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## ENERGY-AFRICA: Big Potential and Challenges for Biofuels

By IPS Correspondents

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**DURBAN, Sep 27 2007 (IPS)** - Biofuels offer Africa the chance to supply itself with alternative energy sources, and also to become a major supplier of these sources for developed markets. Yet, challenges – from creating the relevant infrastructure to competition for biofuel crops from food markets – remain.

"There is huge room for exploitation of clean sources of energy at a time when the entire world is confronted with global warming," said Salvador Namburete, Mozambique's minister of energy.

He was speaking at the First Annual Africa Biofuels Conference & Expo, held in the South African coastal city of Durban; the event concludes Thursday.

The European Union (EU) has mandated 10 percent biofuel use by motorists and industry within this region by 2020, and its commissioner for agriculture has told the press several times that 20 percent of that use would probably come from imports.

Europe has preferential trade agreements with Least Developed Countries (LDCs) under the Everything But Arms (EBA) initiative, enabling biofuels from these nations to enter the European market duty- and quota-free.

The LDC category was created by the United Nations in 1971 in recognition of how the world's poorest states need special assistance; it presently comprises 50 countries – including Mozambique – most in Africa. Certain LDCs have land suitable for growing biofuel crops, and offer prospects to investors who could import the technology for transforming crops into fuel.

In addition, opportunities exist for African-produced biofuels to enter the U.S. market under the African Growth and Opportunities Act, Washington's answer to EBA. Import markets are developing in other major global economies like Japan, and a handful of African countries are looking at biofuel use as well.

In the face of these opportunities, however, questions are being raised across Africa about the shortage of infrastructure to cope with biofuel production.

"Lack of infrastructure in African countries weighs down opportunities for biofuel use. You can produce it, but if you can't get it to the users at a reasonable price there's no point," said Vinesh Moody, refinery and deployment manager for D1 Oils Africa Plc, a Johannesburg-based company.

Brazil, the world's largest exporter of ethanol, a fuel produced from sugarcane, is also struggling with infrastructure difficulties. These are not only putting pressure on supplies available for export, but also lowering prices – because exporters are forced to sell due to a lack of port facilities.

Brazil's state-owned petroleum company, Petrobras, and local industry are exploring the development of several intra-state ethanol pipelines to avoid transporting fuel via the country's poor highway network.

A 450-kilometre pipeline from Mozambique's capital, Maputo, to South Africa is already under development, says Namburete, as well as several liquid fuel storage tanks in the country's second-largest city – Beira – which is close to where much of Mozambique's biofuel development is currently underway.

Many of Africa's most viable biofuel producers – in terms of production costs for sugarcane, maize or cassava – are landlocked, however, and don't have the transportation infrastructure in place to enable export of the fuels, or immediate plans for infrastructure investment like Mozambique.

"Another question is how to make sure that the land concession process is monitored in such a way that all land is being used for the purpose that it has been allotted for. We have 36 million hectares of arable land, and until two years ago, only five million hectares were under production," said Namburete.

"Since then, we have land requests for five million hectares just for biodiesel. The challenge is to make correct allocations and make sure they truly produce biofuels."

Furthermore, "We have to find out how to ensure an adequate balance between biofuel production and food production."

Namburete said Mozambique's 36 million hectares of arable land could be used for biofuel production "without threatening food production", while another 41 million hectares of marginal land would be suitable for raising jatropha, a tree that produces non-edible seeds which can be used for making biodiesel.

The food versus fuel debate is an especially important one in Africa, where harsh climatic conditions, civil disturbance and poor land use patterns cause millions to go without their daily food requirements.

When moving forward with biofuel projects, it is vital to ensure the food supply isn't in jeopardy in the region where the project is being developed, according to Justin Vermaak, chief executive officer of the Durban-based Verus Company Group.

"Can you imagine my doing a biofuel project in Zimbabwe? No way. How can we produce biofuels where there isn't enough food?...So we need to produce from (crops) that don't compete with food."

According to the U.N's Food and Agriculture Organisation, more than a third of Zimbabweans suffer from food shortages. While the country has been gripped by drought in recent years, its food crisis is mostly ascribed to political and economic mismanagement on the part of the government.

Vermaak says biofuels have not created new agricultural production worldwide – only diverted existing production.

"All we've done is taken stock out of the system. There has been no new development, just a new consumer of the same product, putting more stress on the same system."

Several countries in Africa are developing biofuel policies to help state-owned and commercial companies alike bring about biofuel production, and some are creating local markets. Small countries like Rwanda, which are not only landlocked but suffer from high petroleum import costs, are looking at biodiesel production for the local market.

"People developing biofuels in Africa hold their information close to their heart, thinking that one tiny bit of information will give them a commercial edge. That's bull. Share it and we'll all do better together," said Vermaak.

