

Agrofuels: are we winning?

by Oscar Reyes
Monday, 27 October 2008

With mounting evidence of environmental damage and grave social consequences, making fuel from plants no longer seems such a good idea. But is the widespread criticism of agrofuels forcing policy changes? Oscar Reyes investigates

The agrofuels industry has taken a severe kicking lately. Its green image has been tarnished by studies showing that carbon emissions from plant-based fuels can be higher than conventional diesel. The expansion of large monoculture plantations is encouraging widespread deforestation, threatening biodiversity and draining scarce water supplies. The social impacts of agrofuel production have also been widely documented, with many rural communities displaced or facing heightened competition for land that might otherwise produce food. And a leaked World Bank report last July found that up to three-quarters of recent food price rises, which disproportionately affect the world's poorest people, could be explained by the switch to agrofuels.

Concern can now be heard across the political spectrum. But has it resulted in a policy rethink?

In the UK and EU, at least, the answer is a qualified yes. The UK government is now considering a delay to its target of 5 per cent agrofuel use from 2011 to 2014. But the renewable transport fuel obligation " which came into force last April " will still award Â£550 million per year to agribusiness, according to a recent report from the right-wing Policy Exchange think-tank.

The EU has also made some positive revisions to its proposed agrofuels policy. The European Parliament's industry committee voted on 11 September to keep a 10 per cent target on renewable fuels for transport by 2020, but no longer insists that this be met by agrofuels alone. Its proposed sustainability criteria are now far tougher than expected, with provisions to calculate the impact of indirect land use changes as a result of agrofuel production and to respect international law on land rights and labour conditions. A major review is now scheduled for 2014, which will include an assessment of how agrofuels are affecting food security.

This compromise falls short of the moratorium on agrofuel targets and incentives that many campaigners had called for. But the furious reaction of the European Biodiesel Board and European Bioethanol Fuel Association, the main industry lobby groups, tells its own story: this is an argument that is being won, and a policy that would have encouraged massive agrofuel expansion has been fundamentally altered.

Elsewhere in the world, though, the outlook remains bleak. Spurred on by "energy security" concerns, the US is now the world's largest agrofuel producer. In his 2007 state of the union address, George Bush set a 10-year goal for 20 per cent of agrofuels in the transport sector. This is unlikely to change if Barack Obama becomes president, since he has long championed bioethanol production. John McCain, who had opposed the subsidies, now supports them too " with one eye on votes in the US corn belt.

Brazil, the world's second largest producer, and largest exporter, is also expanding its industry. It continues to lobby aggressively for continued subsidies and reduced tariffs at international trade talks.

China, which had planned a 15 per cent target for "renewable" transport fuels by 2020, has started to express doubts. In June 2007, fearing competition with food supplies, the Chinese government put a freeze on new projects to convert wheat production to fuel use. But the country's agrofuel production capacity continues to expand " with new refineries now looking to Indonesia and Malaysia for palm oil imports.

In India, meanwhile, a new law was passed in September stating that 20 per cent of the country's liquid fuels should be agrofuels by 2017. The same package proposes to eliminate taxes and duties on biodiesel, and set minimum prices to encourage increased production.

The bottom line is this: although the political backlash has had some effects, global agrofuel production is still expanding. According to the UN Environment Programme, financing for agrofuels production grew by 16 per cent to \$16.7 billion in 2007 – although this marks a significant slowdown from the equivalent 200 per cent growth in 2006, largely as a result of concerns about food supplies.

Huge new agrofuel plants continue to be constructed. The world's largest biodiesel refinery, which will process 800,000 tonnes a year, will be opened by the Finnish company Neste Oil in Singapore in 2010. This will be joined by a similar-sized refinery in Rotterdam by 2011. World production may not double by 2012, as the International Energy Agency predicted in 2007, but it looks a good bet to double by 2030, as the US Energy Information Administration recently said.

Campaigning can force changes, as the EU debate has shown. But we are still a long way from winning the battle against the unsustainable industrial production of fuel from crops.

À

source: www.redpepper.org.uk/Agrofuels-are-we-winning