Food vs. Fuel debate

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This session aims to explore the key facets of the food versus fuel debate, particularly as they relate to oil palm supply and demand, and to engage a group discussion.

In broad terms, agricultural demand will grow over the remainder of this decade. A key driver will be global population growth forecast of 1.1% per annum, with much of the growth concentrated in the poorest segment of the global population. Coupled with this there will be a continued increase in calorific intake and shifting dietary trends. There is also anticipated growth in biofuel demand – a key variable in the food vs. fuel debate. Against each of these aspects, palm oil will play a key role.

Current global growth in edible oil production is estimated to be 3.8% annually, and demographic and dietary changes will see this trend continue. Per capita edible oil consumption in the world's most populous nations – China, India and Indonesia – is still at levels around half of those in the 'West'. Palm oil can be expected to satisfy the increase in demand due to its relative availability and affordability. Further, the trading discount of palm oil to other edible oils such as soy and rapeseed may encourage substitution, leading to an increase in palm oil's global market share.

The biofuel industry also affects the demand equation, particularly in the Americas and the EU where the biofuel policy (and subsidy) context will be critical in determining the supply potential for oil palm. The US Environmental Protection Agency [and leaked EU data] has indicated that base case GHG emissions from palm biodiesel are too high to support domestic biofuel programmes once land use change, wastewater treatment and export are taken into account.

Would using degraded land and methane capture technologies mitigate such concerns, or is the risk simply too great that using palm oil for fuel will cause food scarcity and increased food prices for those most vulnerable?