



**United Nations Conference on Trade and Development**

# **The Biofuels Market: Current Situation and Alternative Scenarios**

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## Foreword

UNCTAD started working on the trade and development implications of the biofuels sector in 2005. Since then, many events have had an impact on the sector. However, the fundamentals that have pressed countries – developed and developing alike – to promote biofuels as a new or expanding component of their energy mix are still there. Oil prices, though recently decreasing, are still relatively high and extremely volatile. Present geopolitics keep the quest for enhanced energy security high on the policy agenda of many countries. The challenges that climate change and global warming represent for the sustainable development of all countries still need to be addressed through concerted and individual actions. The rural sector in most developing countries has an unprecedented need for appropriate policy measures to overcome economic stagnation. Finally, many impoverished developing countries are looking for new market openings and new investments as beneficial tools to stimulate their economic growth.

At present the biofuels sector is going through turmoil and some analysts question whether biofuels will be able to keep their promises. The eventual outcome will depend on the policies that countries have already put in place and those that may be implemented in the future.

The purpose of this volume is to present possible scenarios for the biofuels industry. Each chapter describes how the sector could evolve depending on the policy and strategies that individual countries may select. However, the assumption is that individual choices may have global impacts. Each scenario therefore tries to provide insights on the global economic, energetic, environmental and trade repercussions of specific policy developments.

The compilation of this book was made possible by the generous financial contribution of the Ministry of Environment, Land and Sea of the Government of Italy. This publication is a contribution to the programme of work of the Global Bioenergy Partnership (GBEP), initiated by the Group of Eight (G8) countries at the 2005 Summit at Gleneagles with the secretariat based in Rome at the Food and Agriculture Organization of the United Nations. UNCTAD wishes to express its thanks to the Government of Italy and hopes that additional opportunities for cooperation will materialize in the future.

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This publication provides a contribution to the analysis of a new and dynamic sector of the world economy. We hope it will encourage further research into an area where much still needs to be investigated.

Lakshmi Puri



Director, Division on International Trade in Goods  
and Services, and Commodities

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