

Bioenergy: Fuelling the food crisis?

By Stephanie Holmes / BBC News, Rome

The biofuel debate is electrifying the UN food price crisis summit in Rome, pitting nations against each other and risking transforming bioenergy - once hailed as the ultimate green fuel - into the villain of the piece, the root cause behind global food price spikes.

Biofuel uses the energy contained in organic matter - crops like sugarcane and corn - to produce ethanol, an alternative to fossil-based fuels like petrol.

But campaigners claim the heavily subsidised biofuel industry is fundamentally immoral, diverting land which should be producing food to fill human stomachs to produce fuel for car engines.

They say the growth of biofuels has had a distorting ripple effect on other food crop markets.

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Barbara Stocking / Oxfam

Food and Agriculture Organisation (FAO) Director General Jacques Diouf agrees.

He says it is incomprehensible that "\$11bn-\$12bn (£5.6bn-£6.1bn) a year in subsidies and protective tariff policies have the effect of diverting 100 million tonnes of cereals from human consumption, mostly to satisfy a thirst for vehicles".

It is a viewpoint shared by Oxfam's Barbara Stocking, who told the BBC News website: "It takes the same amount of grain to fill an SUV with ethanol as it does to feed a person. We don't want any more subsidies for biofuels. This rush to biofuels is absolutely dreadful."

Blame game

Yet the exact ranking of responsibility for the food price rises which have caused political unrest in 30 countries and plunged many into hunger is hotly disputed.

No-one denies that biofuels have a role, but the figures on the sector's inflationary pressure vary wildly from just 3% to 30%.

The US, Brazil and the EU - the main players on the biofuel stage - maintain that soaring energy costs should shoulder a much larger portion of blame.

"Biofuels are not the villain menacing food security in poor countries," Brazil's President Luiz Inacio Lula da Silva told assembled heads of state in Rome.

Brazil's tropical climate allows the country to efficiently grow sugarcane for ethanol production, which now provides 40% of the country's transport fuel.

"I am sorry to see that many of those who blame ethanol - including ethanol from sugarcane - for the high price of food are the same ones who for decades have maintained protectionist policies to the detriment of farmers in poor countries and of consumers in the entire world."

The US, which heavily subsidises corn cultivation for ethanol, insists that biofuels account for "only 2-3% of the food price increases".

"We recognise that biofuels have an impact, but the real issue is about energy, increased consumption and weather-related issues in grain-producing countries," US Agriculture Secretary Ed Schafer said.

Bitter aftertaste?

But research from the Washington-based agricultural policy think tank, the International Food Policy Research Institute (IFPRI), has come to very different conclusions.

"We've done some analysis looking at the contribution of biofuels demand on cereals prices indexes. We found that for the price increase from 2006-2007, we attribute about 30% to biofuels," explains the institute's biofuels expert, Mark Rosegrant.

"The most direct effect is the diversion of land from corn, sugarcane and other crops to biofuels instead of food and seed that also shifts land out of other crops, sometimes out of rice and wheat. Once the price of corn starts going up, there was some shift from poor consumers in Africa to alternatives like rice."

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But all experts are at pains to highlight that the biofuel situation in Brazil and the US is very different.

Brazil, where sugarcane thrives, produces 19 billion litres (five billion gallons) of the total 52 billion litres of ethanol generated each year.

Their industry, which began 30 years ago, is highly developed, and the country has also introduced a successful tax incentive scheme to help small-scale rural farmers and ensure the profits from the ethanol sector are not concentrated.

Non-conventional crops

"The impacts are just so diverse, but there are some general patterns," FAO agricultural economist Keith Wiebe said.

"Studies tend to show that sugarcane used for ethanol in Brazil is the best performer - sugar is high in energy, Brazil is an efficient manufacturer and they actually burn the residue too."

JATROPHA

Seed pods rich in oil

Can grow in harsh conditions

Manually harvested

Tree takes 3-5 years to produce pods

Needs no fertiliser

He says Brazilian-produced ethanol, generated from sugarcane, emits between 80%-90% less carbon than petrol.

"But corn in the US is a different commodity, produced in a system that uses more fuel and fertiliser. Finally, when the crop is converted, lots of the energy comes from fossil fuels. Corn-based ethanol still does reduce greenhouse gas emissions, but only by 10%-30% less than fossil fuels."

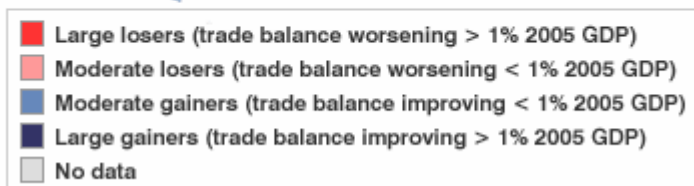
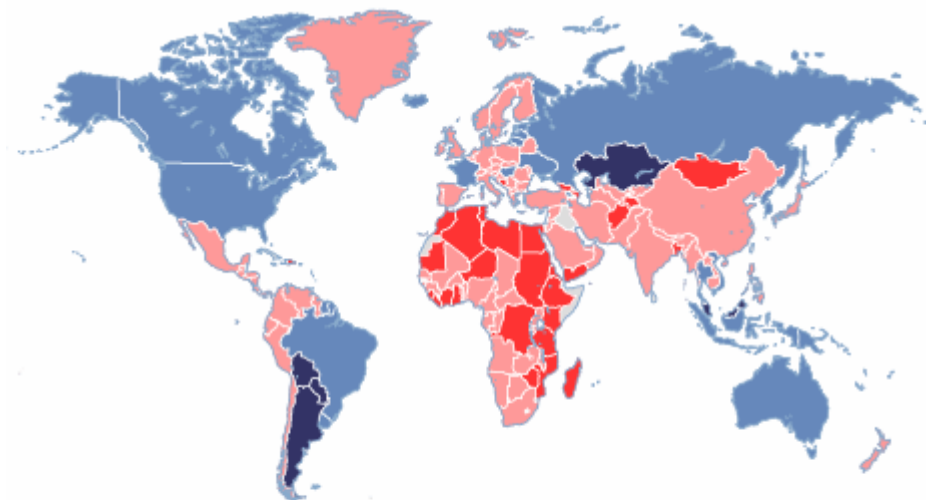
Corn for ethanol remains a central plank of US agricultural and energy policy. The 2007 Energy Bill quintuples the country's biofuels target to 35 billion gallons by 2022.

The US continues to heavily sustain its corn-for-ethanol industry, paying out 50 cents a gallon for each of its 27 billion litres of ethanol produced.

Combined with farming subsidies, the ethanol sector receives a total of some \$6bn in support each year. But the real hope, analysts say, lies not in conventional food crops, but so-called second-generation biofuels, which can be cultivated with little water and few fertilisers on marginal land that will not compete with food crops.

Researchers are looking at crops like jatropha, for example, already experimented with in India, as holding hope for a future free from the stark choice between food or fuel.

2007 - 2008 IMPACT OF PROJECTED FOOD PRICE INCREASES ON TRADE BALANCES



SOURCE: USDA

Story from BBC NEWS: <http://news.bbc.co.uk/go/pr/fr/-/2/hi/europe/7435439.stm>

Published: 2008/06/04 11:35:03 GMT

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