



AUSTRALIAN LOT FEEDERS ASSOCIATION



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Evidence against ethanol is clear

A new independent report has recommended that Government support for the Australian biofuels industry be removed on the basis that the costs outweigh the benefits.

Australian Lot Feeders' Association Vice President, Jim Cudmore stated that "the report adds to the considerable weight of evidence around the world that Governments need to rethink their support for biofuels and in particular grain derived ethanol production".

The report '*Biofuels - at what cost?*' by the International Institute of Sustainable Development', found that Australian Government support for the biofuels industry was as much as \$95million in 2006/07.

Alarmingly it found that not only was Australian Government assistance per litre of ethanol greater than in the USA (\$0.65 versus \$0.47-0.57) but it was forecast to increase further to 2011.

"The effective rate of assistance for sorghum derived ethanol production at 240% was also massively higher than for intensive livestock industries (5%) that are forced to compete with the ethanol industry for grain".

"This situation is distortionary, unfair and inconsistent with Australia's stance in support for deregulation and reduced Government protection".

The study states that Government grain derived ethanol industry assistance is not cost effective, should be removed and that the objectives for biofuels could be cheaper met through other means".

"This conclusion supports the findings from the Federal Biofuels Taskforce, ABARE, the Parliament of Australia and the Victorian inquiry into biofuels".

"In fact the study found that State and Federal Government biofuels industry assistance could achieve 100 times the reduction in greenhouse gases if it were instead used to purchase CO₂ equivalents through the Chicago Climate Exchange".

"The International Monetary Fund has also recently requested that developed countries curb their support for biofuels to address escalating poverty from rising food prices".

"Environmental groups throughout the world (including the Greens Party) further oppose grain derived ethanol production due to environmental and food versus fuel concerns".

Accordingly we call on State and Federal Governments to acknowledge the overriding weight of evidence by removing their support for the grain derived ethanol sector.

The report can be downloaded from http://www.iisd.org/pdf/2008/biofuels_subsidies_au.pdf

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