BRAZILIAN SUGARCANE INDUSTRY ASSOCIATION

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PRESS RELEASE

Brazil's UNICA Statement on European Parliament Vote Outcome on Biofuels/ILUC

BRUSSELS/SAO PAOLO (Sept. 11) – UNICA, the Brazilian sugarcane industry association, issued the following statement on the European Parliament's vote Wednesday on biofuels and the issue of indirect land use change, or ILUC:

"UNICA very much appreciates the efforts over the past several months of Members of the European Parliament to push for the consumption of biofuels that have the highest environmental credentials and technical performance," said UNICA CEO, Elizabeth Farina. "UNICA is pleased to see MEPs voted Wednesday to approve measures to incentivize the production of more advanced biofuels, including those made from bagasse and straw," she said.

A 2.5% sub-target for promoting the production and consumption of advanced biofuels in transport fuel, as voted by the European Parliament, is a step in the right direction.

UNICA also applauds the European Parliament's rejection of proposals that would have applied protectionist measures and made it difficult, if not impossible, for sustainably, EU-compliant biofuels produced in non-European Union nations to be legally counted toward meeting EU renewable energy and fuel quality requirements.

Brazilian sugarcane ethanol producers welcome the Parliament's endorsement of a dedicated target of at least 7.5% of renewable energy in the final consumption of energy in transport in petrol in 2020". "This sub-target recognizes the important contribution that ethanol has in helping Europe meets its energy security and climate change abatement goals," said Ms. Farina.

"However, it is unfortunate that the Parliament gave into biofuel critics' pleas to put an arbitrary, 6% cap on the use of all food-based biofuels," said Géraldine Kutas, Head of International Affairs at UNICA.

"A cap ignores important differences between conventional biofuels' environmental performance. It is also vulnerable to being de facto discriminatory and breaching World Trade Organization rules," she said. UNICA is hopeful that EU Member States, who will now formally begin to craft their own position on the biofuel dossier, will reject this arbitrary cap, said Ms. Kutas.

Although it comprises less than 1% of all ethanol used in Europe today, Brazilian Sugarcane Ethanol's positive environmental and social characteristics are helping the EU meet its important 2020 greenhouse emissions reduction and energy supply security goals.

Brazilian sugarcane ethanol is classified as an advanced biofuel by the U.S. Environmental Protection Agency and by California Air Resources Board, even when potential indirect, or ILUC, effects are taken into account.

That classification is a result of the recognition that BSCE does not contribute to deforestation, as it is grown mostly on degraded pasture land and grown almost entirely in the south-central part of Brazil, far away from the Amazon rainforest.

Moreover, Brazilian sugarcane ethanol achieves among the highest greenhouse gas (GHG) emission

savings (over 70% relative to fossil fuel alternatives, according to the default values in the EU Renewable Energy Directive, and more than 55% when estimated ILUC emissions are accounted for) of all biofuels produced at scale in the world because of its very moderate indirect impacts and the resource efficiency of its production.

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ABOUT UNICA

UNICA is the leading trade association for the sugarcane industry in Brazil, representing 60 percent of the country's sugarcane production and processing. UNICA's priorities include serving as a source for credible information and analysis about the efficiency and sustainability of sugarcane products, particularly ethanol. The association works to encourage the continuous advancement of sustainable practices throughout the sugarcane industry and to promote sugarcane-based biofuels as a clean, reliable and renewable alternative to fossil fuels.