



Lunjuk village, Indonesia, 2016. A local farmer was forced to put up barbed wire to protect his land after it was cleared to make way for a plantation supplying global palm oil company Wilmar. Photo: Kemal Jufri/Panos/OxfamAUS

BURNING LAND, BURNING THE CLIMATE

The biofuel industry's capture of EU bioenergy policy

There is overwhelming evidence of the harm caused by the European Union's current bioenergy policy to people in developing countries, the climate and Europe's own sustainable development. The policy is on a collision course with the Paris climate agreement and United Nations 2030 Sustainable Development Goals. This briefing follows the trail of destruction it has left on three continents. It assesses the extraordinary lobbying 'fire power' and powerful network of influence at the disposal of the European biofuel industry and its allies, which is blocking reform. In the past year alone, actors in the biofuel value chain – from feedstock growers to biofuel producers – spent over €14m and hired nearly 400 lobbyists. Biofuel producers spend as much on EU influencing as the tobacco lobby. EU decision makers must free themselves from the stranglehold of powerful corporate groups – and choose genuinely sustainable and renewable energy to meet their 2030 climate and energy goals.

SUMMARY

The EU's current bioenergy policy has left a trail of destruction around the planet. This report follows this trail on three continents. It analyses the corporate capture hampering the reform of this destructive policy. It proposes a way forward that would allow Europe to meet the challenge of sustainable development in the context of climate change.

FUELLING DESTRUCTION

The prospects of a fast-growing European market for crops to produce fuel have sparked an initial wave of speculative investments. In Africa, many of these investments have failed and harmed the development prospects of affected communities. In Tanzania, Dutch company BioShape Holding BV acquired 34,000 hectares of land in 2008 to grow jatropha in order to supply 'green' electricity and biodiesel to the Dutch and Belgian markets. Four communities were deprived of their customary rights to the land. The project has failed, the investors have left, but local communities are still struggling to recover their land and rebuild their livelihoods.¹

The same policy-driven market forces have resulted in an explosion of the EU's imports of palm oil to fuel European cars and generate electricity. As a result, a policy supposed to mitigate climate change has contributed to environmental destruction in Indonesia amounting to a climate catastrophe. At the same time, the livelihoods of communities in remote areas of the country are threatened by the abusive practices of companies operating at the far end of the supply chain of European biofuel producers. On the island of Sumatra, PT Sandabi Indah Lestari (PT SIL) – a supplier of Wilmar International, which itself supplies leading biodiesel producers in Europe – obtained a concession to 2,812 hectares in 2011, and has since violently prevented community access to 1,000 hectares set aside by the local government for community use.²

A similar pattern of destruction is now emerging in Latin America. Indigenous and smallholder farmers' communities of the Peruvian Amazon now live on the palm oil frontier, and are being dispossessed of their ancestral forests and land by some of the same actors responsible for environmental destruction in South-East Asia. The Peruvian government has announced the capacity for 1.5 million hectares of land for oil palm cultivation to meet rising global demand. In Ucayali, a region covering the central portion of the Peruvian Amazon, the Melka Group – a conglomerate of companies whose founder has been associated with massive deforestation and corrupt land deals in Malaysia – has acquired and destroyed more than 5,000 hectares of mostly primary forest which the Shipibo indigenous community claims belonged to their ancestral lands. In the North-Eastern Loreto region, smallholders were pressured into selling their land to the Melka Group.³

'The area left as agricultural land is very small because the biggest area is owned by the company. [...] This is very dangerous for future generations.'

Resident of Mavuji village, Kilwa district, Tanzania

'Our hope is that our struggle will be successful and protect our lands for our children and grandchildren.'

Resident of Lunjuk village, Seluma regency, Bengkulu province, Sumatra, Indonesia

'Our lands have been devastated, all the forest is gone, and the streams are completely churned up and blocked.'

Community leader, Santa Clara de Uchunya, Ucayali region, Peruvian Amazon

EU CLIMATE AND SUSTAINABLE DEVELOPMENT COMMITMENTS AT RISK

The UN's 2030 Agenda for Sustainable Development and the Paris Agreement shed new light on the urgency of reforming the EU's destructive bioenergy policy. A post-Paris and Sustainable Development Goals credibility check of the EU's 2030 climate and energy policy makes any form of support for bioenergy produced from food or energy crops unacceptable. If the 70,000km² of cropland used to produce biofuels for the EU in 2008 had been used to grow wheat and maize instead, it could have fed 127 million people for the entire year. By 2012 that area had increased to 78,000km², an area larger than Sierra Leone or than Belgium and the Netherlands combined. On average, food-based biofuels emit over 50 percent more greenhouse gases than fossil fuels. As a result, by 2020 the EU's transport emissions will have significantly increased, not decreased, because of biofuel consumption.⁴

Policies that subsidize or mandate food-based biofuel production or consumption drive up food prices and multiply price shocks in agricultural markets.

CORPORATE CAPTURE: THE 'FIRE POWER' OF THE BIOFUEL INDUSTRY

The EU is on a collision course with its international climate and sustainable development commitments. Yet the vast 'firepower' of the biofuel industry lobby stands in the way of change. Biofuel mandates and other forms of state aid have allowed the biofuel industry to multiply its turnover almost fourfold between 2008 and 2014. They have created a self-reinforcing dynamic of capture of EU decision making by this industry.

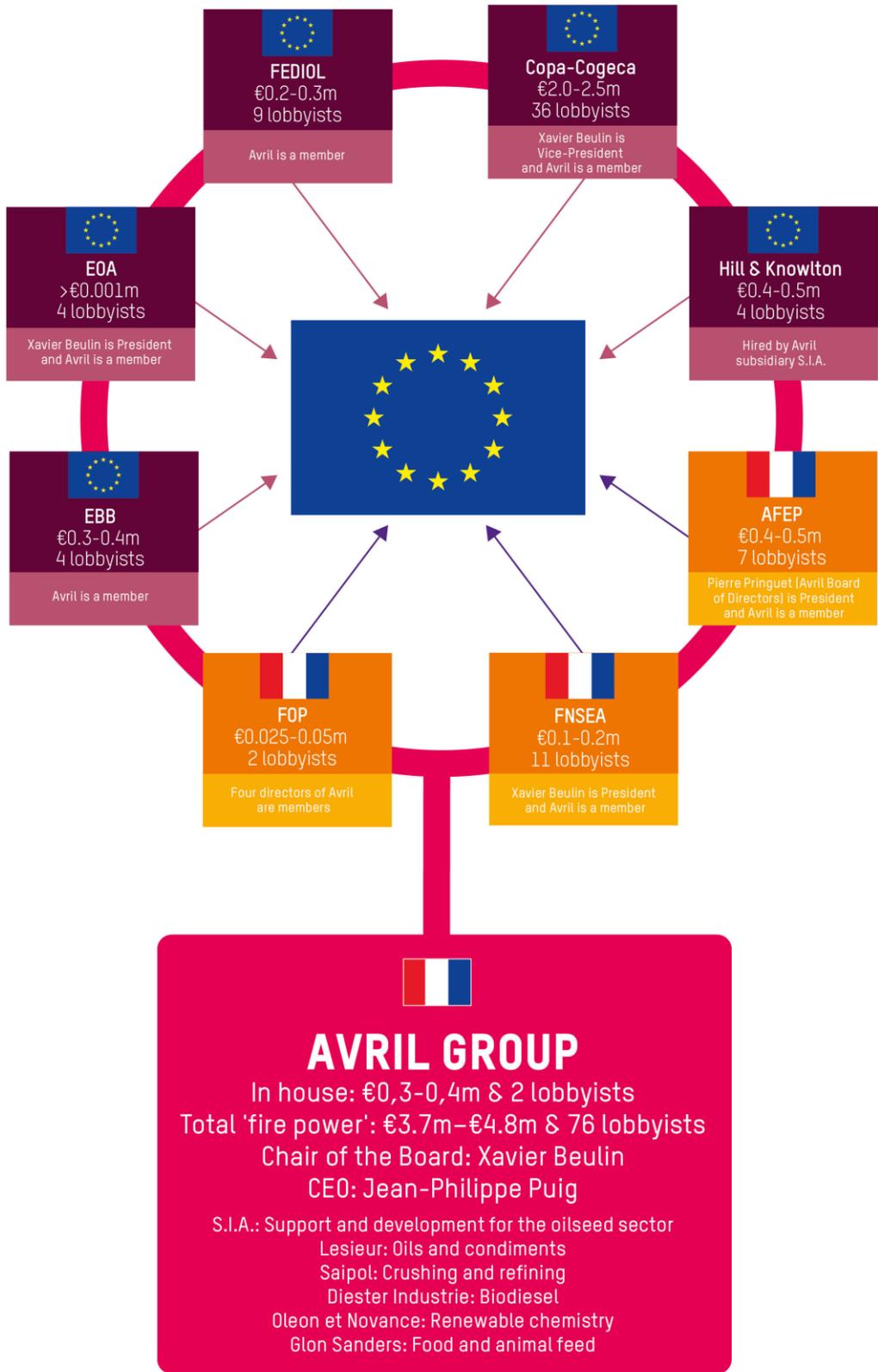
The biofuel lobby and its allies outnumber the entire staff of the Directorate General for Energy of the European Commission.

European biofuel producers alone spend between €3.7m and €5.7m annually on EU lobbying. This puts them on a par with the tobacco lobby that reported spending €5m in 2015. All actors of the biofuel value chain together – biofuel producers, feedstock growers, commodity traders and processors and technology providers – have reported spending €14.5m–19.5m and hiring 399 lobbyists for EU influencing in the past year. Other groups supporting biofuel mandates – fuel providers, automotive industry players and actors of the wider bioenergy and energy sectors – add another 198 influencers and €21.8m–24.6m to the EU-lobbying fire power of the industry. With close to 600 lobbyists at their disposal and an annual reported spending in the €36.2m–44.1m range, the biofuel lobby and its allies outnumber the entire staff of the Directorate General for Energy of the European Commission and have a spending capacity comparable to that of the pharmaceutical lobby.⁵

In the first year and a half of the Juncker Commission, its top officials have met 38 times with actors of the biofuel value chain and only eight times with NGO representatives to discuss bioenergy policy.

Ending biofuel mandates will require EU policy makers to free themselves from the stranglehold of prominent actors of the biofuel value chain, such as the French group Avril, which has carefully built a far-reaching network of influence at national and European level. Containing the influence of these powerful groups is essential to respect the commitments made by the EU in New York and Paris in 2015, and to ensure a sustainable food and climate future.

Figure 1: Avril's network of influence and lobbying fire power



The combined EU influencing firepower of Avril, Europe's largest biodiesel producer, and its network of influence adds up to 76 lobbyists and €3.7m–€4.8m annually.

Source: EU Transparency Register and EC Register of Commission Expert Groups

A WAY FORWARD

Europe now has an opportunity to design new policies that will genuinely help humankind meet the twin challenges of development and climate change. By changing course on bioenergy, the EU will help to steer the world away from policies that rely on using crops and land for energy as a substitute for meaningful climate action.⁶

Ending the costly subsidies and mandates that have spurred the rapid growth of an unsustainable bioenergy sector will create opportunities for other, more sustainable bio-based activities that the EU is trying to foster. It will free up resources that should be invested in real solutions to ending Europe's dependence on fossil fuels in transport and other sectors. Incentives for energy savings, energy efficiency and truly sustainable renewable energy sources should be increased.⁷

Bioenergy should only be incentivized if it does not compete with food production, while respecting a comprehensive and binding set of environmental and social sustainability criteria. When promoting 'advanced' biofuels, the EU should not repeat the mistakes of the past. Ultimately, only a limited amount of biofuels – made from waste and residues without competing uses – is likely to contribute to greening transport.

'There's a better way to do it. Let's find it.'

Miguel Arias Cañete,
European Commissioner for
Climate Action & Energy,
quoting Thomas Edison at
the event 'Europe leading
on renewable energy policy'

RECOMMENDATIONS FOR A SUSTAINABLE 2030 EU BIOENERGY POLICY

To ensure the EU's 2030 bioenergy policy is compatible with its commitments under the 2030 Agenda for Sustainable Development and the Paris Agreement, Oxfam calls on the European Commission, the governments of the EU Member States and Members of the European Parliament to:⁸

- Make the use of biofuels produced from food or energy crops and food by-products ineligible to meet the EU's 2030 greenhouse gas reduction and renewable energy targets in all EU 2030 climate and energy legislation. Limit the amount of solid biomass that can be incentivized, taking into account the needs of other biomass-using sectors;
- Introduce correct accounting for greenhouse gas emissions of bioenergy in all EU 2030 climate and energy legislation to ensure robust and verifiable emission savings;
- Adopt a comprehensive and binding set of environmental and social sustainability criteria for all bioenergy, including respect for the Free, Prior and Informed Consent (FPIC) of local and indigenous communities;
- Ensure the efficient and optimal use of the limited amount of available biomass resources, and incentivize energy production only for feedstocks that have no other competing uses and cannot be reused or recycled;
- Increase policy incentives in the transport sector and other sectors for energy savings, energy efficiency and truly sustainable renewable energy sources;
- Ensure transparency and balanced representation of all types of stakeholders in meetings, expert groups and all forms of consultation during the entirety of the EU policy and decision making process.

Biofuels produced from food or energy crops and from food by-products must be ineligible to meet EU 2030 climate and energy targets.

Binding social sustainability criteria must be introduced for all bioenergy, including respect for the Free, Prior and Informed Consent (FPIC) of local and indigenous communities.

NOTES

- 1 E. Sulle and F. Nelson. (2013). Biofuels Investment and Community Land Tenure in Tanzania, The Case of Bioshape, Kilwa District. Working Paper 73, Brighton: Future Agricultures Consortium. <http://www.future-agricultures.org/publications/research-and-analysis/working-papers/1811-biofuels-investment-and-community-land-tenure-in-tanzania/file>; D. Kweka (2016). Follow-up Research on the Kilwa BioShape Case (unpublished research commissioned by Oxfam)
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- 5 See the Methodology used to assess the lobbying firepower of the EU biofuel industry In the Annex to the full briefing paper.
- 6 T. Searchinger and R. Heimlich (2015). Avoiding Bioenergy Competition for Food Crops and Land. Working Paper, Installment 9 of Creating a Sustainable Food Future. Washington, DC: World Resources Institute. Retrieved 4 October, 2016 from https://www.wri.org/sites/default/files/avoiding_bioenergy_competition_food_crops_land.pdf
- 7 G. Philippidis, R. M'Barek and E. Ferrari (2016). Drivers of the European Bioeconomy in Transition (BioEconomy2030) – an exploratory, model-based assessment. Brussels: European Commission Joint Research Centre. Retrieved 4 October, 2016 from <https://ec.europa.eu/jrc/en/publication/eur-scientific-and-technical-research-reports/drivers-european-bioeconomy-transition-bioeconomy2030-exploratory-model-based-assessment>; European Environment Agency. (2016). SIGNALS 2016 - Towards clean and smart mobility. Retrieved 4 October, 2016 from <http://www.eea.europa.eu/publications/signals-2016>
- 8 Oxfam's detailed policy recommendations on the use of bioenergy in the EU 2030 climate and energy legislation are available in the following document: Oxfam International. (2016). A new EU sustainable bioenergy policy: Proposal to regulate bioenergy production and use in the EU's renewable energy policy framework 2020. Retrieved 4 October, 2016 from <https://www.oxfam.org/en/research/new-eu-sustainable-bioenergy-policy>.

Oxfam's detailed policy recommendations in relation to the protection of indigenous and community land rights are included in the report:

Oxfam International. (2016). Common Ground – Securing land rights and safeguarding the earth Retrieved 4 October, 2016 from <http://www.landrightsnow.org/en/common-ground>

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