

IPC Seminar

Sustainability in the Food & Agricultural Sector

Stratford-Upon-Avon, 15 October, 2007

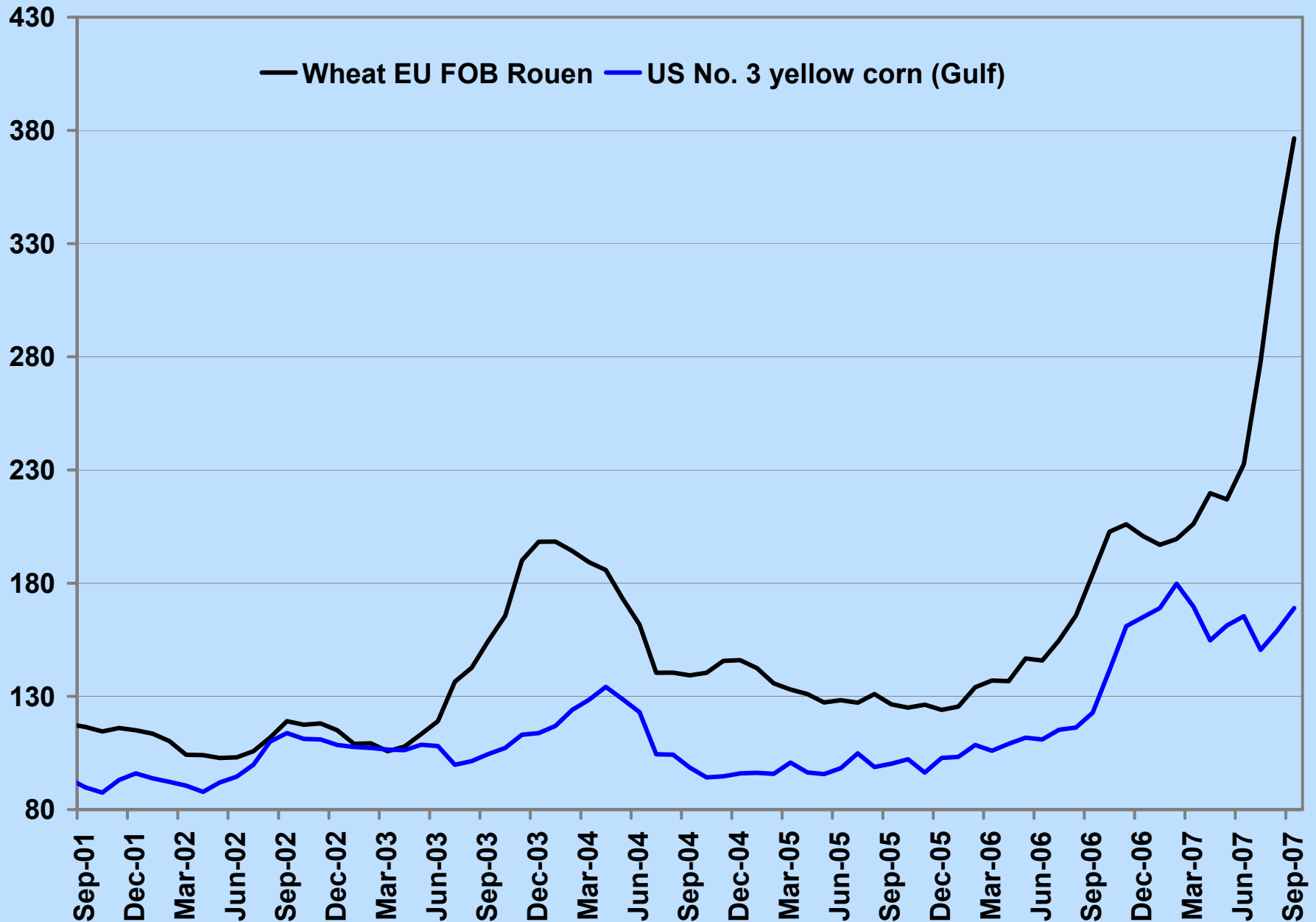
Panel II : BIOFUELS

Introductory Remarks

Klaus Schumacher

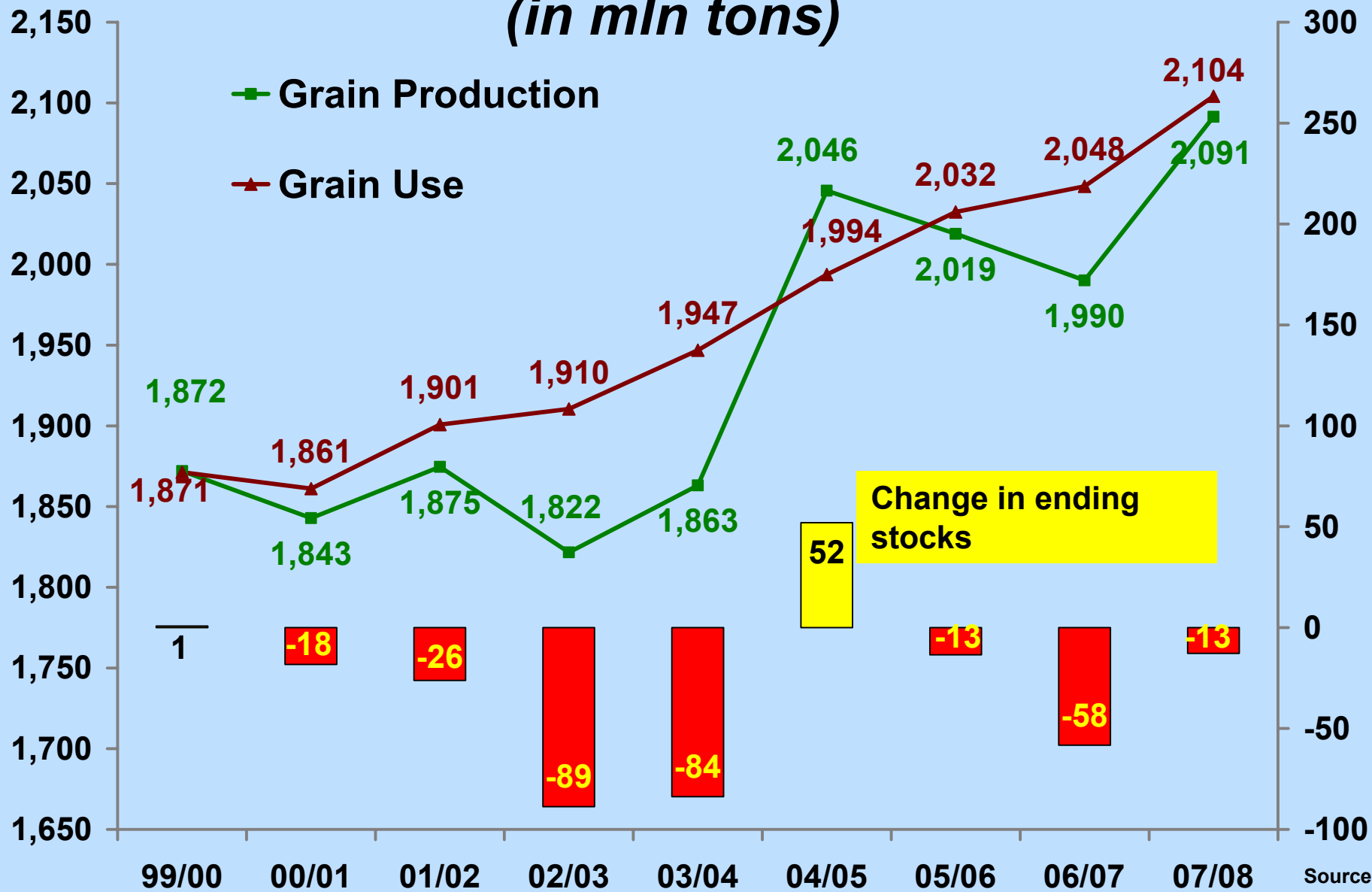
Toepfer International Hamburg

Wheat and Corn Prices, in US\$/t



Challenge: World Grain Production remains behind Use

(in mln tons)



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



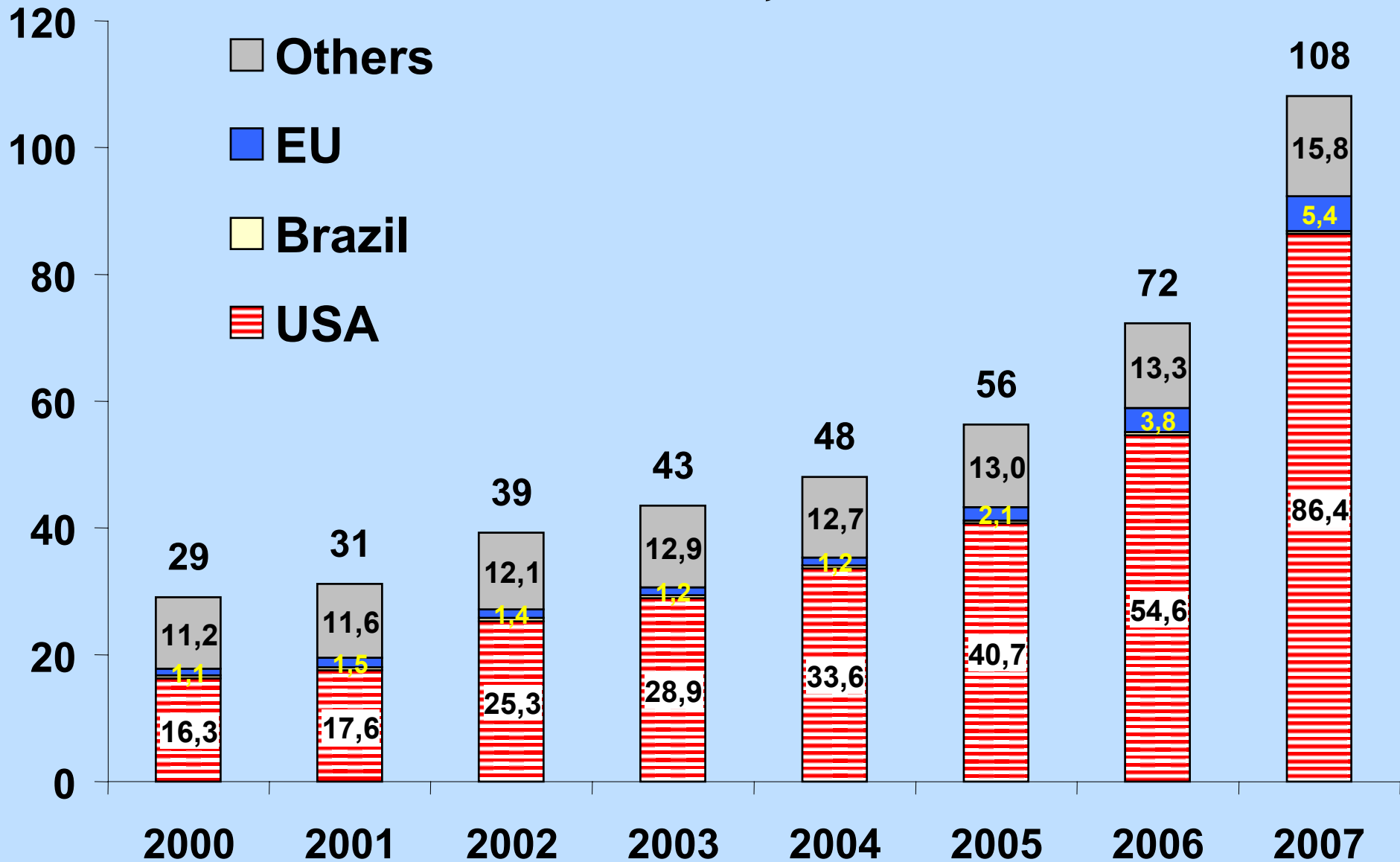
Argentina

- 5 % mandatory blending in 2013, industry subsidised by DET



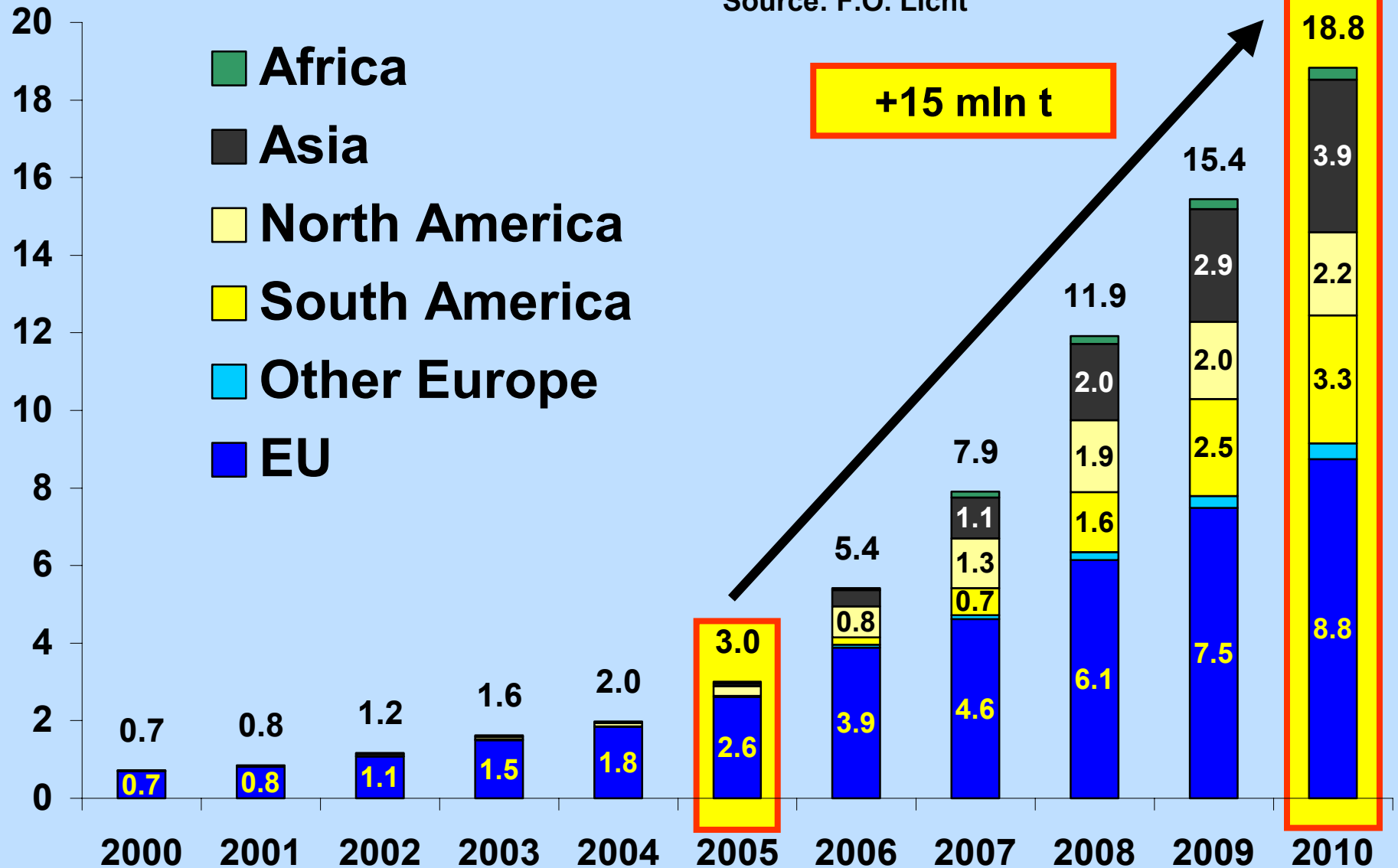
Other countries like Malaysia, Indonesia, China, India, South Africa, Columbia planning / considering own mandates

World: Grain Use for Ethanol Production, in mln tons



World Biodiesel Production Estimate

Source: F.O. Licht



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

IPC Issue Brief 26
with the United Nations Foundation
and Support from the Italian Ministry of
Environment, Land, and Sea

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**