Towards a Strategy for a Sustainable Production and Trade in Bioenergy

ICTSD-SEI side event on 4 December 2008

Summary

This event was organised by International Centre for Trade and Sustainable Development (ICTSD) and Stockholm Environment Institute (SEI). Speakers included Thelma Krug, Secretary of Climate Change and Environmental Quality, Brazil; Moustapha Kamal Gueye, Senior Programme Manager – Environment Cluster, ICTSD; Francis X. Johnson, Research Fellow, Energy and Climate, SEI; and John Christensen, Head, UNEP Risoe Centre on Energy, Climate and Sustainable Development. It was moderated by Christophe Bellmann, Programmes Director, ICTSD.

Speakers presented driving forces behind the increasing interest in biofuels, and noted that concern over climate change has not been the major factor; rather, energy security and rural development have been more important drivers. Agricultural reform both in the EU and the US was seen as a key driver that would have implications for food production and security. Brazil's biofuel programme was presented as originating from the country's response to the 1970s oil crisis, and reference was made to similarities with the current oil price surge that is leading many countries to refocus attention on biofuels. While concerns were raised regarding potential impacts of biofuels on food security, it was also noted that such risks could be minimal as a result of gains in productivity and by focusing on the most efficient feedstocks, which could reduce the amount of land needed for bioenergy. Speakers stated that although concern over climate change has not been a major driving factor behind biofuel production, it has been beneficial for climate change mitigation. They highlighted that biomass is simply stored solar energy, and is more flexible than other renewables in the delivery of energy and that the production of biofuels is more labor intensive than other forms of energy.

Costs competitiveness issues were discussed and participants noted the high cost and low productivity of corn-based biofuels compared to sugar cane-based ethanol, which have implications for competitiveness in global markets and are leading to high tariff protection in the US and European markets.

On environmental impacts, it was noted that optimal biofuel production areas can coincide with sensitive ecosystems or biodiversity hotspots. Therefore, without proper safeguards biofuel production could cause damage to water and soils. The point was made that sustainability criteria for biofuels can help mitigate the financial and reputational risks of investing in this form of energy. It was indicated that several initiatives are ongoing that aim to develop criteria and standards for the certification of biofuels. While such criteria may be useful to prevent unsustainable patterns of production, they may also lead to higher costs of production and act as potential barriers to international trade. Participants cautioned against unilateral approaches to biomass certification and suggested international and multistakeholder-based approaches as ideal whenever possible. It was also noted that the WTO may not be the appropriate forum for defining sustainability criteria, and that these would better be defined in other more appropriate bodies and then taken into account in the international trade system. On the potential of using the Clean Development Mechanism for biofuels projects, it was noted that there are very few CDM-funded biofuel-related projects, due to technical and methodological issues.

In the end, participants converged on the need to find a balance approach amongst the competing imperatives of developing new forms of energy, ensuring climate change and

sustainable development benefits, while finding fair and effective ways to minimise potential risks to the environment and society.