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Regulating biofuels production without impairing national food security

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Session A4/5 “Key challenges facing Commodity-Dependent Developing Countries”

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Overview

1. The case for biofuels
2. The problem with biofuels
3. A framework conducive to biofuels and to national food security

Literature

- Economics: Villoria+Hertel 2011, FAO 2009-11, IBRD 2009, GDE 2008
- Impact on DCs: ICTSD 2010+2011; IFPRI 2009
- Bioethics: Nuffield 2011
- Subsidies: GSI and IISD 2007, OECD 2009
- EU+US: Dunlop 2010, ICTSD 2009a-c, ECIPE 2009

(1) The case for biofuels

- Renewable source of local-use and tradable energy (subject to availability of adequate and fallow or under-utilised agricultural land, environmental sustainability, and water).
- Floor price for producers of cane and other commodities, depending on hydrocarbon prices and world economy.
- Vertically-added value: Rural, infrastructural and technological development and other FDI-induced advantages.

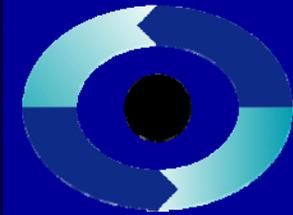
(2) The problem with biofuels

- Mostly developed with different non-Green Box subsidies (US, EU) or transfer pricing (Brazil). Many developing countries cannot compete on those levels – or with Brazil.
- WTO problems for subsidies and for import regulations (e.g. EU).
- Implications: (*national*) food security can be impaired where the increased productivity fails to reach the land owners (*household f.s.*) or (at least) to increase GDP.
- Tax incentives and hidden subsidies as a particularly problematic competition tool.

(3) How to ensure national food security

- A framework conducive to biofuels and to food security – a multi-level governance challenge!
 - International standards-based investment protection, without fiscal incentives.
 - Comprehensive, independent and public impact assessment for national and household food security.
 - Investment contracts: based on stakeholder consultations and effective protection of land tenure rights, published, establishing economic, environmental (+water) and social sustainability over project lifespan + end-of-cycle expectations and commitments.
 - Adequate international and national trade and investment rules yet to be developed + ‘*public interest clause*’ with a specific national food security provision.

Thank you for your attention!



Remaining questions:
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