

Don't blame us for hunger, biofuel makers say

SEVILLE: Biofuel manufacturers at an international gathering in Spain have strenuously denied media charges they are driving up food prices and world hunger.

As the world seeks sustainable energy supplies and ways to cut greenhouse gas emissions, concern has grown that land used for plant-based fuels is competing with land for growing food.

Speaker after speaker at the World Biofuels convention, which ended on Thursday in southern city Seville, said plant-based fuel production accounted for just 3 percent of world demand for grains.

Josep Borrell, chairman of the European Parliament's Development Committee, said demand was too small to explain a jump in rice prices, estimated at 76 percent between December 2007 and April 2008 by the UN Food and Agriculture Organisation.

"The biofuels industry cannot be a scapegoat for such brutal price rises," he told Reuters in an interview.

Borrell argued high grain prices could actually make farming profitable for small producers in the developing world and halt migration to overcrowded cities.

Industry speakers said grain prices had risen due to a world-wide credit squeeze driving investment funds into commodities.

"This is logically part of the market, but it is worth recalling that speculative positions in the Chicago maize market are today three times stocks for the end of the 2008/09 campaign, as forecast by the US Department of Agriculture," said Javier Salgado, chairman of Abengoa Bioenergy, one of Europe's leading biofuel makers.

Crime against humanity: Many speakers said the industry had been the target of a hostile media campaign, including Bob Dinneen, president of the U.S. Renewable Fuels Association.

"The world has gone eye-popping mad," Dinneen said. "Big oil and big food have joined forces against us."

"What was once considered a way to cure our addiction to oil is now a crime against humanity."

For many European producers, the debate over a trade-off between food and fuel was redundant as they could not compete against imports of U.S. biodiesel, which they say receives unfair tax breaks.

"The problem is with U.S. legislation and only the U.S. can change that," said Raffaello Garofalo, head of the European Biodiesel Board (EBB), which last month requested anti-subsidy and anti-dumping duties on US "B99" biofuel.

In response, U.S. industry representatives have complained that EU technical specifications have been devised to unfairly block U.S. biofuel.

Garofalo said 85 percent of feedstocks for European biodiesel last year came from within Europe, and thus helped reduce the continent's dependence on imports of diesel.

He said Europe imported 30 million tonnes of diesel from Russia last year, which could grow to 50 million in a decade.

"That is a huge amount. We had better hope (Russian Prime Minister) Mr Putin is in good health and that there are no social upheavals in Russia," Garofalo said.

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