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Bio-Fuels

Biofuels under fire

2008

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Report Highlights:

Following the publication of a government-commissioned report, the UK is to slow its adoption of biofuels amid fears they raise food prices and harm the environment. Although the EU is also in the process of reducing its targets for biofuels, some of the UK's Gallagher Report findings are at odds with other EU thinking on this issue. Biofuels have been the subject of much negative press coverage in the UK. In a seemingly one-sided debate, biofuels are shouldering much of the blame for high food prices. Within the debate US policy on fuel security and increasing ethanol production has received intense criticism.

Includes PSD Changes: No
Includes Trade Matrix: No
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A panel of UK government experts, chaired by Professor Ed Gallagher, head of the Renewable Fuels Agency, published a review document on July 7, 2008, in response to UK government concerns about the indirect effects of biofuel production on energy security, climate change and rural development. Specifically, the review looked at how sustainable biofuels currently might be and how they might be affecting food prices, greenhouse gas emissions and deforestation.

The key conclusions of the Gallagher Report are as follows:

1. The introduction of biofuels should be slowed until effective controls are in place to prevent land use change and higher food prices.
2. There is a future for a sustainable biofuels industry but creating the right policy framework is challenging and will take time.
3. Current policies, if left unchecked, will reduce biodiversity and may even cause greenhouse gas emissions rather than savings. More caution and discrimination are needed in the feedstock used to produce biofuels.
4. Increasing demand for biofuels contributes to rising prices for some food commodities, notably oilseeds, and that has a detrimental effect on the poor.
5. Biofuels production must target idle and marginal land, and the use of wastes and residues. This will avoid indirect land use change and reduce competition with food.
6. Specific incentives are needed to encourage advanced technologies that utilize feedstock grown on idle and marginal land.

The full report is available on-line at: [Renewable Fuels Agency Gallagher Report](#)

At present UK fuel suppliers must blend at least 2.5 percent biofuel with regular fuel or they have to pay a penalty. This is supposed to increase to 5 percent by 2010. However, the Gallagher Report proposes reaching 5 percent by volume by 2013/14. Gallagher also calls for mandatory sustainability criteria to be drawn up when the EU Renewable Energy Directive is reviewed, including a requirement to use feedstock that avoids indirect land-use change.

The Gallagher Report was released just ahead of the European Parliament vote on whether to amend the EU target of sourcing 10 percent of transport fuel from biofuels by 2020. Although the EU is also in the process of reducing its targets for biofuels in transport fuel, some of the findings of the UK report are at odds with other EU thinking on this issue. For example, EU Commission energy spokesman Ferran Tarradellas told BBC News that he felt that the EU's 10 percent target could already be met sustainably.

The Gallagher Report draws heavily from a paper published in the journal *'Science'* in February 2008 by US academics Searchinger et al - it concluded that US bioethanol production contributed to a doubling of greenhouse gas emissions because developing world farmers cleared forests and grasslands to grow corn to fill the gap in the food market.

Although the Gallagher report does not call for an abandonment of biofuels, but rather an amendment to the policy controlling them, there remains an aura of negativity surrounding their usage. This has not been helped by leakage of a World Bank report to the UK's left-of-center Guardian newspaper. The World Bank reportedly estimates that the growing use of food for fuel, combined with low grain stocks, market speculation and export food bans, contributed to 75 percent of the 140 percent rise in prices between January 2002 and February 2008.

UK detractors of biofuels tend to point the finger at the US for pursuing energy policies to achieve a secure fuel supply since these support increasing biofuel.