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German Development Minister re-ignites debate over E10 fuel in light of drought in the United States

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Agriculture in the News

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Approved By:

Paul A. Spencer

Prepared By:

Sabine M. Lieberz

Report Highlights:

Dirk Niebel, German Minister of Development and Economic Cooperation (FDP), is using current reports about the drought in the United States and its potential to drive up food prices to position himself as an opponent of bioethanol. In an interview with the German news TV station NTV he called for a halt in sales of “E10”-gasoline. However, so far he has not received backing from other German ministries.

General Information

Dirk Niebel, German Minister of Development and Economic Cooperation (Liberal Democrats, FDP), is using the current reports about the drought in the United States and its potential to drive up food prices to position himself as an opponent of bioethanol. In an interview with the German news TV station NTV he called for a halt in sales of “E10”- gasoline, calling it a conflict between “the gasoline tank and the dinner plate (Tank und Teller)”, the German expression for food versus fuel.

Niebel claimed the German biofuel use mandate would result in a lack of food and should therefore be re-assessed, especially since the German drivers never really fully accepted E10. He also called for additional research to develop second generation biofuels that can be produced from harvest wastes.

Reactions

Government opposes Niebel's view

Neither the Ministry of the Environment, nor of Transport nor of Finance (which has the authority for the biofuel use mandate) officially commented on Niebel's remarks. However, officials from the Agriculture and the Environment Ministries said that they do not plan to take part in a debate about stopping sales of bioethanol. The Ministry of Food, Agriculture, and Consumer Protection (BMELV) said in press reports that that biofuels have only a limited influence on food prices. BMELV would give the fight against hunger the highest priority; however, it views sustainable investments in agriculture and rural development as the important tools in this respect.

Other reactions follow expected lines:

Supportive reactions:

- *Brot für die Welt* (development NGO associated with the German Evangelical Church)
- *Dr. Christel Happach-Kasan*, and *Helga Daub*, both also from the FDP party
- a number of environmental and consumer protection NGOs (for example Greenpeace, BUND, Foodwatch)

Partial support:

- *Welthungerhilfe* (independent donation based NGO focusing on the combat against hunger) viewed the call to stop E10 as stopping short of reaching the goal of alleviating hunger. In addition, financial speculation in food grains, land tenure, and the use of food for biofuel production in general should be addressed.
- *Thilo Hoppe*, speaker for food security for the *Green Party*, concurred with Niebel that biofuels mandates needed to be re-assessed. At the same time he criticized Niebel for limiting the discussion to one aspect and failing to mention other important factors of the food price increase such as the competition of food versus feed (i.e. the use of food grains in animal production).

Criticism:

- *German Association of the Biofuels Industry* (Verband der deutschen Biokraftstoffindustrie, VDB) said a prohibition of E10 would only be symbolic and would not have any influence on hunger in the world

since only four percent of the German cereal production was used for biofuel in the last year. In addition, VDB stressed that critics of biofuels fail to acknowledge that bioethanol production also generates valuable protein feed (e.g. DDGS).

- *Union for the Promotion of Oilseeds and Protein Plants* (Union zur Förderung von Öl- und Proteinpflanzen, UFOP) criticized Niebel for not getting his facts right. Niebel incorrectly attributed the introduction of a biofuel use mandate to the Social Democrats (SPD)/The Greens coalition, while in fact the mandate was introduced during the Grand Coalition of the Christian Democrats (CDU) with the SPD, and E10 during the current German CDU/FDP coalition.
- *German Federal Association for Renewable Energy* (Bundesverband Erneuerbare Energie, BEE) complained that politicians would use bioenergy as a scapegoat for misguided agricultural policies.

Comment

Neither the food versus fuel debate nor the German car owners' lack of enthusiasm for E10 are new developments. However, this was the first time Minister Niebel has joined the discussion. The fact that Niebel is linking the debate to the drought in the United States is viewed by some commentators as an attempt to capitalize on anti-biofuel sentiment.

The FDP is the junior partner in the current CDU/CSU-FDP coalition. Since 2009 it has struggled to maintain its standing in the polls, and currently enjoys support from approximately five percent of voters, compared to 14.6 percent in the last general election.

Germany also uses a substantial amount of its corn crop for the production of methane 'bio-gas,' which is used to generate electricity which is then sold at guaranteed above market rates. Interestingly, the methane biofuels program is not part of the ongoing food versus fuel debate and does not occupy the same political space in Germany as ethanol.

Background

Dirk Niebel was appointed as Federal Minister of Economic Cooperation and Development in September 2009. Prior to his appointment he served as secretary general of his party the Liberal Democrats (Freie Demokratische Partei, FDP) from 2005 to 2009. Niebel started his career as airborne infantry officer with the German Army (Bundeswehr) and holds a degree in public administration. He was born in 1963.

E10 and bioethanol

E10 is a gasoline blend that contains ten percent ethanol produced from biomass. Bioethanol can be produced from a variety of feedstocks, including corn (United States) and sugar cane (Brazil). In Germany, bioethanol is mostly produced from wheat/rye/barley and sugar beets. Germany mandates a biofuel use of 6.25 percent of total transport fuels on an energy basis. E10 was introduced in February 2011 as one means to fulfill the mandate. Previously, only E5 was allowed. However, bioethanol use is still dwarfed by biodiesel use in Germany.

In 2011, Germany imported half of the bioethanol it consumed while domestic German bioethanol production only amounted to 577,000 MT. In the first half year of 2012, the United States exported 350 million liters of bioethanol to the EU with a total value of USD 259 million.

Table: Bioethanol use in Germany in recent years, (in 1,000 MT)

Year	2007	2008	2009	2010	2011
Gasoline incl. bioethanol	21,297	20,569	20,240	19,630	19,598
thereof bioethanol	460	625	902	1,165	1,239
percentage bioethanol (volume)	2.16%	3.04%	4.46%	5.94%	6.32%

Source: FAS Berlin based on data from Bundesamt fuer Ausfuhrkontrolle (BAFA)

Link to original tv-interview (German language only):

<http://www.n-tv.de/politik/Niebel-fordert-Aus-fuer-Biosprit-E10-article6973201.html>