



PUBLIC POLICIES AND GLOBAL DEVELOPMENT OF BIOFUELS: CHALLENGES AND OPPORTUNITIES

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DR. NELSON SAM

GLOBAL DIRECTOR, ADVISORY SERVICES

POINT CARBON



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THE DEMAND DRIVERS...

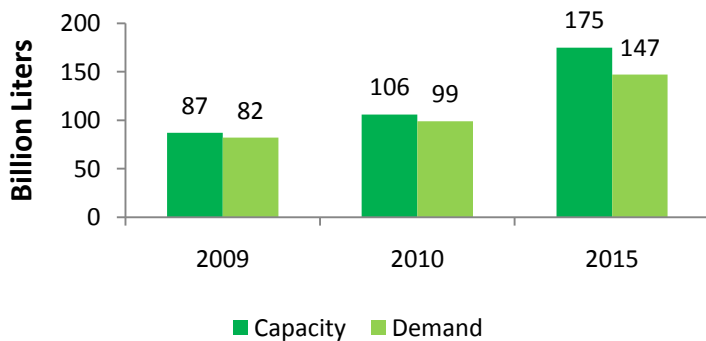
- Expected growth in Latin America and Asia-Pacific biofuels demand by 2015, driven mainly by public policy.
- 30 countries implementing biofuels targets in 2010 alone – many of these countries are in the developing world.
- Despite controversies, biofuels demand is expected to grow in the 2015 timeframe:
 - Ethanol: 80% increase in demand 2009-2015.
 - Biodiesel: Demand could triple between 2009-2015.

Source: Global Biofuels Center

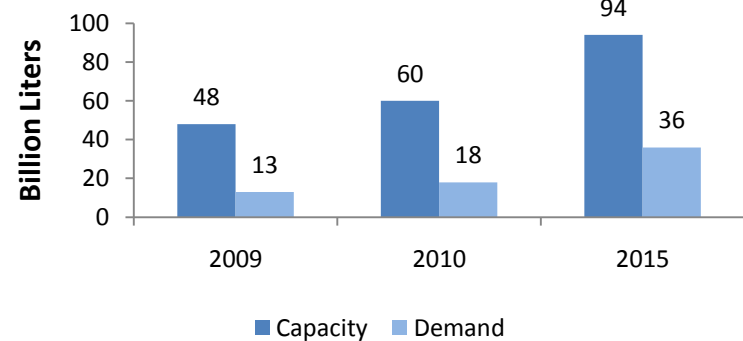
THE SUPPLY SIDE....

- Ethanol production capacity is expected to exceed demand in most regions of the world by 2015 (the only exception is North America).
- Global biodiesel production capacity is expected to outreach demand by 58 billion litres in 2015.

Global Ethanol Capacity & Demand



Global Biodiesel Capacity & Demand



CHALLENGES IN THE POLICY DESIGN...

- Governments should take into consideration the following aspects to ensure sustainability of biofuels production:
 - Improve energy security and achieve net energy gains;
 - Minimize impacts on price and availability of food;
 - Minimize incremental demands for water and good land where these are limiting;
 - Maximize benefits to the poor in the countries in which the feedstocks are produced;
 - Stimulate investments in educational, technological and public infrastructure in developing countries.

AND OPPORTUNITIES...

- The biofuels industry development can represent an opportunity:
 - It is a renewable source of energy;
 - Reduces carbon emissions;
 - Inserts developing countries into a competitive market environment;
 - Creates jobs;
 - Stimulates the development of new technologies and cultivation practices;
 - It enables the utilization of abandoned or unsuitable land;



SOME CONSIDERATIONS ON DESIGNING POLICIES...

- Successful policy interventions can take many forms (renewable fuel mandates, tax incentives, and direct funding for capital projects or fleet upgrades), but its success depend equally upon externals factor, such as biomass availability, an active industry and competitive energy prices.
- The use of biofuels should be combined with other low carbon policy options for transportation, as well as moderating the demand and need for transport;
- Agreements between producers and consumers can help to shape the development of the biofuels industry in developing countries .

THANK YOU!

DR. NELSON SAM

nelson.sam@thomsonreuters.com

+44 (0) 78 7250 6819