

Opening Remarks / Framing Presentation

Mark Elder

Ladies and gentlemen, on behalf of my institute, the Institute of Global Environmental Strategies, which is based in Japan, I would like to welcome you to the **RESEARCH WORKSHOP ON SUSTAINABLE BIOFUEL DEVELOPMENT IN INDONESIA, PROGRESS SO FAR AND FUTURE APPLIED RESEARCH OPPORTUNITIES**. We are very pleased to sponsor this workshop, which is a part of a larger research project that our institute is conducting in cooperation with the University of Tokyo, United Nations University, and several other universities and research institutes in Japan. We are also conducting similar research in India and China. This research is funded by a grant from the Ministry of Environment of Japan.

Now I would like to explain a little about our Institute, IGES, which is based in Hayama, Japan, near Tokyo. It is a strategic policy research institute that deals with global environmental issues, focusing on supporting sustainable development in the Asia-Pacific region. It aims to produce outputs that can be reflected in the policy-making processes of international organisations as well as national and local governments, and in the activities of businesses, NGOs and local citizens. Biofuels is just one of our areas of research. IGES conducts research in a broad range of areas including climate policy, waste and resource management, forest conservation, business and environment, fresh water, environmental policy and governance, trade and environment, transboundary air pollution, and capacity development, among others. IGES has branch offices outside of Japan in Bangkok, and Beijing. One unusual aspect of our institute is that our research staff comes from all over the world; about 30-40 percent of us come from countries other than Japan.

The main topic of this workshop is about biofuels, which have become a prominent public policy issue, not just in Indonesia, but worldwide. A few years ago, biofuels became popular, and the governments of many countries, including Indonesia, adopted policies to promote them. The main motivation was to reduce dependence on fossil fuels, whose prices were rising rapidly, but many people also thought that biofuels might help to reduce greenhouse gas emissions as well as promote rural development and poverty reduction. And because of rapidly rising fossil fuel prices, it became conceivable that biofuels could become economically self sustaining without extensive government support. However, more research suggested that biofuels might cause more problems than they solved. If not produced using sustainable production methods, biofuels might actually increase greenhouse gas emissions, especially if their production is related to deforestation. Moreover, biofuel crops might compete with food crops, thereby causing food price increases or shortages. And now, with the global economic crisis and steep fall in the price of oil, the relative cost of biofuels compared to fossil fuels has increased significantly.

Now, many countries like Indonesia, which had made ambitious plans to promote biofuels during the oil price boom, are faced with the question of what to do now, as biofuel markets have deteriorated and questions have been raised about their sustainability.

The current difficult situation for biofuels presents an opportunity to rethink what kind of contribution they can make to energy security, economic development, poverty reduction, and the environment, in other words, how biofuels can contribute to sustainable development.

A key lesson we have learned from the global experience of biofuels, is that it is one of the most complex political issues that exists, since it affects so many policy areas in an interlinked way, including agriculture, energy, economic development, environment, trade, and finance, and transportation (including automobiles, road construction, and others). Policies designed to solve biofuel issues in one area are likely to create problems in other areas. Therefore, careful planning and study are necessary to take into account all of these interlinkages, and in the end, coordinated, integrated policies in all of the related areas are probably necessary in order to ensure the effectiveness of the overall policy and to avoid potential unintended negative consequences.

So we hope that this workshop can be an opportunity to learn about the complex and difficult issues involved, and to have a discussion about how they could be addressed. Today we will not make presentations ourselves. Instead our aim is to understand the various perspectives and points of view in Indonesia from this workshop.

Also, we hope that this workshop will be a chance for the different stakeholders in Indonesia, both government and non-government stakeholders, to understand each other's perspectives as well, and hopefully this could facilitate enhanced cooperation to promote sustainability. So I really hope that we can have some very good discussions.

Finally, I would like to thank the organizers, Cooperation for Development Europe and the Indonesia Renewable Energy Society, for their hard work to put this workshop together, and I would also like to thank all of the participants for their time to work on their papers and presentations. I also want to thank the Directorate General of Oil and Gas of the Ministry of Energy and Mineral Resources and the Ministry for Research and Technology for their support for this workshop, and I want to thank Mr. Kusmayanto Kadiman, State Minister for Research and Technology, for making an excellent presentation, and Ir. Saryono Hadiwidjoyo, Director of Oil and Gas Downstream Development, for making an excellent presentation on behalf of Dr.-Ing. Evita H. Legowo, Director General of Oil and Gas. I am looking forward to hearing all of the presentations and I hope we can have some very good discussions. I am sure we will learn a lot.