Written Testimony for Kelly Stone, Policy Analyst with ActionAid USA

Chairman Lummis, Chairman Jordan, Ranking Members Lawrence and Cartwright, and Members of the Committee, thank you for inviting me to testify on the Renewable Fuel Standard (RFS). I greatly appreciate the opportunity to share ActionAid USA's perspective on the RFS and the need for reform.

ActionAid is an international organization committed to countering extreme poverty and social injustice. We make long-term commitments to empower the communities that we work with, helping them to identify and address the challenges they face in realizing their human rights and overcoming extreme poverty.

ActionAid USA advocates for reform of the RFS, because of its impact on food security, land tenure, and water. The RFS has global implications, beyond just a domestic energy policy. Mandates for food-based biofuels, such as the RFS, increase hunger around the world. Specifically, biofuels impact food security by increasing food prices and undermining land tenure. At a time when we are committing globally to combat and end chronic hunger, while also facing the challenge of feeding a growing population, promoting food-based biofuels is the wrong policy. I strongly urge Congress to reform the RFS to end mandates for food-based biofuels. They are not helping the planet, and at the same time they are hurting people. It is past time for a change.

Food Price

I want to begin my remarks by emphasizing to the Committee how fundamentally important food security is. It is hard to overstate how central food security is to human well-being and development. Hunger impacts every aspect of development, from health to education and the workforce. Children who do not receive enough nutrition before their 2nd birthday can be physically and mentally stunted for the rest of their lives.

That biofuels impact food prices may be the most familiar point to Members of the Committee, as it has been part of the biofuels debate since at least the 2008 spike in food prices. Food-based biofuels make food prices more unstable and, over the long term, increase the price of food. By creating an inflexible and growing demand for feedstocks such as corn, mandates create an upward pressure on prices. This impacts the price of corn and every food that uses corn in its production. For example, increases in feed prices will eventually be passed on to consumers in higher meat and dairy prices.

Due to the increased price of corn, if it is possible to substitute corn with another grain then some consumers will do so. However, this creates a substitution effect where the increase in the price of corn drives up demand for other grains, increasing their price as well. Additionally, the demand for corn also means increased demand and price for the inputs needed to produce corn, including seeds, fertilizer and water. This increase in cost is also eventually passed on to the consumer, but is especially apparent in developing countries where people are buying less processed foods.

Access to safe and nutritious food often comes down to the ability to pay, so food price is a critical part of food security. Poor families in developing countries spend more of their income on food; in Sub-Saharan Africa and Asia it can be between 60 and 80 percent of their income.

These families are especially vulnerable to sudden increases in price - even if it looks like small increases to the rest of us.

Of course, many factors go into determining the price of food. However, it is widely recognized, including by the World Bank, the United Nations Committee on Food Security and even the Congressional Budget Office, that food-based biofuels contribute to increasing food prices over the long-term. While food prices have dropped from the historic high point of 2012, they are still high compared to historical levels. The United States is one of the major corn producers in the world. Since 2000, ethanol's share of the domestic corn market has grown from almost nothing to about 37 percent of the market. That kind of profound shift in demand is inevitably going to impact prices. Too many people around the world cannot afford enough to eat, and the RFS plays a role in that.

Land

Food-based biofuels impact food security beyond just food prices, however. As was already discussed, demand for increased biofuel production means increased demand for inputs. For certain inputs, like agricultural land, this has a greater impact than just food prices. Increased demand for land-intensive biofuel production undermines food security by driving land grabs in developing countries, which results in smallholder farmers being forced off their land.

Food-based biofuels, or any biofuels that must be produced on agricultural land, create a demand for large-scale mono-crop plantations and drive land grabs. Smallholder farmers, who typically grow multiple food crops, end up being forced off their land to make way for these major plantations. ActionAid has worked with communities around the world who have been displaced by land grabs or had their land threatened in this way, including in Central America, Africa and Asia. This not only undermines food security for the displaced farmers and their families, but the whole local community.

I want to emphasize what a loss of land means to these farmers. In the U.S., we think of land as something that has an easily assignable monetary value. However, loss of land for smallholder farmers is not simply a loss of property for which they can be easily compensated. Land is fundamental to food security, of course, as a requirement of food production. For smallholder farmers, secure land tenure is crucial to their ability to feed themselves, their families and their communities. But land is also their security. It is their livelihood, their investment in the future, and in some cases, a part of their cultural identity. That security is not easily replaced.

I traveled to Mato Grosso, Brazil last May to meet with a community of smallholder farmers who were slowly being surrounded by biofuel production. They were fortunate that their land rights were secure, but the biofuel production next door was still having a negative impact on the community. Farmers in the center of the community were quite successful; it was in many ways a model of what you want to see in smallholder communities. They grew multiple types of food crops and worked together as an association to sell what they did not need to local schools and markets for low-income women and children. Those who were closest to the biofuel plantations, however, were not so fortunate and struggled to grow food crops. I met with one man who had been a farmer his whole life; he had secured his own land for his own farm about 10 years ago. For the first few years, his farm was successful. However, when sugarcane production for biofuels started next door, pesticides and chemicals were aerially sprayed on the sugarcane, and ended up on his crops too. His crops started failing, and after a few years, it did not make any financial sense for him to even try growing food anymore. What struck me the most is that he did not just talk about the loss of food for his family, but a loss of identity. He had been a

farmer his whole life, but now he cannot grow food for his family. It was as if he felt his identity had been taken from him as well as his crops.

Water

Like land, water is crucial to food security. You cannot grow crops without water, and agriculture often has a significant impact on water availability and quality. For development more broadly, water is even more important than land. Water is recognized as a human right because it is so fundamental to human survival and health.

Water is part of the biofuel production process in two ways: first, as a needed input for feedstock production and second, as an important part of the processing to turn that feedstock into fuel. Those processing plants can have an impact on nearby water quantity and quality, but the impact of growing biofuel feedstocks is more widespread.

As with land, water is a finite resource. That means committing water to biofuel production, through for example irrigation, means that that water is not available for other uses. Even if the biofuel feedstock is rain-fed, there is still an opportunity cost to using that rainfall for energy production instead of food. Different biofuel feedstocks have different requirements to grow and result in different types of water pollution. However, in most cases, expanding biofuel feedstock production increases effective water consumption (through pollution or actual water usage) in developing countries that export biofuels to the U.S.

What was most compelling in this research from my perspective is the literally billions of gallons of water that goes into producing these feedstock. Since biofuel feedstocks are generally exported, this water is essentially exported as well. So, Guatemala virtually exports about 3 billion gallons of water per year to the U.S., through the exported sugarcane ethanol. Considering the food security, water and development challenges facing that country, this is not insignificant.

As we have learned, water availability is something that we too often take for granted in developed countries. We assume it will be safe and available for drinking, cooking, hygiene needs and growing food. In developing countries, this is not always the case and committing water to energy production has real impacts on the other needs.

Structure of the RFS

Finally, I want to raise a concern that the lack of development in cellulosic biofuels and how the RFS is structured could result in continued reliance on food-based biofuels, beyond Congress's original intent. Cellulosic biofuels by definition do not include edible parts of feedstocks or plants. However, the EPA has repeatedly included food-based biofuels within the advanced biofuel mandate, including Brazilian sugarcane ethanol.

As the Committee knows, the RFS is a nested mandate. The mandates for total renewable and advanced renewable fuel also include the mandated amount of cellulosic biofuel. Cellulosic fuels have largely failed to develop at the needed scale thus far. Experts have made it clear that there will not be nearly enough cellulosic biofuel available to meet the 16 billion gallon mandated by 2022. This means that there will also be a significant shortfall within the total renewable fuel mandate and advanced fuel mandates as well. We are concerned that if the missing cellulosic gallons are backfilled by advanced or conventional biofuels, the RFS would be driving demand for even more food-based biofuels than Congress originally intended.

Conclusion

The RFS is a broken policy that is badly in need of reform. As you have and will hear from environmental experts, first generation and food-based biofuels are not delivering the promised emission cuts and environmental benefits. In addition, the RFS is increasing food prices, driving land grabs, and creating hunger around the world. We need a fundamental shift in our approach to biofuels and we must end mandates for food-based biofuels such as corn ethanol. Many in Congress supported the RFS in 2005 and again in the 2007 expansion with the best of intentions. However, now the evidence is clear that this policy is not helping the environment and it is doing real harm to people. I strongly urge the Committee to support reforming the RFS.

Thank you.

Biography for Kelly Stone

Kelly Stone has worked for ActionAid USA as a policy analyst since 2014. At ActionAid USA, she serves as a policy expert and advocate on land-use, food security and biofuels. In particular, she focuses on the impact of biofuel mandates such as the Renewable Fuel Standard on food security.

Stone has a MSc in Global Politics from the London School of Economics and Political Science and a B.A. in Political Science from DePauw University.