

A new look at land-grabs in the global South linked to EU biomass policies

Executive Summary

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May 2014

With thanks to ActionAid UK for financial support with this research
Photo: Suzano eucalyptus plantation in Brazil. *Ivonette Gonçalves de Souza*



EU demand for wood for heat and electricity is growing rapidly and further significant expansion is expected. While some Member States primarily use domestic wood and wood from nearby European countries, others increasingly rely on long-distance imports of wood, mostly in the form of pellets. At present, most of the wood imported for bioenergy from outside the EU comes from the southern US, Canada and Russia. However, NGOs, industry analysts and policy makers have forecast that in future, countries in South America and Africa can be expected to turn into major wood pellet and woodchip suppliers for EU bioenergy.

Reports published by civil society organisations and also by the European Parliament's Directorate-General for External Policies have warned that growing EU biomass imports from the global South could result in large-scale land-grabs, mirroring the impacts of EU biofuel policies. There has been very large-scale land-grabbing for EU biofuels – 6 million hectares in Africa alone, according to ActionAid.

This report examines the factual basis on which assumptions are made that countries in the global South are on the verge of becoming major biomass suppliers to the EU, and that this is likely lead to more large-scale land-grabbing.

It is based on detailed desktop analysis of company and media reports as well as other published sources, such as Land Matrix. The results are surprising and may, at first sight, appear contradictory:

1) Reported investments into wood pellets and woodchip production and trade for EU bioenergy point towards major expansion of pellet production and exports to the EU in North America and, to a smaller extent, Russia. There have been no significant investments into creating similar supply chains from the global South, not even in Brazil, which hosts more tree plantations for bioenergy than the rest of the world combined [1]. On the contrary, announced plans have to date been cancelled. In South Africa, three pellet mills had been built and had started to supply pellets to Europe, but each of these has had to close because they were not economically viable. In Brazil, plans for large pellet plants have been withdrawn and investments in tree plantations for bioenergy have so far focussed on the domestic market. Where biomass supply chains from the global South to Europe have been established, such as woodchip supplies from Ghana for a Danish power station, this has happened on a small scale and has not so far involved new dedicated tree plantations.

The EU biomass market is thus not developing

in a way that mirrors the EU biofuel market, as far as imports are concerned. A key reason for this is the fact that the southern US and Canada have clear advantages in large-scale pellet production: Existing pellet plants and thus technical know-how; port, road and rail infrastructure; low energy costs (with pellet production being very energy-intensive) and lax logging and other environmental regulations. Indeed, significant government support exists for cutting down biodiverse forests for pellet production for European power stations and heating systems. Southern countries are not in a good position to compete in this market.

2) There have been reports of significant land acquisitions in Latin America and Africa which companies have justified at least partly with claims about biomass energy in Europe. Companies investing in land for tree plantations in the global South are boasting of guaranteed long-term and growing markets, including for EU bioenergy. In some cases, claims about EU-biomass related intentions do not appear credible, but have clearly been made in the context of attracting investors. Some of these investors may have different markets for wood in mind and some investments may turn out to be purely speculative. In other cases, plantation companies are obviously keeping their options open – they are not investing in biomass supply chains, but they are open to selling their wood to whichever market offers them the best price. Moreover, Europe's new demand for wood for bioenergy will have significant indirect impacts on forests worldwide, by virtue of displacing wood use for other markets and by pushing up global wood prices.

As this report shows, the 'paradox' of land-grabs in the global South being triggered by EU bioenergy demand even in the absence of direct EU imports is evident in the case of biofuels, too. Although the EU is importing growing

quantities of biofuel feedstock from Southern countries, these are primarily imports of soya oil from Argentina, palm oil from Indonesia and Malaysia and sugar cane/ethanol from Brazil. Of the 6 million hectares of reported land-grabs for biofuels in Africa, few if any have resulted in actual biofuel exports to Europe. Many of them have been for jatropha, yet no jatropha oil has ever been traded commercially and virtually none has ever been used for biofuels.

EU biomass policies thus are leading to land-grabbing in countries of the global South, but in a complex and indirect way. In light of this, any possible mandatory EU standards for biomass from 2020 could not protect communities from losing their lands as a result of EU bioenergy policies – even if they were to include social standards and, as seems highly unlikely, be enforced. The only way of preventing a repeat of the large-scale land-grabs for biofuels due to EU biomass policies is to stop the direct and indirect subsidies that are driving the fast-growing demand for wood-based bioenergy.

[1] Note that these conclusions only relate to the EU demand for biomass. South Korea and possibly Japan may be looking to countries in South-East Asia for wood for bioenergy and there have been reports of South Korean investments in tree plantations for this purpose. Intra-Asian biomass trade merits a separate investigation.