

Press statement
For immediate release

Cutting biofuels risks driving up energy and food costs

Commentary from Andrew Owens, Chief Executive, Greenergy International

Greenergy, the UK's leading biofuels supplier, has warned in advance of the publication of the Gallagher Report against over-simplification in the biofuels debate and called for more careful consideration of the relationship between food prices and fuel prices.

Andrew Owens, Chief Executive of Greenergy commented:

“Until now the discussion has focussed on the potential of biofuels to increase food prices, but not on their role in reducing fuel costs. We believe that biofuels are holding down fuel prices by an estimated \$10 per barrel and that this is reducing the overall cost of food. This is because energy, from fertilisers to tractors to transport to processing, is the single biggest cost incurred in the food production process.

“It would catastrophic to ignore this relationship. The reality is that we can readily and rapidly increase the resources available for food production in the short-term through improved techniques, the reduction of trade barriers and cultivation of disused agricultural lands¹. Clean, accessible and low cost energy is where the fundamental shortage lies.

Owens went on to highlight the dangers of taking biofuels out of the energy equation:

“Taking biofuels out of the available energy mix is not a strategy that will deliver reductions in energy prices, food prices or carbon emissions – in fact it would lead to an increase in the price of both food and fuel.

“Without affordable fuel for today and tomorrow, developing nations will not be able to progress from subsistence farming to the more secure and productive agriculture required to feed the growing population over the years ahead. Without biofuels, fuel prices will continue to rise to levels that put them out of reach of the many in developing nations who need fuel to produce food.

“With our future food and fuel security therefore intimately linked, the Government's objective must be to ensure that sustainable biofuels remain part of the solution.”

For further information or perspectives on biofuels please visit www.greenergy.co.uk.

¹ The estimated global area of abandoned agriculture is 385 – 472 million hectares.

Source: “The Global Potential of Bioenergy on Abandoned Agriculture Lands” by J. Elliott Campbell, David B. Lobell, Robert C. Genova, and Christopher B. Field of Carnegie Institute and Stanford University, published in Environment Science and Technology Journal, 25 June 2008.

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Notes to Editors:

About Greenery

Greenery is the UK's fastest growing independent oil company. It has repeatedly ranked in the 100 fastest growing privately owned UK companies and has a turnover of £1.1 billion excluding taxes [2007]. It supplies more than 10% of the UK road fuel market as well as over half of all biofuel sold in the UK.

Greenery Perspective: Role of biofuels

- Biofuels have been widely cited as a cause of resource shortages and food price increases.
- In fact biofuels are a critical resource for the long term food security for the UK and world wide providing lower priced, secure energy for food production.
- Fuel is essential for food. It is needed to produce fertilizer, to fuel tractors, to take agricultural products to market and to process and distribute food products.
- The price of fuel has a direct and significant impact on the price of food.
- There is a fundamental resource shortage for fuel – which does not exist for food. Oil refineries are at their production limit, crude oil is scarce and both have a multi-decade development period. Future oil will be more expensive to source and have higher carbon emissions.
- Fuel supply is therefore much tighter than food supply - and much more difficult to expand in the short to medium term.
- If biofuels were not part of the global fuel mix today, it would be catastrophic for both fuel and food prices as supply would be further constrained driving up prices.
- Over the next 40 years the world's population is forecast to increase from 6.7 to 9.4 billion. At the same time large numbers are migrating off the land where they have been small scale or subsistence farmers to large global cities, where they will still need to be fed.
- Feeding so many people will require a further extension of the agricultural revolution of the last 40 years including;
 - Mechanisation of the land to replace the people moving to the cities
 - Improved yields and agricultural practices
 - High enough prices to stimulate farming production above subsistence
 - Low enough prices that people in cities can afford to eat
 - Energy to make fertilisers and drive tractors and power logistical supply systems into the cities
 - Global trade systems that encourage low carbon development
- Yet, unlike in the past 40 years, this will have to be achieved while improving our carbon footprint and reducing dependency on fossil fuels.