IPC Seminar
Sustainability in the Food & Agricultural Sector
Stratford-Upon-Avon, 15 October, 2007

Panel II: BIOFUELS

Introductory Remarks
Klaus Schumacher
Toepfer International Hamburg
Wheat and Corn Prices, in US$/t

- Wheat EU FOB Rouen
- US No. 3 yellow corn (Gulf)
Challenge: World Grain Production remains behind Use
(in mln tons)

Grain Production
Grain Use

Change in ending stocks

Source: USDA
World Biofuel Policies – A Short Overview

EU-policies
• Share of biofuels should reach 5.75 % in 2010 (not mandatory!)
• Binding minimum target for biofuels of 10 % in vehicle fuels by 2020

USA
• Renewable Fuel Standard RFS
• Bioethanol and Biodiesel Blenders Tax Credit (Energy Policy Act)
• Clean Air Act
• Others

Brazil
• Ethanol Program & mandatory blending of biodiesel

Argentina
• 5 % mandatory blending in 2013, industry subsidised by DET

Other countries like Malaysia, Indonesia, China, India, South Africa, Columbia planning / considering own mandates

Source: INA
World: Grain Use for Ethanol Production, in mln tons

- Others
- EU
- Brazil
- USA

Source: USDA, ACTI
World Biodiesel Production Estimate

Source: F.O. Licht

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+15 mln t

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Chart 6
**Theoretical Potential of 1st Generation of Biofuels**

1. **World energy use:**
   - 12 bln t oil equivalent
   - Thereof 4.3 bln t crude oil

2. **Grain production: 2 bln t**
   - Converted into ethanol equivalent to 360 mln t crude oil
   - Equals 8.5 % of world oil use or 3 % of total energy use

3. **World vegetable oil production 150 mln t**
   - Equals 3.4 % of world oil use or 1.3 % of world energy use.

**Conclusion:**

Energy has a major impact on agricultural markets – **1st generation biofuels will have a small impact on energy markets**
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An Examination of U.S. and EU
Government Support to Biofuels:
Early Lessons

October 2007
Key Conclusions / Considerations:

The U.S. and the EU should consider the impact of their biofuels support policies on developing countries:

- impact on food and feed prices
- accept comparative advantages of developing countries
- when developing sustainability criteria consider the impact on economic growth in developing countries