



Press Release – for immediate use

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Research shows biofuels to blame for only a small part of food price rises

The price of food staples has risen by up to 244% since 2004, and parts of the media have been quick to blame the expansion of the world biofuels industry. However new research, published this week by New Energy Finance, concludes that, while increased biofuel production has been a contributing factor, particularly in certain crops and geographies, it is far from the dominant one.

Between the start of 2004 and the end of April 2008, the prices of many basic foodstuffs rocketed. Corn prices jumped 207% in dollar terms, wheat prices 138%, rice prices 210%, palm oil prices 140% and soybean prices 136%. Some commentators and politicians have blamed international efforts to encourage biofuel production, and called in vehement terms for an end to pro-biofuel policies.

However in a major piece of research published for its clients this week, New Energy Finance, the leading analysis company and information provider on investment in clean energy worldwide, concludes that it is wrong to single out the biofuels industry for blame. Its Research Note, *Food Price Increases: Is It Fair To Blame Biofuels?*, puts together all the latest data on world crop production, yields, population, consumption and stocks with those for land use and biofuels output. It estimates that the expansion of the biofuels sector since 2004 is responsible for a maximum of 8% out of the 168% rise in grain prices, and a maximum of 17% out of the 136% rise in food oil prices.

Michael Liebreich, chairman and CEO of New Energy Finance, said: "We conclude that increased biofuels production has been a meaningful driver of food price inflation, particularly in certain crops and geographies, but it is far from the dominant factor. Increases in input costs have played a much larger role, as have changes in consumption habits and increases in global population which, for the first time in decades, have not been offset by increases in agricultural yields, particularly in grains. Furthermore, where biofuels have had significant impacts, this has been due to overly-rapid application of support schemes and protectionism, rather than to the impact of production on land use itself."

Liebreich argues in the Research Note that the world biofuels industry needs to develop a joint research and communication platform, in much the same way as the wind energy sector has. It should use this to emphasise that sustainably grown biofuels can make a significant contribution to the fight to curb carbon emissions. The industry also needs to accelerate its drive to develop high technology biofuel production using non-food crops and waste as feedstock.

Journalists interested in viewing a full version of the Research Note should contact New Energy Finance using the contact details below.

ABOUT NEW ENERGY FINANCE:

New Energy Finance is the world's leading independent provider of research to investors in renewable energy, biofuels, low-carbon technologies and the carbon markets. The company's research staff of 80 (based in London, Washington, New York, Palo Alto, Beijing, New Delhi, Tel Aviv, Cape Town, San Paulo and Perth) tracks deal flow in venture capital, private equity, M&A, public markets, asset finance and carbon credits around the world.

The New Energy Finance Desktop is the world's most comprehensive subscription database of investors and investments in clean energy. New Energy Finance's Insight Services provide deep market analysis to investors in Wind, Solar, Biofuels, Biomass, China, VC/PE, Public Markets and the US. New Energy Finance is co-publisher of the world's first global stock-market index of quoted clean energy companies, the WilderHill New Energy Global Innovation Index (ticker symbol NEX). The company also undertakes bespoke research and consultancy, and runs senior-level networking events.

New Carbon Finance, a division of New Energy Finance, is the world's leading independent provider of analysis, price forecasting, consultancy and risk management services relating to carbon. It has dedicated services for each of the major emerging carbon markets: European,

global (Kyoto) and US, where it covers the planned regional markets as well as potential federal initiatives.

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