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Oilseeds and Products

Focus on Biofuels in France

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Report Highlights:
After several years of silence, French agriculture focuses on biofuels due to two major factors: (1) Peugeot President's public support of the use of biofuels as a means of controlling pollution and reducing the greenhouse effect; and (2) the release of Rhone-Poulenc Director General's report requested by the French MinAg, on the prospects for non-food use of farm products by the year 2010.

Includes PSD changes: No
Includes Trade Matrix: No
Unscheduled Report
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While biofuels were a major issue during the three years following the implementation of the reformed Common Agricultural Policy (CAP) in 1992, the issue had recently disappeared from the press and from the major concerns of the French agricultural sector. Set-aside was made compulsory by the 1992 reformed CAP, and in 1995, the area planted to industrial crops, therefore, increased significantly from almost zero to 407,000 hectares in France. This included mainly rapeseed (331,000 ha) and sunflower seed (43,000 ha). Since then, the area planted to industrial crops gradually decreased to 226,000 ha in 1998, mainly including 155,000 ha in rapeseed, 40,000 ha in sunflower seed, and 13,000 ha in wheat. Most of the industrial crops are used to produce biofuels, and the remainder is for other non-food use.

Note: There are two categories of biofuels principally produced in France: (1) Plant oil methyl ester (ester methylique d'huile vegetale) is produced from oilseeds (mainly rapeseed and sunflower seed), marketed under the brand name Diester, mixed with diesel; and (2) Ethyl Tertio Butyl Ether (ETBE) which is derived from ethanol, mainly produced from wheat and sugar beets, and mixed with gasoline.

1. November 1998: Peugeot President Supports Biofuels

Jean-Martin Folz, President of Peugeot, which is France's leading automobile company, defended the use of diester and ETBE at the General Assembly of the Association for the Development of Biofuels (ADECA) in November 1998.

Folz stated that Diester has an anti-pollution effect because a fuel consisting of 30 percent Diester and 70 percent diesel (1) reduces the emission of particles by 20 percent compared to pure diesel; and (2) improves catalyst functioning by 18 percent. Diester, therefore, reduces the greenhouse effect and is a good additive because of its lubricant properties.

In parallel, Folz opined that ETBE, while it does not significantly reduce polluting emissions, is a useful additive when mixed with gasoline because its impact on the greenhouse effect is lowered by 10 percent than pure gasoline and 20 percent lower than Methyl Tertio Butyl Ether (MTBE). MTBE is ETBE's direct competitor and derived from the oil industry. Both MTBE and ETBE bring oxygen into gasoline. Peugeot considers that the environmental optimum is reached when 1.6 to 1.8 percent oxygen is added to gasoline.

Mr. Folz' enthusiasm for biofuels stems from his having formerly worked in Rhone-Poulenc and in Eridania-Beguin Say in the sugar beet sector, which is also linked to ETBE.

2. December 1998: Desmarescaux Report

However, in June 1998, former French Minister of Agriculture (MinAg) Louis Le Pensec requested Philippe Desmarescaux, who is Director General of Rhone-Poulenc, to undertake a study on non-food use of farm products. The report was delivered to the MinAg and made public in early December. French agricultural press covered the conclusions of the report, which identified four market segments for non-food agricultural products: biolubricants, surfactants, solvents, and biofuels:

Market Segment	Perspective in 2010
Biolubricants	110,000 MT of oilseeds on 83,000 ha
Surfactants	75,000 MT of oilseeds on 55,000 ha
Solvents	50,000 MT of oilseeds on 40,000 ha 450,000 MT of grains and sugar beets on 115,000 ha
Biofuels	500,000 to 1,000,000 MT of oilseeds, grains and sugar beets on 300,000 to 600,000 ha

Desmarescaux's report opines that the CAP needs to help farmers and industrials to develop this outlet, and proposes a specific support of 100 Ecu (USD 120) per hectare for industrial crops. Such a subsidy would aim to partially offset the price differential, estimated at 1,000 FF/ha (USD 180), between farm products for food use and farm products for non-food use. More specifically on biofuels, Desmarescaux recommends that they are used principally in cities over 250,000 inhabitants.

There is yet no information on the views and intentions of recently appointed Minister of Agriculture Glavany on the use of farm products in the non-food sector. However, he may take Desmarescaux's report into consideration during the EU discussions on Agenda 2000.