

Food v fuel? - A Greenergy perspective



There has been much discussion about the potential for increased biofuel usage to affect world food supply and world food prices by creating competition for arable land. This Perspective discusses the causes of higher food prices and the availability of land to grow food and fuel.

Summary

Greenergy is a significant producer and supplier of petroleum and biofuels into the UK transport fuels market, supplying over 15% of the UK's overall petrol and diesel market and approximately one third of the biofuels market. Greenergy has extensive worldwide sourcing experience, with manufacturing operations in the UK and a blending facility in Rotterdam from which it supplies customers across Europe.

In this Perspective, Greenergy presents the following:

- Many agricultural commodity prices rose steeply during the second half of 2007 and into early 2008. However by the end of 2008 commodity prices had fallen significantly, many returning to 2007 average levels.
- There is little evidence that biofuel production was a significant contributor to rising food prices. Commodity crop prices are continuing to fall in spite of a continued increase in world biofuel production.
- A combination of factors contributed to the rising agricultural prices during 2007 and early 2008. These included speculative trading activity, rising fertilizer and other agricultural production input costs, weather induced crop failure and a weak dollar as well as increasing affluence and a growing global population.
- Increased biofuel usage has not created a shortage of land for food production and is unlikely to do so in the future. Fears that food production may not keep up with population growth are unlikely to be realised unless climate and other environmental factors have a significant impact on productivity.
- To meet increasing demand for agricultural production, both for food and for biofuel, available land needs to be used effectively to maximise yield per hectare.