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Biofuels

Burned by the sun

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Can biofuels save Europe, or the planet?

WHEN all else fails, agree on biofuels. That has been the reassuring mantra of European Union energy policy, plagued by disagreements on unbundling over-mighty power firms, haggles over carbon trading and worries about dependence on Russian gas. But a forthcoming report from the EU's own environment agency argues that the beloved biofuels—ethanol, rapeseed biodiesel and the like—have big drawbacks.

Last week EU energy ministers endorsed a European Commission proposal that biofuels should make up a mandatory 10% of the EU's fuel consumption by 2020; the current voluntary target is 5.75% by 2012. European heads of government are likely to back that deal at a summit next month in Germany.

Despite this apparent enthusiasm, most EU members will struggle to meet even the existing target. Only Sweden and Germany fulfilled an earlier goal of 2% renewable-fuel use by 2005. The main problem is that biofuels are expensive. According to KBC Peel Hunt, a stockbroking firm in London, diesel made from rapeseed costs roughly €0.3 (\$0.39) a litre more than the ordinary sort, despite benefiting from various agricultural subsidies. British biofuel firms are struggling to sell their output even with a tax rebate of 20p (\$0.39) per litre. The government, naturally, is reluctant to erode its lucrative fuel-tax revenues by increasing the rebate.

Several countries are trying to pass on the cost of adopting biofuels to motorists. Germany, the most biofuelled nation in Europe, has replaced a tax break with a straightforward legal obligation for refiners to blend a certain proportion of biofuels into their wares. From next year, Britain will do the same, and fine firms 15p a litre if they do not meet the required level. But French firms, which are already subject to a similar policy, often find it cheaper to pay the fine than to bother with high-minded greenery.

Worse, biofuels can generate as much pollution as the fossil fuels they are replacing, depending on how they are made. If electricity from coal is used to convert wheat into ethanol, say, the benefits in terms of emissions of carbon dioxide are negligible. By the same token, if rapeseed is grown using lots of fertiliser made from natural gas, then the resulting biodiesel brings relatively little reduction in emissions or fuel imports. Yet blenders and consumers have no means of distinguishing good biofuel from bad.

Biofuels from poor but sunny countries, where crops yield much more energy and costs are lower, tend to be both cheaper and more environmentally friendly. But protectionist European farmers dislike them. The EU imposes a stiff tariff on Brazilian ethanol; its specifications for biodiesel favour expensive local rapeseed oil over cheap imported palm oil.

In any case, destructive farming practices in exporting countries sometimes do more damage to the environment than burning oil or gas. Last year a Dutch study found that draining Indonesian swamps to make way for oil-palm plantations resulted in 33 tonnes of carbon dioxide emissions for each tonne of palm oil produced, by speeding up the decomposition of the peaty soil. Yet burning a tonne of palm oil instead of fossil fuel saves only three tonnes of emissions. Faced with these findings, the Dutch government has apologised for promoting palm oil, and several Dutch firms have vowed to stop using it.

Instead of trying to turn crops into fuel for transport, Europe would do better to burn them for power, says Peder Jensen, of the European Environment Agency. That would save the energy used in the conversion process. It would also generate more energy, since power plants are more efficient than car engines. On February 26th the agency

will produce a report that underlines such arguments. But there is no guarantee that Europe's leaders will read it before their summit.

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