



ORGANISATION FOR ECONOMIC CO-OPERATION AND DEVELOPMENT

BIOFUELS FOR TRANSPORT: OPPORTUNITY OR THREAT FOR AGRICULTURAL COMMODITY MARKETS?

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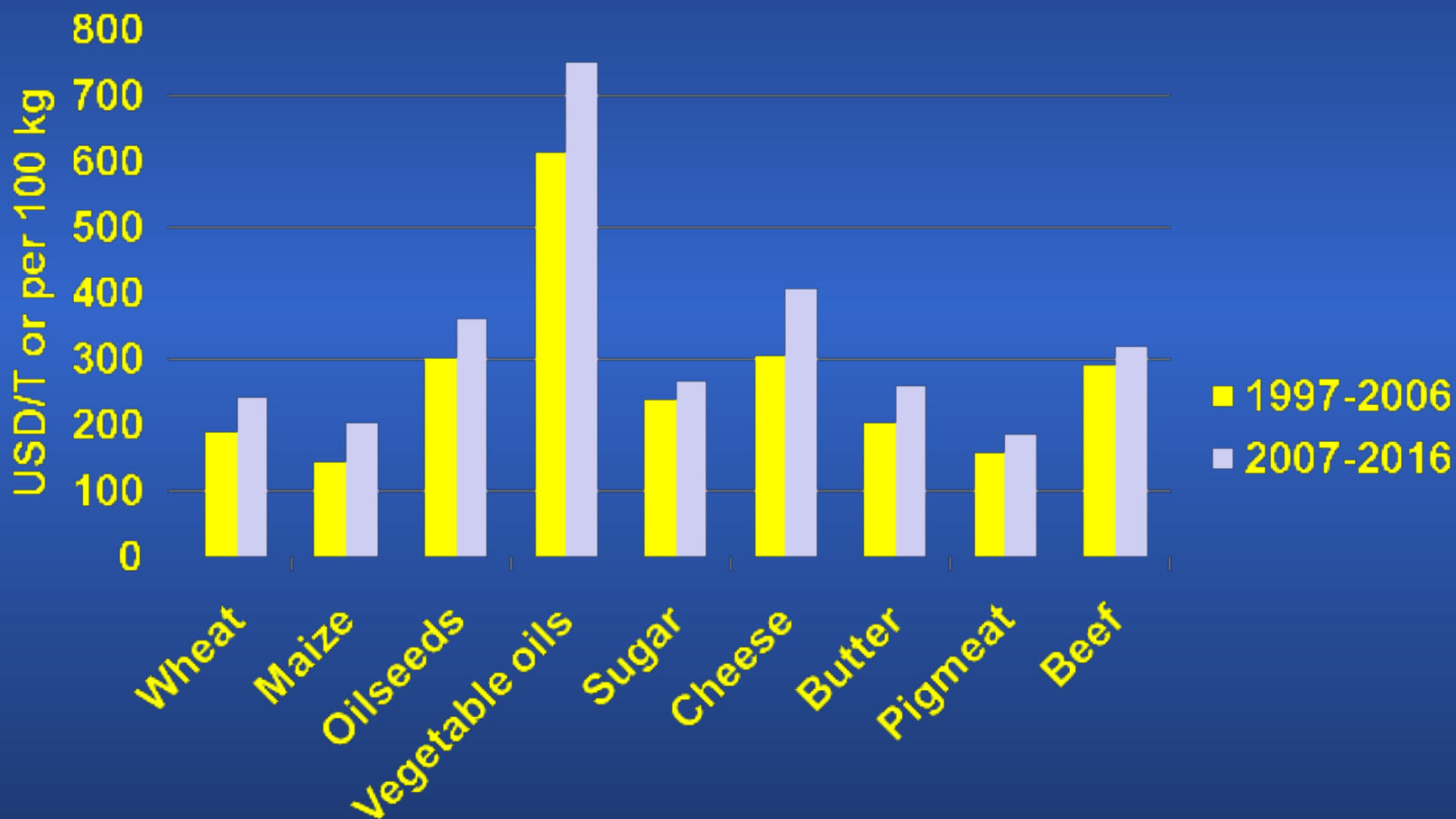
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The opportunities

- Strong growth in biofuel production...
- ...leads to a major NEW source of demand...
- ...lifting prices to a higher plateau...

...Lifting prices to a higher plateau





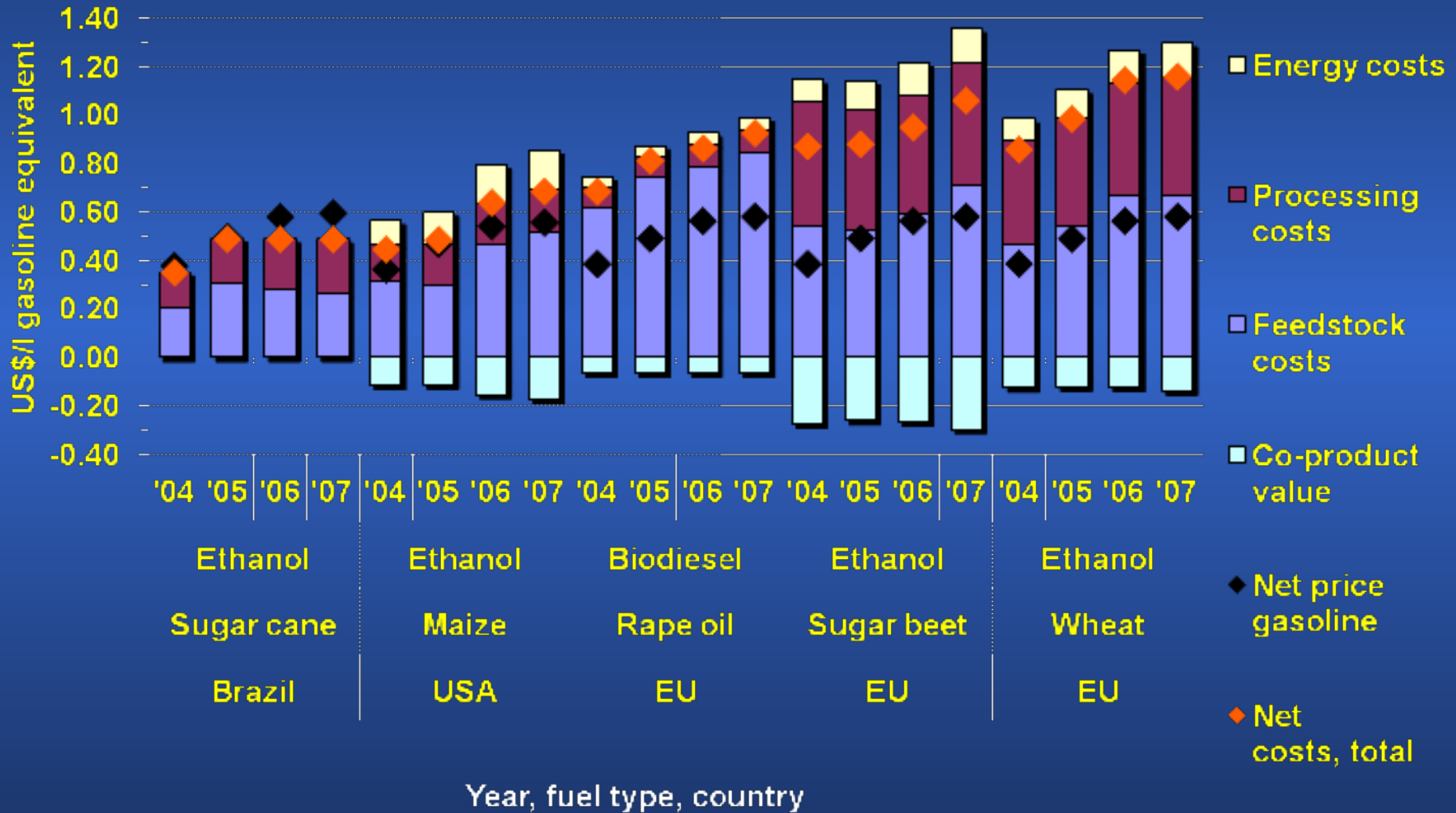
The opportunities

- Strong growth in biofuel production...
- ...leads to a major NEW source of demand...
- ...lifting prices to a higher plateau...
- ...creating scope for policy reform.



The threats

biofuel production often needs support





The threats

How justified is this support?

- The arguments for support are questioned
 - Environmental benefits?
 - Farm and rural income benefits?
 - Energy security?
 - Unintended side effects.
- Savings achieved at a huge cost

There are GHG and energy savings, but they come at a huge cost

	GHG savings	Fossil oil savings
Biodiesel from rapeseed oil	~ 40%	~ 50%
Ethanol from cereals & s.	~ 30 to 50%	~ 20 to 40%
Ethanol from sugar cane	~ 80%	~ 90%

- Public cost of GHG saving ranges from 375 to over 3000 € per tonne CO₂.
- CO₂ trades at 24€/tonne at ETS



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 - Unintended side effects.
- Savings achieved at a huge cost
- A change in policies will change the agricultural price outlook