



EU biofuel firms say not to blame for food prices

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By Michael Hogan

HANNOVER, April 24 (Reuters) - European bioethanol production is not to blame for rising grain prices, a biofuels conference heard on Thursday. Only 2.6 percent of Germany's 40.9 million tonne grain harvest in 2007 was used to produce bioethanol, and only 1.5 percent of the European Union's total 267 million tonne grain crop was used for bioethanol, said Doerte Bieler of Germany's bioethanol industry association LAB. "It cannot be that this level of grain use for bioethanol production can be responsible for the doubling of EU grains prices in the last year," she told the **Clean Moves Expo** biofuels conference.

"Grain prices have risen because of other factors such as poor harvests and speculation," she said. "Grain prices have fallen by 30 percent in the last few weeks, which is probably an indication that a huge volume of speculative money is currently moving in grains markets." But U.S. biofuel output was at a higher level than in Europe and may be responsible for pushing up grains there, she said. Several politicians, including British Prime Minister Gordon Brown, have recently raised concerns that higher biofuels production aimed at reducing global warming was behind the rise in global food prices. Albrecht Schaper, commercial manager of German bioethanol producer Fuel21 GmbH, said Germany had huge grain and sugar surpluses which have been traditionally exported as they could not be consumed by Germany's domestic market. "For the last 30 years we have been criticised because we have exported grain cheaply around the world," Schaper said. "Now we have found a use for grain which means we may not have to do this any more and suddenly that is wrong too."

He said development aid to the Third World needed to be focused more on increasing agricultural efficiency. Ingo Klenk, of German bioethanol producer CropEnergies, said the food versus biofuel debate had ignored the fact that huge volumes of animal feed were produced as a by-product of bioethanol production. Some 2.6 tonnes of animal feed were produced from every hectare of grain grown for bioethanol. This meant grain used for bioethanol was not lost to the global food chain. He called for a more coordinated approach to increasing biofuel output among governments to ensure there is no competition for raw materials between food and biofuel makers. This would especially involve a steady, phased expansion of biofuels output rather than sudden expansions.

(Reporting by Michael Hogan; editing by Chris Johnson)