

Why is Oxfam concerned about biofuels mandates?

Biofuels mandates drive food prices up and make them more volatile

Given the dwindling availability of arable land globally, producing biofuels often leads to the conversion of land previously used to grow crops for food to grow crops for fuel – diverting food from stomachs to fuel pumps. The knock-on effect is higher food prices due to reduced supply of food combined with increasing demand. And food price rises hit the poorest the hardest.

- In a **2011 report for the G20, ten international bodies – including FAO, the IMF, the World Bank and the WTO** – found the evidence on the contribution of biofuels policies to rising and increasingly volatile food prices so compelling that they recommended that G20 governments abolish all biofuels mandates and subsidies. An OECD projection referenced in the report suggests that biofuels production could increase prices for wheat, coarse grains, oilseeds and vegetable oil by 8%, 13%, 7% and 35% respectively.
- In a **2011 report on food price volatility, the Committee on World Food Security High Level Panel of Experts** found that “biofuel support policies in the United States and the European Union have created a demand shock that is widely considered to be one of the major causes of the international food price rise of 2007/08”. The report stresses that these policies increase vulnerability and inequity in the overall distribution of food.

Higher and more volatile global prices for agricultural commodities translate into higher and less predictable retail food prices for billions, especially in countries like Yemen, Guatemala and Cambodia, where much of the food sold on local markets is bought or sold on global markets. The unforeseen nature of recent price spikes and the price volatility that followed compounded the long-standing neglect of smallscale agriculture and the powerlessness of many smallscale farmers; even though prices on international markets shot up, this did not benefit millions of poor people who make their living from agriculture. Up to 2010, food price inflation was outstripping general consumer inflation in all but industrial countries; with food prices rising much more quickly than wages, people all over the world struggled to cope.

The poorest often spend up to 75 per cent of household incomes on food, which means that even slight increases in the cost of food can force families to make agonising choices. Oxfam research shows that nutrition, health, education, livelihoods and social cohesion can all suffer when prices are high. Women bear the brunt of higher prices; they often eat last and least, their assets are the first to be sold, and they often have to take on extra work in the precarious informal economy to support their families. The coping strategies that poor people adopt in the face of sudden increases in food prices have lasting effects. Assets, once sold off, take years to buy back. Working extra hours in second or third jobs leaves a legacy of exhaustion. Loans taken on to make up the gap between income and expenditure accumulate into crushing debt burdens. Missing meals, even for a relatively short period, can affect children for their entire lifetimes.

Biofuels mandates drive land deals which deprive communities of vital land and water

The dramatic increase in biofuels production in recent years is a significant driver of increasingly rapid changes in global land-use. The rush to meet targets for minimum biofuels content in petrol and diesel within a relatively short timeframe is a significant driver of the global land rush; EU biofuels mandates are

among the most ambitious. Doing land deals properly takes time: the sheer volume of land required to fulfil EU biofuels mandates by 2020 means that biofuels land deals are often “land grabs”, where communities are forced from their land with little or no compensation.

- **Evidence from the International Land Commission**, arguably the best available, suggests that land acquisitions to grow biofuels feedstocks, including soy, sugarcane, palm oil and jatropha, may account for over 60 percent of all large-scale land deals globally in the past decade, covering more than 140,000 square miles, or an area bigger than Germany.
- **ActionAid estimates** that meeting the EU target of obtaining 10 percent of transport fuels from renewable sources by 2020 could, if sourced from large-scale biofuel production alone, require up to 68,000 square miles of land in developing countries, or an area twice the size of the island of Ireland.

Even as biofuels policies are causing food prices to shoot up and down unpredictably, land acquisitions to produce biofuels feedstocks are making people more dependent on volatile markets. Land acquisitions for production of biofuels often means that communities no longer have access to the land they relied on for growing and collecting food, for collecting water, fuel and building materials and for grazing animals that are often a family's main asset and source of income. Even more importantly, driving communities off land to grow biofuels feedstocks breaks the important cultural link between communities and the land on which they are born, live and are buried.

Women often have little opportunity to participate in the negotiation of land deals – which is all the more shocking in the light of the fact that the land being targeted for biofuels production is often so-called ‘marginal’ land on which women rely to feed their families and collect water. In practice, a new commercial opportunity like biofuels production often means that men assume control of the land at the expense of the women. To compound this, violence against women is often a major feature of conflicts over land.

Biofuels are not an answer to climate change

One of the few compelling reasons to invest in biofuels – to reduce carbon emissions from transport fuel and thereby tackle climate change – has also been revealed as bogus by multiple studies and evaluations. Cultivation of biofuels feedstocks, even when it is considered sustainable according to EU legislation because it does not happen on newly deforested land, displaces the cultivation of food crops on to new land. The Institute for European Environmental Policy estimates that indirect land use change caused by biofuels could generate additional greenhouse gas emissions between 27 and 56 million tonnes of extra CO₂ per year by 2020, which is equivalent to putting between 12 and 25 million more cars on European roads.

There is an opportunity to influence the EU biofuels mandate this year

The Renewable Energy Directive, the legislation setting the EU biofuels mandate, requires the European Commission to prepare a biennial report on the impacts of increased EU demand for biofuels in supplier countries outside the EU. The first of these reports is due in 2012 and the reporting process is now underway. If appropriate, especially if increased demand for biofuels is shown to have an impact on the availability of food at affordable prices, the Commission can take ‘corrective action’ to revise biofuels mandates in response to concerns about sustainability.

Politicians and officials in EU member states need to engage with the preparation of this report to make sure that the mandate is scrapped in response to the overwhelming evidence on the contribution of biofuels to high and volatile food prices and abuse of land rights around the world.