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The issue is not biofuels or no biofuels, but the right biofuels. Europe's governments have signed a commitment ensuring that 10% of the petrol in Europe's vehicles in 2020 is made from renewable transport fuels, including biofuels. This will make an important contribution to the EU's efforts to reduce greenhouse gas emissions and promote security of energy supply. But there is an obvious caveat: biofuels must be an environmental policy in pursuit of an environmental outcome - the most sustainable policy is the only right policy. That is the basis of the European commission's January proposals.

A sustainable policy means weighing every expansion of biofuel production against the impact on the crops it displaces or the land-use patterns it changes. Biofuels are no panacea; they have their own environmental costs. Clearing rainforest to grow energy crops would obviously be self-defeating.

We can already see that large-scale biofuel production, especially in the US, may be one of the factors pushing up food prices as it diverts resources from food production. The race to grow maize for ethanol subsidies in the US reduces the supply of food crops on world markets and drives up the cost of this important staple. European biofuel production is having only a minimal effect on global prices, but we will have to track this closely. A sustainable policy means thinking carefully before we encourage farmers to use limited land resources to grow fuel instead of food. There are enough corn calories in an SUV fuel tank to feed a person for a year. So either we need to increase the productivity of crops, or biofuels must be grown on previously unfarmed land.

A basic sustainability test means that there should also be no question of the developed world favouring its domestic producers and home-grown crops at the expense of our environmental objectives. There are huge variations in the environmental impact of different biofuels, and some of the most environmentally effective ones cannot be grown in temperate climates. Tropical sugar cane ethanol, for example, produces significantly less CO<sub>2</sub> than corn or sugar beet ethanol for less energy input and on less land. If we can import from the tropics cheaper, cleaner biofuels that meet clear sustainability criteria, we should. In any case, a policy that discriminated in favour of our own producers would be challenged in the World Trade Organisation, and we would lose.

The obvious way to reassure Europeans that the biofuels they use are produced sustainably is an environmental certification system like the one proposed, for the first time in history, in the commission's renewables directive. Certified crops would have to meet emissions-reduction, land-use and environmental-impact standards. The standards we set for our European biofuels and imported fuels should be the same. Producers wanting to sell biofuels to the huge European market would be required to produce in a sustainable way. Combined with an open market for imports, such a policy would allow developing countries to exploit their agricultural capacity and comparative advantage. But it would avoid making the switch to biofuels an environmentally unsustainable stampede.

However, we need to recognise that there are limits to what a certification system can do. There have been suggestions that it should be extended to policing social conditions and labour rights in biofuel-producing countries. We should, of course, monitor the social impact of biofuels; and we already press trading partners hard to meet decent labour standards, using

the withdrawal of trade preferences when partners fail to meet the obligations they have signed up to in International Labour Organisation treaties. But it is worth asking if social conditions tied to biofuel exports make sense. Why should we suggest there is an obligation on producers who export sugar cane biofuel, but not on those who export plain sugar cane?

It would be better to focus certification on reducing greenhouse gases, as we have proposed. (We have other means of applying pressure on social and labour standards, and use them.) Europe's biofuel policy will continue to evolve as the science evolves. We will monitor the effects of the legislation carefully and take action as necessary. We will also advance towards a second generation of biofuels that will almost certainly reduce their environmental impact. A global market for biofuels is desirable, but must be tempered by environmental reality.

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