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

EMBARGOED UNTIL 00:01 CEST 26 OCTOBER 2016

There is overwhelming evidence of the harm caused by the European Union's current bioenergy policy to people in developing countries, to the climate and to 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 left by the policy on three continents. It assesses the extraordinary lobbying 'firepower' 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.

GROW FOOD. LIFE. PLANET. OXFAM

SUMMARY

The EU's current bioenergy policy has left a trail of destruction around the planet. This briefing 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.

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.

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.

'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.

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 massive deforestation and illegal land deals in Southeast 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.

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 (SDGs) credibility check of the EU's 2030 climate and energy policy makes unacceptable any form of support for bioenergy produced from food or energy crops. If the 70,000km^2 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 78,000km^2, 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.

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 'FIREPOWER' 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.

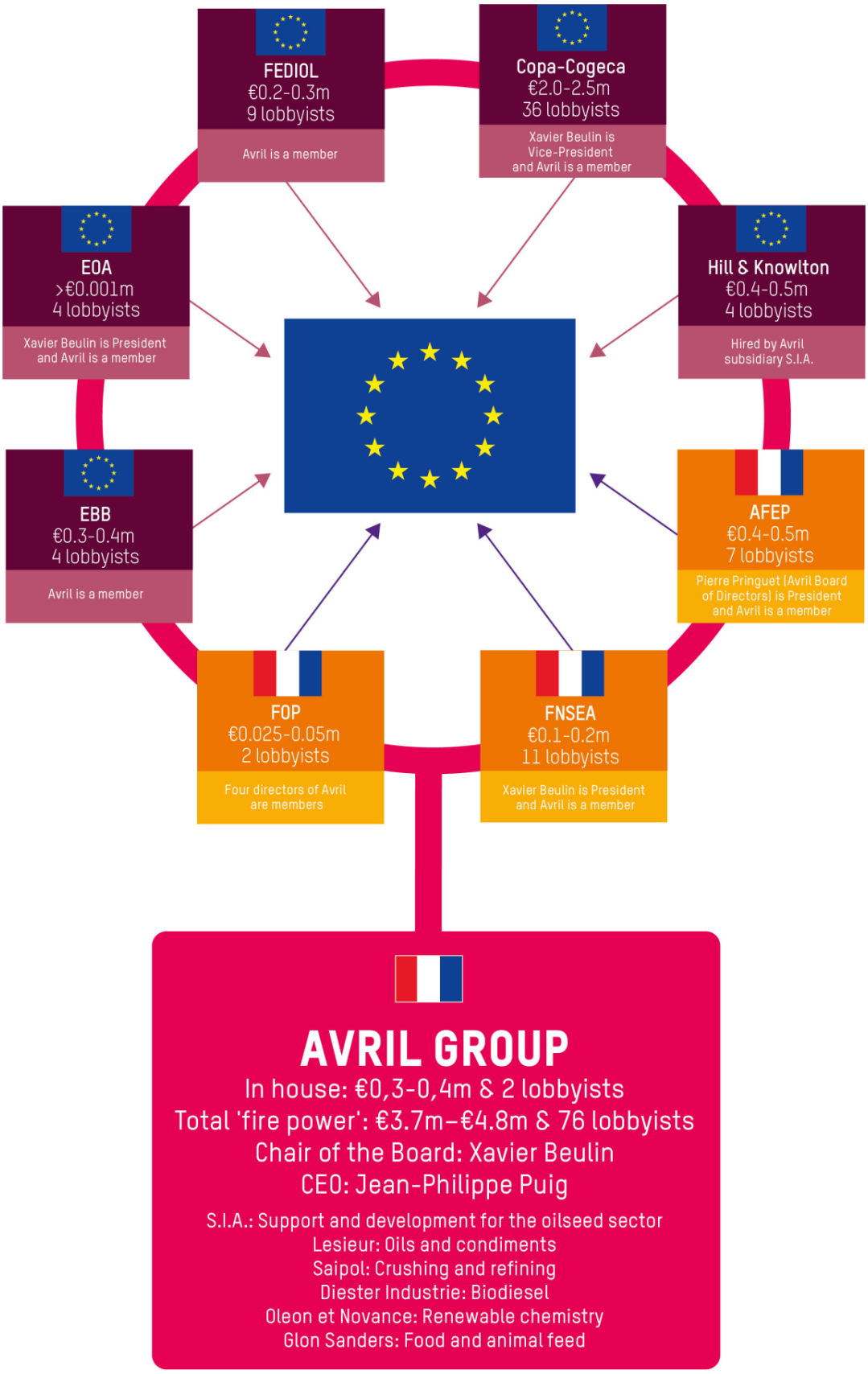
European biofuel producers alone spend between €3.7m and €5.7m annually on EU lobbying. This puts them on a par with the tobacco lobby which reported spending €5m in 2015. All actors of the biofuel value chain together – biofuel producers, feedstock growers, commodity traders and processors and technology 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 firepower 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.

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

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 levels. 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.

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.

Figure 1: Avril's network of influence and lobbying firepower



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.

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.

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:

- 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.

1 EU CLIMATE AND ENERGY POLICY AT A CROSSROADS

LANDMARKS: THE SUSTAINABLE DEVELOPMENT GOALS AND THE PARIS AGREEMENT

The Sustainable Development Goals adopted by world leaders at the UN on 25 September 2015[1] and the Paris Agreement approved on 12 December 2015[2] represent a universally agreed agenda for action to eradicate extreme poverty and hunger, fight inequality and injustice, and tackle climate change. This agenda is achievable, but not by doing business as usual. Policy makers must be prepared to tackle vested interests that seek to maintain the status quo at the expense of people and the planet.

Sustainable Development Goal 2
End hunger, achieve food security and improved nutrition and promote sustainable agriculture.

2.1. By 2030, end hunger and ensure access by all people, in particular the poor and people in vulnerable situations, including infants, to safe, nutritious and sufficient food all year round.

Transforming our World: the 2030 Agenda for Sustainable Development

The European Union is proud of the role it has played in shaping the SDGs and the Paris Agreement.[3] If European decision makers are truly committed to their success, they must put new and existing policies to the test to verify that they are compatible with the targets and commitments enshrined in these landmark international agreements. One area stands out where such a credibility check is urgently needed: the EU's bioenergy policy.

THE EU 2020 BIOENERGY POLICY: AT A DEAD END

Biofuels and other forms of bioenergy make up over 60 percent of the energy that the EU labels as renewable and promotes as part of its policy to mitigate climate change.[4] A first EU-wide, non-binding biofuel target of 5.75 percent of transport fuels by 2010 was introduced in 2003. As a result, increasing shares of bioethanol made from cereals or sugar and biodiesel made from vegetable oils were blended with petrol and diesel, setting Europe on a trajectory to consume ever more food-based biofuels. More ambitious and binding 2020 targets were introduced in 2009 under the Renewable Energy Directive (see Box 1), creating powerful incentives to consume large quantities of bioenergy for transport, power generation and heating. In the absence of an adequate accompanying sustainability framework, the global social and environmental cost of this growing European demand for unsustainable bioenergy has escalated accordingly – with people living in poverty paying the highest price.

For almost a decade now, Oxfam and others have been ringing the alarm bell about the disastrous consequences – for people living in poverty and for the planet – of policies promoting biofuels to replace fossil fuels in the EU and other rich countries.[5] In the aftermath of the global food price crises in 2008 and 2010–11, Oxfam estimated that if the 70,000km^2 of land used to produce biofuels for the EU in 2008 had been used to produce wheat and maize instead, it could have fed 127 million people for the entire year.[6]

If the 70,000km^2 of land 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.

According to a new study ordered by the European Commission, by 2012 the area used to produce biofuels had increased to 78,000km^2, an area larger than Sierra Leone or than Belgium and the Netherlands combined. In 2012, over 40 percent of this land was already located outside the EU, and Europe's reliance on imports, particularly palm oil imports (see Box 2), has continued to increase since then.[7] The total land footprint of the EU's bioenergy demand is much larger. According to research, in 2010, taken together, cropland and forest land required to cover the EU's consumption of bioenergy for fuel, electricity and heating added up to 445,000 km^2, an area the size of Sweden.[8]

An impressive body of scientific research has developed on how most biofuels made from food crops actually harm the climate because of indirect land use change (ILUC). The increased demand for agricultural commodities for biofuels drives agriculture onto new land, causing deforestation and the conversion of carbon-rich soils such as peatlands. The most recent and comprehensive study on ILUC was ordered by the European Commission.[9] It was finalized in August 2015, but was only made public in March 2016 after repeated requests by Oxfam and others for access to information.[10]

This study shows that, on average, food-based biofuels emit over 50 percent more greenhouse gases than fossil fuels. Biodiesel made from palm oil, for example, emits three times as much CO_2 as fossil diesel because it displaces agriculture into tropical forests and peatlands. 'Home-grown' European biofuels are part of the problem too. Biodiesel made from rapeseed and bioethanol made from barley emit roughly 20 percent more CO_2 than diesel or petrol. Sunflower biodiesel and wheat ethanol are approximately as polluting as the fossil fuel they replace. As a result, by 2020 the EU's transport emissions will have significantly increased, not decreased, because of biofuel consumption.[11]

The role of policies that subsidize or mandate food-based biofuel production or consumption in driving up food prices, in multiplying price shocks in agricultural markets,[12] and as drivers of contentious large-scale land acquisitions has also been exposed.[13] As a result, international development agencies and experts have called for an end to these policies.[14] Evidence has also piled up that lays bare the huge cost of biofuel mandates for taxpayers, consumers and for the economy at large, in Europe and elsewhere.[15]

'This Agreement […] aims to strengthen the global response to the threat of climate change, in the context of sustainable development and efforts to eradicate poverty, […] by holding the increase in the global average temperature to well below 2 °C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5 °C […].'

Paris Agreement, Article 2

The EU's biofuels policy means that by 2020, EU transport emissions will have significantly increased, not decreased, due to biofuel consumption.

Box 1: Main drivers of harmful bioenergy consumption in EU 2020 Climate and Energy legislation

Renewable Energy Directive (RED)[16]

Driver: binding 20% overall renewable energy target and 10% target for transport; incorrect accounting of biofuel emissions (indirect land use change – ILUC – not accounted); limited sustainability criteria. *Impact*: reliance on unsustainable biomass to meet the 20% target; biofuel mandates in EU Member States to meet the 10% target. Following amendments to RED in 2015, a 7% limit will apply to biofuels made from food crops and dedicated energy crops. Member States may still subsidize these biofuels beyond this limit but not count them towards the 10% target.[17]

Fuel Quality Directive (FQD)[18]

Driver: 6% binding target for the reduction of the greenhouse gas and intensity of fuels by 2020; incorrect accounting of biofuel emissions (ILUC not accounted); limited sustainability criteria. *Impact*: fuel providers blend biofuels to meet the target instead of reducing sources of emission in extraction and refining, such as flaring.

Emission Trading System (ETS)[19]

Driver: emissions from burning biomass for electricity and heat generation are not counted; no sustainability criteria for solid and gaseous biomass. *Impact*: unsustainable biomass burned in large-scale installations, coal-fired power stations are co-fired by or converted entirely to biomass.[20]

THE EU 2030 BIOENERGY POLICY: ON A COLLISION COURSE?

The EU's massive reliance on unsustainable bioenergy to meet its 2020 climate and energy goals means that a decade has been lost in the fight against climate change and for sustainable development. This paper shows that people in developing countries, particularly people living in poverty, are paying a high price for Europe's misguided policy. It seeks to understand why the EU was unable to change direction when it became clear that its biofuel policy was leading it down a dead-end street. It concludes by putting forward recommendations to set the EU's bioenergy policy for 2030 on a new path – away from the collision course with the imperatives of the SDGs and the Paris Agreement that it is set to take in the absence of thorough reform.

2 RUN OVER: PEOPLE AND PLANET

THE TRAIL OF DESTRUCTION LEFT BY THE EU'S BIOENERGY POLICY

The EU's bioenergy policy has left a trail of destruction around the globe. We will follow this trail from southern Tanzania, where villagers are dealing with the fallout of a failed investment to supply Europe with jatropha oil for 'green' electricity and biodiesel; to Sumatra in Indonesia, a country at the heart of the current European palm oil import boom for energy; and to the Peruvian Amazon, where indigenous communities are struggling to survive on palm oil's new frontier.

TANZANIA: FALSE HOPES AND TRUE HARDSHIPS

To date, Africa has played only a marginal role as a bioenergy supplier to Europe. This fact has been used as an argument by some to dismiss concerns about the impacts of EU bioenergy policy in Africa.[21] Behind the trade statistics however, hides another reality. The potential for a large mandated demand for biofuels in the EU has sparked a wave of interest by investors and speculators in acquiring large tracts of land in developing countries in the second half of the 2000s.[22]

'We were expecting that Mavuji would prosper above all other villages in Kilwa. But instead the investor has come to bring chaos in our village.'

'Our big demand now is that we want that piece of land back.'

Residents of Mavuji and Miregere villages, Kilwa district, Tanzania

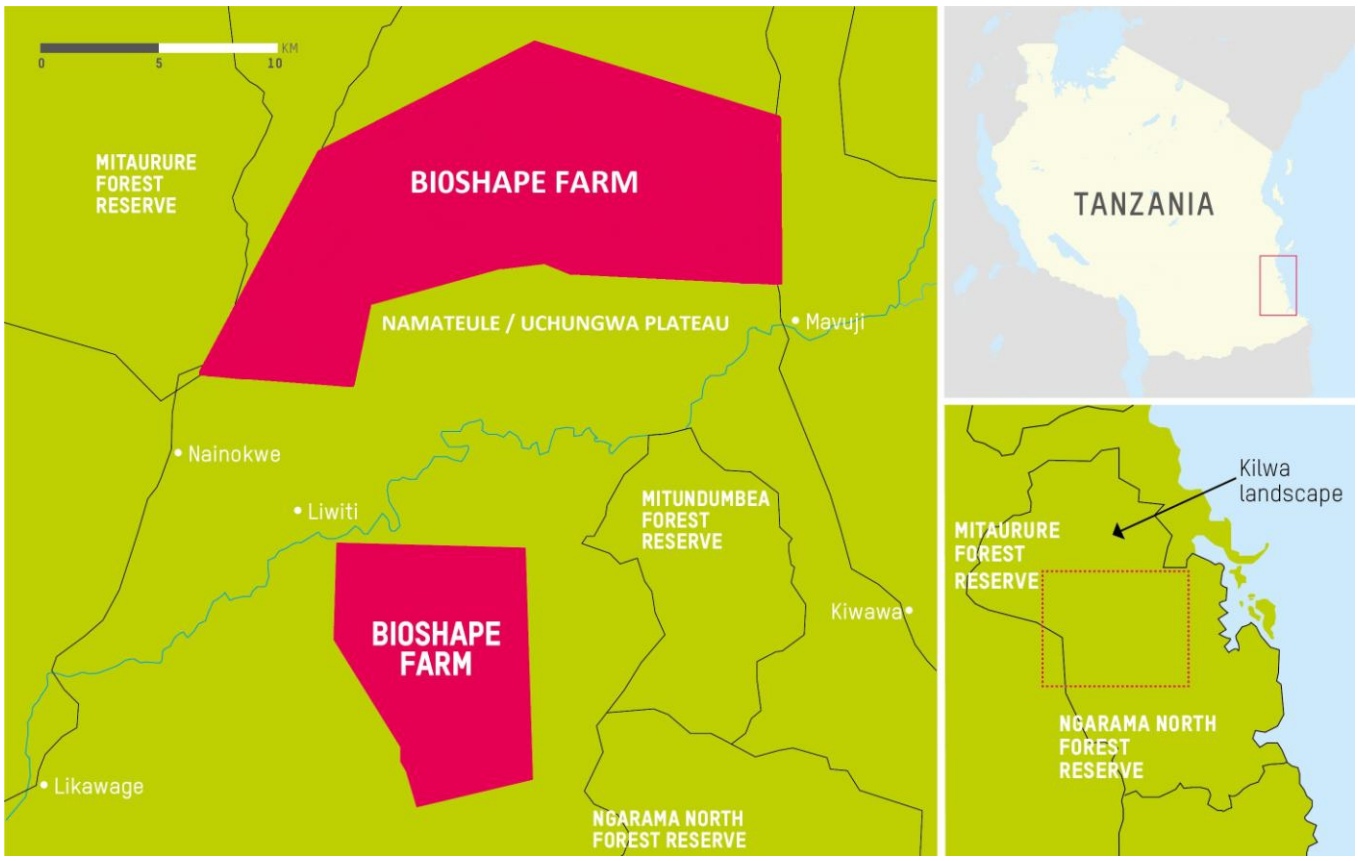
Countries with weak governance, allowing for quick and cheap land deals were highest on the target list; too often leading to land grabs.[23] Among them, sub-Saharan African countries with inexpensive farmland and labour, available water, a suitable climate and weak governance figured prominently. Huge areas of land were attributed to commercial biofuel projects, but a decade later, most of these investments have not materialized or have failed.[24] This African biofuels boom and bust has left no mark on EU trade data – but on the ground and in African rural communities, the scars are there for all to see.

In Tanzania, between 2005 and 2008, about four million hectares of land, an area roughly the size of the Netherlands, was requested for commercial biofuel projects, often headed by European companies. By 2009, 640,000 hectares had been officially allocated by the Tanzanian government.[25] Dutch BioShape Holding BV, a company established in the Netherlands, acquired 34,000 hectares of land through a Tanzanian subsidiary in the southern district of Kilwa in 2008.[26]

The aim of the project was to produce bioenergy for the Dutch and Belgian markets, initially green electricity and later biodiesel, using jatropha – a previously little-known oil-producing crop, touted at the time as a wonder crop. By 2009, BioShape had established a 70-hectare nursery for jatropha, and a section of the land was cleared.[27]

According to an investigation conducted by Inter Press Service, as part of its confidential business plan BioShape also carried out illegal timber business, selling valuable trees from its concession area without the appropriate permit.[28] High operational costs and failure to find a reliable investor following a change of business plan led to the bankruptcy of the Dutch parent company in June 2010, and a collapse of the project on the ground in Tanzania.[29]

Figure 2: The BioShape concession in Kilwa, Tanzania



Source: Oxfam map based on *The Arc Journal*, Tanzania Forest Conservation Group, N°24, November 2009.

Land acquired by BioShape belonged to four villages: Mavuji, Migeregere, Nainokwe and Liwiti. With promises of permanent jobs and development made to them by the company, a majority of villagers agreed to the project. However, critical information on the content and implications of the agreement was withheld from community members, such as the boundaries and total extent of the land allocated to the venture, and the fact that control over the land would be taken away from them and transferred to central government for allocation to the company. As a consequence, the perpetual customary rights to the land were removed from the communities without their free, prior and informed consent[30] and without adequate compensation.

The collapse of the project meant the communities were left without access to their land, while very little of the promised benefit had materialized. When the real value of the land and opportunity costs are compared with the compensation received, the economic losses incurred by the villages are extremely high, and may have been substantial in the long term even if BioShape had succeeded.[31]

Oxfam has engaged with the affected communities since 2012 to support their attempts to seek redress and regain access to their land. Six years after the bankruptcy of its parent Dutch company, BioShape Tanzania Ltd remains the owner of the land.[32] The farm remains largely unattended except for security guards at the site. Dense thicket now swallows company buildings, where company records are strewn on the floor.

Unconfirmed and contradictory information circulates in Kilwa about BioShape's intentions: some say the land will be transferred to a new investor, others that the company will resume activities on the land, focusing this time on food production. Villagers still have no access to the land on which they previously farmed and hunted, and which provided them with firewood and building materials. They have to walk long distances to their farms and are concerned about land becoming too scarce for future generations.

Villagers of Mavuji, Migeregere, Nainokwe and Liwiti want their land back to farm it themselves and to manage it to their own benefit, without ceding ownership and control.[33]

'The area left as agricultural land is very small because the biggest area is owned by the company. Where one person cultivated, six grandchildren will be forced to share. This is impossible and very dangerous for future generations.'

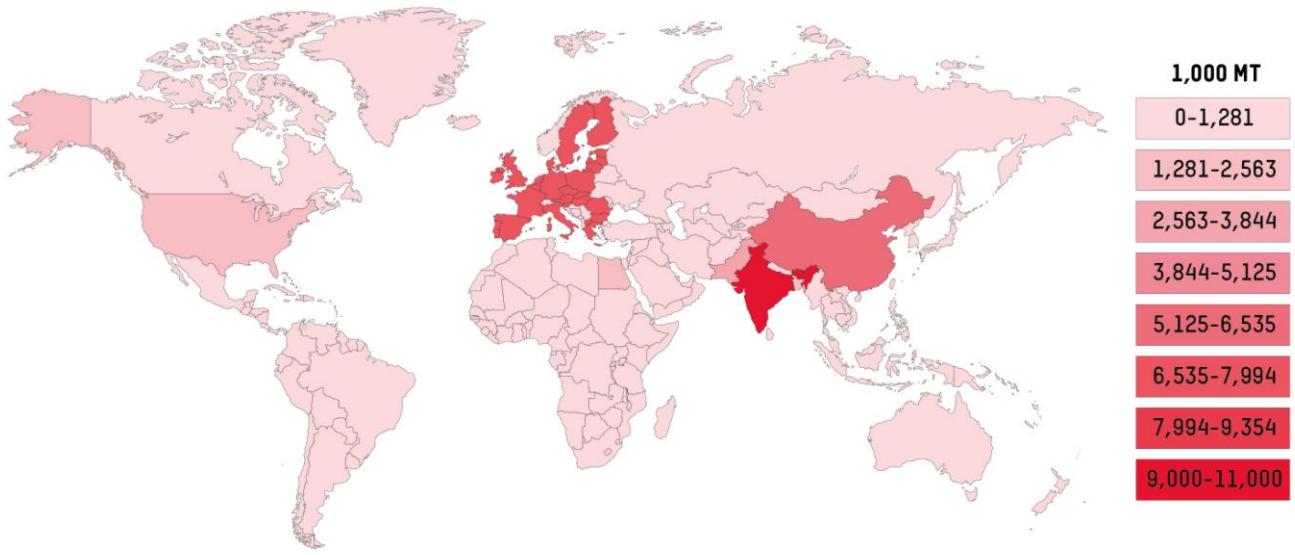
Resident of Mavuji village, Kilwa district, Tanzania.

Box 2: EU palm oil imports for biodiesel explode; energy sector overtakes food sector

With India and China, the EU belongs to the top three palm oil importers in the world (see Figure 3). The EU is expected to import 6.6 million tonnes of palm oil in 2016, amounting to almost 10% of the predicted global palm oil production. Five hundred million Europeans consume 15% more palm oil than 1.3 billion Chinese.[34] The food sector has historically been the main consumer of palm oil, with some also going to other uses such as animal feed, personal care and chemicals. The EU bioenergy policy has radically changed this (see Figure 4). In 2006, traditional uses of palm oil still accounted for over 80% of the EU's consumption, but imports for bioenergy were already significant.[35] Since then the use of palm oil as a feedstock for biodiesel has exploded. As a result, in 2014 the energy sector was responsible for 60% of EU palm oil imports, with 45% of imported palm oil going into European fuel tanks and 15% towards power and heat generation.[36]

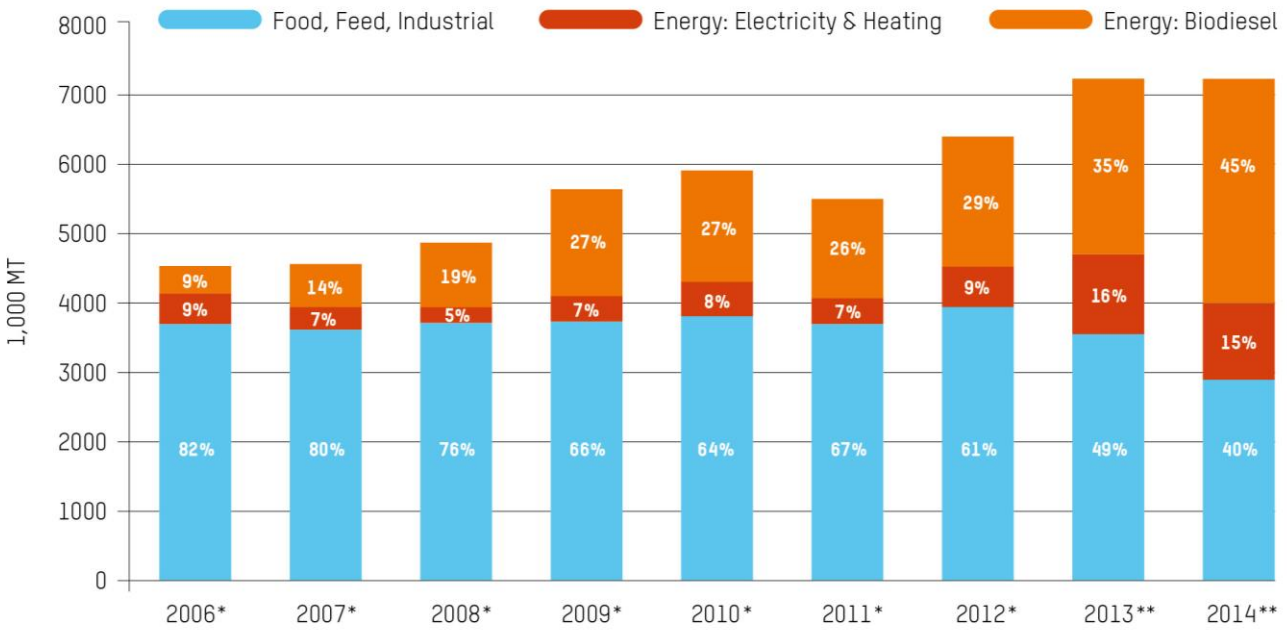
In addition to crude palm oil for biodiesel production, the EU also imports palm-based biodiesel. In 2012, the EU imported 1.1 million tonnes of palm biodiesel from Indonesia. However, spurred by the European biofuel industry that uses ever more cheap palm oil but seeks to shield itself from competition on the biodiesel market, the European Commission imposed anti-dumping duties on EU imports of Indonesian (palm-based) and Argentinian (soy-based) biodiesel imports in May 2013. As a result, imports from these two countries dropped considerably in 2013 and almost ceased in 2014, but are likely to resume if the EU loses pending complaints filed with the World Trade Organization against these duties.[37]

Figure 3: Palm oil imports by country in 1,000 metric tonnes (MT) – year of estimate: 2016



Source: United States Department of Agriculture
http://www.indexmundi.com/agriculture/?commodity=palm-oil&graph=imports&display=map

Figure 4: EU uses of palm oil by sector in 1,000 metric tonnes (MT), 2006–2014



Source: *World Oil/IISD[38], **FEDIOL/Transport & Environment[39]

INDONESIA: A 'SUSTAINABLE' DISASTER

Indonesia produces over half of the world's palm oil. Its production has doubled since 2006, reaching 33 million tonnes in 2015, and is expected to increase by an additional six percent in 2016.[40] The EU palm oil market, Indonesia's second-largest export market after India, has doubled in size since the EU adopted its first biofuel targets in 2003.[41] The rapid expansion of the European market has been entirely driven by the EU's bioenergy policy: ever larger volumes of palm oil are needed to fuel European cars and balance Europe's power grids (see Box 2).

The binding targets for renewable energy introduced by the Renewable Energy Directive of 2009 and other provisions in EU climate and energy legislation (see Box 1) have spurred this spectacular growth in European demand. In combination with ineffective sustainability criteria promoted by the European Commission as 'the most stringent in the world' (see Box 3) and policies of the Indonesian government promoting plantation development, this growth has contributed to a 'sustainable' disaster in Indonesia.

The environmental devastation and dismal climate legacy of rapid expansion of oil palm in Indonesia is well documented. It receives periodic global media attention when fires engulf the forests and peatlands of Sumatra and Kalimantan and smoulder for weeks on end. In the run-up to the 2015 Paris Climate Conference (COP 21), emissions from these fires turned Indonesia into a larger greenhouse gas emitter than the United States for two months in a row.[42] Less publicized is the fate of vulnerable communities in remote areas that are exposed to the abusive practices of companies operating at the far end of the supply chain of European biofuel producers and fuel suppliers. In 2014, the Indonesian NGO Sawit Watch had identified 731 land conflicts related to oil palm expansion.[43]

'We feel very threatened and disturbed. Our life is there. All of our life's needs, for example, school fees, come from those plots of land. Why do they always want to seize them?'

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

Wilmar International, an agribusiness group headquartered in Singapore, is one of the largest oil palm plantation owners and the largest palm oil refiner in Indonesia. It claims to be the world's largest processor and merchandiser of palm oil and palm biodiesel.[44] Wilmar International is an important supplier of palm oil to several European biofuel producers.[45] Until 2015, Wilmar was a supplier of, Neste, a Finnish multinational with major production facilities in the Netherlands, Finland and Singapore.[46] Wilmar is currently a supplier of ADM Hamburg AG, the German subsidiary of the US multinational Archer Daniels Midland (ADM), a global leader on agricultural commodity markets and an important shareholder of Wilmar.[47] Wilmar International also exported biodiesel to Europe until the EU imposed anti-dumping duties on Indonesian biodiesel imports in May 2013. Neste and ADM are two of the three largest biodiesel producers in Europe.

Wilmar International sources palm oil from its own subsidiaries and plantations, as well as from third party suppliers. PT Sandabi Indah Lestari (PT SIL) is a Wilmar supplier operating in Bengkulu province on the south-west coast of Sumatra.[48] In 2011, PT SIL obtained an agricultural land concession to access 2,812 hectares in the Seluma regency of Bengkulu province. The lease had previously been issued to a different company, PT Way Sebayur (PT WS) in 1987, but had been revoked in 2005. In acquiring the permit to exploit the

concession, PT SIL also inherited a history of unresolved land disputes that had existed between local landholders and PT WS. This included an area of 1,000 hectares, which the local government had reallocated from the PT WS concession for use by local residents.[49]

Figure 5: The PT SIL concession area in Indonesia

Oxfam map based on Oxfam report 'EU biofuels supply chain and its Impacts on local community livelhihoods: A case study from Bengkulu, Indonesia' (2015)[50]

On acquiring the new concession area, PT SIL immediately took steps to bar community access to the land rather than taking steps to positively engage the local people. Representatives of the company carried out evictions and destruction of local residents' property in order to establish their claim over the concession area, and have encroached on the land that the community relies on for its food and livelihoods.

The affected community encompasses multiple groups, including indigenous Batak, Serawai and Sunda people as well as more recently established Javanese migrants. Members of the community reported in interviews that the company bulldozed some residents' land holdings, watered plants with kerosene and uprooted other crops. They intimidated community members by bringing in thugs armed with guns and other weapons, who issued threats and warnings that the land now belongs to PT SIL and declared that any resident operating on the concession was doing so illegally. Armed guards were placed

along the roads, blocking access to residents' smallholdings.

The arrival of PT SIL has had numerous negative impacts on the communities that live within the concession. The encroachment of PT SIL onto small plots of land that residents have farmed for many years and depend on for their income, has negative effects on local livelihoods and food security. Prior to the arrival of the company, local people reported being able to meet their basic needs, but since the acquisition of their land, this has become much more difficult.

In the village of Lunjuk, the majority of residents rely on farming and rubber tapping for their primary livelihoods. The reduced access to workable land has resulted in less opportunity for farmers to practise diversified agricultural production including both food crops (e.g. rice, vegetables) and cash crops (e.g. palm oil, rubber). An unintended outcome with potentially harmful consequences is that many farmers have chosen to focus solely on cash crops to maximize their income. This reduced crop diversity heightens their vulnerability to adverse weather, commodity price fluctuations and further expansion of oil palm in surrounding estates. This can negatively affect the health and nutrition of their families.

'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

In December 2013, Wilmar announced a new 'No Deforestation, No Peat, No Exploitation' policy applying to all operations of the group worldwide and to all its suppliers throughout its supply chain.[51] Under the heading 'No Exploitation of People and Local Communities', this policy includes commitments to respect human rights, land tenure rights and 'the rights of indigenous and local communities to give or withhold their free, prior and informed consent to operations on lands to which they hold legal, communal or customary rights'.

Yet this new corporate policy so far has failed to provide redress to the communities in Bengkulu province deprived of access to their land by PT SIL. The absence of basic sustainability criteria in EU legislation makes it impossible to bar from the European market biofuel producers sourcing palm oil from companies that violate communities' human rights and right to land.

Box 3: European biofuels – the most sustainable in the world?

'Sustainable' has taken on a whole new meaning in the context of European bioenergy policy. *'**European biofuels are the most sustainable in the world.***' These words, including the bold highlight, come from a statement of the European biodiesel industry targeting a recent European Commission stakeholder meeting on a sustainable EU bioenergy policy post 2020.[52] It echoes another statement by the European Commissioner in charge of Energy at the launch of the EU system for certifying sustainable biofuels in 2010: *'Our certification scheme is the most stringent in the world and will make sure that our biofuels meet the highest environmental standards.'*[53] In 2016, the **European Court of Auditors (ECA)**, the guardians of the EU finances, carried out an in-depth performance and compliance audit of these schemes.[54] Its conclusions are damning:

- **The EU biofuel sustainability schemes do not ensure that biofuels are sustainable**. The ECA found that schemes 'did not cover adequately some important aspects which are necessary to ensure the sustainability of certified biofuels', in particular 'negative socio-economic effects, such as land tenure conflicts, forced/child labour, poor working conditions for farmers and dangers to health and safety' and indirect land use change. *(Audit report par. 74*)

- **The EU biofuel certification system is not reliable.** The ECA found that 'because of weaknesses in the Commission's recognition procedure and in the subsequent supervision of voluntary schemes, the EU certification system for the sustainability of biofuels is not fully reliable'. The ECA finds that the lack of transparency and inappropriate governance structure of schemes increases the risk of conflict of interest. The ECA uncovers the absence of supervision of the schemes by the Commission and of a complaints system. As a consequence, the Commission 'cannot obtain assurance that voluntary schemes actually apply the certification standards presented for recognition' and 'has no means to detect alleged infringements*'. (Audit report, par. 73, 77, 78)*

PERU: FIGHTING FOR SURVIVAL ON THE AMAZON'S PALM OIL FRONTIER

Indonesia's 'sustainable' palm oil disaster provides a cautionary tale for the future of the EU's bioenergy policy. Malaysia and Indonesia currently produce 85 percent of the world's palm oil, but as demand continues to rise and available land in Southeast Asia diminishes, companies are aggressively seeking to expand elsewhere. One of the regions most at risk is the Amazon, which provides an ideal environment for rapid oil palm growth.

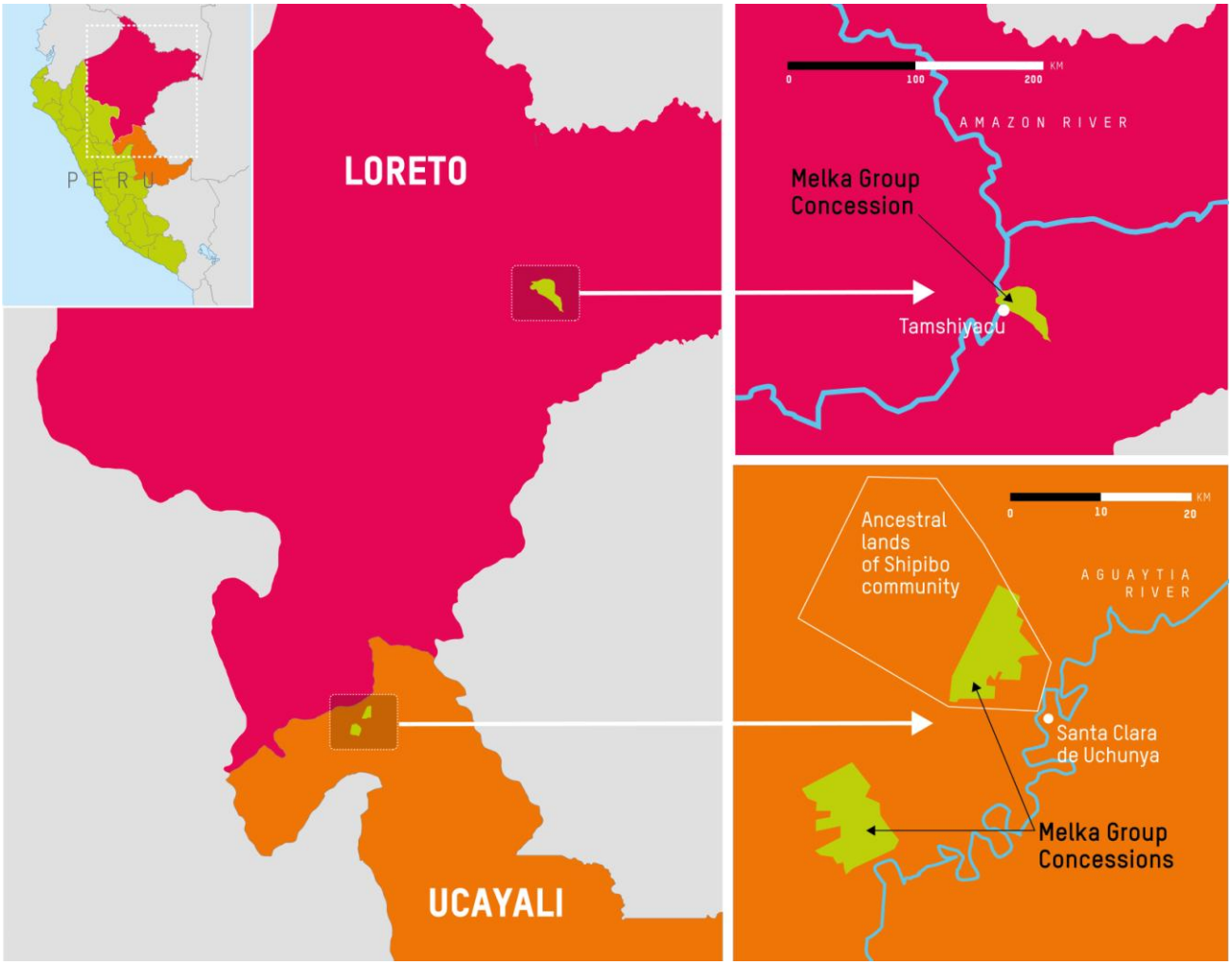
Colombia and Ecuador already belong to the top 10 producing and exporting countries.[55] Peru, where the Amazon covers 60 percent of the country, now ranks 21st on the list of producing countries and large areas are under threat as global demand for palm oil continues to grow. At present, large-scale oil palm projects are driving deforestation in three regions of the Peruvian Amazon: Loreto, Ucayali and San Martín, in total covering more than 120,000 hectares between production areas and lands recently acquired by large and medium-sized companies.

Projects awaiting approval could lead to a tripling of the oil palm expanses in the short term, and the Peruvian government has announced that it has the capacity to dedicate a minimum of 1.5 million hectares of land to oil palm. The official policy of the Peruvian government is to allow oil palm cultivation only in previously deforested or degraded areas of the forest. However, loopholes in the legislation and violations of the law have led to pristine forests being designated as suitable for oil palm plantations.[56]

Already in several provinces, peasant and indigenous communities are fighting for survival as they face oil palm expansion on their territories without their free, prior and informed consent. A threat to their livelihoods comes from the Melka Group, a conglomerate of companies created by Dennis Melka, the founder of Asian Plantations Limited, a company connected to massive deforestation and corrupt land deals in the Sarawak province of Malaysia.[57] The Melka Group has exploited procedural loopholes and the lack of law enforcement by Peruvian authorities to acquire land and clear forests to make way for agricultural plantations.[58] The group is currently embroiled in a legal battle in the Peruvian courts with Peru's National Forest Service (SERFOR) that has found it responsible for illegal deforestation; estimating the damage done to Peru's forest patrimony to be in excess of €100m, and has ordered it to suspend its operations.[59]

In the Tamshiyacu district of the north eastern Loreto region of Peru, since 2011 companies of the Melka Group have introduced multiple requests to obtain concessions over large areas of forests for oil palm and cocoa plantations. The group has already deforested 3,000 hectares of forest, including primary forest, to plant cocoa, and owns 6,000 adjacent hectares. It has concession requests pending with the regional government for an additional 45,000 hectares. The Melka Group has also bought land at $30 per hectare from dozens of smallholder farmers who owned 50-hectare plots of forest given to them by the government. In some instances, smallholders were pressured into selling on the basis of false information given to them by local officials whom they suspect were close to the Group.

Figure 6: The Melka Group concessions in Loreto and Ucayali, Peru



Source: Oxfam map based on EIA Report 'Deforestation by Definition' (2015)[60]

One of these smallholders, Walter Muñoz Quiroz, told researchers working with Oxfam: '*They told me that if I didn't sell them my plot, the government would take it away from me. Why? Because I had not planted all the hectares they had given me. I wasn't well informed on the matter and I was afraid, so I accepted the 5000 soles. Later I asked for advice and realized it was a hoax: the government cannot take away your land because you don't cultivate a part of it.*'[61]

The Melka Group is also active in Ucayali, a region covering the central portion of the Peruvian Amazon. From 2012, the ancestral lands of the Shipibo indigenous community of Santa Clara de Uchunya in the Ucayali region began

to be acquired by Plantaciones de Pucallpa SAC, a company owned by the Melka Group. The community was unaware of these processes until they discovered bulldozers operating on their lands in 2014. The Melka Group contests the rights of the Shipibo community to the land because they hold no formal land title. Judicial proceedings are currently underway to ascertain these rights.

Community resistance and lobbying of the central government resulted in a high-level investigation by the Ministry of Agriculture in August 2015, and in September the Ministry of Agriculture ruled that the deforestation had been illegal, and ordered the immediate suspension of all operations. However, by this time, more than 5,000 hectares of mostly primary forest had been destroyed, which the community claims was part of their ancestral land.[62]

'Our lands have been devastated, all the forest is gone, and the streams are completely churned up and blocked. There is now only one stream we can still use for clean drinking water.'

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

In December 2015, the community also filed a complaint with the Roundtable on Sustainable Palm Oil (RSPO), a multi-stakeholder platform promoting sustainable practices within the palm oil supply chain.[63] In April 2016, the complaints panel of the RSPO issued a preliminary decision ordering the company to suspend its operations, citing the devastating impacts on the rivers and forest ecology on which local people's subsistence livelihoods depend, the destruction of community dwellings and the restrictions on community members who wish to access the forest.[64] Since then, the Melka Group appears to have decided to divest from the project and has put the plantations owned by Plantaciones de Pucallpa on sale.[65]

In August 2015, Peru's Interethnic Association for the Development of the Peruvian Rainforest (AIDESEP), an organization representing approximately 650,000 indigenous people, called for the palm oil sector to be declared in a state of emergency. It demanded the prohibition of the deforestation of primary forest and the closure of legal loopholes that facilitate the expansion of oil palm.

It also demanded the recognition of the territorial claims: '*There is an intense dispute over the Amazon between palm oil and other agribusiness who will take the land and destroy it, and indigenous peoples who ensure the survival of the 20 million hectares that we occupy ancestrally. Where there are communities with rights, the forest will always be alive for all.*'[66]

3 ROADBLOCKS ON THE WAY TO REFORM

In spite of all the evidence of their damaging impacts, until today, the EU continues to rely almost exclusively on biofuels made from food crops to meet its renewable energy targets for transport. Biofuels made from other feedstocks and labelled as 'advanced' made up only 12 percent of EU biofuel production in 2015,[68] but even these biofuels are in some cases made from food co-products and are not subject to adequate sustainability requirements (see Box 6).

Five years were needed to amend the Renewable Energy Directive of 2009 to introduce a limit on the use of biofuels made from food crops and energy crops requiring agricultural land.[69] In the meantime, consumption of these harmful biofuels has continued to increase, and loopholes in the new legislation that European Member States must enact by September 2017 make it difficult to predict whether the prescribed seven percent limit will be respected.

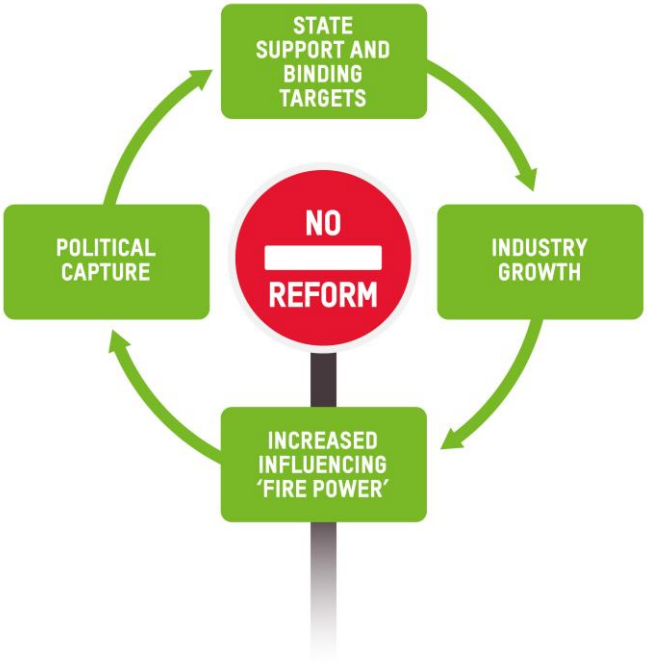
Making the wider bioenergy policy more sustainable has been equally challenging: the European Commission gave up altogether on introducing binding sustainability criteria and proper greenhouse gas accounting for solid biomass used for electricity and heat generation before 2020.[70]

This section seeks to understand why reforming EU biofuel policy has proved to be incredibly difficult and painstakingly slow. Why was the EU unable to change course when it became clear that its biofuel policy was leading its climate policy down a blind alley and causing destruction around the globe? The answer lies in the self-reinforcing dynamic of capture of the decision making process by powerful interest groups. Their members have reaped huge benefits from the policy, and used their financial power and political clout to scuttle or delay reform while expanding their reach within and across value chains.

'We only want to promote biofuels that are truly sustainable, that achieve real emissions cuts, and that do not directly compete with food production and nature. And this is exactly why we are proposing [changes to address ILUC].'

Connie Hedegaard, former European Commissioner for Climate Action.[67]

Figure 7: Political capture by the biofuels industry – a self-reinforcing dynamic



STATE-SPONSORED BIOFUEL INDUSTRY GROWTH

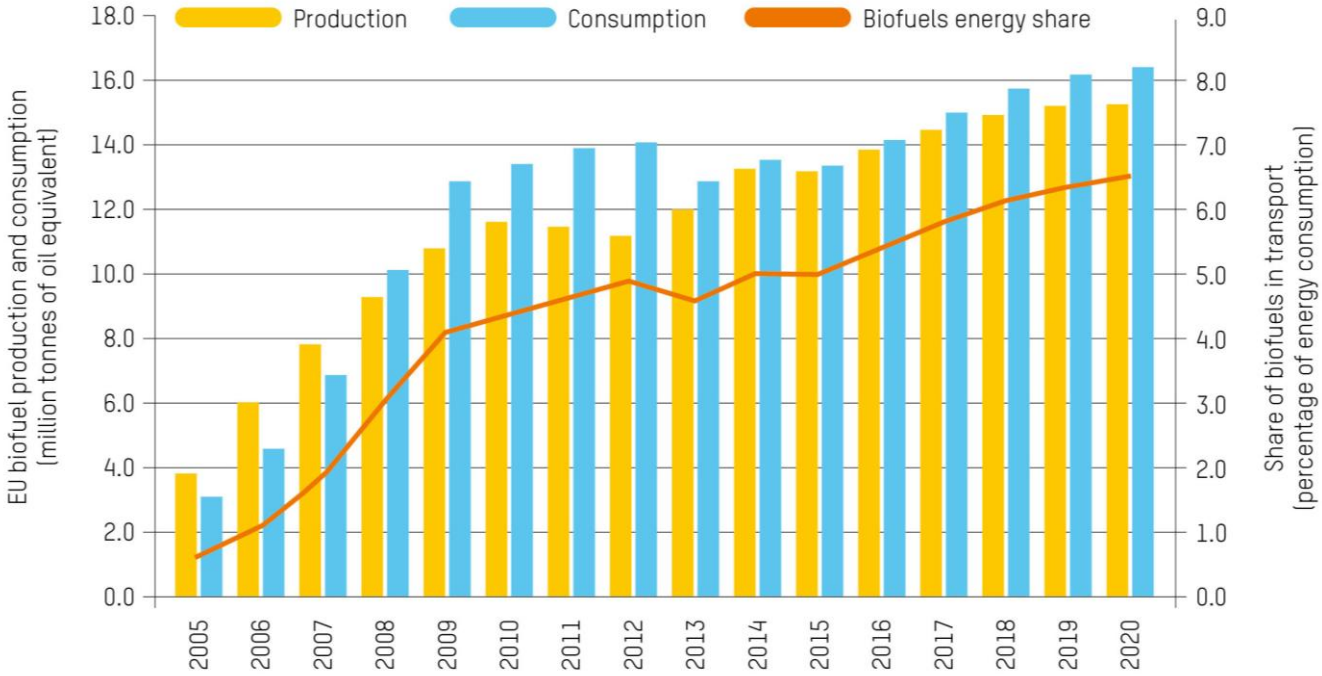
European biofuel consumption has soared over the last decade and is predicted to continue to grow (see Figure 8). This increase is not spontaneous. The rapid growth of the European biofuel market has been entirely driven by policies and legislation. Demand took off following the adoption of the Biofuels Directive of 2003.[71] This directive stipulated that national measures must be taken by all EU countries, aiming to replace 5.75 percent of all fossil fuels used in transport with biofuels by 2010.

In 2009, the influence of the biofuel industry and its allies over EU decision making became indisputable when the European Parliament and European governments agreed to introduce a binding 10 percent transport target for 2020. This biofuel target was relabelled as a 'renewable energy target' in the face of opposition to biofuels targets from a wide array of civil society organizations and scientists because of concerns related to their sustainability and to indirect land use change.[73]

'There is no real alternative today to the first generation biofuels which we are producing. We should not endanger them by regulations or by political discussions like ILUC.'

Jörg Jacob, CEO of German Biofuels[72]

Figure 8: EU biofuels production and consumption 2005–2020



Source: European Commission, medium-term prospects for EU agricultural markets and income 2015–2025 http://ec.europa.eu/agriculture/markets-and-prices/medium-term-outlook/index_en.htm

The turnover of the EU biofuel sector has grown in sync with the share of food-based fuels imposed by national regulations implementing European directives: from €4.1bn in 2008 to €14.9bn in 2014.[74] Europeans have unknowingly paid for this 363 percent increase through their tax returns and fuel bills:

- The International Institute for Sustainable Development estimated that in 2011 the biofuel industry had received between €5.5bn and €6.9bn from European governments through tax exemptions and from consumers obliged to pay more at the fuel pump.[75]
- The International Energy Agency estimates the amount of public support for 2011 at €8.8bn.[76]

- The Joint Research Center of the European Commission estimates EU 28 biofuel tax exemptions in 2013 at €9.1bn.[77]
- In France, the French Court of Auditors has estimated that tax exemptions granted to biofuel producers from 2005 to 2014 added up to a €3.6bn subsidy to the industry.[78]

Since the financial crisis of 2008, European governments have increasingly relied on blending mandates – the obligation for fuel providers to blend a percentage of biofuel with the fuels they sell – rather than direct subsidies and tax exemptions; effectively replacing subsidies paid out of the public purse with a subsidy that consumers pay directly to the biofuel industry.

In France, where tax exemptions for conventional biofuels were phased out in 2015, the French Court of Auditors has estimated that on average, from 2005 to 2014 consumers have paid an extra 2.6 euro cents for every litre of petrol and an extra 1.5 euro cents for diesel.[79] State support through tax breaks and forced consumption of biofuels is not only a burden on consumers. It also comes at a significant cost to the wider economy because it slows down growth in other areas of activity.[80] For the biofuel industry though, biofuel mandates are key to its business model.

THE FIREPOWER OF THE BIOFUEL LOBBY

As the biofuel industry has grown, so has the amount of resources it is able and willing to mobilize to block reform and ensure continued support for binding biofuel targets and state support. 2016 is a crucial year for the future of the EU's bioenergy policy: the European Commission is drafting a new policy on sustainable bioenergy, and legislation on the promotion of renewable energy for the period 2020–2030 is due by the end of the year.

Oxfam has assessed some of the influencing tools of the industry. EU decision making processes are complex and can be influenced at the European level and at the level of each of the 28 Member States. Oxfam's assessment of the firepower of the biofuel lobby focuses only on the amount of money and the number of lobbyists dedicated to influencing European-level decision makers. Hence, it gives a valuable indication of the forces at play, but is far from comprehensive.

Oxfam has identified members of the biofuel value chain and other interest groups advocating for a continuation of biofuel mandates, based on their public positioning as well as on an analysis of responses to relevant consultations of the European Commission; of meetings with stakeholders reported by high-level European Commission officials; and of the membership of relevant expert groups advising the Commission. Information published by these actors on the human resources and spending they dedicate to lobbying and other influencing activities was then retrieved from the Transparency Register of the European Parliament and European Commission.[81] Data provided is based on the last annual estimate reported by registrants before 26 September 2016. Our estimate is likely to be conservative due to the voluntary nature of the register and the fact that under- and misreporting by interest groups is widespread.[82] (A detailed explanation of the methodology used can be found in the annex of this report.)

Dedicated biofuel industry lobbyists outnumber European Commission civil servants tasked with the development of the EU's new bioenergy sustainability policy by a factor of 7.

In total, 151 industry associations and companies were found to be involved in lobbying on biofuel legislation, 44 of which had either their headquarters or an additional office in Brussels. The hardcore of the biofuel industry lobby is made up of in-house lobbyists, trade associations, consultancies and law firms at the service of European biodiesel and bioethanol producers, the European farming lobby and other feedstock growers, large commodity traders and processors, and technology providers.

Together, these actors of the biofuel value chain reported 399 lobbyists – 271 full-time equivalents (FTE) – and a budget in the range of €14.5m–€19.5m at their disposal to influence EU decision making.[83] Other groups supporting biofuel mandates – fuel providers, automotive industry players and actors of the wider bioenergy and energy sectors – add another 198 influencers (105.5 FTE) and €21.8m–€24.6m to the EU-lobbying firepower of the industry. The combined EU influencing capacity of the biofuel industry and its allies – its total firepower – adds up to 597 lobbyists (376.5 FTEs) and an annual reported spending in the €36.2m–€44.1m range. (See Figure 9; the methodology is explained in the Annex.)

Together, actors of the biofuel value chain have 399 lobbyists (271 FTE) and a budget in the range of €14.5m–€19.5m at their disposal to influence EU decision making.

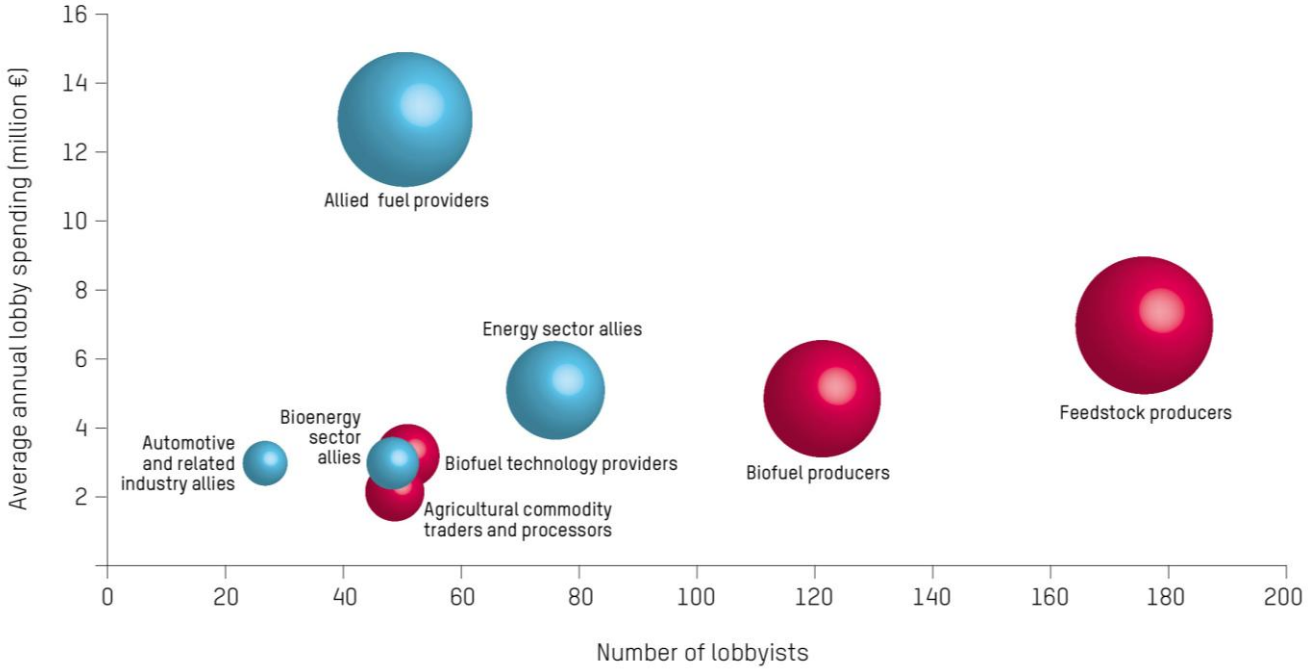
The picture that emerges from these figures is unsettling. The spending capacity of the biofuel industry and its allies is comparable to that of the pharmaceutical industry that had a declared lobby spend of just under €40m in 2015.[84] With close to 600 lobbyists at its disposal, the biofuel lobby and its allies outnumber the entire Directorate General for Energy of the European Commission.[85] Although the share of this firepower that is allocated to lobbying on the biofuel issue by each player varies according to its interests and cannot be determined, dedicated bioenergy lobbying resources do benefit from the knowledge, networks and capacity of the whole.

With almost 600 lobbyists at its disposal, the biofuel lobby and its allies outnumber the entire Directorate General for Energy of the European Commission.

Of equal concern is the fact that European biofuel producers alone report spending between €3.7m and €5.7m and employing 121 lobbyists (68.0 FTE). Their spending puts them on par with the tobacco lobby that reported spending €5m in 2015.[86] These lobbyists, unlike those of other actors of the biofuel value chain such as feedstock growers, in most cases focus primarily on influencing the EU's bioenergy policy. This means that for every civil servant of the European Commission tasked with the development of the EU's new bioenergy sustainability policy, there are at least seven dedicated lobbyists from the industry.[87] There are nearly as many specialized industry lobbyists as members of the European Parliament's Environment and Industry Committees combined. These committees will be in charge of the 2030 bioenergy legislation.[88]

European biofuel producers alone spend €3.7m–5.7m annually on EU lobbying. This puts them on par with the tobacco lobby that reported spending €5m in 2015.

Figure 9: The EU lobbying 'firepower' of the biofuels industry and its allies



Key: Red bubbles: actors in the biofuel value chain. Blue bubbles: actors in other sectors lobbying in favour of biofuel mandates. The size of the bubbles represents the firepower of each group, based on its share of the total spending and total number of lobbyists of all actors.

Source: Oxfam calculation based on Transparency Register of the European Parliament and European Commission (as updated by registrants before 26 September 2016).

Box 4: Ethanol Europe Renewables Ltd – a group with firepower

The privately owned Irish multinational Ethanol Europe Renewables Ltd (EERL) owns the largest bioethanol production facility in Europe (annual production capacity: 450 million litres) through its Hungarian subsidiary Pannonia.[89] EERL and Pannonia report an in-house EU influencing firepower of seven lobbyists and €200,000–€400,000.[90]

It has hired additional capacity for an amount of €175,000–€350,000 to take it the extra mile on lobbying: Orbán & Perlaki Attorneys-at-Law (three lobbyists),[91] Hanover Communications International (13 lobbyists),[92] James Cogan (individual consultant) and The Skill Set, the one-man consultancy firm of Dick Roche, the well-connected former Irish Minister for European Affairs and the Environment.

EERL also extends its reach thanks to its membership of:

- industry associations: ePURE, the European ethanol industry association (five lobbyists, latest annual lobby spending reported: €300,000–€399,999)[93] and the Hungarian Bioethanol Association;[94]
- a stakeholder organization financially supported by the European Commission: European Biofuels Technology Platform;[95]
- a think tank counting a former high-level European Commission Deputy Director General among its partners: Farm Europe (six lobbyists, spending not reported).[96]

Until December 2015, EERL was also member of the private sector arm of a €3.7bn public–private partnership between the European Commission and the industry: Bio-based Industries Consortium[97] (€60,000–€125,000 lobby spending through FTI Consulting[98] and Fastlane Consulting[99]).

PRIVILEGED ACCESS: BIOFUEL INDUSTRY LOBBYISTS AND EU DECISION MAKERS

The biofuel industry uses its considerable firepower to gain unrivalled access to EU decision makers. Two measurable instances of the unequal access to EU policy makers of industry and of NGOs are the membership of European Commission 'expert groups' and meetings with high-level Commission officials, which are subject to transparency rules introduced in November 2014.

From November 2014 to March 2016, the Commission's top officials met 38 times with actors in the biofuel value chain and eight times with NGOs.

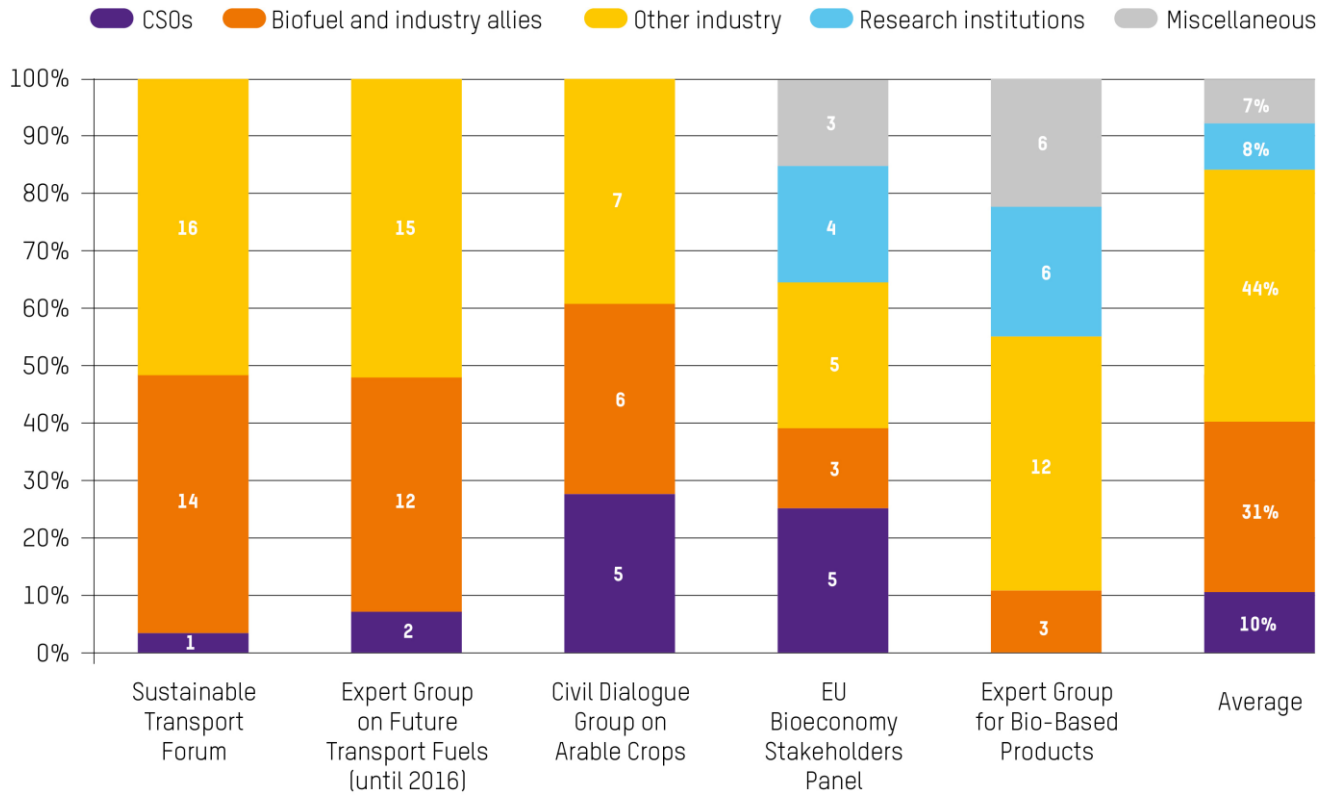
The European Commission has created hundreds of so-called expert groups to advise it in countless policy areas. These advisory groups are made up of representatives of Member State and other public authorities, representatives of the private sector, NGOs and other civil society organizations, and of individual experts. The Commission publishes the mandate, membership and activity reports of each expert group in its Register of Commission Expert Groups.[100]

Dozens of expert groups have mandates that are relevant to the EU bioenergy policy. The Commission, for example, consulted the 'Civil Dialogue Group on Arable Crops' on biofuels and ILUC in the context of its ongoing work on the new 2030 Renewable Energy Directive and bioenergy sustainability policy, on 9 September 2016.[101] An analysis of the membership of a few groups that are directly relevant to the EU bioenergy policy reveals that, leaving out representatives of European governments or other public sector representatives, on average over 75 percent of the members of expert groups represent the private sector, and only 10 percent represent civil society organizations.

Over 75 percent of members of expert groups advising the European Commission represent the private sector, compared with just 10 percent representing civil society, with one-third of the seats held by the biofuel industry and its allies.

The biofuel industry and its allies occupy almost one-third of the seats available. The 'Sustainable Transport Forum', a group advising the Commission on alternative transport fuels and assisting it to prepare legislative proposals and policy initiatives, includes one single NGO (Transport & Environment) and 30 industry representatives, of which 14 are from the biofuel lobby and its allies.

Figure 10: Composition of a sample of European Commission expert groups dealing with biofuel policy



Number of representatives and share of total (%) by category. Source: EC Register of Commission Expert Groups and Other Similar Entities http://ec.europa.eu/transparency/regexpert/

A similar pattern emerges for high-level meetings with the European Commission, according to information published by the European Commission and processed by Transparency International. From November 2014 to March 2016, the Commission's top officials – Commissioners, Cabinet members and Director Generals – have met 38 times with actors of the biofuel value chain and only eight times with NGO representatives to discuss bioenergy policy and related topics.[102]

Box 5: Tricks of the trade – industry legitimation of the EU biofuel policy

The biofuel industry does not only use its considerable firepower to gain unrivalled access. It also employs it to promote a narrative that offers decision makers a justification for continuing the existing policy in spite of its cost and the overwhelming evidence of its detrimental effects. This industry narrative is based on some simple and effective tricks.

Question the science: This trick has been tried and tested by the tobacco lobby and climate sceptics. The biofuel industry has applied it with success to block the introduction of new rules to account for emissions from indirect land use change. In countless press releases, memos and letters to the Commission, the industry has denounced ILUC as 'unverified assumptions' which has 'no scientific proof and verification',[103] and dismissed the scientific evidence as 'inconclusive'[104] because of the 'lack of maturity of the science'.[105] There is a broad consensus within the scientific community that ILUC emissions are significant and must be addressed.[106] The European Commission has commissioned several in-depth studies of ILUC at a cost of hundreds of thousands of euros (see Section 1: 'EU climate and energy policy at a crossroads').

Inflate the benefits, hide the costs: The industry systematically responds to calls to end biofuel mandates or address ILUC by painting doom scenarios including hundreds of thousands of jobs being lost – the European Biodiesel Board has credited the industry it represents for as many as 50,000 direct jobs and 400,000 indirect jobs in Europe[107] – and the creation of tens of thousands more jobs being forsaken.[108] The European Commission's Joint Research Centre estimates that in 2013 the manufacturing of biofuels in the EU could be credited for little more than 12,000 direct jobs.[109] Negative economic, social and environmental impacts of biofuels are systematically downplayed or dismissed.[110] Pointing to the downward trend in global food prices in 2014–2015 and the theoretical possibility of 'flexible mandates', biofuel industry representatives argue that food security concerns have been alleviated.[111] Food prices are determined by many factors and recent developments do not let biofuels off the hook. Prices are on the rise again since the beginning of 2016 and are a serious issue in some developing countries, mainly because of local factors.[112] If prices on global markets continue to increase, biofuel mandates could once again become shock multipliers.[113]

When in need, propose fantasy fixes: When in spite of its firepower the industry has been forced to acknowledge the existence of serious sustainability issues, its response on many occasions has been to put forward solutions that do not address the problem and continue to serve the industry's interests. Trade protectionism is one of the European biofuel industry's favourite such fantasy fixes. In its policy roadmap to 2030, the European ethanol industry proposes to prohibit the use of palm oil and its derivatives in the EU 'until global peatland conversion is under control', while European ethanol 'as a "low-ILUC risk biofuel" (...) should be entitled to contribute towards the 2030 targets without any restriction'.[114] How an EU ban on palm oil could be implemented without violating the basic rules of international trade is unclear. The main purpose of this proposal is no doubt to hide the fact that European 'home-grown' ethanol is part of the problem too: ethanol made from barley emits roughly 20 percent more CO_2 than petrol, and wheat ethanol is roughly as polluting as petrol when all land-use change emissions are taken into account.[115]

EU BIOFUEL POLICY IN A STRANGLEHOLD: AVRIL, THE FRENCH OCTOPUS

The French agro-industrial group Avril (formerly Sofiprotéol) exemplifies like none other the self-reinforcing dynamic of political capture at work behind Europe's biofuel policy. The group was founded in 1983 by oilseed and protein crop producers as a financial tool to support their market growth. Avril has since become a major industrial and financial group holding more than 150 companies operating in 21 countries, with a turnover of €6.1bn in 2015.[116] Through its subsidiary Saipol, Avril is now the main biodiesel producer in Europe, with two million tonnes of biodiesel manufactured in 2015.[117]

Through a strategy of market integration, Avril has increasingly tightened its grip on agricultural value chains and related industrial sectors in France.[118] Avril's state-subsidized biofuel production has been at the heart of this strategy, linking the oil and protein value chains through its co-product: animal feed.

According to the French Court of Auditors, from 2005 to 2010 state support to the biodiesel sector in France has exceeded the amount of its investments. The Court also found that Avril (Sofiprotéol at the time) profited from a quasi-monopoly situation on the French biodiesel market combined with high

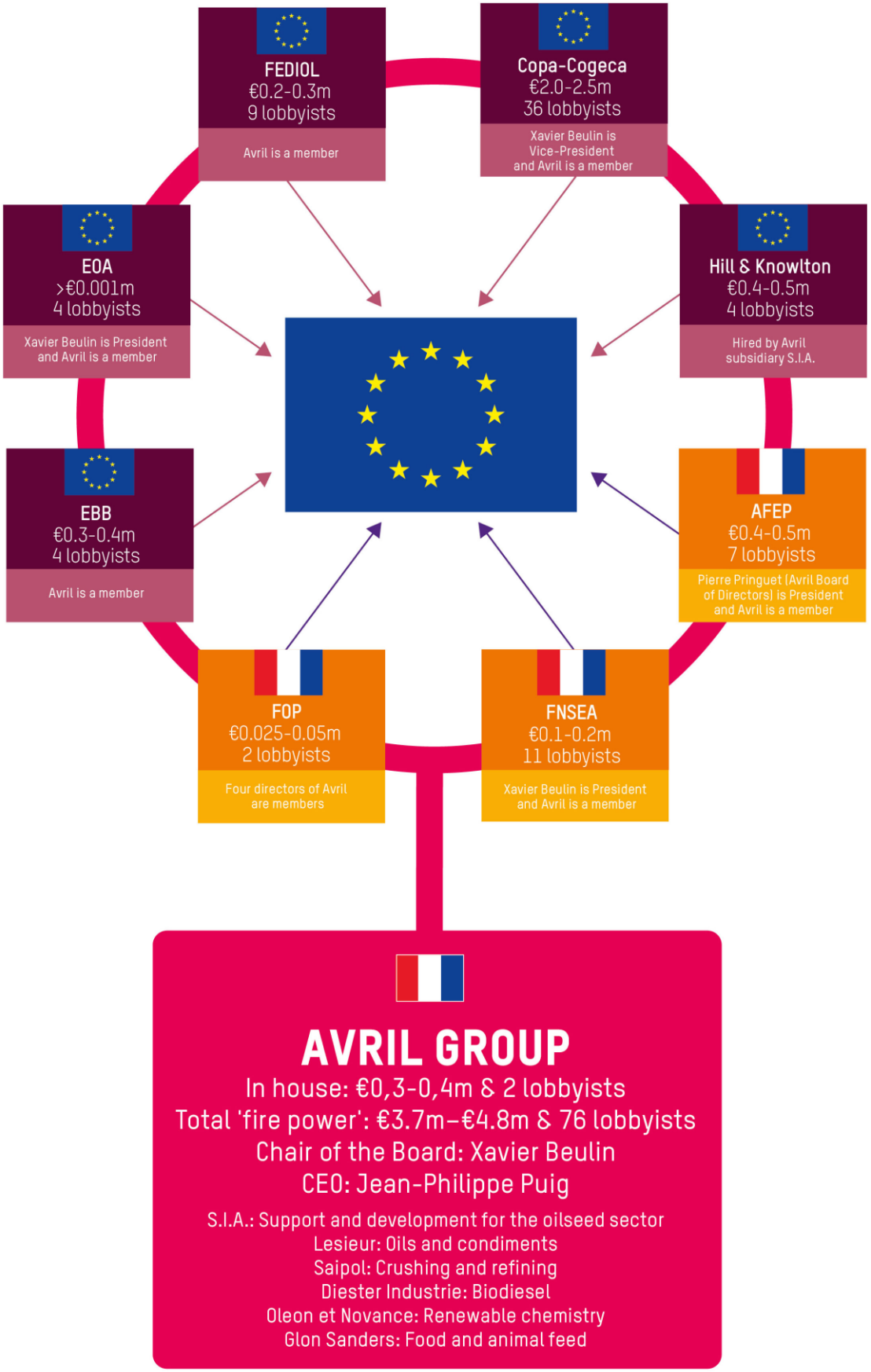
penalties imposed on fuel providers if they did not comply with blending mandates.[119] Avril has acquired a dominant position in the oilseed sector and the feed sector. Through its feed business and its network of influence, Avril is now expanding its reach to the dairy and livestock sectors. As a result, farmers are becoming increasingly dependent on the Avril group for both essential inputs and markets to sell their produce.[120]

As biofuels are at the heart of Avril's expansion strategy, the group has used its network of influence in Paris and Brussels and its EU lobbying firepower to protect its interests and avert changes to EU policy and legislation that threaten its biofuel business. Avril's networks of influence and firepower are so extensive that mapping them is a challenge.

'He has only one goal: that farms increase in size, […] so it's impossible for us to let our cows graze […] so we have no choice but to feed them his rapeseed meal.'

Fabrice Hégron, French dairy farmer, talking of Avril's chair, Xavier Beulin[121]

Figure 1: Avril's network of influence and lobbying 'firepower'



Source: EU Transparency Register and Presentation to CETIOM by Luc Ozanne[122]

The chairman of Avril's Board of Directors, Xavier Beulin, is also the president of FNSEA (Fédération Nationale des Syndicats d'Exploitants Agricoles), France's dominant farmers' union, a position which allows Avril to wield significant political influence and power in France. FNSEA has its own office and lobby capacity in Brussels.

Xavier Beulin is also the vice-president of COPA-COGECA, the biggest and most influential agricultural lobby in Europe, and of the European Oilseed Alliance (EOA), both prominent members of the European biofuel lobby with significant firepower. Avril is also a member of the European Biodiesel Board (EBB) and the EU Vegetable Oil and Proteinmeal Industry (FEDIOL), which are equally important players on the EU biofuel lobby scene.

Several members of Avril's Board of Directors also chair or sit on the board of several French groupings with French and European influencing capacity: Association française des entreprises privées (AFEP, a powerful French industry association with an EU lobby office), FOP (an association of oilseed and protein crop producers with EU influencing capacity, based in Paris), CETIOM (an oilseed focused research centre) and Crédit Mutuel (a large French bank).

Through its subsidiary Societé interoléaligeneuse d'assistance et de développement (S.I.A.), Avril has hired one of the leading Brussels consultancies, Hill & Knowlton International, to lobby the EU on its behalf. In total, Avril's combined EU influencing firepower, as reported by its network of influence to the EU Transparency Register, adds up to 76 lobbyists and a spending capacity in the range of €3.7m–€4.8m.[123]

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.

Avril's network of influence has played a prominent role in delaying and neutralizing the European Commission's 2012 proposal to limit the use of food crops for biofuels and to count emissions from indirect land use change (ILUC) when assessing the greenhouse gas savings of biofuels.

Email exchanges and documents released by the European Commission following requests for access to information by Oxfam and others are now publicly available,[124] and offer an insight into the sustained pressure exerted on European policy makers by several of Avril's influencing vehicles throughout the legislative process, which led to the adoption of a watered-down version of the Commission's proposal in 2015.[125]

Avril's influence behind the scenes of the French government position remains to be documented. It should be noted however, that the French government was instrumental in weakening the Commission's proposal in the Council of Ministers, in particular in pushing for the limit proposed by the Commission on the share of food crops in biofuels production to be raised from five percent to seven percent of the energy consumed by transport in the EU.[126]

4 THE WAY FORWARD

The 2030 Agenda for Sustainable Development and the Paris Agreement shed new light on the urgency of reforming the EU's destructive bioenergy policy. Europe must shape its 2030 climate and energy policy in line with its commitments to end hunger by 2030 and to pursue efforts to limit temperature rise to 1.5°C. Support for unsustainable biofuels is incompatible with this 'zero hunger, zero emissions' mandate and must be abolished.

'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'.[127]

The vast firepower and privileged access of the biofuel industry lobby and its allies are standing in the way of change. Ending biofuel mandates will require EU policy makers to free themselves from the stranglehold of influential actors of the biofuel value chain, such as the French Avril group. 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.[128]

By changing course on bioenergy, the EU can take on a leadership role that would help to steer the world away from current policies that rely on using crops and land for energy as a substitute for meaningful climate action. In 2014, 36 non-European countries, including most G20 members, had introduced or were considering biofuel mandates and targets.[129] Recent modelling estimates that under a business-as-usual scenario, close to 600,000km^2 of land – an area larger than mainland France or Kenya – could be used for biofuels globally by 2030.[130]

Meanwhile, an even larger threat to food security and livelihoods is emerging: combining bioenergy with carbon capture and storage (BECCS). BECCS is a greenhouse gas mitigation approach that relies on 'negative emissions' in the future rather than reducing emissions today. Vast areas of land would be required to plant energy crops such as fast-growing trees or tall grasses, and the technical feasibility of carbon capture and storage is highly uncertain.[131] Europe now has an opportunity to resolutely reject it and design new policies that will genuinely help humankind to meet the twin challenges of development and climate change.

'This Agreement […] aims […] [to increase] the ability to adapt to the adverse impacts of climate change and foster climate resilience and low greenhouse gas emissions development, in a manner that does not threaten food production […].'

Paris Agreement, Article 2.

Bioenergy should only be incentivized when it does not compete with food production for crops, land, water or other agricultural inputs, and when it delivers significant emission savings while respecting a comprehensive and binding set of environmental and social sustainability criteria. Ultimately, only a limited amount of biofuels – made from waste and residues without competing uses – is likely to contribute to greening transport. The amount of solid biomass available for energy generation that can be sustainably supplied is equally limited.

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 through its flagship Circular Economy and Bioeconomy Strategies.[132] 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 such as wind and solar should be increased. In the transport sector, priority should be given to supporting public transport and other efficient modes of transport; more fuel-efficient vehicles; better urban planning and mobility; electric cars and trains run on renewable electricity. Reforming energy taxation and fiscal policies that lock the European transport system in to an unsustainable path, such as tax breaks for company cars and tax exemptions on international aviation and shipping, is also essential.[133]

Box 6: 'Advanced' biofuels – avoiding the mistakes of the past

In its 'Strategy for Low-Emission Mobility' published in July 2016, the European Commission states that 'food-based biofuels have a limited role in decarbonising the transport sector and should not receive public support after 2020'.[134] The Commission should be commended for this. However, another statement is more worrying. The Commission declares that it intends to provide 'a strong incentive to innovate in energies needed for the long-term decarbonisation' and that this could take the form of a 'blending mandate' for 'renewable alternative energy, i.e. 'advanced biofuels'. A closer look at the current meaning of 'advanced biofuels' under EU rules reveals that promoting advanced biofuels through mandates could result in repeating past mistakes.

'Advanced' does not always mean advanced: A loophole in the ILUC Directive of 2015 amending the Renewable Energy Directive,[135] attributed by some to lobbying by the French bioethanol producer Tereos and the Finnish biodiesel producer Neste, allows Member States to circumvent the new 7% limit on food crops by defining biofuels made from food co-products as 'advanced'. This provision has been used by France to label ethanol made from molasses and biodiesel made from palm fatty acid distillate (PFAD) as 'advanced biofuels'.[136] Molasses is a by-product of sugar refining used in many food products and additives. It is, for example, an essential feedstock for the yeast industry. PFAD is a by-product of palm oil production used for animal feed and as a feedstock in the production of soap and oleochemicals. Increased use of PFAD for biofuel production is likely to indirectly drive an increase in the demand for palm oil.[137]

'Advanced' rarely means sustainable: Hydrotreated vegetable oil biodiesel (HVO) is labelled as an 'advanced' biofuel because of the technology used to produce it and because of its technical properties allowing it to be used unblended as a 'drop-in fuel' for road transport and aviation. The feedstock used to produce HVO however, is in large part palm oil or PFAD. The increase of HVO production in Europe is an important driver of the rapid increase in European palm oil imports for bioenergy production (see Box 2).[138] Several European oil companies have invested in HVO production capacity in recent years, following the lead of the Finnish multinational Neste (previously Neste Oil) that opened the first HVO refinery in Finland in 2007. This is the case of Total (France), ENI (Italy) and REPSOL (Spain).

RECOMMENDATIONS FOR A SUSTAINABLE 2030 EU BIOENERGY POLICY

To ensure that 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:[139]

1. 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;
2. Terminate all direct and indirect state support for biofuels made from food or energy crops and food by-products after 2020 (subsidies, tax incentives, incorporation obligations and other consumption mandates or policies resulting in market price support);
3. Limit the amount of solid biomass that can be incentivized and counted towards the EU-wide 2030 renewable energy and climate targets, taking into account the needs of other biomass-using sectors;
4. Introduce correct accounting for the greenhouse gas emissions of bioenergy in all EU 2030 climate and energy legislation to ensure robust and verifiable emission savings. Include emissions caused by indirect land use change and apply accounting rules independently of whether bioenergy is used in transport or for electricity, heating and cooling;
5. Adopt a comprehensive and binding set of environmental and social sustainability criteria for all bioenergy. These criteria must include:
    - the protection of food security;
    - the protection of the rights to land and access to natural resources of indigenous peoples and local communities affected by land deals for bioenergy production, by ensuring that the principle of free, prior and informed consent (FPIC) is respected;
    - the respect for human and labour rights throughout the supply chain;
    - the protection of carbon stocks, biodiversity, soils, water and air.
6. Ensure the efficient and optimal use of the limited amount of available biomass resources. Incentives for the production of energy should only be given for feedstocks that have no other competing uses, cannot be reused or recycled, and are used in the most efficient way;
7. Increase policy incentives for energy savings, energy efficiency and truly sustainable renewable energy sources such as wind and solar, public transport and other efficient modes of transport, more efficient vehicles, better urban planning and mobility, electric cars and trains that run on renewable electricity;
8. Ensure transparency and the balanced representation of all types of stakeholders in meetings, expert groups and all forms of consultation during the entirety of the policy- and decision-making process.

ANNEX

Methodology used to assess the lobbying firepower of the EU biofuel industry

Step 1: Identifying influencers

Actors potentially seeking to influence the EU bioenergy policy were identified using the following sources:

1. Entries in the EU Transparency Register operated by the European Parliament and the European Commission and including information submitted by registrants;[140]

2. Responses to the following European Commission stakeholder consultations:

- preparation of a new Renewable Energy Directive for the period after 2020 (2016);[141]
- public consultation on accounting methods and conditions for the 10 percent renewable energy in transport target (2011);[142]
- public consultation on indirect land use change and biofuels (2010).[143]

3. EurObserv'ER Biofuels barometer listing of the largest European biodiesel and bioethanol producers;[144]

4. Meetings of high-level European Commission officials with EU lobbyists on bioenergy policy and related topics from November 2014 to March 2016, published on the websites of European Commissioners and Directors-General and compiled on Transparency International's EU Integrity Watch website.[145]

Actors effectively seeking to influence the EU biofuel policy were then retained based on their public positioning (statements, websites) and on the content of the responses to the European Commission consultations listed above.

Step 2: Categorizing influencers

Influencers were grouped according to their main economic activity or to the economic activity of their members (for industry associations, think tanks and other membership associations) or clients (for consultancies and law firms). The largest European biodiesel and bioethanol producers (see step 1) were included in the category 'biofuel producers', irrespective of their other business activities.

Actors in the biofuel value chain

- *Biofuel producers*: biodiesel and bioethanol producers
- *Feedstock producers*: producers of agricultural feedstock used to produce biodiesel and bioethanol
- *Agricultural commodity traders and processors*: actors buying, processing and selling agricultural commodities used for the production of biofuels
- *Biofuel technology providers:* actors providing technology or producing essential non-agricultural inputs for the production of biofuels, such as enzymes for the production of ethanol.

Allies of the biofuel value chain

This group includes other actors backing demands of the actors in the biofuel value chain, in particular biofuel mandates.

- *Fuel providers*: oil companies without significant biofuel production capacity
- *Automotive industry*: car and truck manufacturers

- *Bioenergy sector allies*: actors in other bioenergy value chains, e.g. solid biomass, biogas
- *Wider energy sector*: energy providers and (renewable) energy associations

Step 3: Quantifying the firepower of influencers

Data on the number of persons involved in lobbying activities and the annual budget allocated to lobbying the EU institutions for each influencer was retrieved from the EU Transparency Register on 26 September 2016 with the assistance of Corporate Europe Observatory's LobbyFacts project (**www.lobbyfacts.eu**). Overall, the figures presented here are likely to be conservative, as under- and non-reporting remains a structural problem due to the voluntary nature of the EU Transparency Register.[146] Close to one in every three influencers (46 out of 151) identified using the methodology explained above are not present on the Transparency Register.

The incomes reported by consultancies and law firms were allocated to the lobbying budget of their client. A share of their lobbyists was allocated to their client using the following formula: (revenue from client/total annual spending on lobbying activity)*(number of staff involved in EU lobbying).

Finally, the firepower'of each group was calculated based on its share of the total spending and total number of lobbyists of all actors using the following formula: (mean of reported spending/mean of total reported spending by all influencers)/2+(reported staff/total staff reported by all influencers)/2.

Table 1: The EU lobbying firepower of EU biofuel value chain actors and their allies

		Staff involved in lobbying*		**Spending on lobbying activities (€)**			**Firepower***
		Staff	*FTE***	*Minimum*	*Maximum*	*Mean*	
Biofuel Value Chain	*Biofuel producers*	121	68	3,670,000	5,674,962	4,672,481	16%
	Feedstock producers	176	140	6,310,000	7,559,988	6,934,994	23%
	Agricultural commodity traders & processors	48	31	1,750,000	2,424,984	2,087,492	7%
	Technology providers	53	32	2,728,541	3,808,525	3,268,533	9%
Allies	*Fuel providers*	51	34	12,350,000	13,546,997	12,948,499	20%
	Automotive and related industry	24	12	2,400,000	2,749,998	2,574,999	5%
	Bioenergy sector	47	28	2,2550,00	2,819,988	2,537,494	7%
	Energy sector	76	32	4,784,538	5,509,528	5,147,033	13%
Total		**597**	**376**	**36,248,079**	**44,094,970**	**40,171,525**	**100%**

* Rounded numbers ** Full Time Equivalent

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