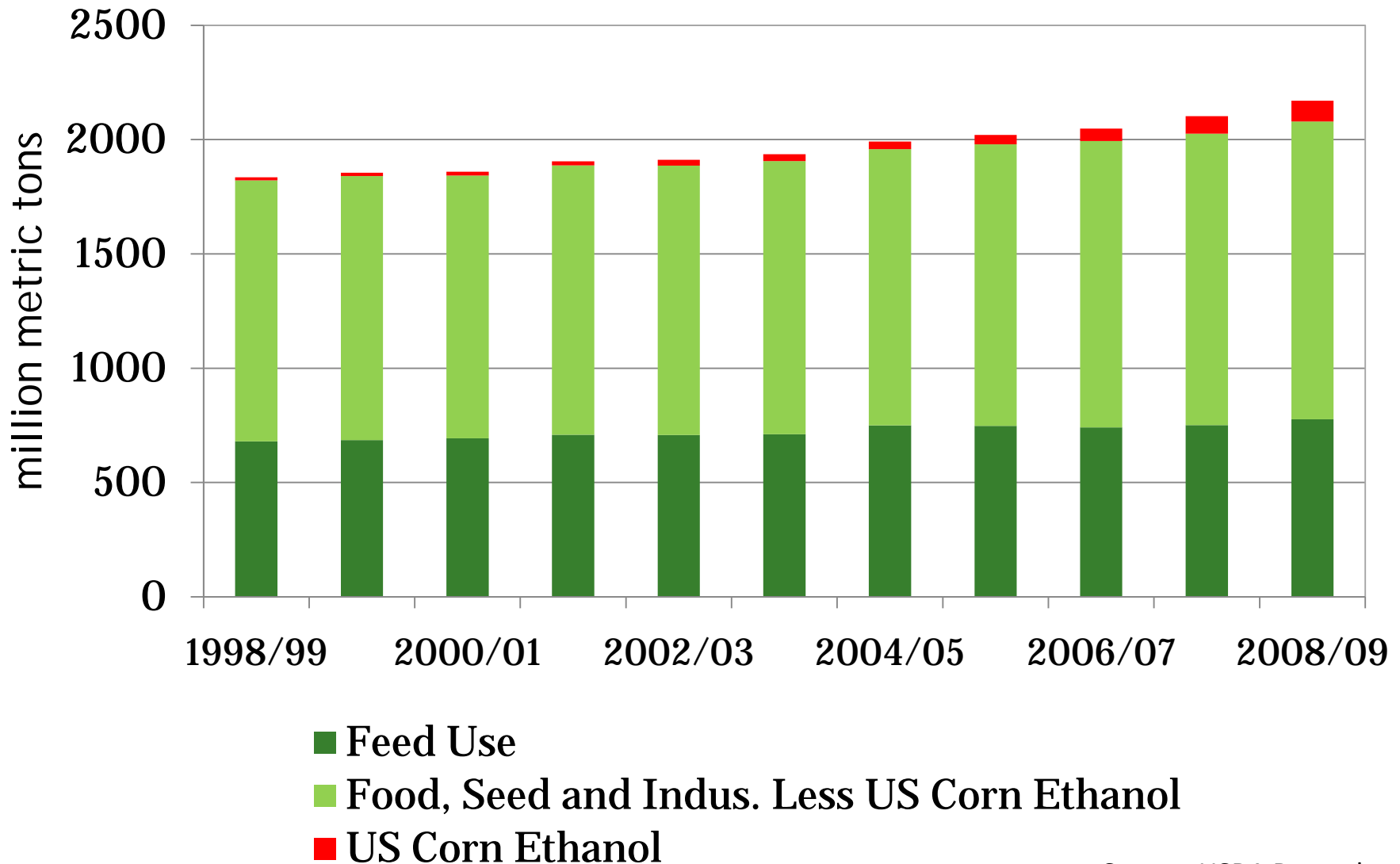


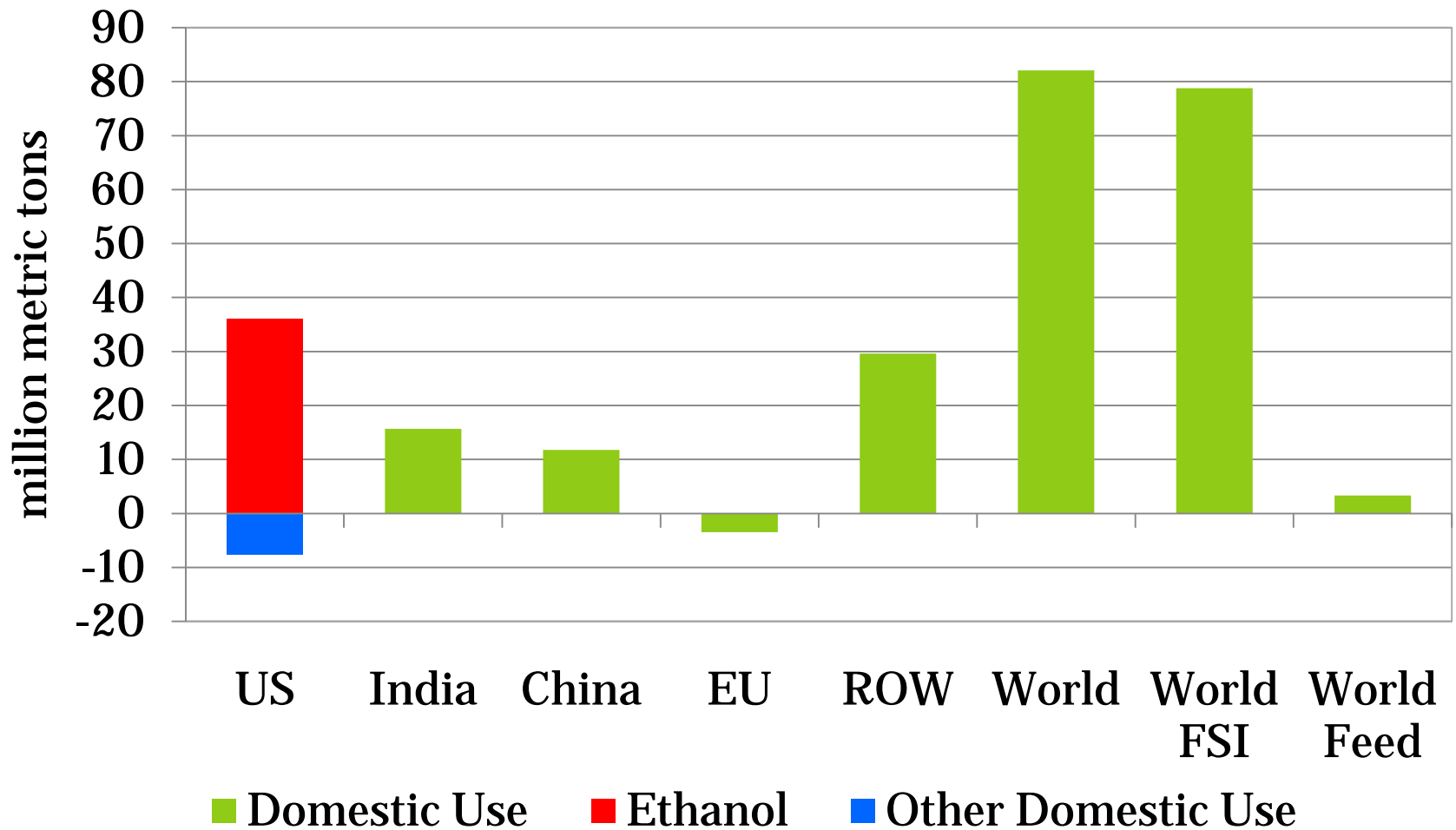
Context-Dependent Trade Effects of US Biofuel Policies

FAPRI-Missouri | *Seth Meyer* |
March 2009

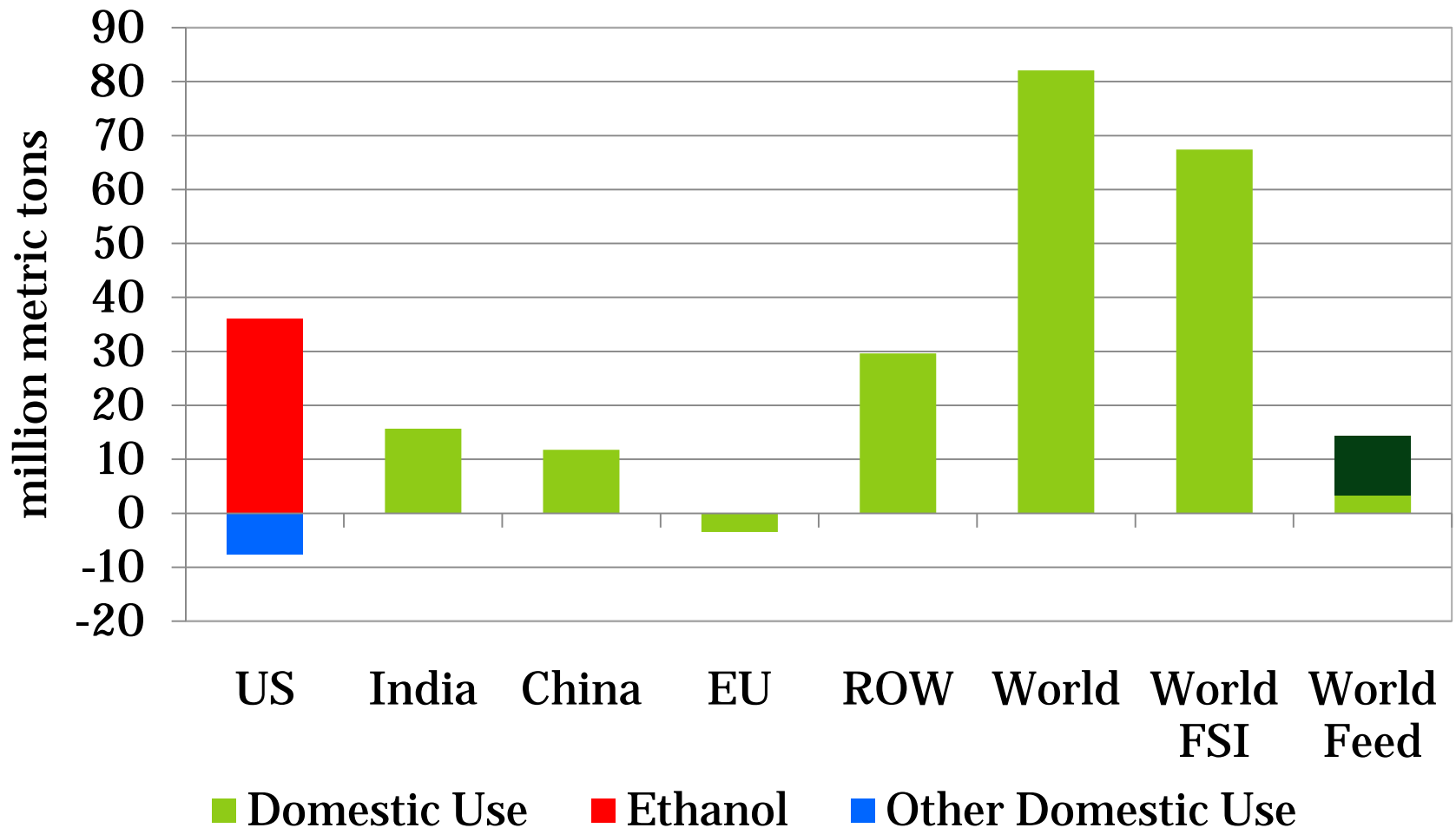
World Grains Use



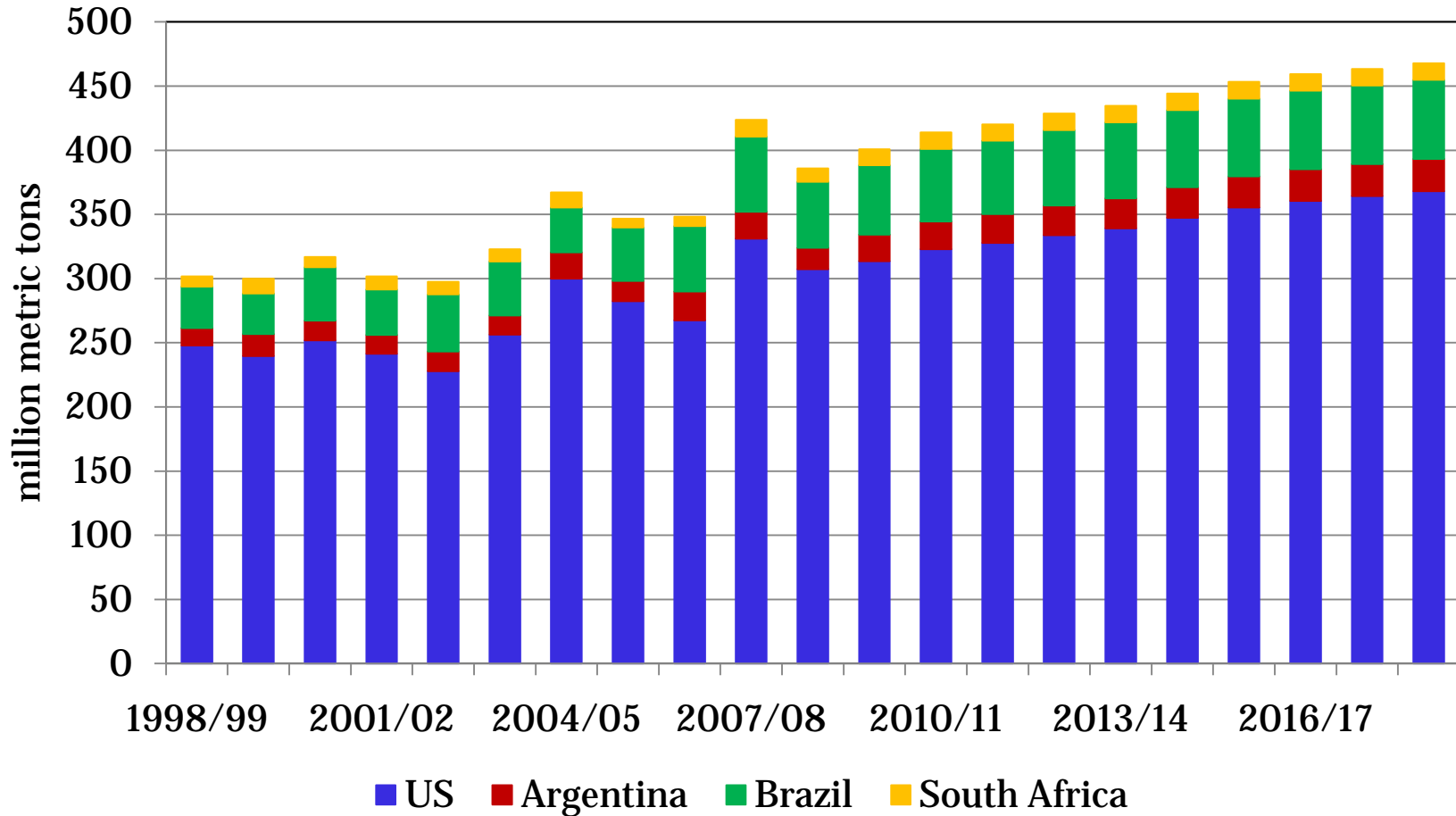
Change in grain domestic use between 2005/06 and 2007/08



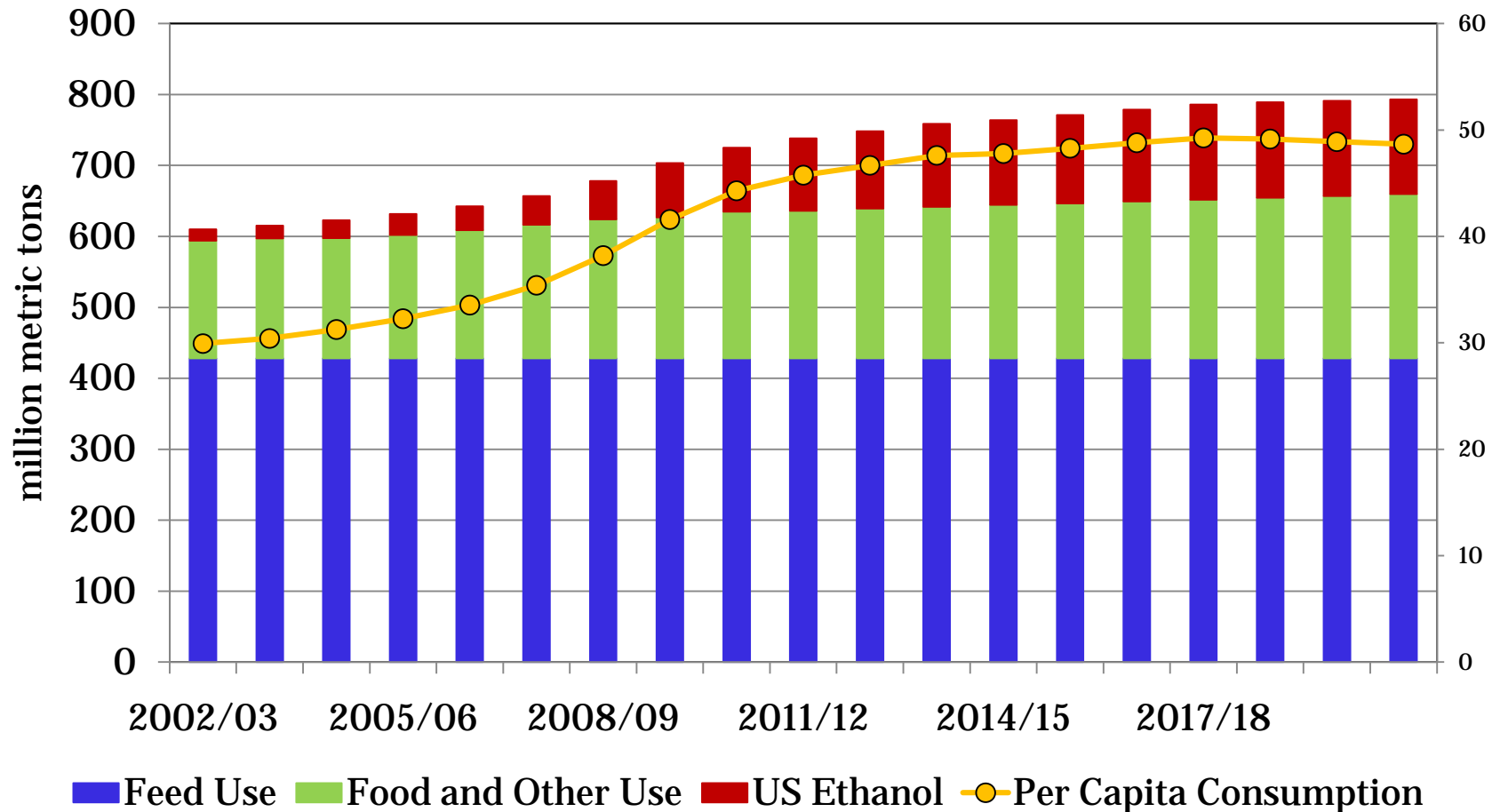
Change in grain domestic use between 2005/06 and 2007/08



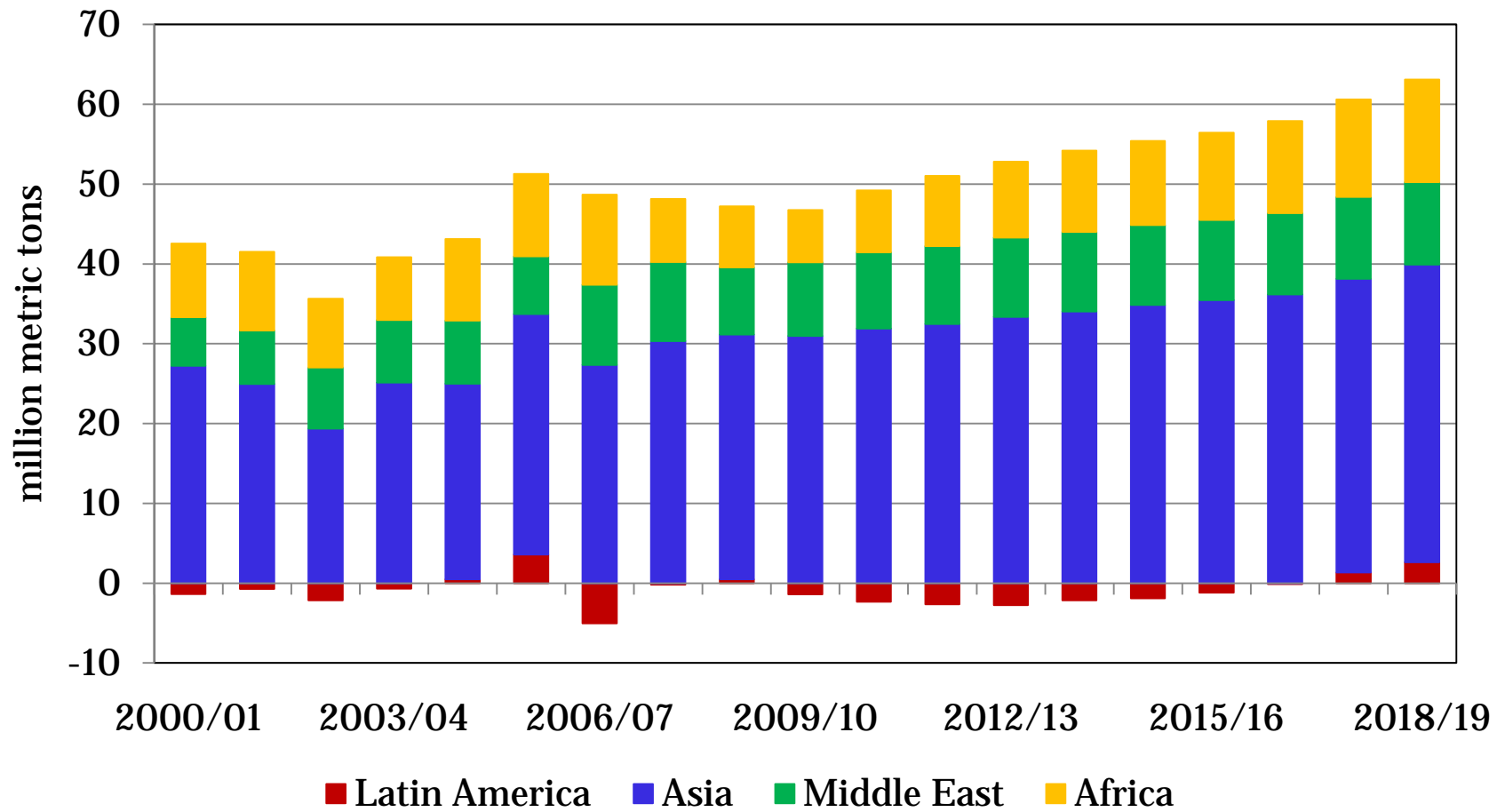
Corn Production by Major Producers



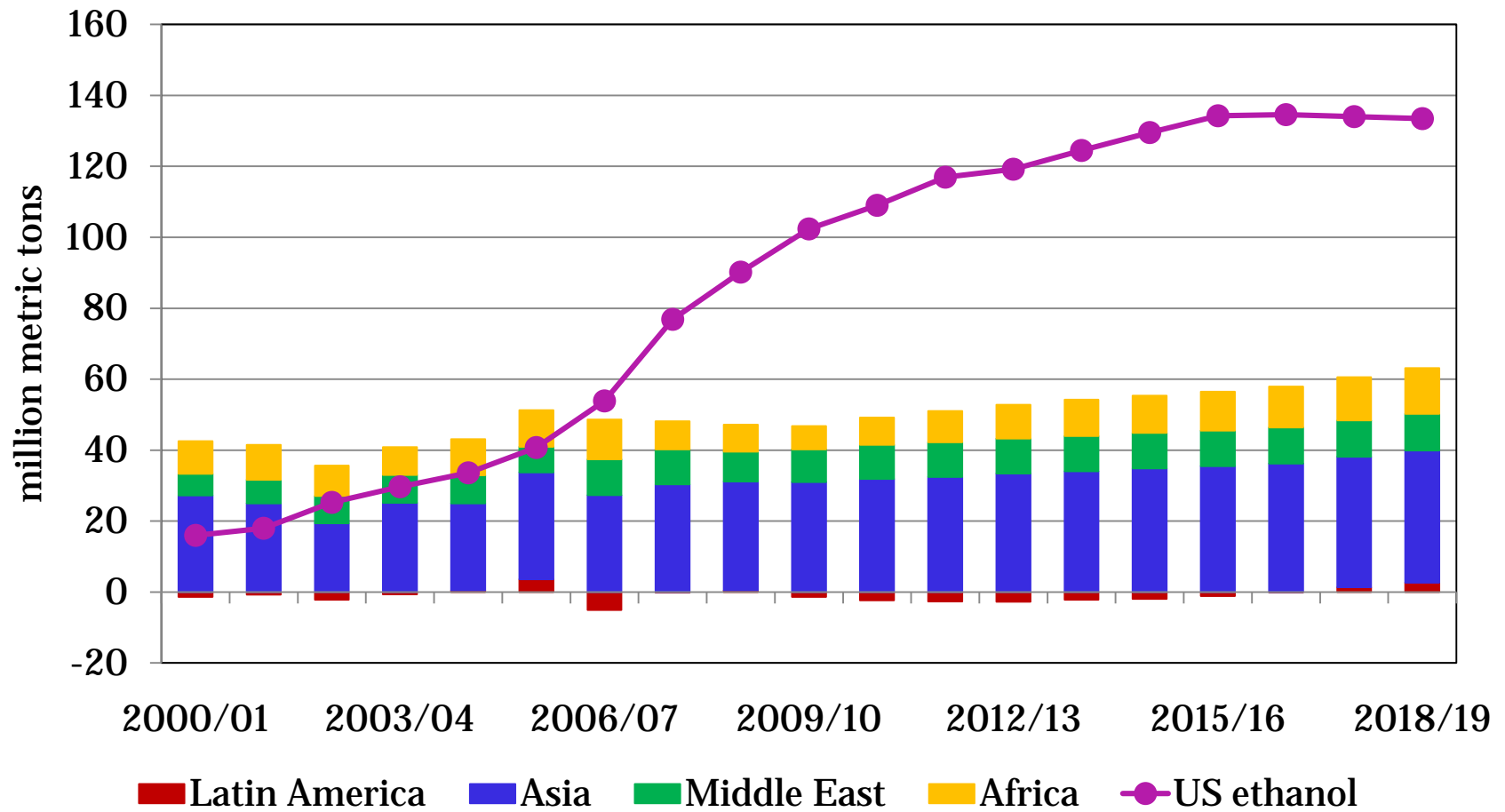
World corn feed, food use and per-capita consumption



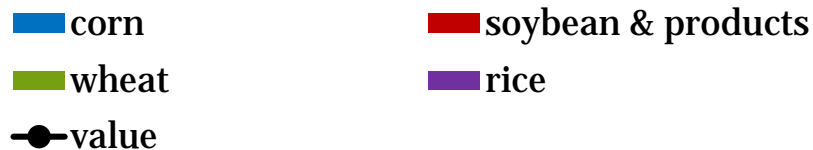
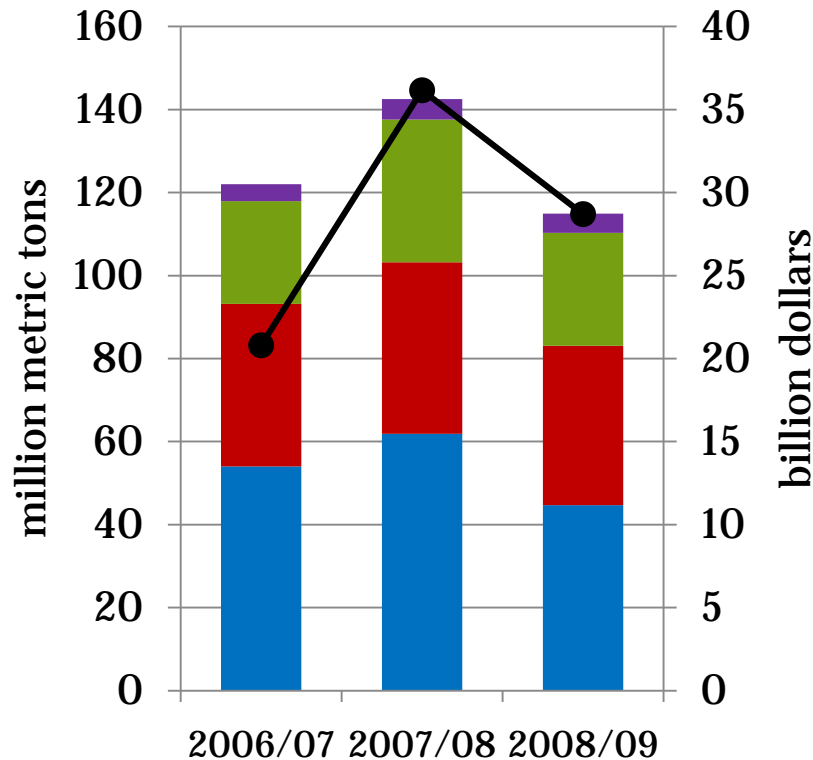
Corn net imports by major regions



Corn net imports by major regions



Commodity exports expanded even at substantially higher prices



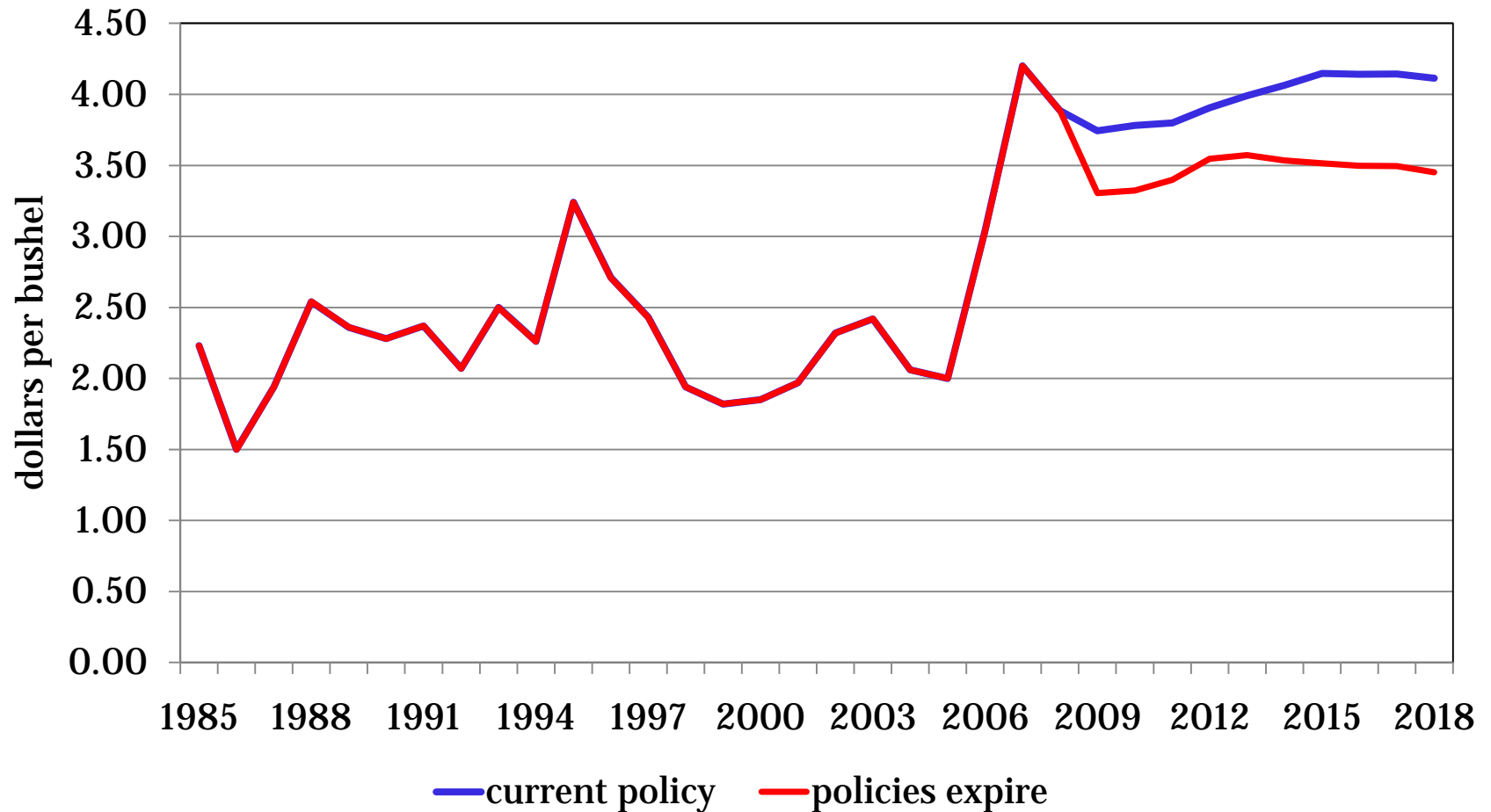
Commodity Prices			
	2006/07	2007/08	2008/09
(dollars per bushel)			
corn	3.04	4.20	3.89
soybean	6.43	10.10	9.37
wheat	4.26	6.48	6.72
(dollars per cwt)			
Rice	9.96	12.80	16.93
(dollars per cwt)			
Soyoil	31.02	52.03	35.32
(dollars per ton)			
Soymeal	205.44	335.94	297.02

Policy Comparison

- RFS (corn is conventional, sugar and biodiesel are advanced)
- Baseline
 - Ethanol and biodiesel credits extended
 - Ethanol tariff extended
 - RFS enforced (cellulosic ethanol RFS reduced)
- Scenario
 - Ethanol credits end Dec31, 2010, biodiesel credits end Dec31, 2009 (cellulosic maintained)
 - Ethanol tariff ends Dec31, 2010
 - RFS eliminated 2009/10

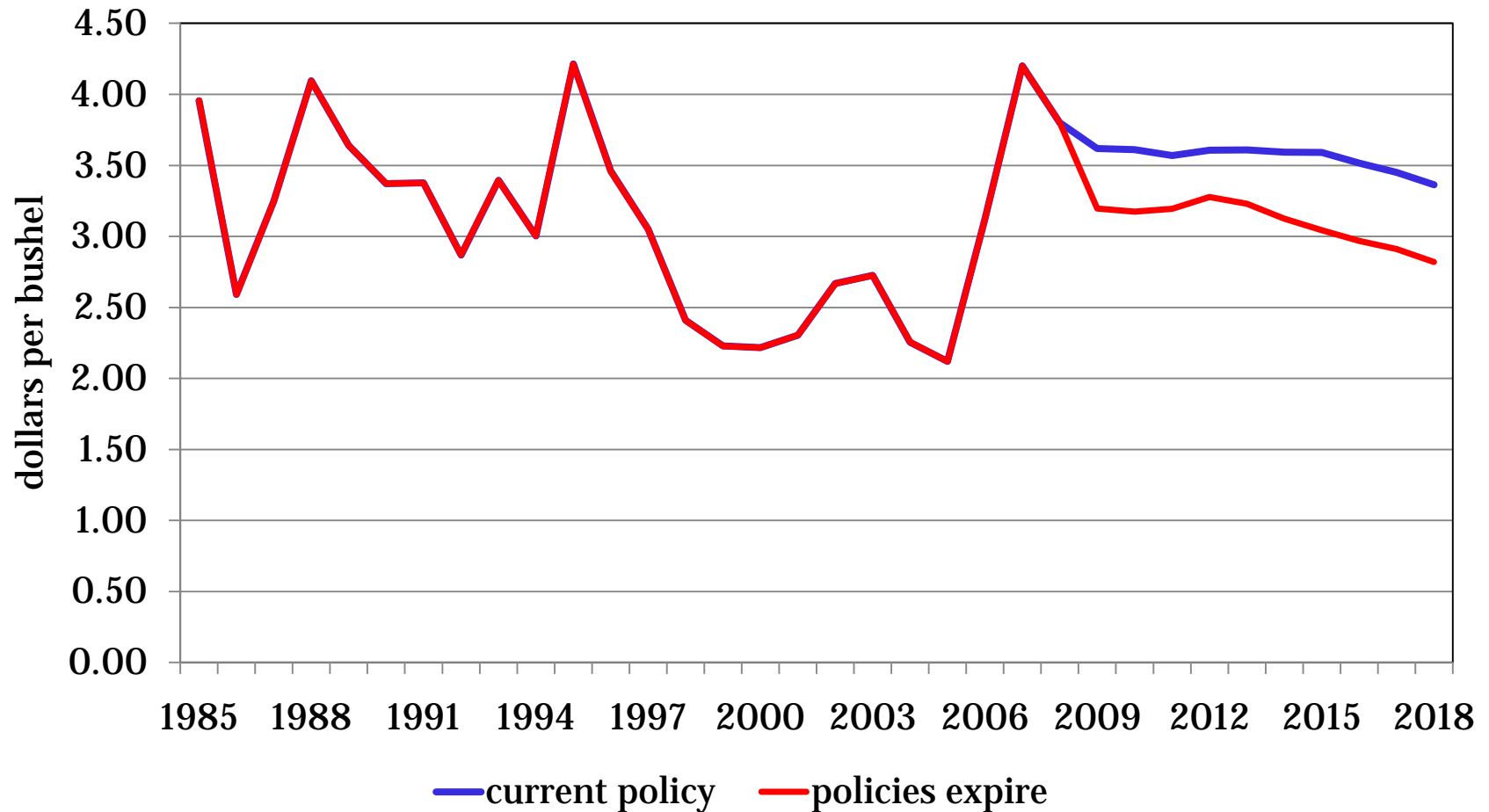
Corn Price

dollars per bushel



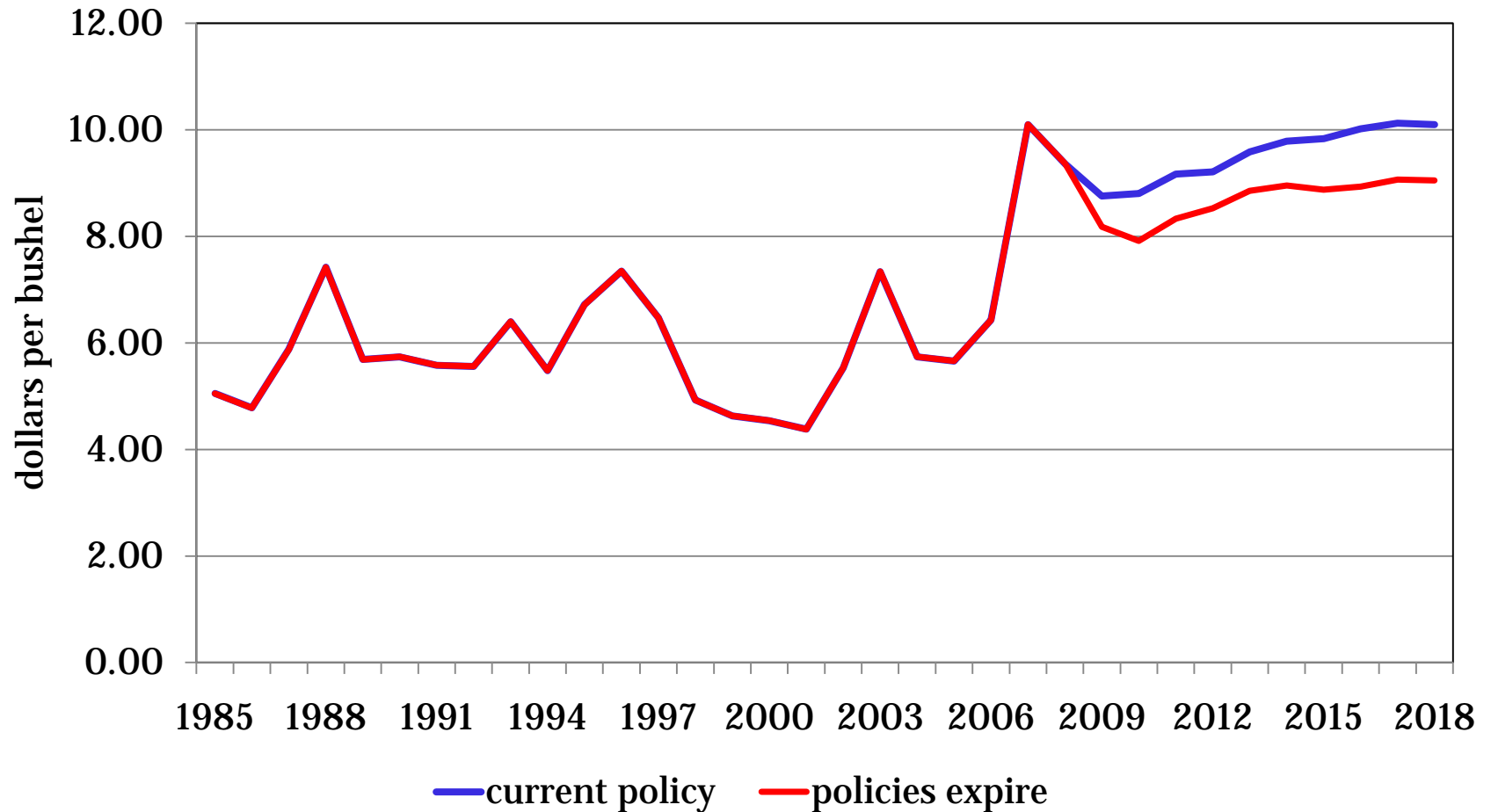
Corn Price (real)

dollars per bushel



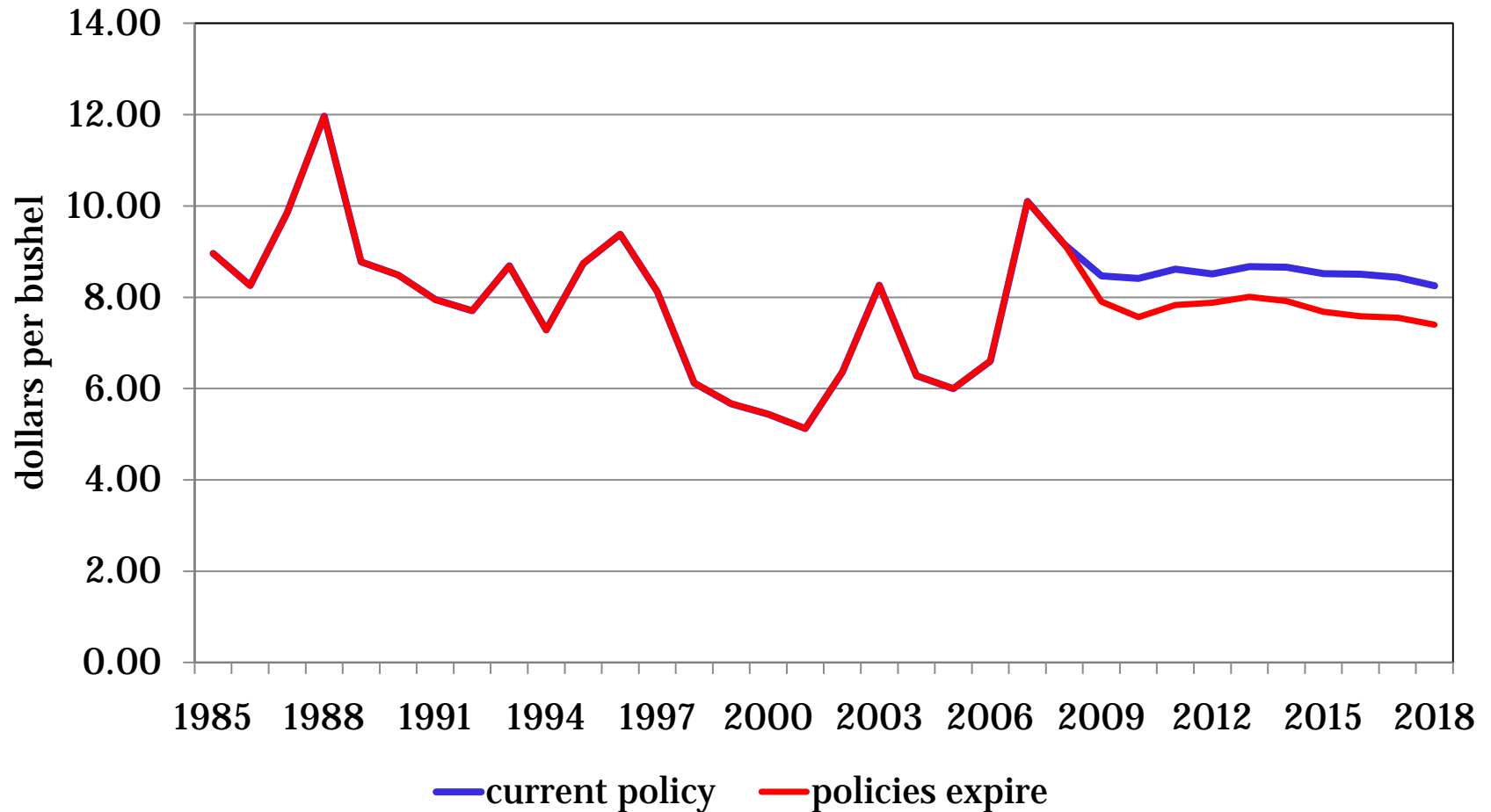
Soybean Price

dollars per bushel



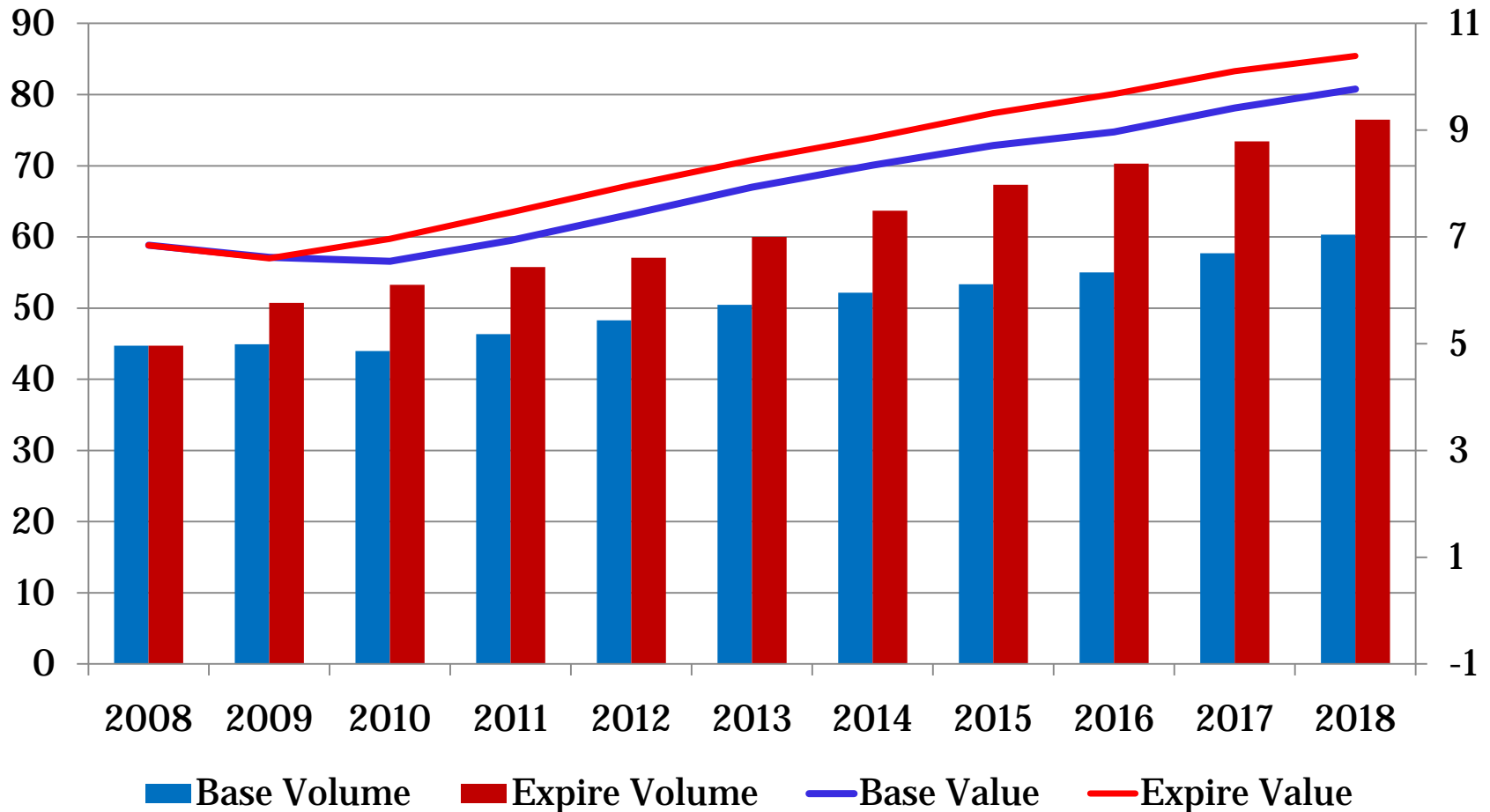
Soybean Price (real)

dollars per bushel



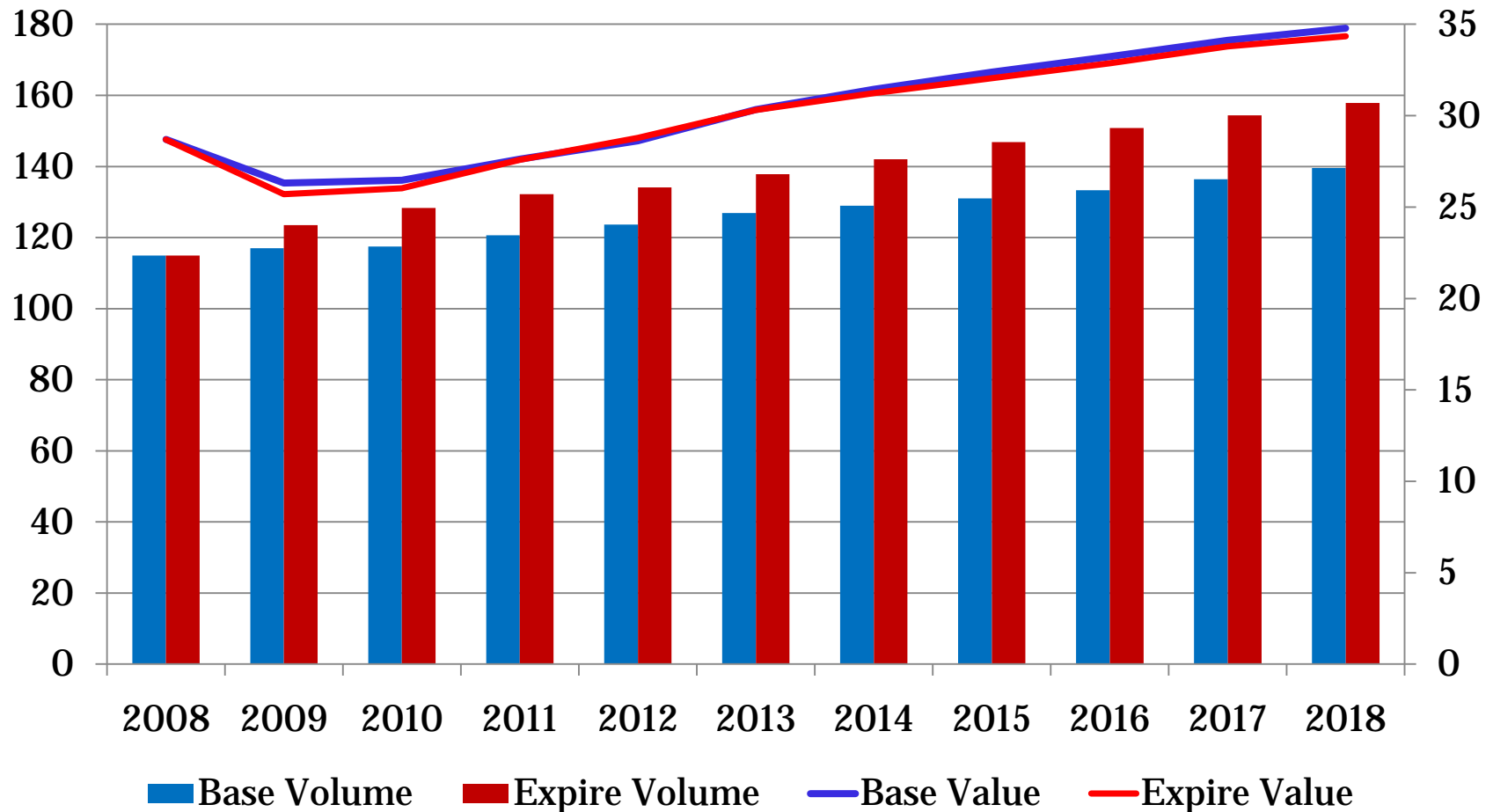
Corn export volume and value

with RFS and extended tariff/credits vs. no RFS and tariff/credits expire



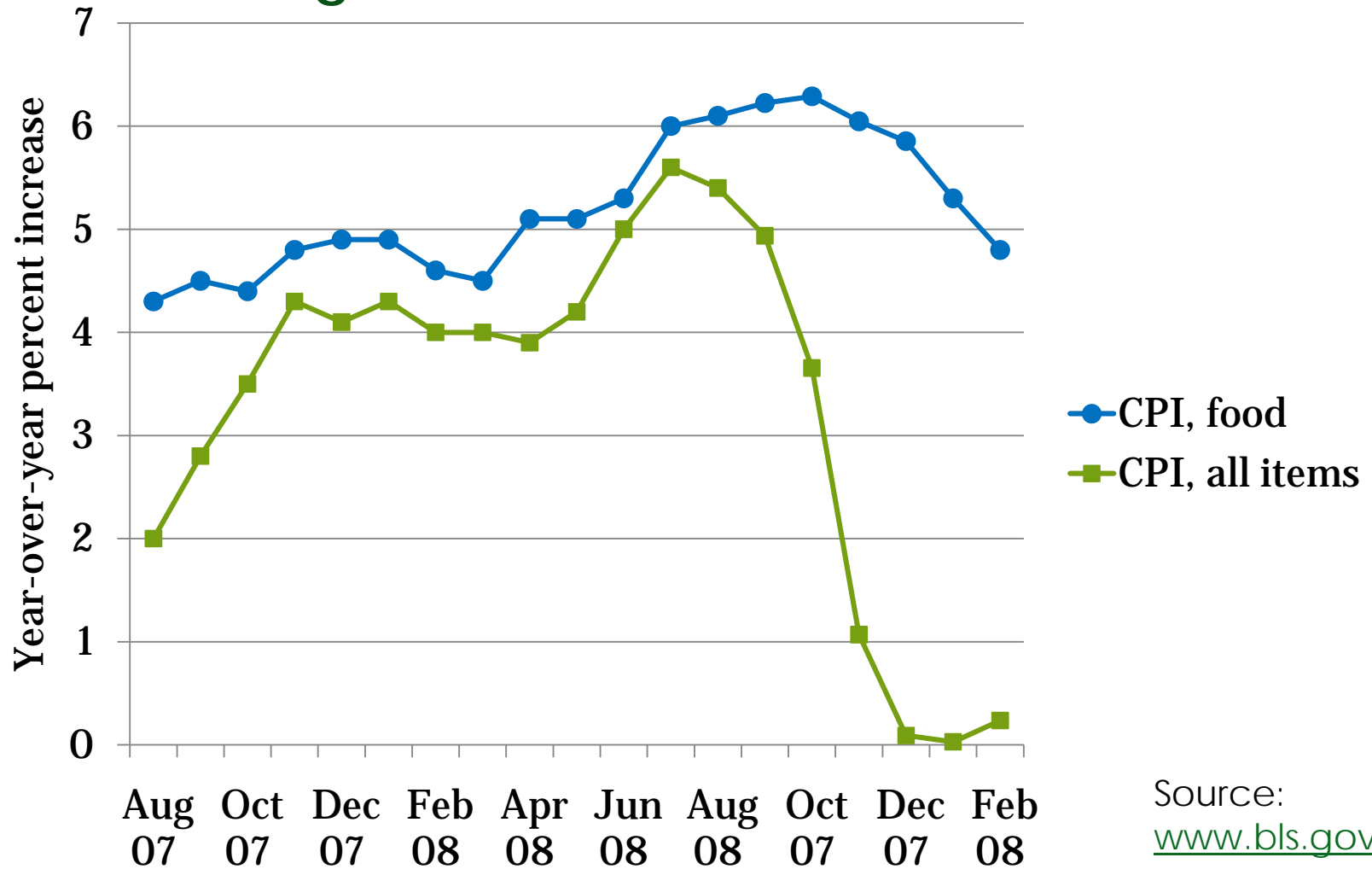
Major crop¹ export volume and value

with RFS and extended tariff/credits vs. no RFS and tariff/credits expire



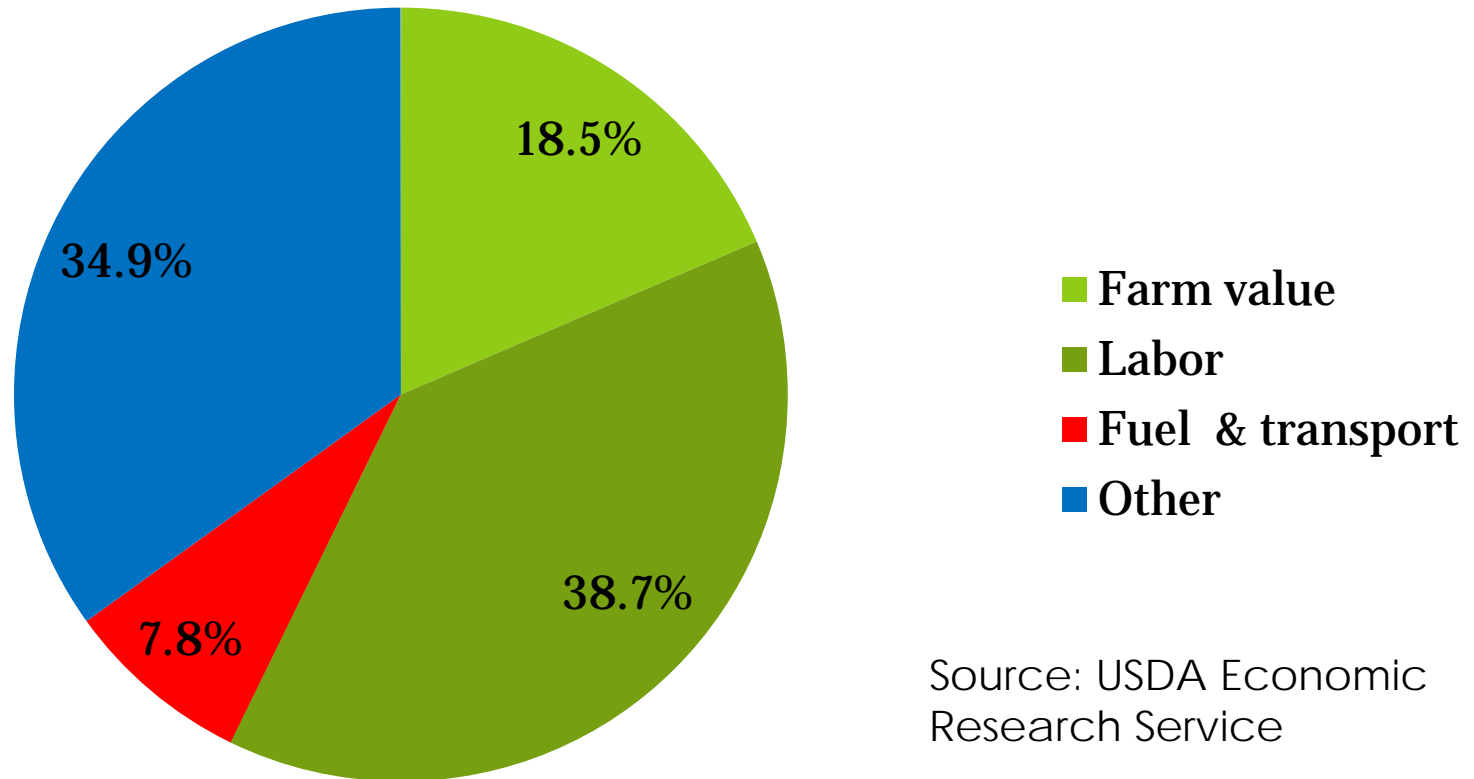
¹Corn, soybeans, wheat, rice, soybean oil and soybean meal

Food and general inflation



Source:
www.bls.gov

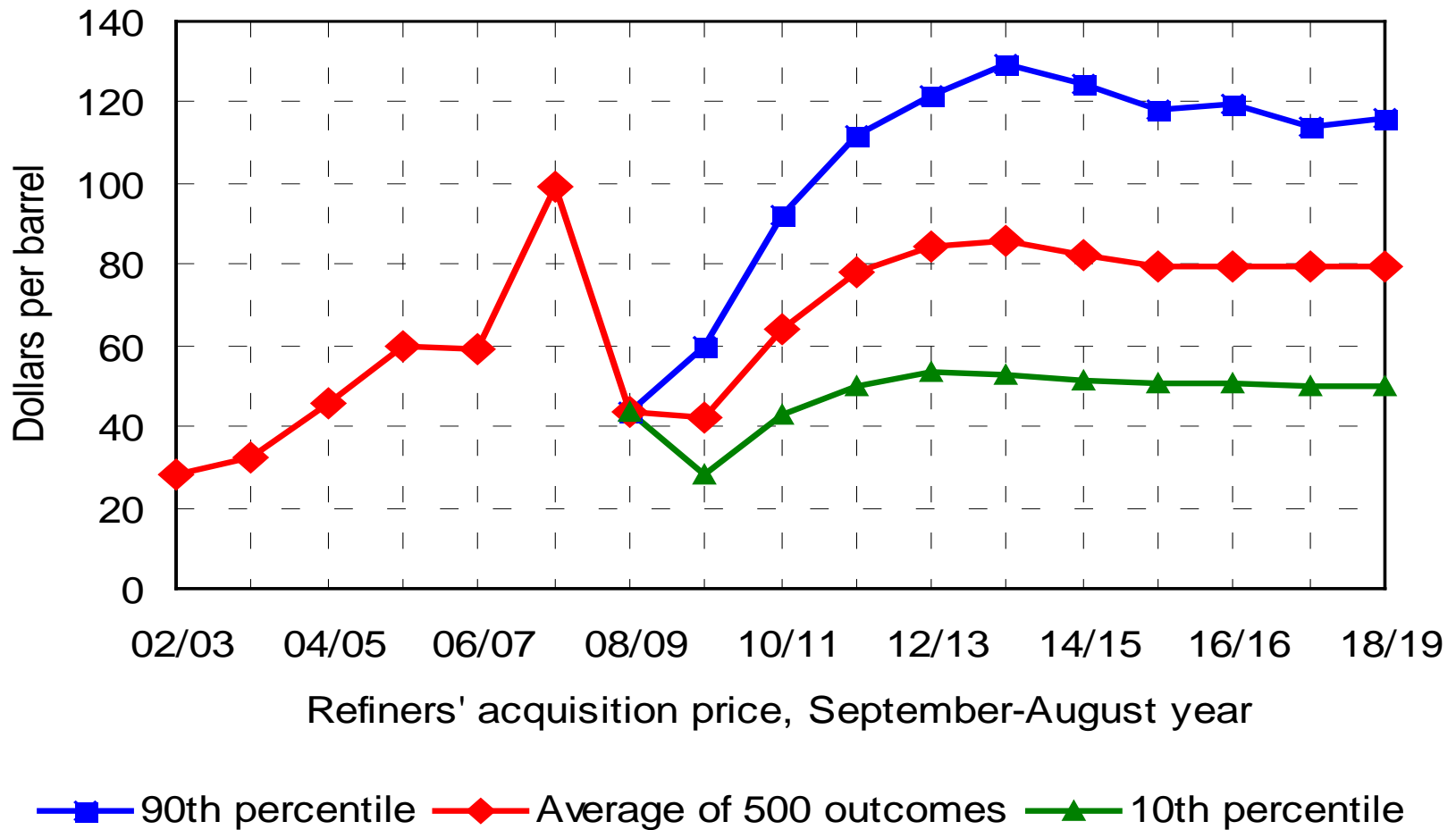
Food expenditures: farm value and marketing bill, 2006



Source: USDA Economic Research Service

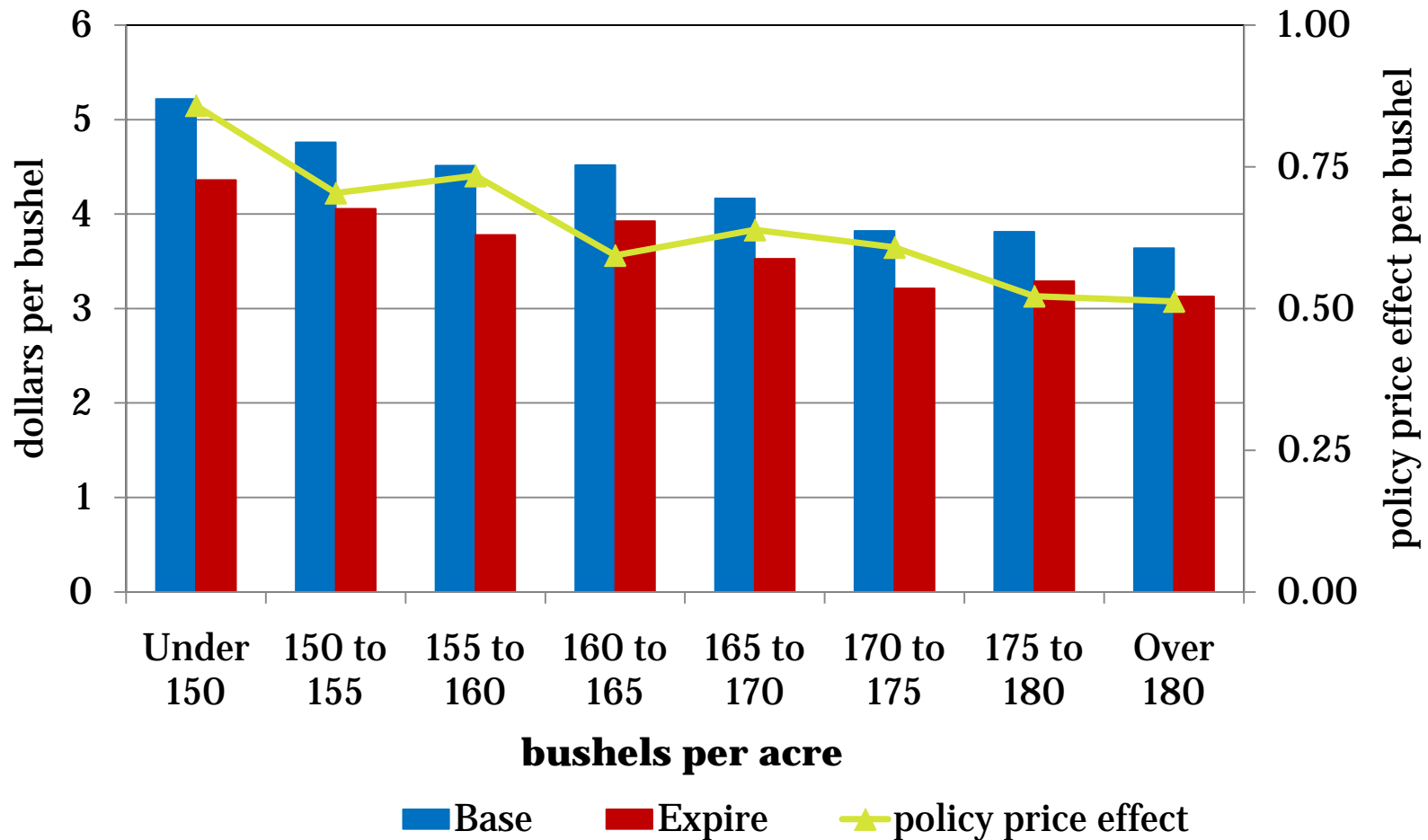
Context remains important

Petroleum Price Uncertainty



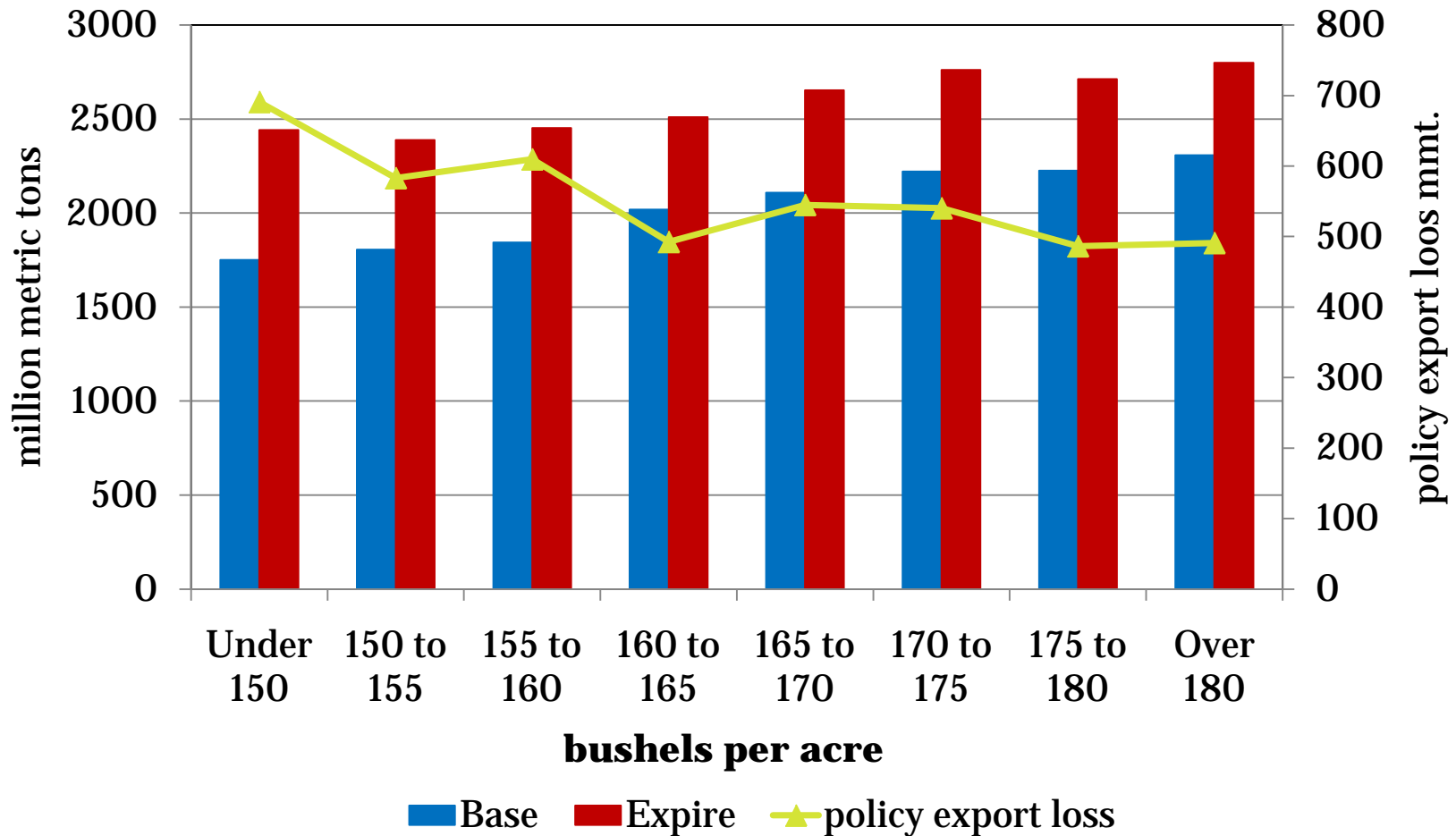
Corn yield effects on corn price

2015/16 crop year



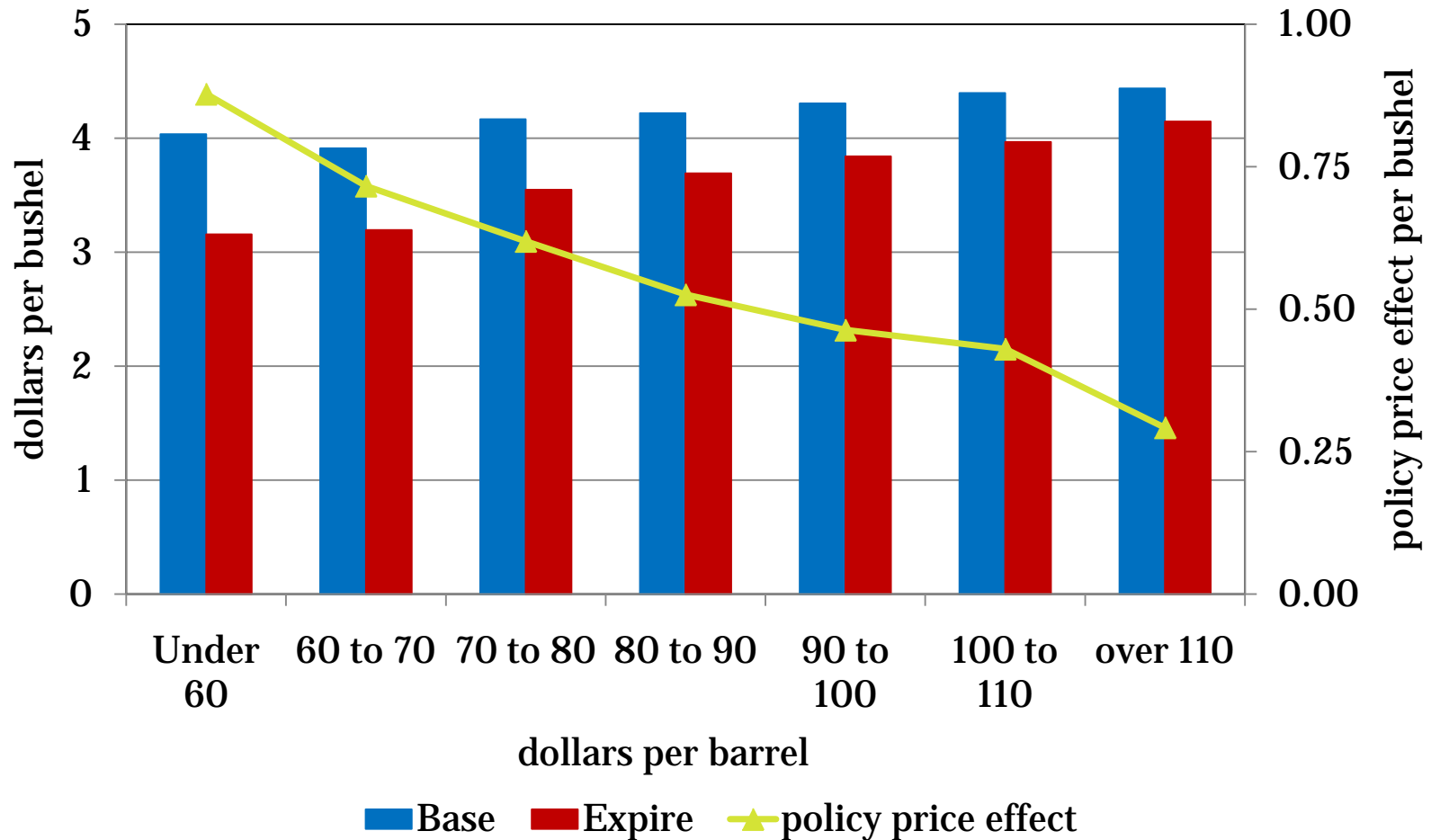
Corn yield effects on corn exports

2015/16 crop year



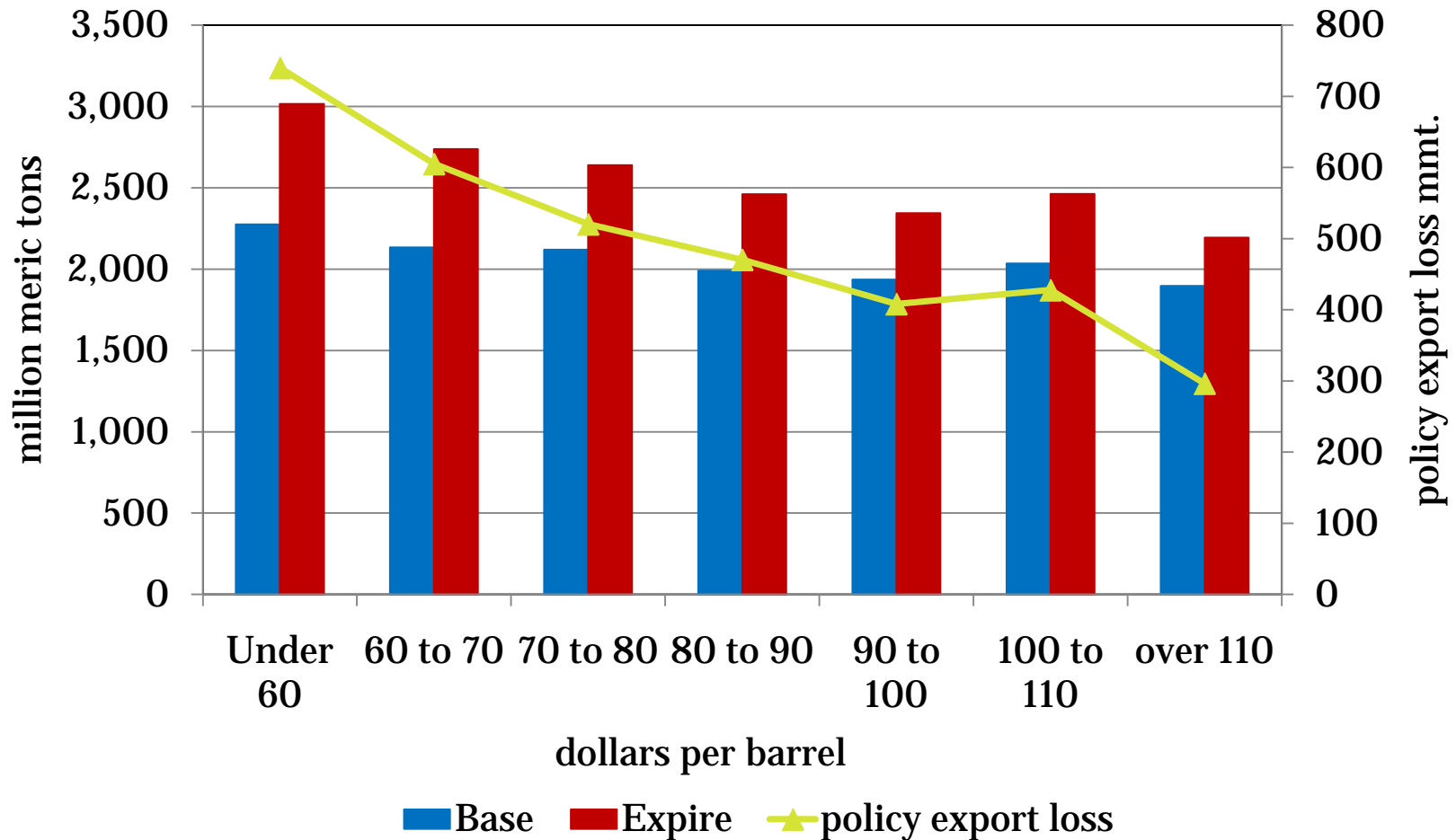
Petroleum price effects on corn price

2015/16 crop year



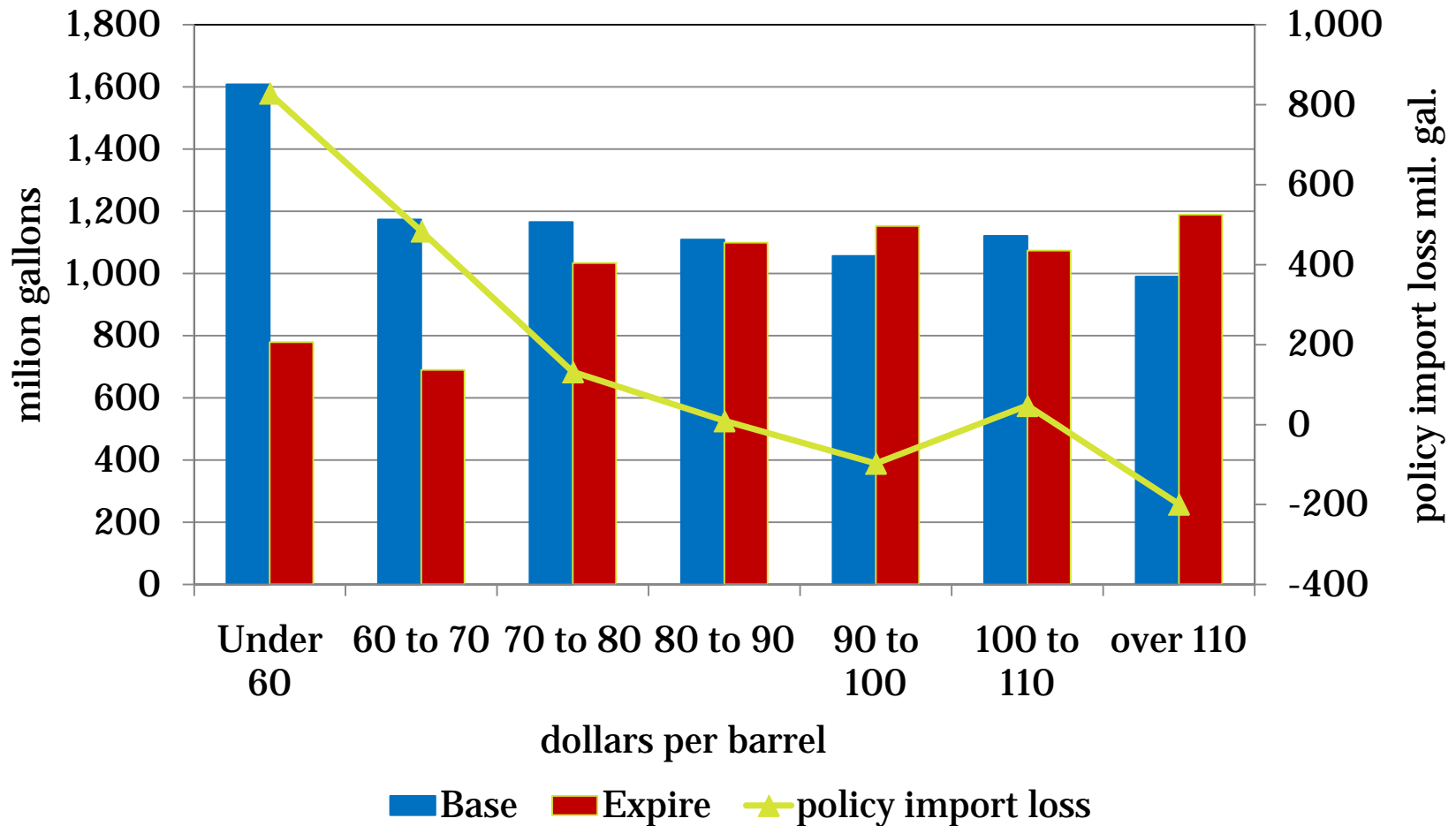
Petroleum price effects on corn exports

2015/16 crop year



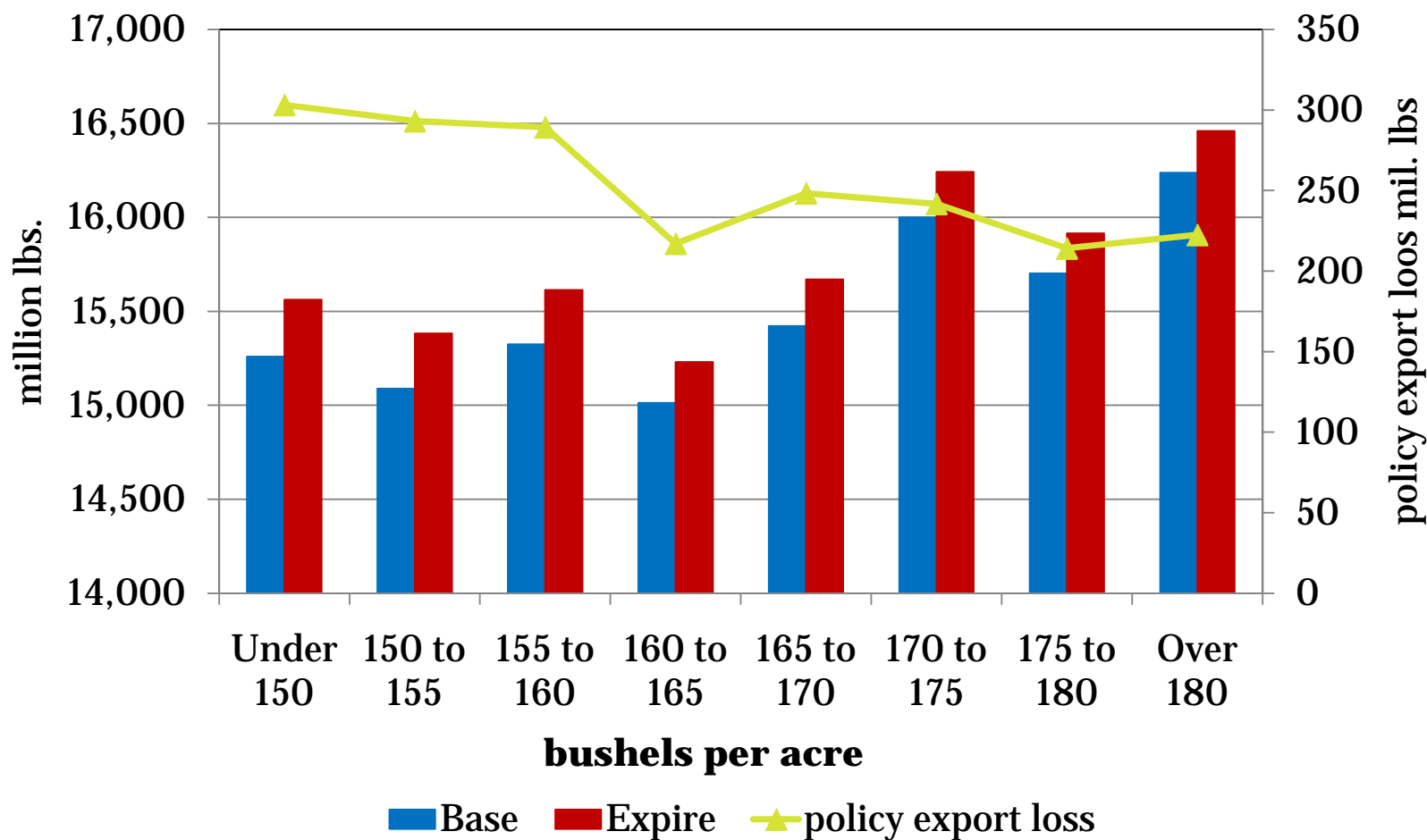
Petroleum price effects on Brazilian imports

2015/16 crop year



Corn yield effects on meat¹ exports

2015/16 crop year



¹ Beef, pork and poultry exports

Assumptions may be incorrect

EPA has not released rules, CARB

- If assumptions are correct, CARB may have limited effect on the market place
- If some assumptions are incorrect, CARB may alter feedstock mix, as would the ethanol tariff removal
- If other states follow, additional acreage competition is likely to
- Higher cellulosic ethanol production could produce additional land competition

For more information

- For more on the FAPRI global outlook, go to <http://www.fapri.org> and click on “FAPRI 2009 U.S. and World Agricultural Outlook Now Online”
- 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”
- To contact me:
 - 1-573-884-7326
 - meyerse@missouri.edu