Biofuels: animal feed a minor factor

From Mr Olivier De Schutter.

Sir, The letter from Lutz Guderjahn (June 17), written on behalf of the ethanol industry in Europe, is an important contribution to the debate. But it is silent on the crucial point: animal feed byproduct yielded through the production of biofuels is not enough to compensate for the net impacts of EU biofuel demand on global food prices and global land markets.

The feed yielded from biofuels may save 1m hectares of land that would otherwise be used for supplying the EU’s needs, but this is likely to be dwarfed by the extra land needed inside and outside the EU to meet the EU’s 2020 biofuel targets.

By some estimates, 10m hectares of additional land could be needed by 2020, including 5m hectares of additional land outside the EU. Another study has found that 6m hectares in Africa have already been taken over by EU companies for biofuels between 2009 and 2013.

Even if biofuels are sourced only within the EU, the pressures on global farmland will continue to grow. Palm oil imports to the EU doubled between 2000 and 2006, mostly to substitute for rapeseed oil diverted from food to fuel within the EU. In developing countries, the push towards increased biofuel production will add to competition for land, water and other resources.

The net impacts of injecting this new demand into global markets are huge. EU biofuel demand will cause food prices to rise by as much as 36 per cent for vegetable oils, 22 per cent for maize and 20 per cent for oilseeds by 2020, according to the EU Joint Research Centre, a research body established to provide scientific advice to the EU institutions.

The new premium on their farmland does not even yield benefits for the smallholder farmers who dominate agriculture in developing countries. Economies of scale are essential for biofuels production to be profitable, and evidence to date has shown that it drives further concentration of land into the hands of large-scale investors – a trend for which the global food industry is just as responsible. Meanwhile, although they may profit from selling surplus crops on the market, smallholders are often net food buyers. For the poor, higher prices are a problem, not a solution.

These trends would already be occurring even without public support for biofuels. But political mandates aggravate the situation by sending signals to the markets that prices of land and agricultural commodities will continue to increase in the long run, feeding speculation by financial actors that severely distorts market values.

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