3rd annual MoEN-IEA joint Workshop - 'Sustainable development of biofuels'

7-8 September 2009, Bangkok

IEA Response Address:

Ambassador Richard Jones, Deputy Executive Director, International Energy Agency

Your Excellency Minister Wannarat,

I have to start by thanking you on behalf of the IEA team. This is my first opportunity to work with your Ministry but I heard before I came of your hospitality and your warmth towards our very practical working relationship. I look forward to both our discussions over the next two days and to our future work together.

I greatly appreciate your remarks on the history of biofuels in Thailand. King Bhumibol has shown extraordinary foresight in his research into biofuels since the mid 1980s, which was the last time I was in Thailand. A lot has changed since then, in Thailand and the world. The King's foresight, combined with your Ministry's strong policy stance has made Thailand a leader in its development and deployment of biofuels as gasoline and diesel extenders. On behalf of the IEA team, please allow me to say how privileged we feel to be here and to be able to hear your country's experiences in this field and the lessons you have learned.

Your Excellency, Dr Norkun, delegates from ASEAN, ASEAN+3 and ASEAN+6, and ladies and gentleman,

I would like to give a very brief perspective on the global biofuels scene, as seen by the IEA. I would also like to mention the significance to the IEA of our close working relationship with the Ministry of Thailand. I know we have a full agenda, so I will be brief.

According to the IEA's Mid Term Oil Market Report analysis, global biofuels production growth is expected to rebound in the mid-term from its current hiatus. Output is expected to increase from 1.5 mb/d in 2008 to 2.2 mb/d by 2014. Over this period, biofuels are seen accounting for around 15% of expected incremental gasoline and gasoil demand. We see them as providing a safety valve from the market pressures caused by constrained non-OPEC supply growth and the tightening availability of middle distillates.

Since our 2008 Mid Term Oil Market Report, falling oil prices, high feedstock costs and the credit crisis have undermined the economic viability of some existing and proposed biofuels projects. Questions over land use, the so-called "fuel versus food" debate, and environmental sustainability continue to hang over first-generation biofuel technology. You are no doubt even more familiar with these debates than I am.

More benign second-generation technology is seen making a modest contribution by 2014, albeit of only some 60 kb/d or so. This slow start could undermine attainment of US Renewable Fuel Standards targets for 2014.

That being said, short project development times seem likely to allow more rapid worldwide growth in all biofuels to recur once economic recovery is entrenched. We estimate that Brazil, the geographical mainstay of biofuels production, retains key advantages which should allow production there to

grow by almost 360 kb/d (some 75%) by 2014. This will account for over 50% of the total increase in world biofuels supply.

Looking at the longer term, current global trends in energy supply and consumption are unsustainable. Nothing less than a technology revolution is needed and there is no silver bullet "one-size-fits-all" energy technology: all economies will have to deploy a strong portfolio of low-carbon energy technologies. Renewables in general, and biofuels among them, are important pillars of such a portfolio.

This is particularly so for the transport sector, a major source of emissions. Its limited options for decarbonising make it a particularly challenging and complicated sector in which to intervene. The sooner we start looking for alternative and better technologies and fuels, the better our chances of success.

Biofuels currently contribute around 1.5% of total transport fuels. Under our 2008 World Energy Outlook projections, biofuels will contribute around 4% in 2030 in the Reference Scenario. In our 450 ppm Policy Scenario, biofuels contribute slightly more than 8% by 2030, and under another scenario, as much as 25% by 2050. The good news is that biofuel production can occur in almost all world regions and has the potential to increase substantially in many countries.

Now I would like to touch on the IEA and Thai Ministry of Energy relationship. Executive Director Tanaka and I highly value and greatly appreciate the fast developing outcome-orientated relationship between the IEA and your Ministry. In 4 years, we have taken so many good steps together!

- First, we held the MoEN-IEA joint Workshop 'Oil Security and National Emergency Preparedness', Sept. 2007, in Bangkok.

- Next, we established oil emergency response operational contact between Dep. Permanent Secretary Dr Norkun and Mr Aad Van Bohemen, Head of the IEA Emergency Policy Division, in January 2008.

- A strong team from MoEN, lead by Dr Norkun, took part in the IEA 'Oil Emergency Response Simulation Exercise 4', in June 2008 in Paris.

- In September 2008, we organized the MoEN-IEA joint Workshop on the crucial topic of 'Fuel Options for Power Generation in ASEAN', in Sept 2008 in Bangkok. My predecessor, Ambassador Bill Ramsay, came to that event, in one of his last official IEA acts.

- In May this year, we conducted the Thailand-IEA Joint oil and gas Emergency Response Exercise, the IEA's first Emergency Response Exercise to be held outside of Paris.

- And, last Monday, an official of the Petroleum Institute of Thailand started a training internship with us.

In addition, we have had some of your energy statisticians come to Paris to train with our staff. And, right now, Mr Anselm Eisentraut, of our Renewable Energy Division, is writing a Thai chapter for an IEA study "Potential for sustainable production of 2nd generation biofuels". I believe he will be talking further with your renewable energy specialists.

And, finally, next month, we're looking forward to a strong Thai delegation coming to Paris for the next meeting of our Standing Committee on Emergency Questions to lead a discussion of our joint ERE in May and to take part in a one-

day Emergency Response Review of the Czech Republic, which could be good practice for an ERR of Thailand one of these days.

In all our work, we look to build pragmatic policy outcomes, and I address this also to the ASEAN delegates at this workshop. We are interested in building on our discussions today and tomorrow in Bangkok. For example, there may be opportunities to build on work in the IEA energy R&D co-operation agreements in bioenergy, as will be discussed by Prof. Annette Cowie and Prof. Jack Saddler. Perhaps Thai and ASEAN delegates may be interested in involvement in the Global Bioenergy Partnership that will be mentioned by Dr Jonathan Reeves. We are very interested to hear your thoughts and answer your questions.

So, thank you once again, your Excellency, and I look forward to our discussions.