

How GREEN is my Valley?

ROWENA EVERSON ASSESSES THE ECO-FRIENDLINESS OF BIOFUELS AND PONDERES OVER THEIR FUTURE

Packing list for business trip to Manila: iPod – check; iPod charger – check; laptop and charger – check; pda and charger – check; toothbrush – check. Not bad for a 60-hour round trip, but then I'm a light packer; you won't notice a set of curling tongs in my luggage. Post-Kyoto, few of us can remain oblivious to the link between energy consumption and climate change. But nor can we deny that economic development needs energy to feed it. Take China, for example: 20 years ago only seven per cent of Chinese households owned a refrigerator, now over 90 per cent of the population regularly enjoy cracking open a cold one – a tin of chicken essence, that is. The closest victim of the People's Republic's rampant growth has been Hong Kong, which seems to be permanently enveloped in a filthy brown smog. But then no one who has ventured just a little further into the Pearl River Delta region can grumble about people wanting some of the basic amenities we all take for granted.

For a while we seemed to be stuck in a deadly stalemate, with either the planet or the global economy headed for disaster. Then salvation arrived. Just when oil prices began to soar, the world discovered bio-fuels. Hallelujah! The EU was the fastest to respond and immediately began doing what EU commissions do best – writing legislation and setting quotas. Enter the era of the hybrid car. Bio-fuels not only release fewer carbon emissions when they burn, they are also infinitely sustainable (in theory). A few environmentalists struck up protests: most of the regions where biofuel ingredients are sourced are also home to the last remaining rainforests, they clamoured. What would happen if Brazil followed decades of rampant slash and burn farming, and exotic wood harvests, to grow sugar cane? What if Indonesia did the same? What would happen to endangered species like the orangutan, which charities like Friends of the Earth claimed were being slaughtered to make way for new palm oil plantations? And, from a practical point of view, did the destruction of rainforest (releasing tonnes of carbon dioxide into the atmosphere) to grow bio-fuels actually make sense?

The decision makers didn't care. The planet was saved; the polar bears had nothing more to worry about and Al Gore could go back to teaching Florida's voters how to punch holes in a piece of cardboard. Or maybe not. The rapid growth of companies like Wilmar International Ltd did not go unnoticed. In 2006, Wilmar hit the international headlines when it be-

came the world's number one palm oil plantation owner. And in 2007, after a series of mergers with edible oil companies, Wilmar became the leading agribusiness group in Asia. At the same time the price of wheat moved from US\$4 per bushel to US\$10. Gradually, a sense of unease began to spread through the global press about the scale of bio-fuel production. Had desperation for an energy solution meant ignoring the consequences?

That sense of unease, like a collective feeling in the water, finally hit the stock markets when the shares of Wilmar took a nosedive, tumbling 7 per cent in a single day. News that the Chinese government was planning to impose price restrictions, as it tried to rein in rampaging domestic food and fuel inflation, came as part of a double blow to companies like Wilmar who were also hit by an about-face from the EU. Plans are, apparently, afoot to ban biofuels from crops grown on land that were covered in forest, wetlands and grasslands as of January 2008. The EU claim they are not abandoning biofuels but recognise that they may have jumped on the bandwagon before fully understanding the impact of all that extra palm oil. At the same time US producers are reeling from criticisms that the use of corn to produce ethanol fuel is hitting poor people already suffering from food inflation and economic recession. None of which will be good news to the biofuel producers hoping to make a fast buck. Wilmar has already begun to look elsewhere, pumping investment into the Chinese fertiliser business and dealings in the Ivory Coast.

So does Wilmar's change in strategy signal the end for biofuels? Is the instant saviour of the world about to become its villain? For once the EU seems to have got it right – gradual and sustainable are the name of the game. A more cautious integration of biofuels, a more transparent process that ensures carbon emission caps don't end up producing more carbon and, of course, a commercially viable way of achieving it.

There are already profitable biofuel businesses out there that are producing lower emission energy without any of the allegations of deforestation and peat burning (witness this year's unseasonal Chinese New Year haze). UK based C&D Oils have been producing biodiesel from recycled cooking oil for almost 30 years, and McDonalds have recently announced plans to do the same – nobody could accuse them of being tree-hugging hippies. So it would seem that bio-fuel businesses are here to stay, but hopefully the pace of investment will be a little more sedate than the early heady days when biodiesel was heralded as the elixir of eternal growth for the energy business. Sadly, that magic potion remains elusive. □