WORLD BIOFUELS FORUM

Around 120 delegates attended the recent World Biofuels Forum in Prague organised by the World Trade Group. Expert speakers gave a useful insight into how developments in biofuels will affect land use and crop production in the near future.

The food versus fuel debate featured in many of the presented papers. Carlos St James, Argentine Renewable Energies Chamber, in the opening address, made the point that biofuels were being picked upon as a cause of the escalation of food prices. Objectivity, he said, appeared to have been lost in statements from the UN, World Bank and even the Vatican. The issue of food versus fuel had also been debated at the recent FAO food conference in Rome. Dr Hans-Harald Jahn from the European Investment Bank told delegates that initial calls, at the FAO summit, for a reduction in biofuel production were moderated when it was explained that less than 2% of cereal production goes into biofuels. Consequently no policy statement emerged calling for any reduction in biofuels.

International trade

Another important issue covered in several of the Prague conference papers was that of international trade and the current problems affecting the European biofuels industry. With significant imports of liquid biofuels into the EU from subsidised production in the Americas, EU biofuel producers are now at a crisis point. Several European biofuel companies had gone into liquidation including one company from Ireland whose representative had been due to give a paper at the conference. Carlos St James explained that in Argentina the Government has set a target to achieve a 5% biofuel inclusion level in transport fuels by 2012, primarily from sunflower or soya oil biodiesel. However without an internal tax incentive this is unlikely to be achieved. Instead producers are taking advantage of export tax incentives and exporting biodiesel to the EU. Raffaello Garofalo, European Biodiesel Board (EBB) explained that the EU was the largest biodiesel producer and consumer with 5.7 million tonnes produced, compared with only 1.2 million tonnes in the rest of the world. By contrast bioethanol use was relatively small at 1.4 million tonnes. However, the subsidised export of biodiesel from the US is threatening markets and further developments worldwide. In 2007 around one million tonnes were imported into the EU. Import levels in 2008, if continued at the current rate, would reach three million tonnes. The challenge for the EU industry is therefore to achieve a fair basis for international trade, to increase consumption in transport fuels to 10% by 2010 and 15% by 2015, to agree rules for the sustainability of biofuel production and generally to improve the image with the public.
Sustainability rules
Lutz Guderjahn, CropEnergies AG, Germany, a producer, made the point that for transport fuels there is no alternative to the use of biofuels as a renewable source. But there needs to be a more objective assessment of their advantages and disadvantages. A criticism of biofuels amongst green activists, and some media, is that they are no better than fossil fuels in terms of greenhouse gas (GHG) emissions and environmental impact. So the need to establish clear sustainability rules is important. He stressed however that if biofuels have to meet sustainability criteria from ‘field to fuel’ then food production should also be set similar criteria. If GHG emission comparisons are made with mineral oil production then the comparative standard should not just be the relatively simply extracted Middle East oil. Other drilling systems elsewhere are far less energy efficient.

EU Directive
Dr Hiikka Summa, Head of Unit, Bioenergy, Biomass, Forestry and Climate Change, European Commission, addressed several of the issues of concern to European producers. The new directive for biofuels in the EU, currently being progressed, will set a target of 20% by 2020. Each Member State will have to meet a mandatory minimum target of 10%. If the political process is completed on time this would come into effect by 2010. In responding to the food versus fuel debate, Dr Summa said that studies carried out within the EC have concluded that the targets can be met ‘without tension’ with food production. Supplies can be expected to adjust to the new demand, some imports will help and investment in technology will be important to widen the choice of feedstocks. In order to encourage on-going investment in new technology some import tariffs will be necessary.

Considerable effort is underway within the EC to define sustainability criteria. Initial proposals put forward in January set out limits for GHG savings during production, minimal loss of high carbon soils and land with high biodiversity potential, compliance with environmental requirements for agriculture and diversification of feedstocks. The intention is to have an EU wide directive which would apply to both locally produced and imported biofuels. The debate on the proposals will reach the European Parliament in July. Dr Summa told Crop Protection Monthly that the sustainability requirements for biofuel production would not result in any new requirements for food crop production. She was relatively hopeful that the legislation would be implemented as France assumes the Presidency for the second half of 2008.

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