

Biofuel policies and markets in an uncertain world

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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

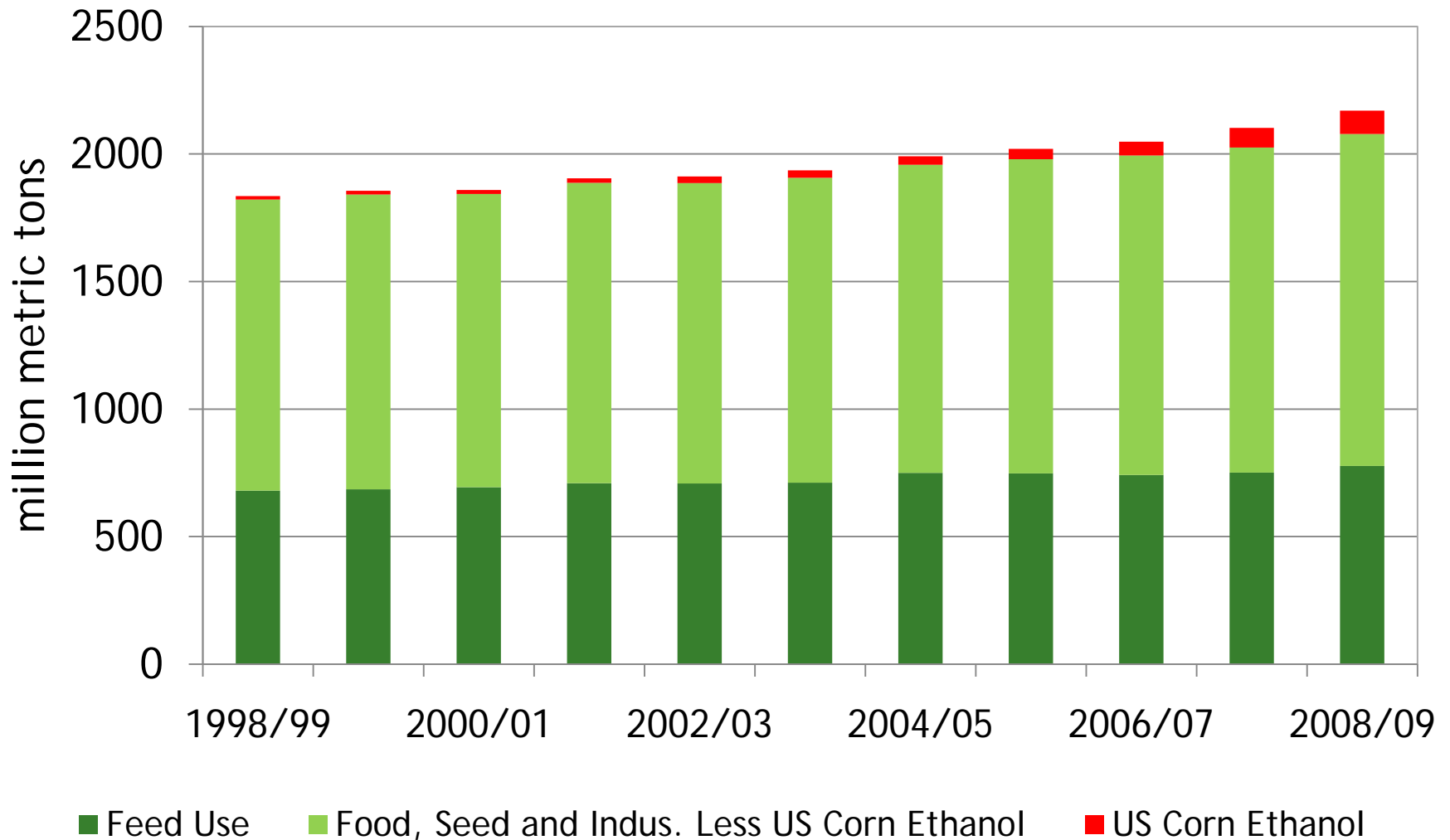
ethanol tariffs

- Specific tariff on imports from most countries

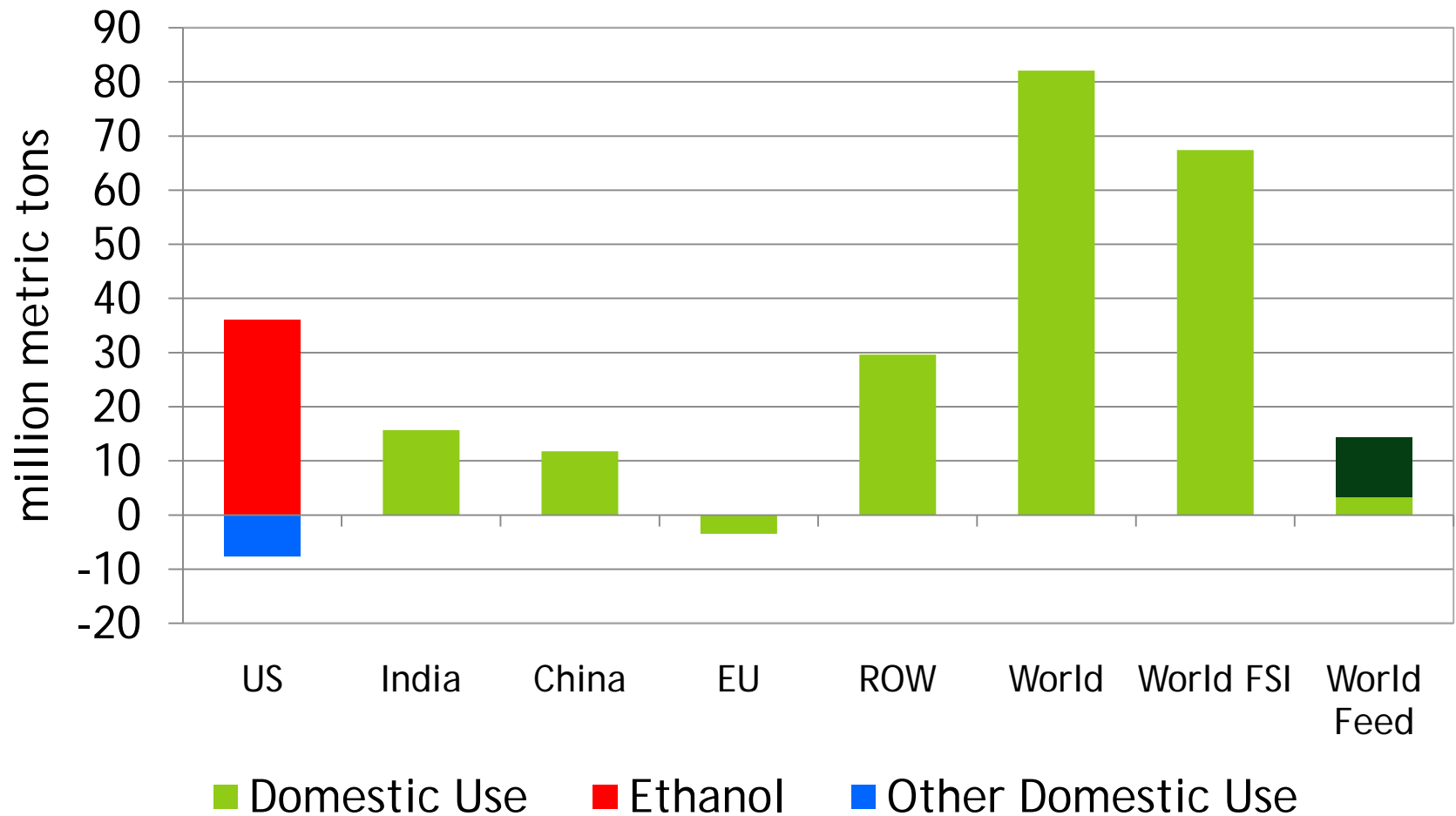
Renewable Fuel Standard

- Minimum levels of biofuel use

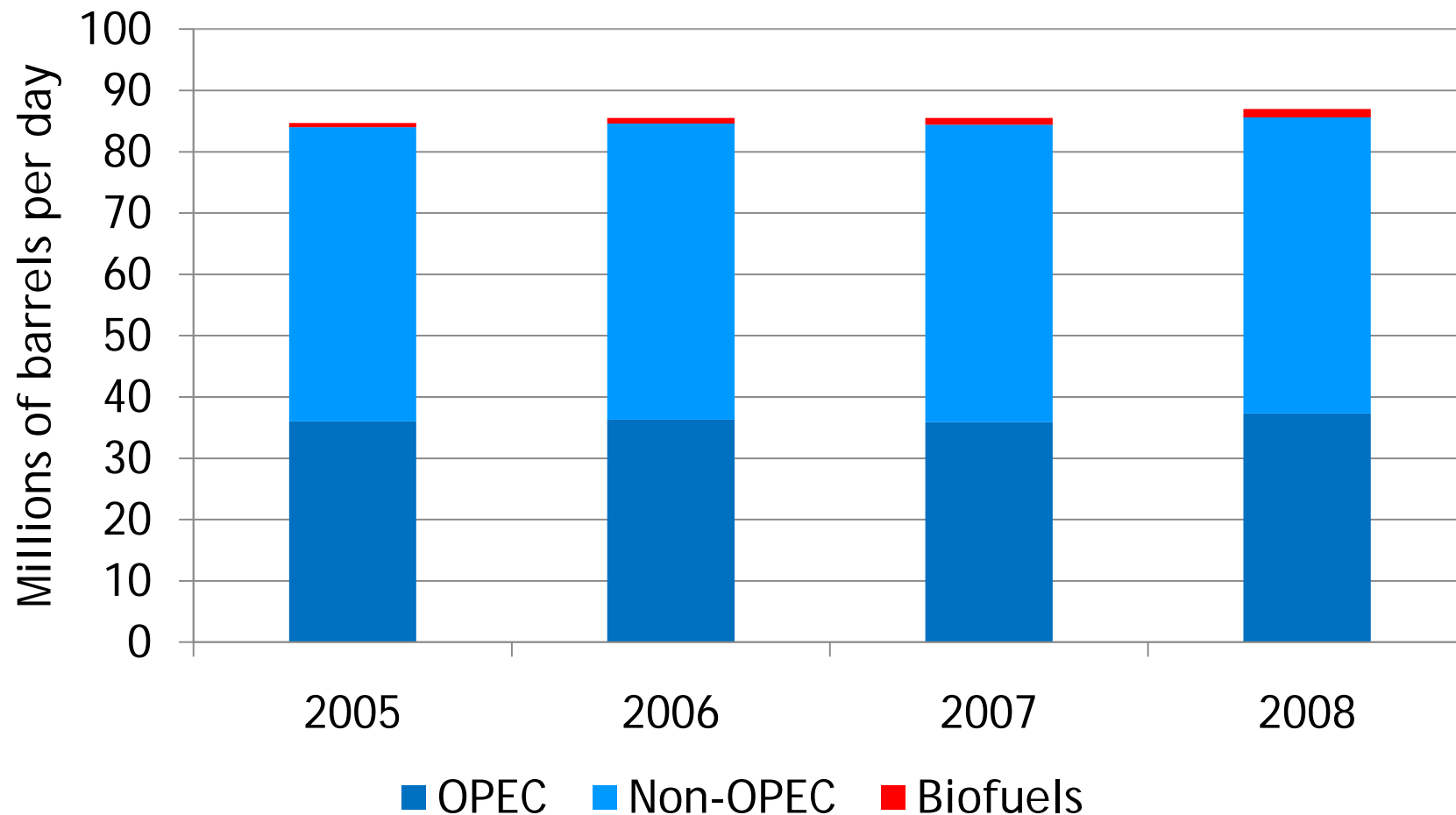
World grains use



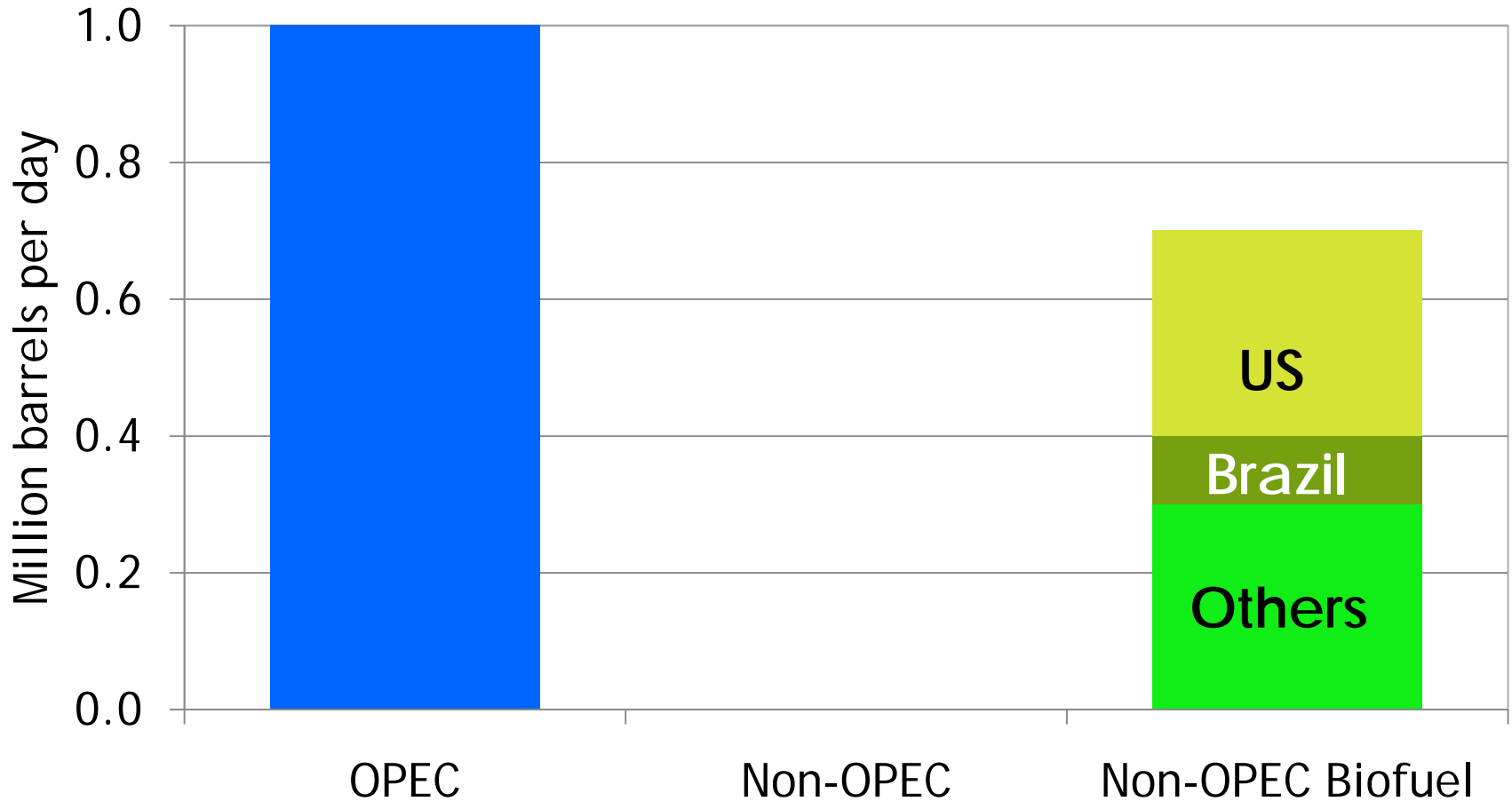
Change in grain domestic use between 2005/06 and 2007/08



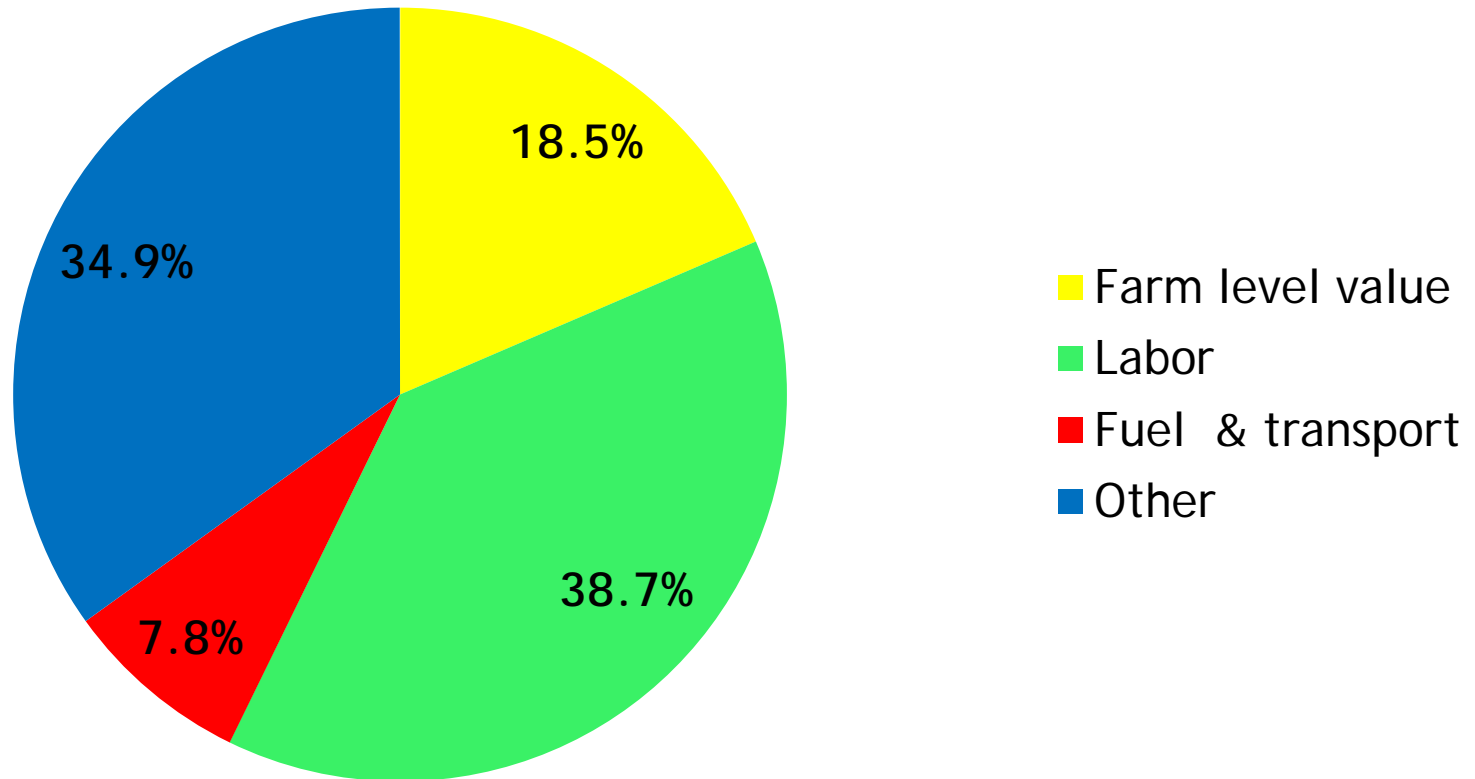
World oil and biofuel supply millions of barrels per day



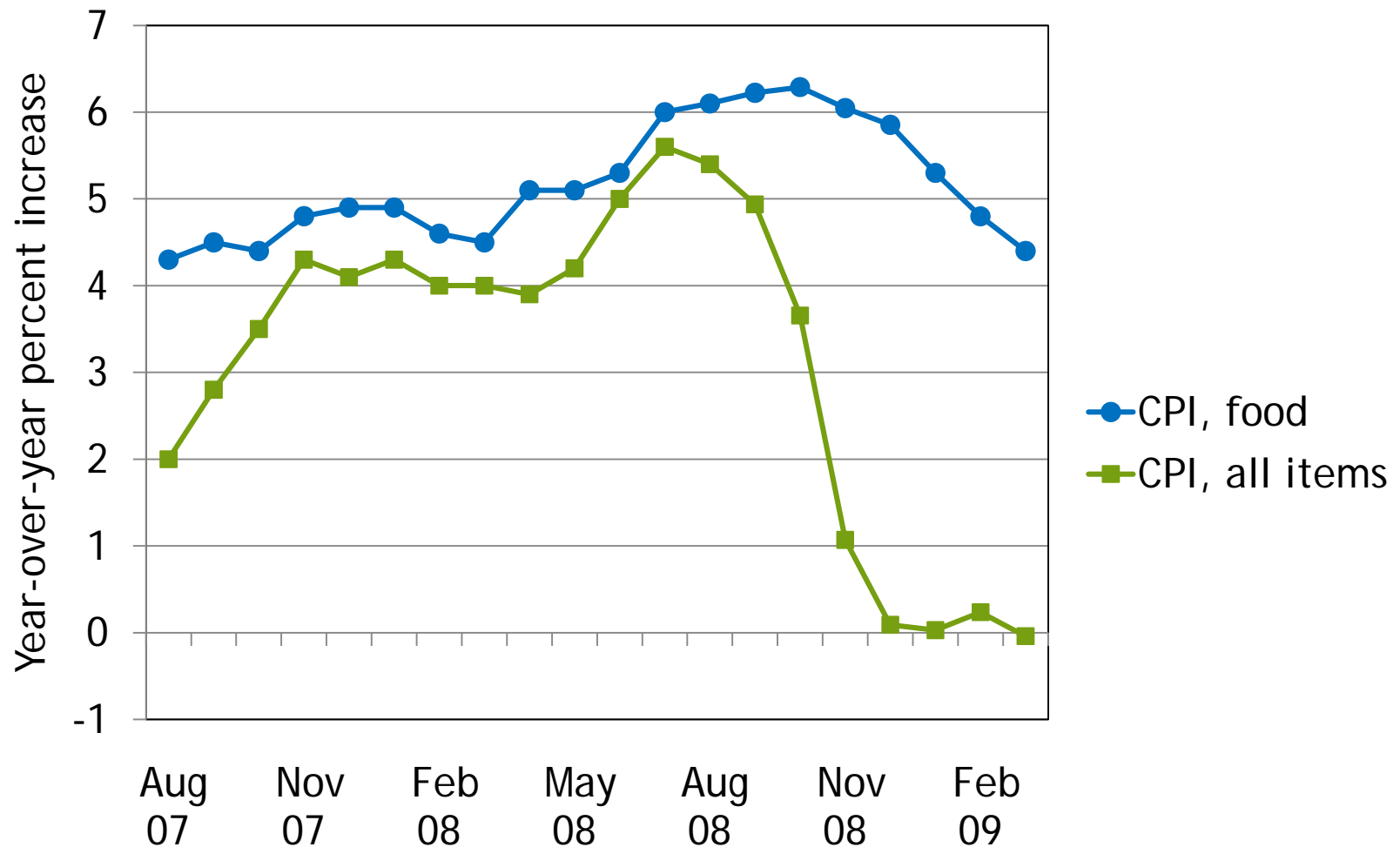
Change in world oil and biofuel supply 2006 to 2008 millions of barrels per day



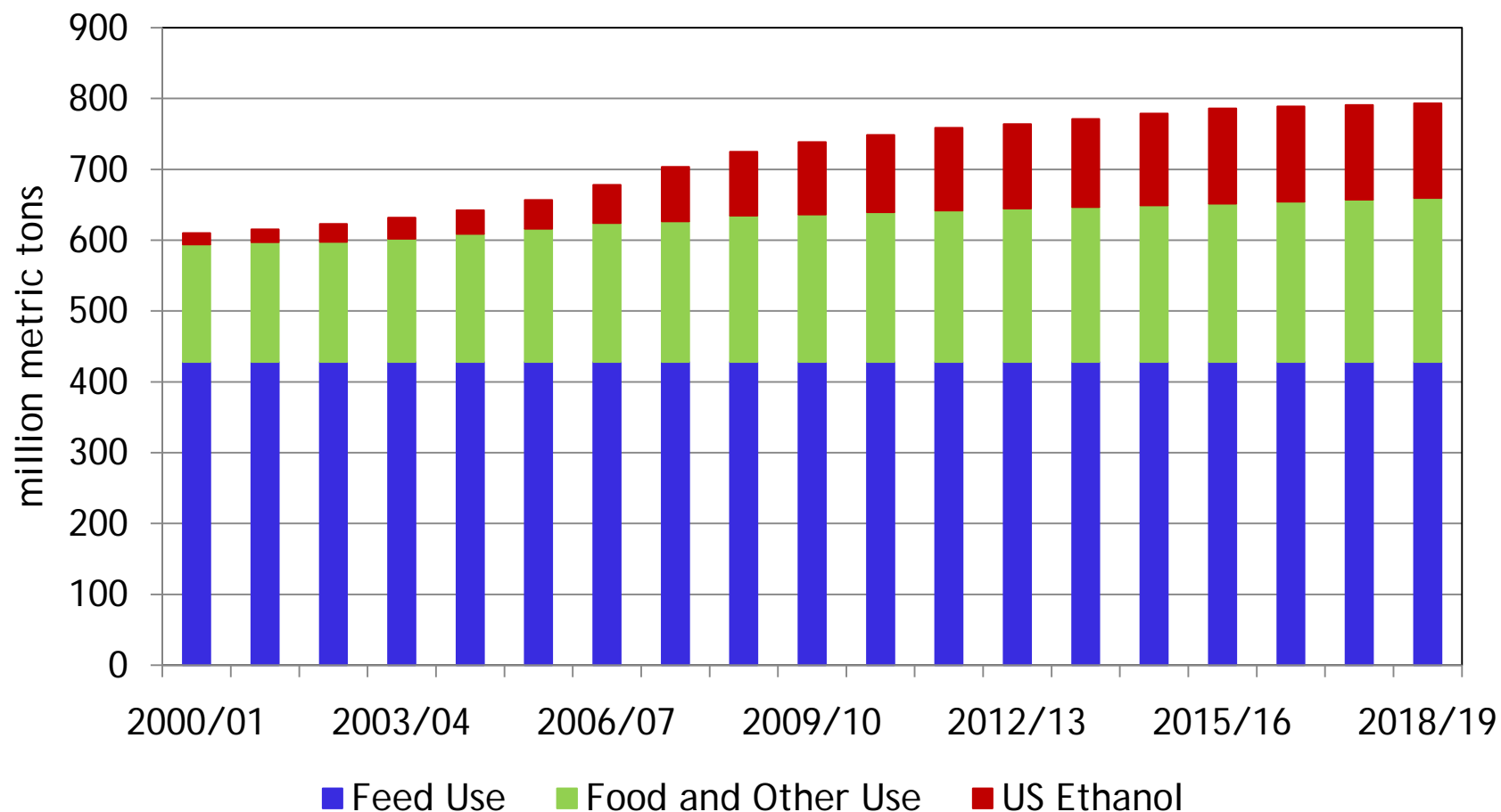
Food expenditures: farm value and marketing bill, 2006



Food and general inflation



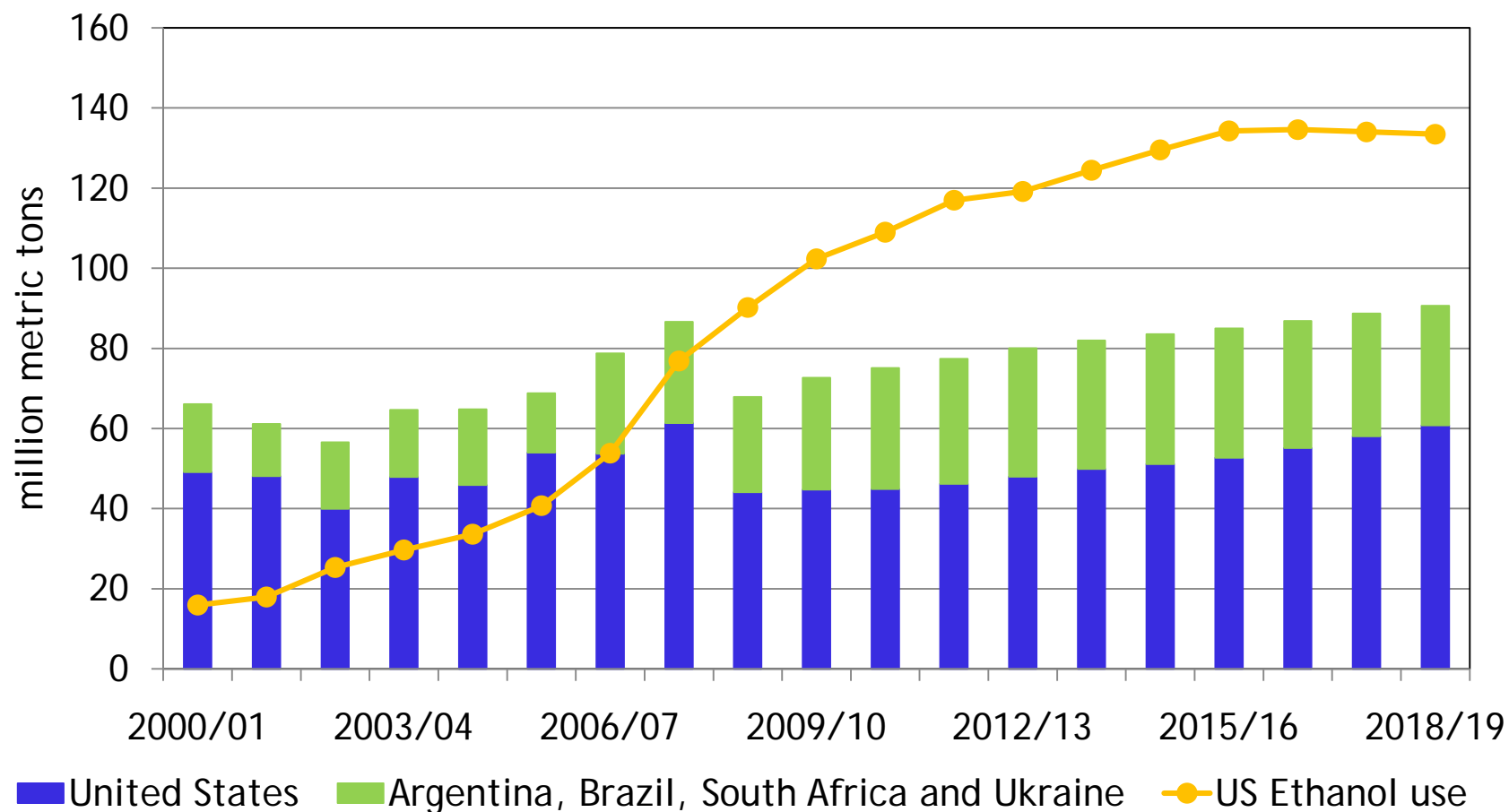
World corn feed, food and ethanol use



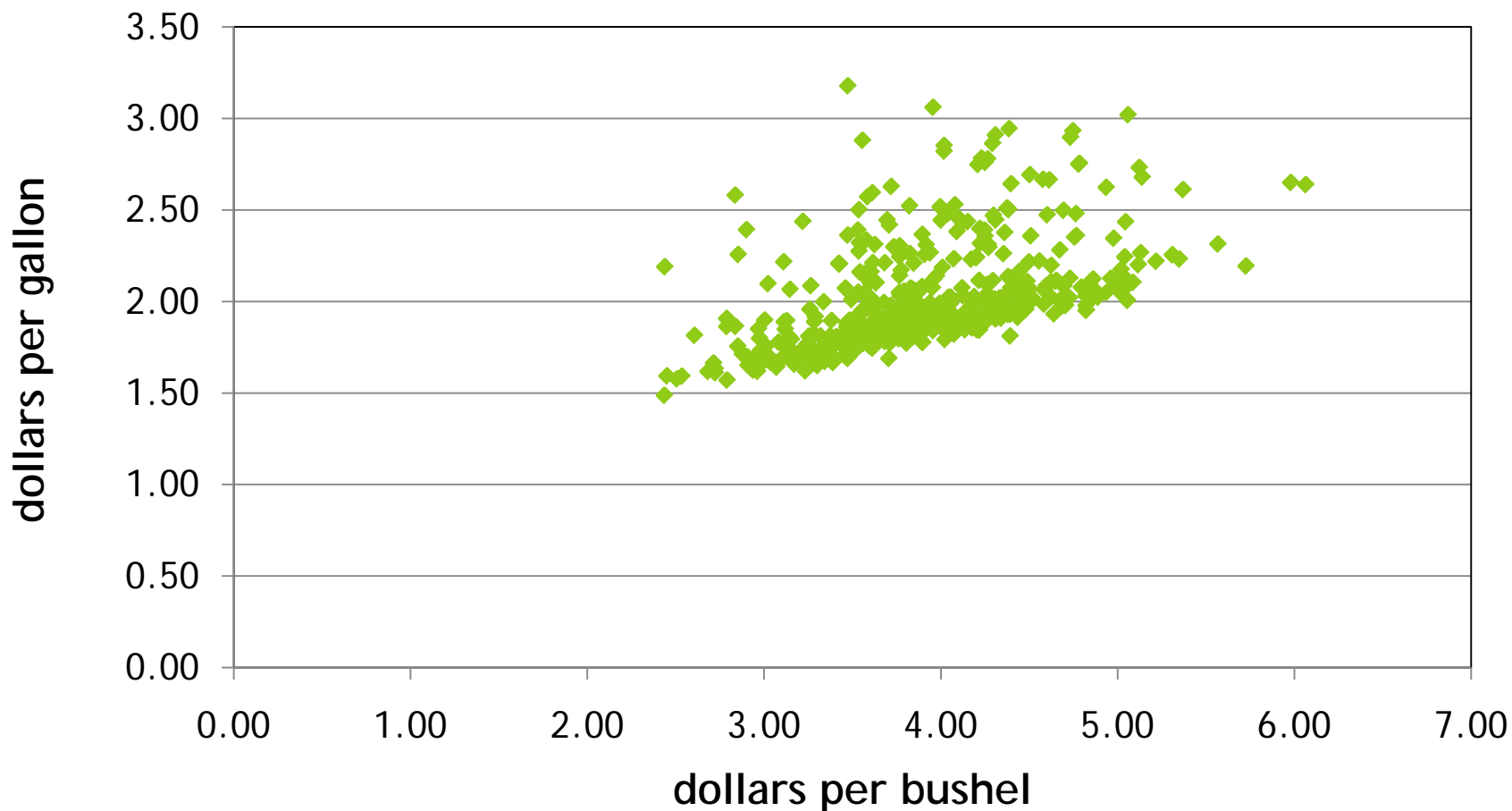
Source: FAPRI 2009 baseline

Note: Tax credits and tariffs extended

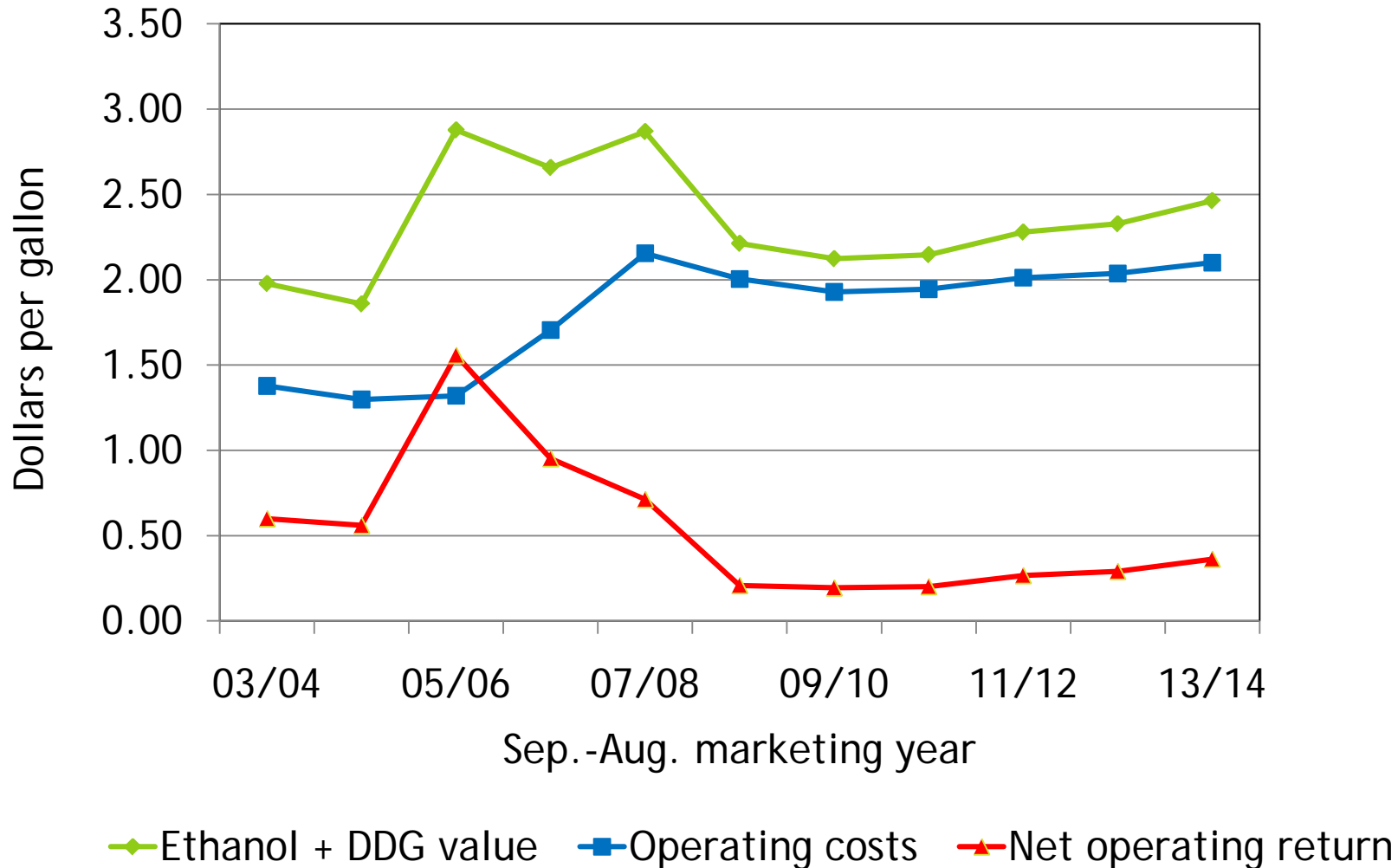
Corn net-exports and ethanol use



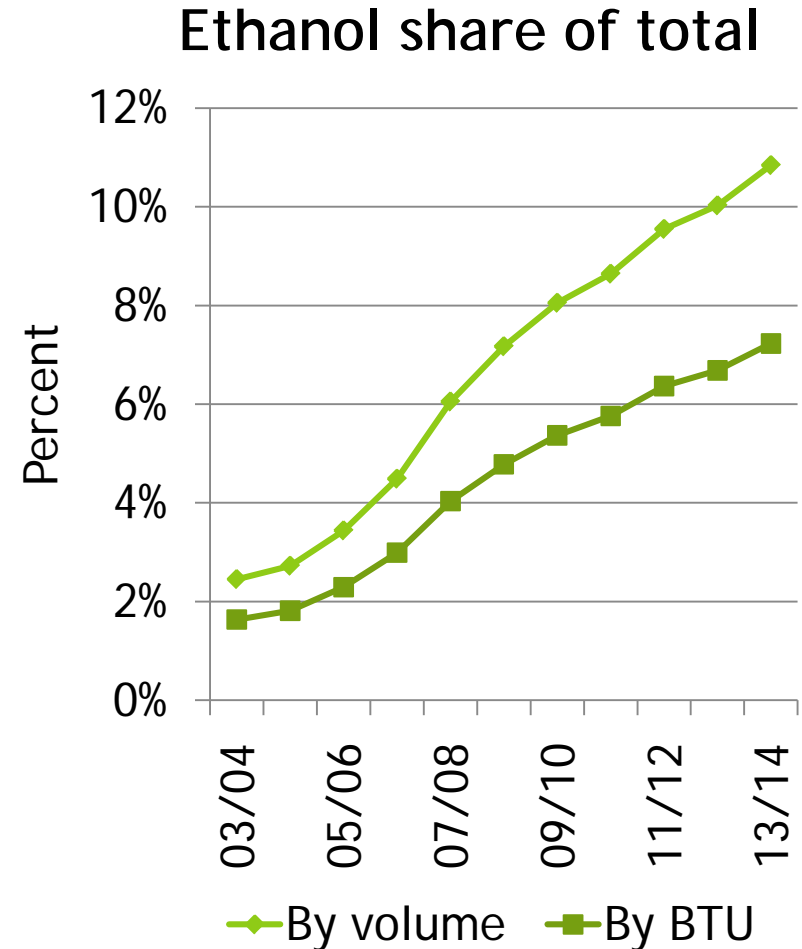
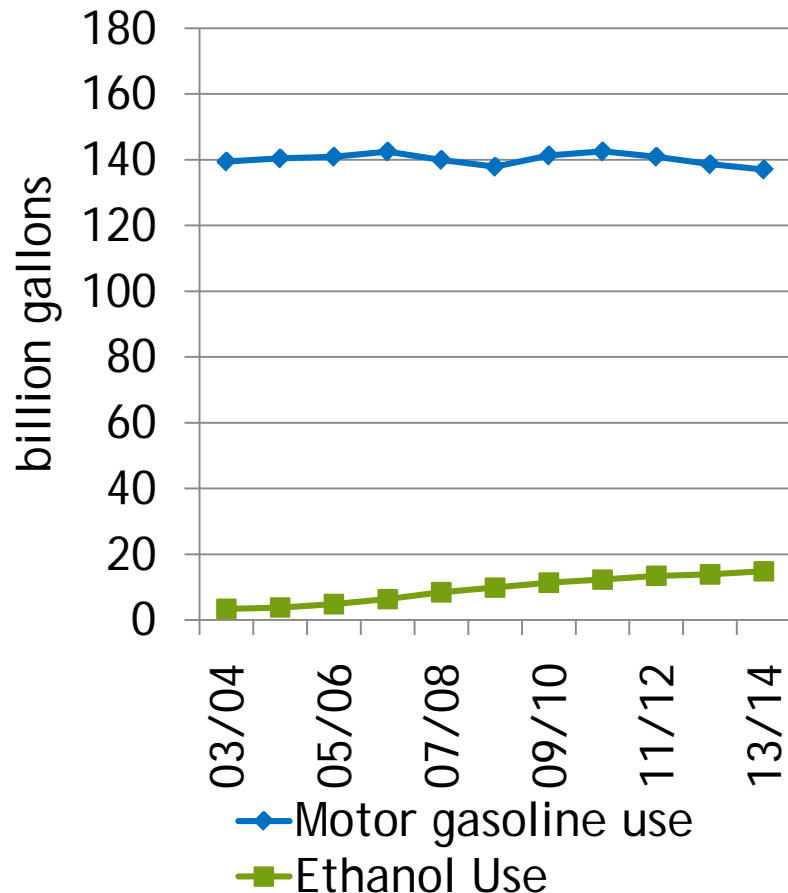
Corn prices and wholesale ethanol prices 2012/13



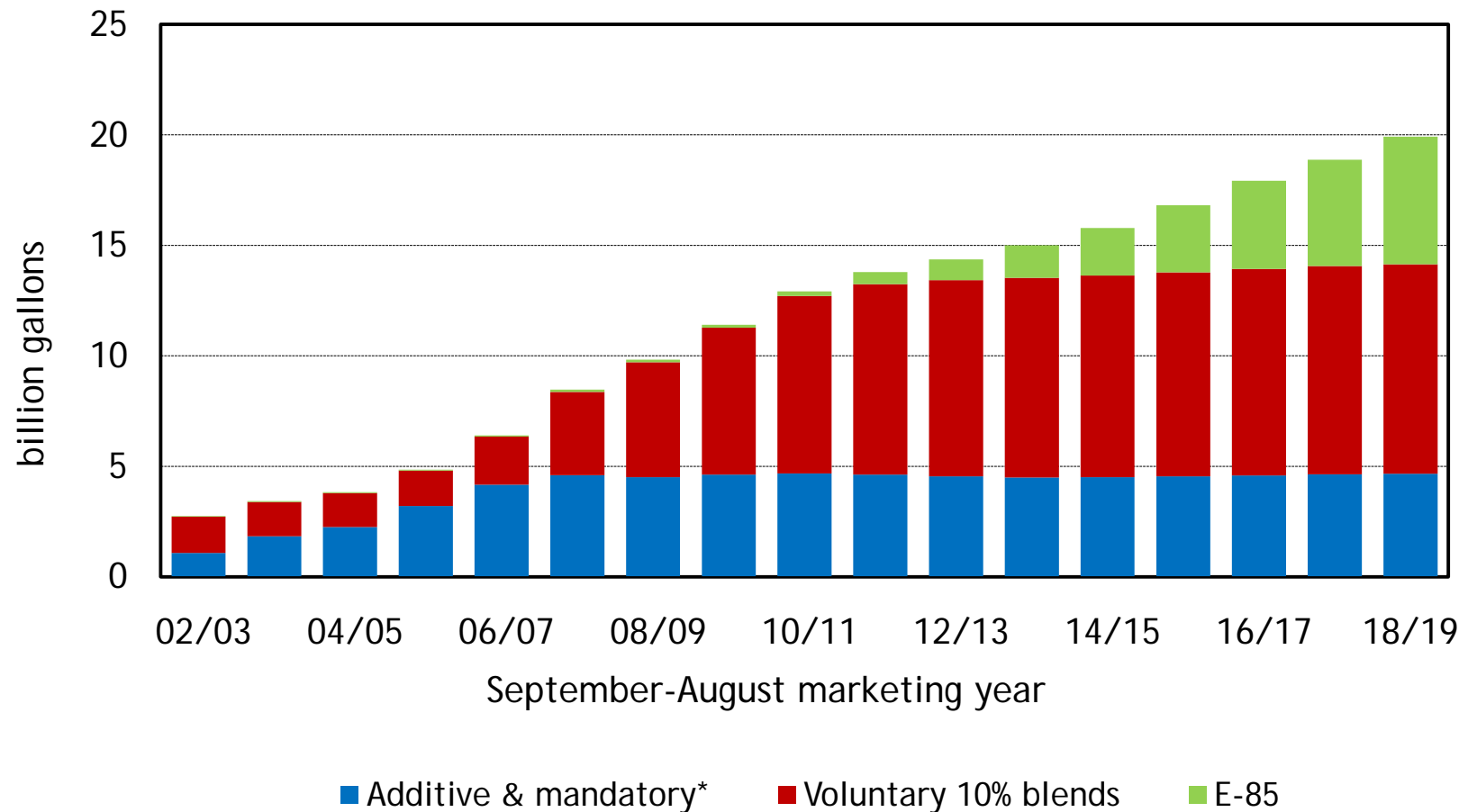
Ethanol dry mill operating costs and returns



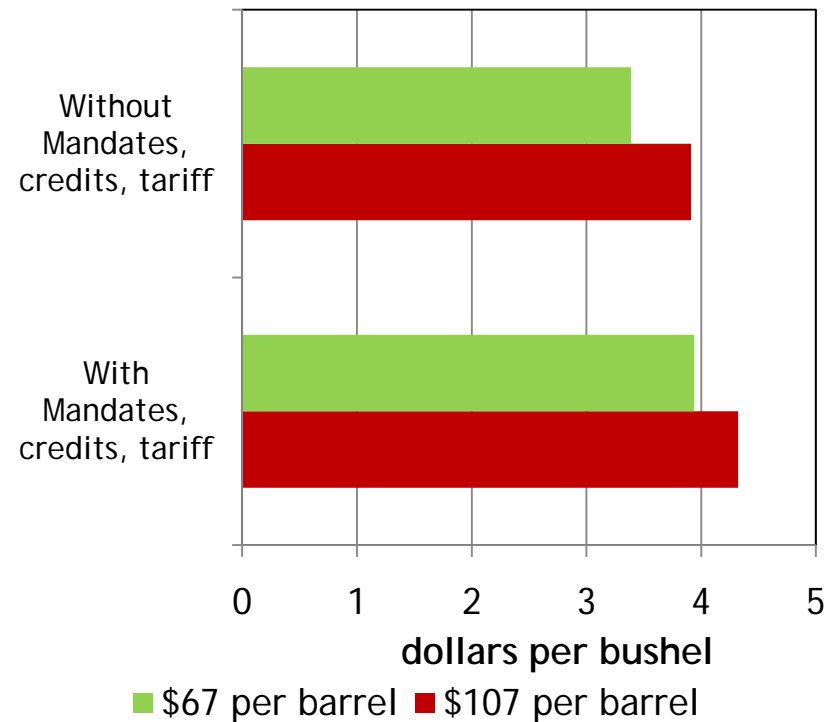
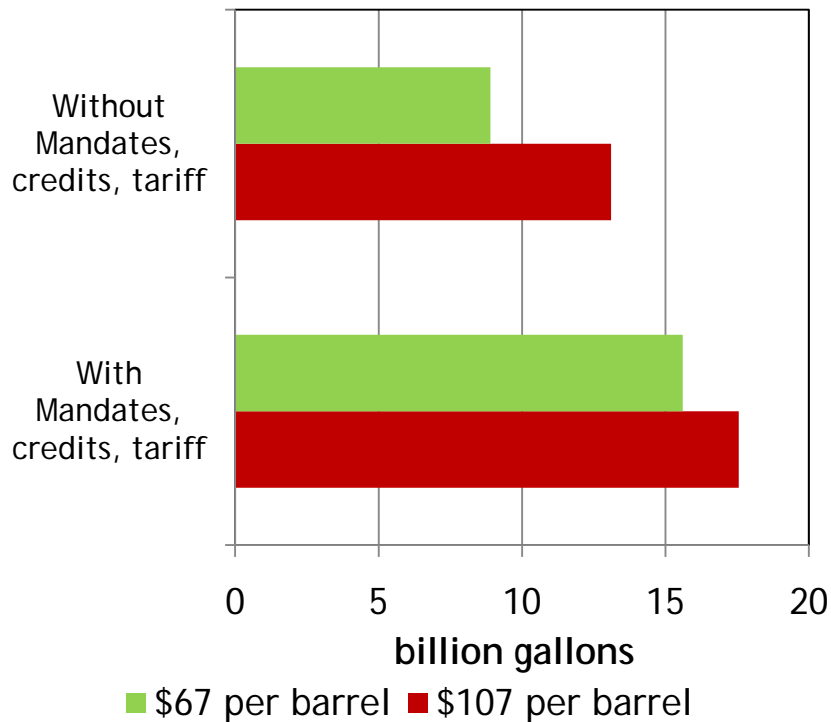
Motor gasoline and ethanol use



Ethanol consumption by category



Policies and oil prices both effect ethanol markets



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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