

## REA response to HLPE consultation on the V0 draft of the report: Biofuels and Food Security

The Renewable Energy Association (REA) is pleased to submit this response to the [HLPE consultation](#). The REA represents a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. Members range in size from major multinationals to sole traders. There are over 950 corporate members of the REA, making it the largest renewable energy trade association in the UK. Members' views on this consultation have been gathered and included in our response.

### Summary

The REA welcomes the opportunity to respond to the HLPE consultation on "Biofuels and Food Security. However, we are very concerned by the evidence presented in the report in relation to the original mandate given by the UN Committee on World Food Security (CFS).

The report takes a single minded view of biofuels which employs a selective use of evidence to take a clear anti-biofuels position despite the mandate to "*conduct a science-based comparative literature analysis taking into consideration the work produced by the FAO and Global Bioenergy Partnership (GBEP) of the positive and negative effects of biofuels on food security.*" Instead the authors have deviated from this mandate. In the report, the authors state that: "*the central concern of this report is to analyse the implications for food security of global and national biofuels markets...through an evaluation both at the aggregate level of macro data and through field research carried out in different regions and localities.*" The report reveals no attempt to present the positive effects of biofuels on food security, most notably the absence of a consideration of the co-products of bioethanol and some biodiesel production which contribute significantly to food security.

The report also fails to achieve the professional standard expected from the mandate given. The report states: "following on these recommendations [from the FAO and GBEP] the present study is dedicated to a policy oriented literature review of the food security implications of biofuels." The authors have limited the review in such a way as to include only evidence which supports the anti-biofuels agenda and reads as an opinion piece, rather than a value-free expert opinion on the true impacts of biofuels on commodities and food prices.

The HLPE has failed to deliver a true expert analysis of biofuels and food security and needs significant revision before it could be considered as such. Key areas to address include:

1. Failure to complete a science-based comparative literature analysis. The HLPE does not provide the methodology used to perform the literature review and

therefore cannot be considered as a proper literature review. Without a transparent methodology, HLPE has been able to omit much of the relevant evidence explaining the positive effects of biofuels.

2. A biased agenda set out in the executive summary and introduction gives a pre-determined view that biofuels are exacerbating world hunger by driving up food prices. The paper is focussed almost entirely on risks and ignores the opportunities presented by biofuels (e.g. co-products).
3. The omission of a consideration of the whole subject of waste which is fundamental to a consideration of food security.
4. Insufficient attention has been given to the interplay of consequences for food security of increased investment in biofuels leading to productivity and land use changes, together with global dietary changes. FAO's own statistics indicate that the greatest challenge derives from dietary changes and not biofuels.
5. Utilisation of vague statements and unsubstantiated claims alongside many reference materials which are either missing in the reference list or not scientifically peer-reviewed material. There are far too many references throughout the report to "studies" which are never referenced. The paper is also littered with conjectural words such as "could", "can", "might", "probably" which we would not expect to see in a rigorous scientifically based literature review.
6. The report's use of incorrect data and the omission of key reports and data, such as research on biofuels co-products and their positive impact on food prices, as well as facts contained in the FAO's own reports e.g. FAO Statistical Yearbook 2012.
7. A failure to properly analyse and distinguish between modelling, which the authors correctly view as often inappropriate for policy development, and real world observation and understanding of the working of markets. For example, the basis of much of the argumentation in Chapter 3 rests on the assertion that ethanol producers would want to bid up the price of maize. This is completely illogical.

The rest of our response below goes into more detail within the body of the report.

However, at this stage we must express our deep concern about the bias contained in the **Executive Summary** and the **Policy Recommendations**. The shortcomings of the report are of such a magnitude that the conclusions adduced in the Summary and Recommendations should be re-visited in the light of a properly balanced and full literature review as mandated. A Summary and Policy Recommendations should flow from the analysis and not the other way around. The authors appear to have produced a report to bolster some pre-conceived notions, which is not the purpose of the report.

The REA recognises and would associate itself with the extensive responses from others (e.g. ePURE, Ethanol Europe, the European Commission and others) which highlight many of the same issues we have found with this report.

## Chapter 1: Biofuels policies

- The report often misinterprets current and proposed EU legislation. For example, Page 7 refers to the Renewable Energy Directive (RED) and the Fuel Quality Directive (FQD) as having blending targets. In fact the RED has a renewable energy target which includes more than just biofuels and the FQD has a greenhouse gas saving target. Furthermore, Page 14 (and elsewhere) refers to the EU proposals of 17 October 2012 to amend the RED/FQD as final legislation when in fact they will be the subject of significant and prolonged negotiation between the 27 member states of the EU, and between the EU institutions. It cannot be taken as a given that the proposals will remain unchanged.
- Page 7. The relevance of wood pellets is obscure.
- Page 8. The Brazilian market has been driven by its statutory blending levels.
- Page 13. What is the evidence for the statement “Biofuels in sub-Saharan Africa in the middle years of the last decade were largely dominated by responses to the biodiesel demand created by the EU mandate”?
- Page 14. The statement “Biofuels policies in the North are now at a turning point which promises to put a ceiling on food-based biofuels at around their existing levels” is conjecture and therefore cannot be based on any literature review.
- Page 14. The authors correctly identify a need for investment capital but appear to discount the contribution that investment in feedstocks for biofuels has made to increasing productivity and sustainability. The rules within the EU RED for example have had the effect of raising the sustainability bar across agriculture, as farmers do not distinguish between the various markets for their production. The emergence of a biofuels market has also encouraged farmers to invest in better agricultural practices to improve yield – for example the yield of oilseed rape in the UK has increased by 25% in the last 10 years.
- Section 1.6. The absence of a complete reference list makes it difficult to assess this section. There appears to be deliberate and misleading identity confusion between agriculture and biofuels production.

## Chapter 2: Biofuels and the technology frontier

- Page 16. It is unclear why the authors accept that biofuels produced from non-food biomass are less land intensive and have better sustainability and environmental credentials. If biofuels produce animal feed as co-products then there is a positive resource use benefit in making both renewable fuel and much-needed protein-rich feed from the same land.
- Table 2 makes no attempt to describe the GHG saving of the biofuels that are actually used, and ignores the requirement for minimum thresholds in both US and EU legislation. (EU legislation requires a 60% GHG saving from 2018). Such savings and thresholds have to be met after accounting for any direct land use change effects.
- Bio refineries already exist throughout Europe and the US producing both fuel and feed.

### Chapter 3: Food prices, hunger and poverty

- Although the authors recognise the distinction between commodity prices and food prices, this section persistently interchanges the two, leaving a muddled and confusing analysis.
- This section also elaborates a very confusing debate about modelling which it would be impossible to clarify/understand without going back to all the source material. There is also a confusing analysis about the difference between short-term and longer-term market responses, and the shortcomings of models in this regard. The result underplays actual supply responses which can be adduced from looking at what has happened in commodity markets, rather than what “inappropriate” models might predict will happen.
- The only positive statement in regards to biofuels in the report is: “[Biofuels] can also be seen to have a positive effect on food security to the extent that they open up the possibility for new sources of income and employment, and provide alternative sources of energy for rural communities and for rural and urban food preparation.” This ignores several reports, including reports from the FAO, which acknowledge the benefits of biofuels.
- There is no mention of co-products associated with biofuel production. Co-products are a key part of the overall analysis, because they can fundamentally change the apparent performance of biofuels. Co-products recover all the protein present in the feedstock, and can therefore displace other protein sources such as imported soy, with significant consequent environmental and economic benefit. This also results in reduced net land use, a credit component for ILUC effects, and benefits to the food sector.<sup>1</sup>
- The report claims biofuels “played a predominate role” in the food price volatility since 2004, and specifically the food price spikes in 2008 and 2012. The report fails to give a quantitative assessment to support its claims. Furthermore, reports from both DEFRA and the World Bank have shown that biofuels had a limited effect on commodity prices. Analysis from the USA Renewable Fuels Association showed in 2012 that as the prices of maize increased significantly in response to drought, the production of bioethanol similarly decreased. Bioethanol production therefore would not have been competing with corn used for food production.
- Section 3.2.1. ‘The simplest reason to believe that biofuels have driven large increases in grain prices is that it has made economic sense for biofuel producers to drive up grain prices dramatically’. This demonstrates an Incorrect understanding of the economics of biofuel production and the effect of high grain prices in the USA in 2012.
- The relationship between oil and maize prices is not proven. Based on the use of the Babcock analysis on the impact of the US blenders’ tax credit on the maize price of nearly \$100/t one would expect the maize price to have reduced by this amount since the blenders’ tax credit was removed in December 2011, and it clearly has not done so.

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<sup>1</sup> Please see these peer-reviewed reports: Biofuel Co-Products as Livestock Feed – Opportunities and Challenges; Chapter 2: An Outlook on EU biofuel production and its implications for the animal feed industry (FAO, 2012) and Impact of protein co-products on net land requirement for European biofuel production. *Global Change Biology – Bioenergy* (2009) 1 (5): 346-359

- Where the evidence has pointed to the limited effect of biofuel on commodity prices. (e.g. DEFRA report in 2010) the authors have 'downplayed the role of biofuels in triggering price increases..' because it does not fit their theory. They have also not quoted the World Bank report which reached similar conclusions.

#### **Chapter 4: Biofuels and land**

- Once again this section is directed towards arguments against the use of biofuels and does not attempt to indicate the positive contribution that biofuels can make to, for example, investment in agriculture, improved productivity, and more sustainable production, all of which are absolute prerequisites if global land stocks are to be able to feed the predicted increase in global population.
- The REA is on record as saying that land grabbing is unacceptable, for whatever end use. The data and analysis of the International Land Coalition which led to the conclusion that between one third and two thirds of land grabbing is related to biofuels, is not transparent. Without further transparency, there is very little evidence to support this conclusion.
- This section strays into areas which are not the preserve of this report. For example, Page 40 devotes a full page to the carbon implications of indirect land use change. If this analysis is relevant to this report then there should be a full analysis of the carbon implications of the continuing and increased use globally of fossil fuels, to put this debate into a proper perspective.

#### **Chapter 5: Social Implications of Biofuels**

- This section refers extensively to land rights in such a way as to infer that the infringement of land rights is the exclusive preserve of biofuels. The infringement of land rights can happen for a multitude of reasons and the issue is one of local governance and local law, not of biofuels.
- In the same way, this section refers to gender issues as if the removal of biofuels globally would in some way improve the social position of women. The issue is far more complex than is treated here and the report reads more like a campaigning document than a serious review.

The REA has been pleased to offer these comments on Version 0 and we look forward to seeing a more balanced revision in the coming months. It is essential that this report both fulfils its mandate and presents a balanced review. The final report should not be a campaigning document but a serious and scientifically based contribution to a very complex series of problems which the FAO has been attempting to manage.

Clare Wenner  
Renewable Energy Association  
Head of Renewable Transport  
[clare@euro-pa.net](mailto:clare@euro-pa.net)

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