



"Without fear and without favour"

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Biofuels need not leave us hungry

EU should drop tariffs on ethanol to avoid grain crunch

King corn has dethroned king coal as a prime mover in US politics. The result is that there is no sensible policy on ethanol, which has suddenly become everybody's favourite short-cut to reduce emissions of greenhouse gases and America's addiction to imported oil. In fact, ethanol's properties are exaggerated and the consequences of the rush to ethanol production underestimated. Not only is it boosting demand for scarce farmland, it is also increasing the price of food in the US and Europe.

The European Commission has called for biofuels to replace 10 per cent of petrol by 2020. Yet increased biofuels production has already triggered a chorus of complaints from the makers of Italian pasta, German beer, Mexican tortillas and US corn-fed beef. Food conglomerates have issued a series of profit warnings, but traditional energy companies have yet to feel the pinch. How to explain this paradox?

The primary reason is that the present pro-ethanol strategy is eye-wateringly wasteful. US corn-based fuel requires planting vast acres of land in order to replace a mere fraction of petrol used in cars. Moreover, ethanol is only marginally less polluting than reverting to oil altogether. The energy required to turn cereals into fuel could, in theory, come from other renewable sources like wind or solar. Yet in most cases, biofuel refiners use oil itself or coal, which causes even more pollution.

The EU's current home-grown options are not much better. Rape-seed and sugar beet are preferable to corn, but are still too energy- and land-intensive. Technological breakthroughs may yet turn switchgrass, wood chips or other forms of organic matter into profitable and environmentally sound alternatives, but better options already exist.

Chief among them is sugar cane, which contains a lot more usable energy than beet. The trouble with cane is that European climates are largely inhospitable for growing it. Other regions – mainly Brazil and some central American countries – provide more natural environments.

There may be a problem of scale even in Brazil. While arable land is still plentiful and better land management can go far, more ethanol production may in the last resort mean less rainforest. The benefits of spewing less carbon into the atmosphere ought to be balanced against the costs of removing natural carbon sinks, let alone the value of these forests for biodiversity.

Allowing cane-based fuel into US and EU cars would require dropping import tariffs on ethanol. As long as king corn rules the US – and Iowa in the heart of the corn belt has a head start in the race to choose the next president – that is unlikely to happen. The greatest barrier to widespread adoption of ethanol in the US is the US ethanol industry. For its part, the EU should follow the Swedish lead and drop its tariffs now before it is too late.