorium.

Finally, the study correctly indicates that the solution for the end of deforestation lies in the implementation and success of the land regularization measures and in the increase in the livestock productivity. With these measures, there will be less need for new areas and, therefore, and less deforestation in areas of native vegetation.

Thus, ABIOVE recognizes that the analysis of the problems related to Amazon Biome governance is correct, but alerts the authors about the erroneous conclusions on the direct and indirect effects of soya biodiesel, since these are based on incorrect assumptions regarding market dynamics for the biodiesel and oilseeds complex.

The locomotive for soybeans is the demand for animal protein. Each additional kilo of biodiesel produced from soy depends on an 8-kg increase in poultry or swine meat consumption. Therefore, biodiesel is insufficient to stimulate soy production in Brazil, and any attempt to impute direct and indirect effects to the biofuel cannot be sustained.