
Biofuel Standards Sought to Weather Critics Storm

ROTTERDAM - Once hailed for providing an alternative to fossil fuels, makers of crop-based biofuels must now fight criticism for pushing up food prices and rainforest depletion by proving they are still a sustainable energy source.

Industry players say biofuels' effect on rocketing food prices has been blown out of proportion and that the original arguments for encouraging production, such as security of energy supply and reducing fossil fuel dependency, remain intact.

Experts say industry standards would help to counter criticism, highlight the differences between various types of biofuels and show that they can be produced with sustainable farming practices, land use and efficient carbon savings.

"If we don't answer the public debate we will potentially fail as an industry," said Ian Waller, director of biofuels business advisors FiveBarGate Consultants.

"If we set the bar high, then there are huge volumes of biofuels that can be brought to market that are sustainable. We don't need to chop down rainforests," Waller told an industry conference in Rotterdam, a major European gateway for biofuels.

The European Union is working on a set of "sustainability criteria" for the industry but member states disagree on rules to prevent biofuels made from grains, oilseeds and sugar doing more harm than good in fighting climate change.

"We need to ensure that mandatory standards have teeth, such as ensuring biofuels are not produced where there has been land-use change or with a poor carbon balance," said Sean Sutcliffe, chairman of Biofuels Corporation Trading.

BAD PRESS

As protestors demonstrated outside the conference against plans to build biofuels plants in Europe's biggest port of Rotterdam, experts said recent opposition was having a damaging effect on the industry.

"Adverse publicity has undermined political support. The EU is pressured on the political side," said Sutcliffe.

The EU aims to have 10 percent of its road transport fuel from biofuel by 2020 and has been criticised by those who say this policy promotes the clearing of rainforests to grow oil palm for biofuel production.

Biofuels producers have also faced complaints that they contribute to dramatic food price increases, but industry leaders continue to rebuff these claims, arguing that there are several other more significant forces at play.

"The rise in world food prices is for at least 80 percent linked to low stocks, the weather impact on crops and a rise in demand rather than biofuels," said Philippe Tillous-Borde, the head of Diester Industries, the largest biofuel maker in France.

Some producers said they felt the debate about food competing with fuel was cooling down, even though a recent joint report from the OECD and the UN's FAO food agency highlighted biofuels' role in the global acceleration in food prices.

BUMPY ROAD

"Biofuels have had very negative publicity for months. But public discussion has become more balanced and people are acknowledging there are other reasons for food price increases," said Klaus-Ulrich Henschel of Biopetrol Industries .

Biofuels escaped relatively unscathed from a food summit in Rome this week despite being one of the most controversial issues, pitting biofuels giants like the United States and Brazil against countries who fear their harmful effects.

But the United Nations envoy on the right to food, Olivier De Schutter, called for a freeze on any new investments on agrofuels which are directly competing with food as prices of corn, wheat and rice rocket to record highs.

Experts said that despite the opposition there was still room for optimism if the industry could improve its image.

"We depend hugely on fossil fuels, which we need to import, if we want to produce more in Europe then biofuels are the way to do it," said Rob Vierhout of the European Bioethanol Fuel Association.

"If we want to tackle emissions in the transport sector, biofuels are the only instrument available at the moment."

Ulrich Weihe, a consultant at McKinsey & Company, agreed:

"The industry is currently facing a bumpy road," he said. "But the fundamental drivers are still in place. There is light at the end of the tunnel and good business choices to be made."

Story by Catherine Hornby / **Story Date:** 9/6/2008 (Additional reporting by Sybille de la Hamaide)



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