

Speech for the Seminar "Food, Fuels or Forest?"

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Ladies and gentlemen,

I am honoured to be able to express some ideas on biofuels here, on this important and interesting conference, and would like to thank the organizers for their invitation.

Politicians need to design the energy strategy, and not just on a national level. The energy question imposes enhanced European cooperation on us – although I do not believe that energy and climate change may even create the same impetus for European integration as the Cold War did, or the need to avoid new wars between European nations. The threats by climate change and the inevitable end of fossil fuels seem too remote, too far away, and too many people still don't feel the urgency acutely enough.

For the moment, the run on biofuels has some ironic consequences. Just read last Monday's Financial Times. The price of barley is rising rapidly. This is because of the strong demand for bio-fuel feedstocks such as corn, soybeans and rapeseed. Farmers feel encouraged to plant these crops instead of barley. Barley, as you all know, is the main raw material for beer. So, bio-fuels may be

more than good news for environmentalists, and for farmers. But for the world's beer drinkers it could be a sad story. There is only one chance prices will remain reasonable. The main ingredient of beer is water.

I would like to share some sobering thoughts on biofuels with you, of course without becoming pessimistic. Politicians have the moral obligation to spread optimism.

Here's the summary in a few points.

1. First generation bio-energy may not be the most effective solution on the long term, but we will not be able to develop the second generation without working ourselves through the first, in order to develop the necessary new technologies.

2. First generation biofuels may lead to an increase of food prices and this has to be addressed, in particular in poor countries, where one should rather opt for the second generation wherever possible.

3. It will be necessary to change existing legislation on animal feed and on manure, in order to stimulate investments in biogas installations.

4. Europe should invest courageously in the development of new solar panels, and this will prove to be the best available method to capture and convert solar energy, far more efficient than the first and second generation of bio-energy, however useful they will be.

Of course, the combined effects of high prices of fossil fuels, the need to curb climate change, and geopolitical instability – unreliability - in some major gas and oil producing countries have spurred

intense interest in alternative fuels, especially from renewable energy sources.

Global warming, but also contamination of air and soil and the related health issues, are important environmental problems caused by fossil fuel combustion.

So far, hybrid cars are still a rare phenomenon on our roads. European car makers have mainly focused on using more first-generation biofuels, such as biodiesel and bio-ethanol. The European goal of 5,75% biofuels in energy used for transport by 2010 is feasible, and should be reached even if we are lagging behind schedule right now. But there is still a great number of questions that have to be answered. Let me just enumerate some of them.

Are first-generation biofuels really that much greener than traditional fossil fuels? In order to reach its biofuels targets, Europe will have to rely on imports of ethanol from Brazil, where the Amazon is being burned to plant more sugar and soybeans, and from Indonesia where rainforest land is being cleared out to house palm oil plantations. An eco-certificate for imported and European biofuels may help, and it needs to be introduced quickly. But certification will not entirely solve this problem, as we have had to conclude after the certification of tropical wood.

Can first-generation biofuels contribute to reducing greenhouse gas emissions? In principle, yes. With smart production techniques they can reduce carbon dioxide emissions by around 60% compared to fossil fuels.

But some studies show that in the worst and inefficient case biofuels can even produce more GHG than conventional fuels, if one includes the emissions from agriculture, transport and processing involved in their production.

For the American administration, this is not a problem: their main concern is to diminish the US dependence on uncertain oil suppliers abroad. For Europe, the equation should be different. The question of Greenhouse Gases should always be addressed in an integrated way, taking into account the whole production chain.

1. Step by step : there is no second without first.

An increasing number of voices are calling on the EU to focus its attention on 2nd generation biofuels, as they offer important advantages : a more favourable Green House Gas balance compared to most current biofuels, at competitive prices, in particular if low-cost biomass is used. They are able to use a wider range of biomass feedstocks - thereby they do not compete that much with food production. They also offer a better fuel quality than first-generation biofuels.

Indeed, at the level of the European Union we should concentrate on facilitating steps towards second-generation biofuels. This will mean a gradual shift of the main source of raw materials for energy from arable land to other sources like forests, shrubs and peat bogs.

It is absolutely essential to realize we can only achieve these steps gradually. The development of the whole chain of the first generation of biofuels is unavoidable and necessary for researchers, for the industry, for society, and for farmers, as a first phase of the "European sustainable energy strategy". It is vital to develop efficient bio-ethanol plants, based on sugar beets to start with, but they should be modular and flexible, so as to be able to incorporate novel techniques and different raw materials in a later stage. The Cosun project for an ethanol plant in Groningen is a good and promising

example of such a modular and future-oriented approach.

2. Oil for the rich, instead of food for the poor?

The other question is the consequence of the run on biofuels for food prices. Biodiesel production has significantly increased the consumption of rapeseed within the EU, driving the price of edible oils to record levels within a few years. A recent OECD study suggests these price hikes may become permanent. The production and consumption of ethanol will increase the price of sugar and some other products.

This is also true for the rest of the world. If we are chopping down huge areas of rainforest in order to grow palm oil, this is a disaster for the world's biodiversity – on which we depend. Demand for agricultural and other commodity feedstocks for first-generation bioenergy production is already causing irreversable damage to environment. It is also driving up food prices. Mexicans are protesting against high corn prices – and they will be followed by many others.

The market responds in its own way to the high price of oil. Investors flock to alternative fuels, including investments in cellulosic ethanol research and development. Important parts of regions with warm climates are in fact perfect for shrubs that do not need much water, like *Jatropha*, and these do not have to grow on arable land used for food production. Poor countries should therefore be encouraged to develop this kind of shrubs, instead of palm oil. But that demands immediate transfer of available knowledge. We all know Wageningen is very active in this area of cooperation with poor countries, but Europe could do more.

3. Biogas installations need changes in legislation, and legislation should facilitate innovation.

Roughly, 500 Bio-gas installations of 2 mW each spare one new nuclear or coal energy plant. They deserve to be developed throughout Europe, producing heat for households as well as electricity. But this will require active policy.

First, planning in rural development will have to incorporate bio-energy and biogas installations.

Second, a rapid reform of legislation on animal feed content is also needed – as heavy metals like copper can no longer be allowed. Otherwise, rest products of biogas installations cannot be put on farmland, and replace fertilizers – and that would be such an interesting and cost-efficient goal to achieve. One has to get rid of the rest products, and why not by using them. This will, by the way, probably also need a slight reform of manure legislation within criteria of sustainability – I am currently working on it in the European parliament.

These developments of biogas installations offer an important new source of income to farmers.

Governments can limit themselves to the role of facilitators. Subsidies are not needed, as bio-energy will largely finance itself – perhaps, some financing schemes are needed for those who do not get loans easily. The recent increase, by Eurocommissioner Marian Fischer-Boel, of the limit of state aid to farmers was a welcome step, too. (From 3000 to 200.000 euros).

Legislation should set ambitious goals and thereby create new markets for sustainable energy, for instance by imposing innovation on construction building. New housing lots should no longer have to rely on fossil fuels for their heating. Old houses should gradually change their heating systems to a sustainable source. New industrial building projects

could also rely on heating from greenhouses. Near Schiphol airport, an immense greenhouse will provide the heating to just as immense new logistics facilities for the goods that arrive at the airport and have to be shipped throughout Europe.

4. Develop new solar panels within ten years.

The European Union should without any doubt support the biofuels development but in an open-minded way for all the novel and reliable technologies, in respect of the EU sustainable development policies, and without focalization on the common agricultural policy which must not lead the strategic choices concerning biofuels. It should be the other way round. The need for sustainable energy will impose further changes in the CAP, and will bring the next reform nearby, as farmers find new markets. They will, one day, be proud to farm without income subsidies – honestly paid for the many green and blue services they deliver to society.

To be freed from the risks linked to the oil dependency, some Member States are launching national measures aimed at developing renewable energy use for heating, for electricity production and biofuels for transports. These initiatives must be greeted. Nevertheless, we observe the quick development of non concerted and unbalanced measures, which lead to competition between the different channels of renewable energies, not on a relevant environmental efficiency standard but on rentability standards influenced by subsidies. Thus, for example the production of biogas is often restrained on an economic level, because there are no subsidies for it in many Member States, whereas electricity production is strongly supported. This situation can lead to the frustration of the biogas market (at least as a fuel for vehicles).

And after all, biogas is the cleanest and most efficient of all biofuels, second-generation biofuels included and when produced from municipal or industrial waste, it can even be carbon negative.

But even more promising is the recent development of an entirely different type of technology, still based on solar energy. The next generation of flexible solar panels – such as the Helianthos solar cells - will be cheap and energy-efficient, and will change our lives drastically. This deserves massive public investments in research and development. Europe should invest in solar panels in the next ten years – and the 7th Framework Program has the necessary budget. This will undoubtedly bring the expected result.

Ladies and gentlemen.

The European Commission and the European parliament are setting ambitious goals for sustainable energy. Some member states are still hesitating – in order to protect their car industry, for instance. This makes no sense. The European Union is a perfect tool for ambitious programs combatting climate change and making the right choices for a sustainable society. It just demands will power, and persuasion by committed European citizens.

Allow me to quote François Mitterrand: "Nothing can stop the will of Man." (*Rien n'arrête la volonté d'un homme.*) Of course, being a socialist, I can only hope France will soon have to amend this quote: Nothing can stop the will of a woman. Let us raise a glass of beer on this energizing prospect.

Thank you very much.