What is FAPRI?

- Food and Agricultural Policy Research Institute (FAPRI)
  - Joint institute of University of Missouri and Iowa State University

- U.S. Congress provides much of our funding to prepare projections of agricultural markets and analyze the effects of alternative policies

- Objectivity and neutrality are important

- With stronger linkages between energy and agriculture our area of analysis has expanded significantly
Key elements of US biofuel policy

- **Tax credits**
  - Given to fuel blenders per gallon blended

- **Ethanol tariffs**
  - Specific tariff on imports from most countries

- **Renewable Fuel Standard**
  - Minimum levels of biofuel use
World grains use

Source: USDA December PSD
Change in grain domestic use between 2005/06 and 2007/08

Source: USDA December PSD
World oil and biofuel supply
millions of barrels per day

Source: International Energy Agency

OPEC
Non-OPEC
Biofuels
Change in world oil and biofuel supply 2006 to 2008 millions of barrels per day

Source: International Energy Agency
Food expenditures: farm value and marketing bill, 2006

Source: USDA Economic Research Service
Food and general inflation

Source: www.bls.gov
World corn feed, food and ethanol use

Source: FAPRI 2009 baseline

Note: Tax credits and tariffs extended
Corn net-exports and ethanol use

Source: FAPRI 2009 baseline

Note: Tax credits and tariffs extended
Corn prices and wholesale ethanol prices
2012/13

Source: FAPRI-MU stochastic analysis
Note: Tax credits and tariffs extended
Ethanol dry mill operating costs and returns

Source: FAPRI-MU report #01-09

Note: Tax credits and tariffs extended
Motor gasoline and ethanol use

Source: FAPRI-MU report #01-09

Note: Tax credits and tariffs extended
Ethanol consumption by category

Source: FAPRI-MU report #01-09

*To meet air quality requirements and state mandates
Policies and oil prices both effect ethanol markets

Source: FAPRI-MU Report #06-08
For more information

• For more on the FAPRI US stochastic outlook, go to http://www.fapri.missouri.edu/ and click on the March 5 “FAPRI US Baseline Briefing Book”
• Ethanol policy changes to ease pressures in corn markets: could they work? Choices 24(1)
• How does petroleum price and corn yield volatility effect ethanol markets with and without an ethanol mandate? Energy Policy 37(2009)
• Coming soon: Updated reports on alternative biofuel policy options.

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