

# International Markets for U.S. Biofuels Industry

## Role of USDA's Foreign Agricultural Service

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# USDA's Foreign Agricultural Service

- Primary responsibility for USDA's international activities
  - Market development
  - Trade agreements and negotiations
  - Collection and analysis of statistics and market information
- Also administers USDA's export credit guarantee and food aid programs
- Provides linkages to global resources and international organizations

# Office of Global Analysis (OGA)

- OGA is one of 8 program areas in FAS
  - Focus on cross-cutting analysis on programs, policies and industry-wide issues to support USDA's trade agenda
  - Sensitive Products and Industrial Use Branch (biofuels, sugar) established through the November 2006 reorganization

# FAS and Branch Biofuel Activities

- Collecting World Biofuel Information
  - Primarily to understand impact on feedstocks
  - Developing World Biofuel Database
    - Supply and demand estimates for Biofuels, and their feedstocks
    - Contains data for 20 + main biofuel producing/consuming countries
  - Reports from FAS Overseas Posts
    - Mandatory annual reports from more than 24 countries
    - Other reports from all countries as needed, e.g. biofuels mandates, policy reports

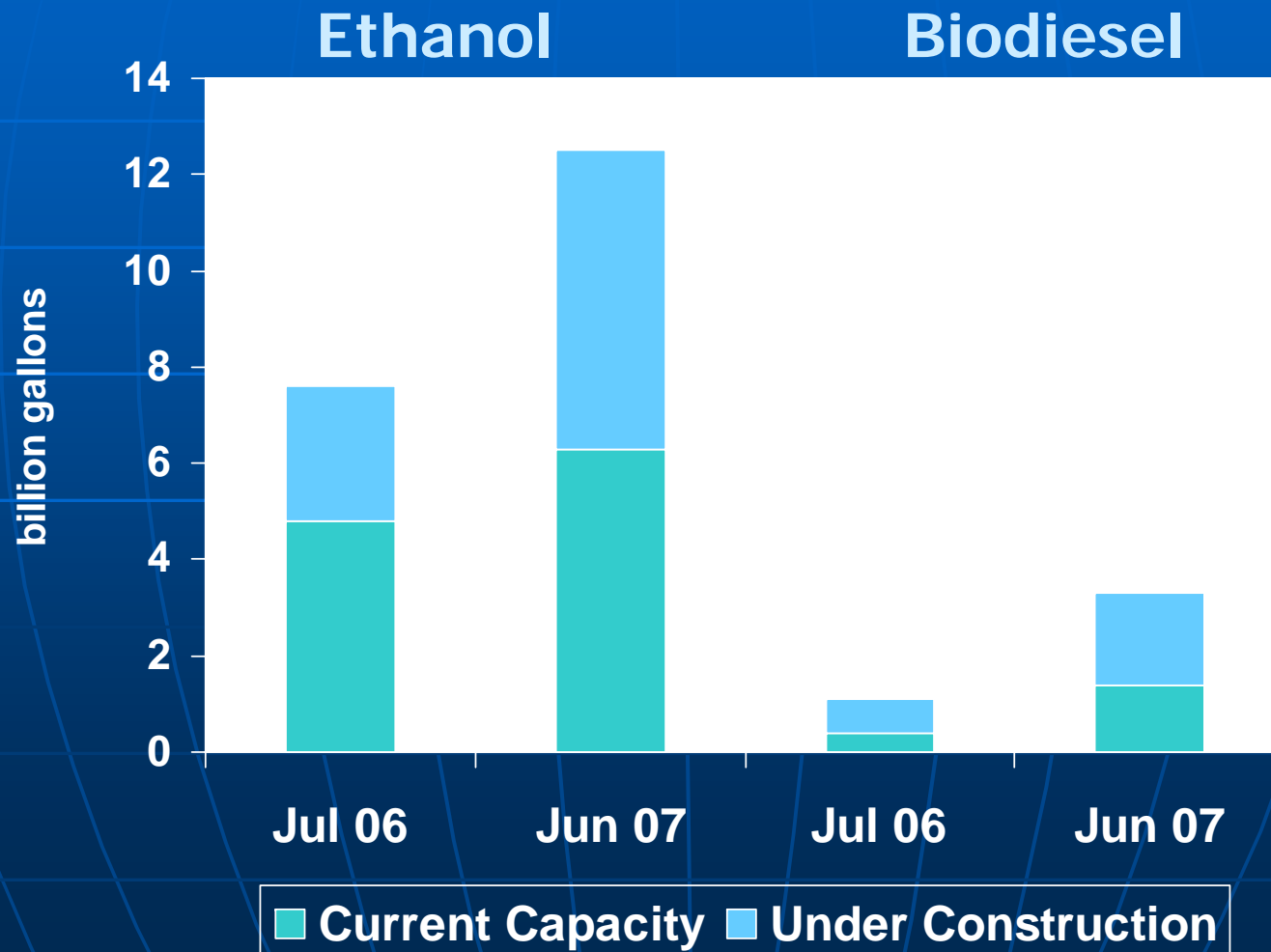
# Current International Coordination Efforts (Bilateral/Regional)

- Brazil MOU on Cooperation in Biofuels
- US-EU Energy Working Group
- APEC (Asian Pacific Economic Cooperation) Biofuels Task Force
- International Biofuels Forum (IBF)
  - Brazilian led initiative to advance biofuels
- Washington International Renewable Energy Conference (WIREC)
  - US led global conference to encourage renewable energy (March 08)

# Policy Environment Challenging

- Biofuels can address national goals in a complementary way
  - Improve energy security, reduce agricultural surpluses, support rural development, strengthen ability to reduce subsidies in WTO context, environmentally friendly
- Problem: How to develop an international biofuel policy that can promote energy security without diminishing returns to U.S. agricultural community?
- Many players/agencies are involved in various aspects of biofuels
  - EPA, DOE, State, USDA, NSC, USTR, DOC
  - Sometimes have conflicting goals
- Challenging environment to develop an international biofuel strategy

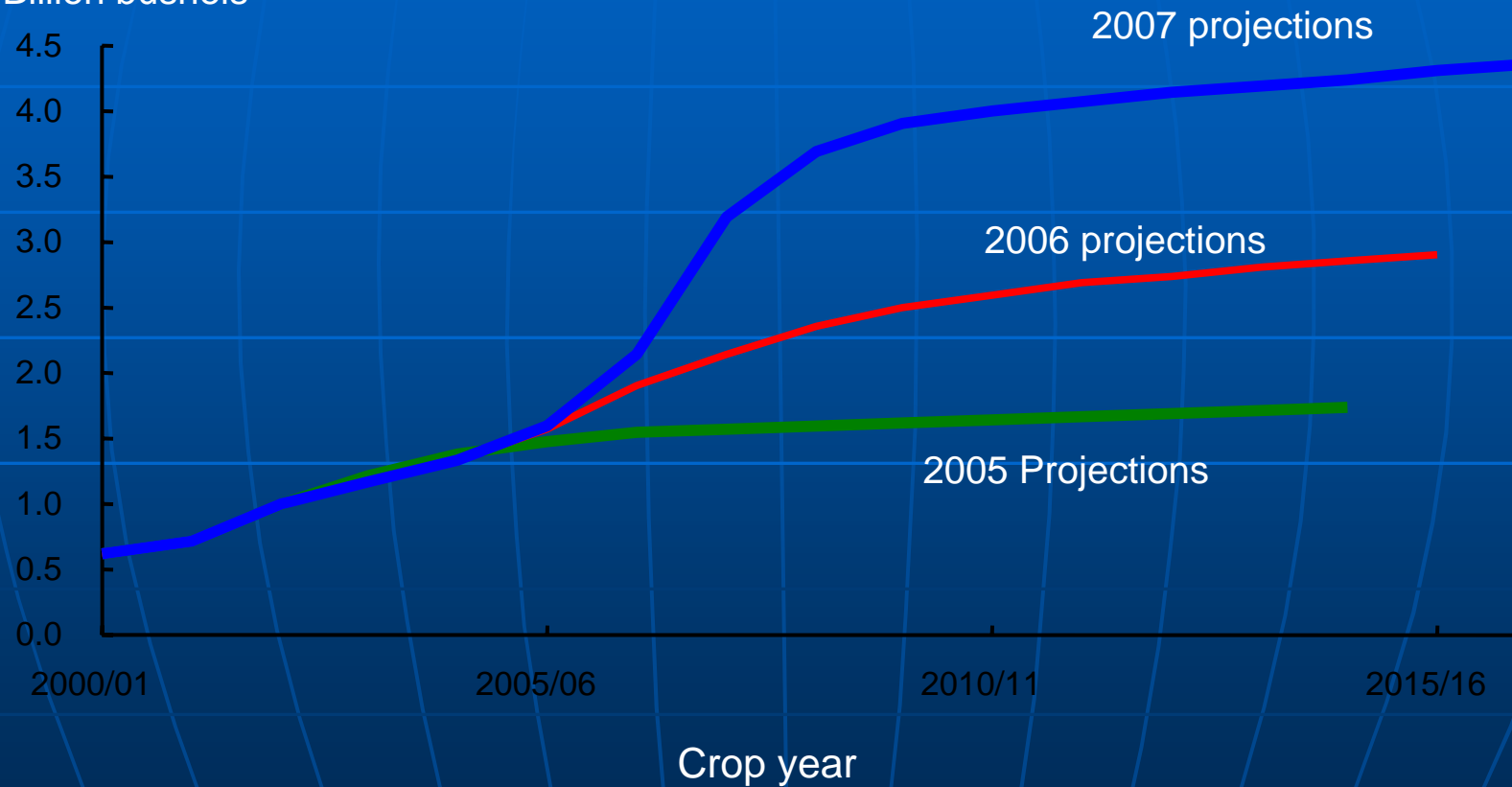
# U.S Biofuel Industry - Expanding Faster Than Expected



# Projections of Corn Use for Ethanol have Risen dramatically

## Corn use for ethanol

Billion bushels

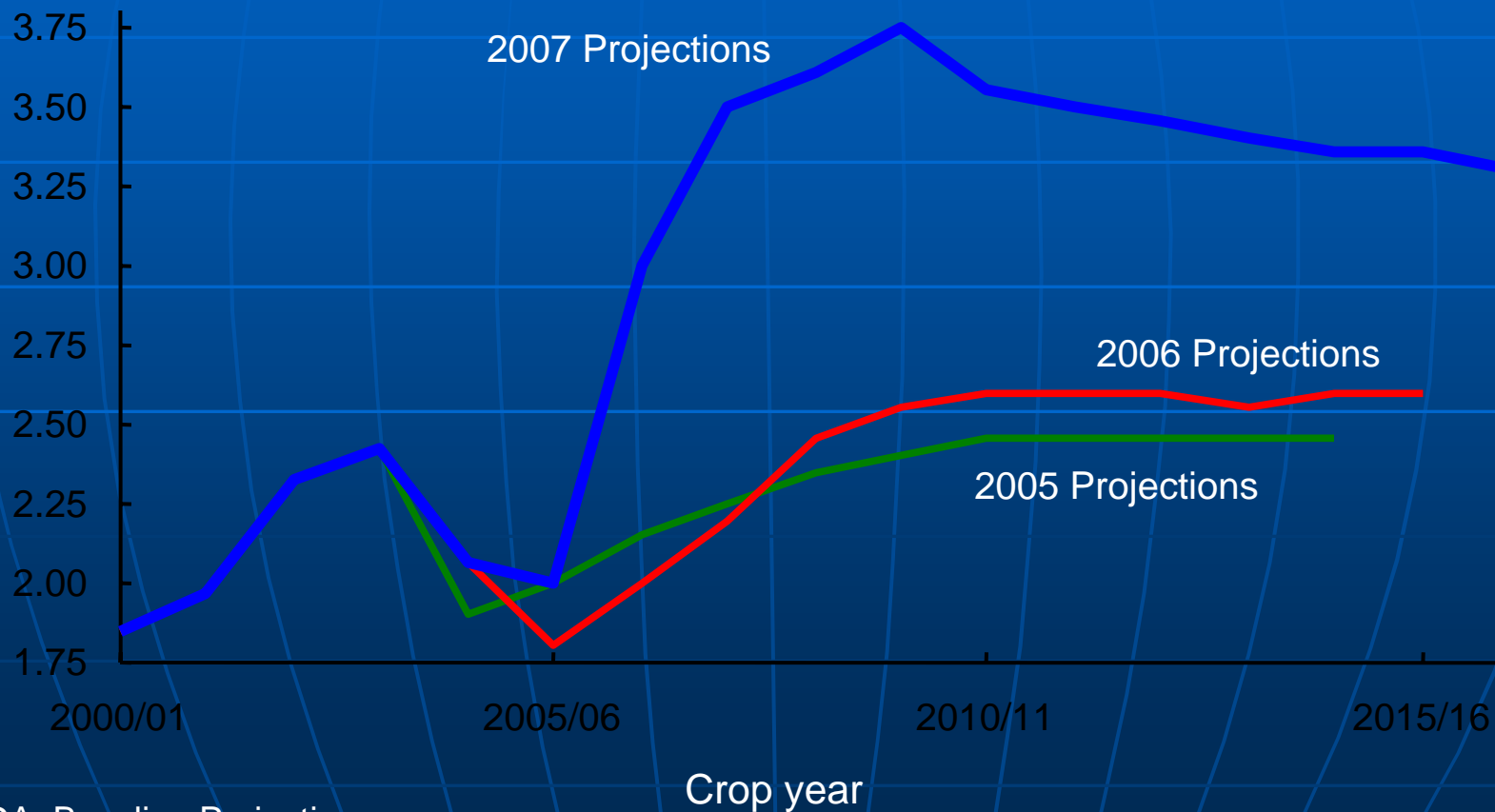


USDA Baseline Projections

# And Projected Corn Prices have Risen also

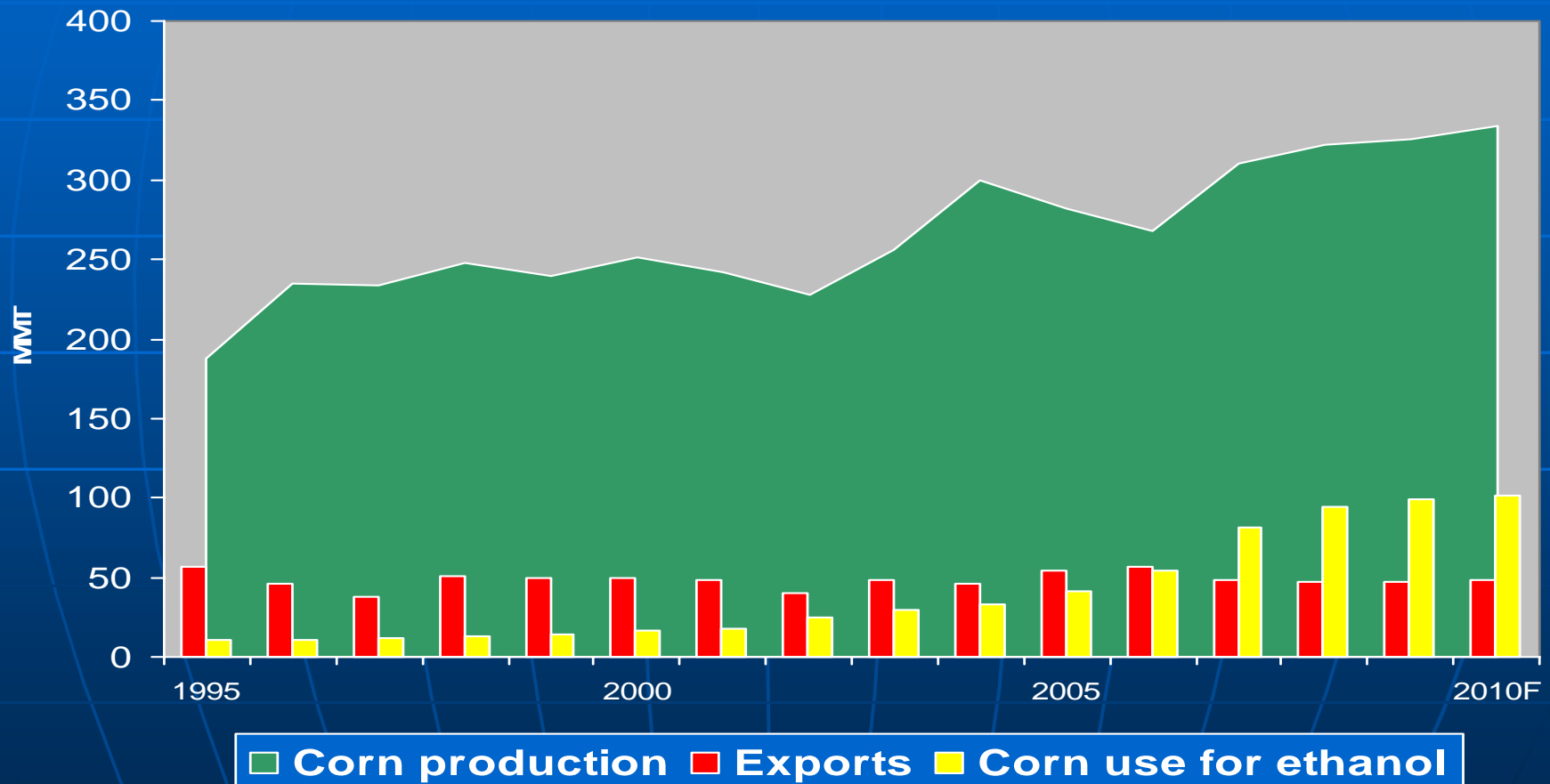
## Corn prices

\$/bushel



USDA Baseline Projections

# U.S. Corn Production Grows; Exports Maintained as Ethanol Increases

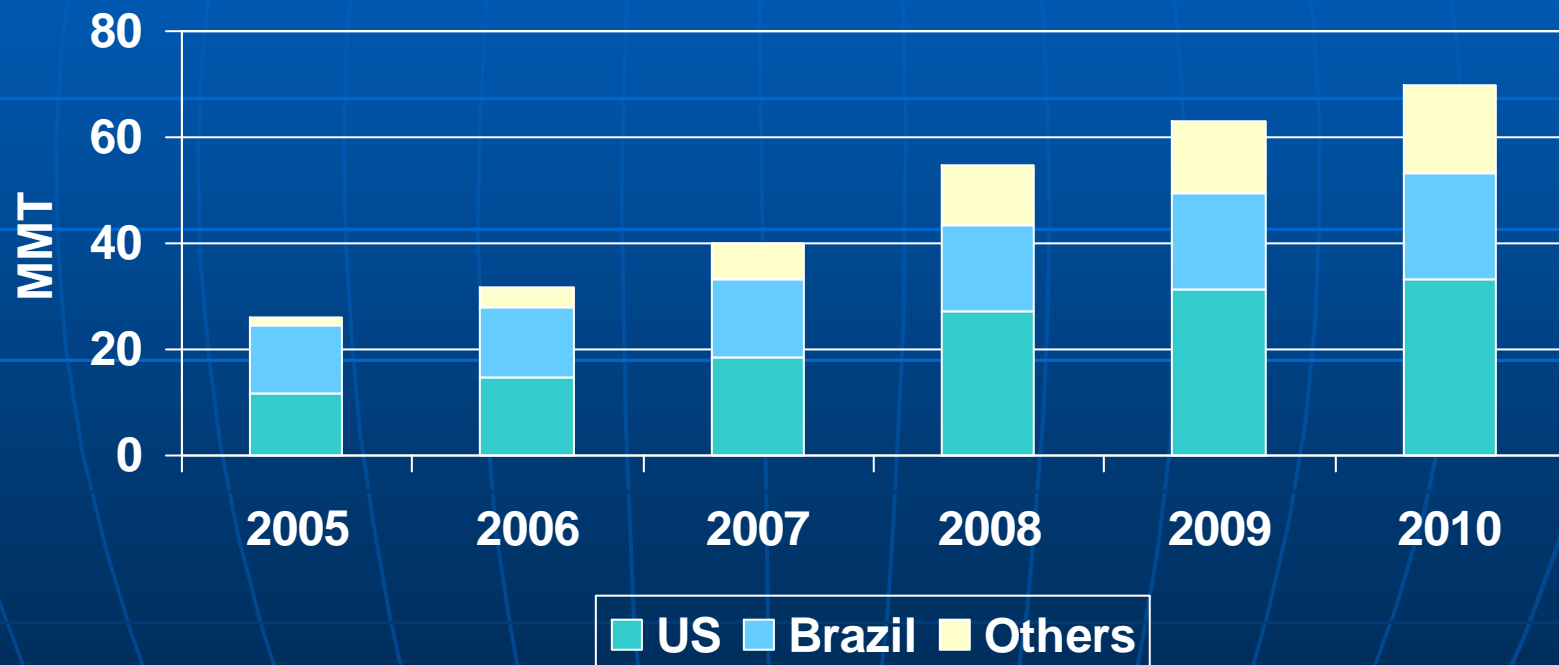


# Will Global Biofuels Use Be Sustained?

- Two trends emerging
  - Sustained higher fuel prices
    - Depletion Rates Accelerating
    - Consumption rising because of more consumers
    - Unrestricted access to petroleum supplies hampered
  - Ethanol economics more favorable, even with higher commodity prices – Biodiesel struggling, due to high feedstock prices

# Fuel Ethanol Expanding Globally

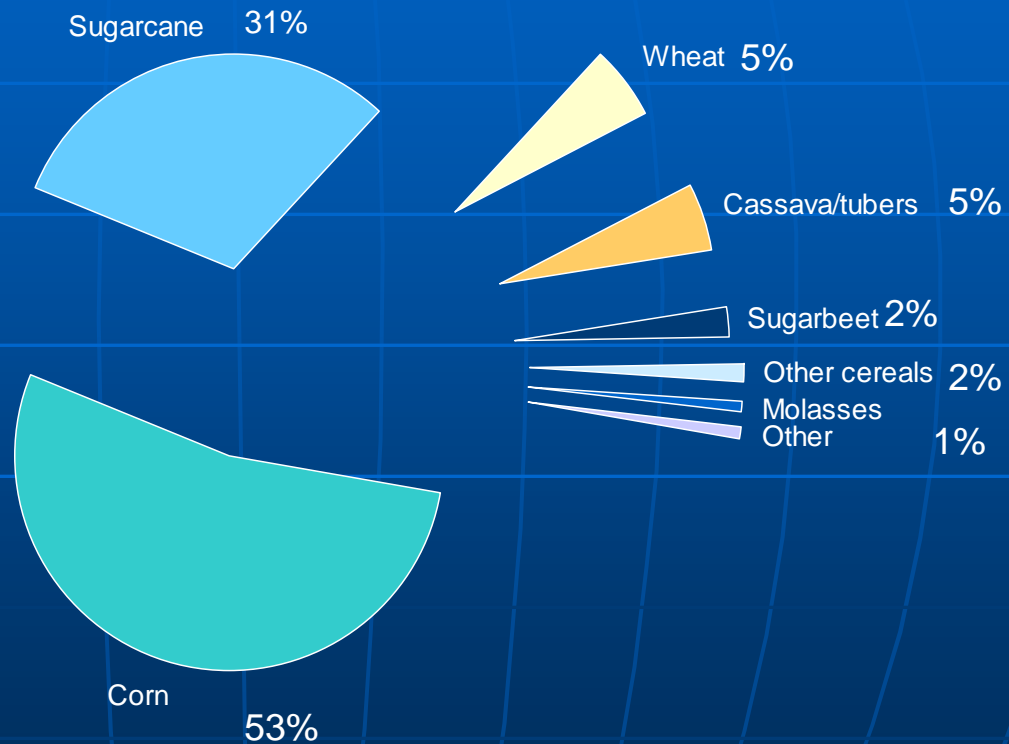
## Global Fuel Ethanol Production



Unofficial FAS Estimates

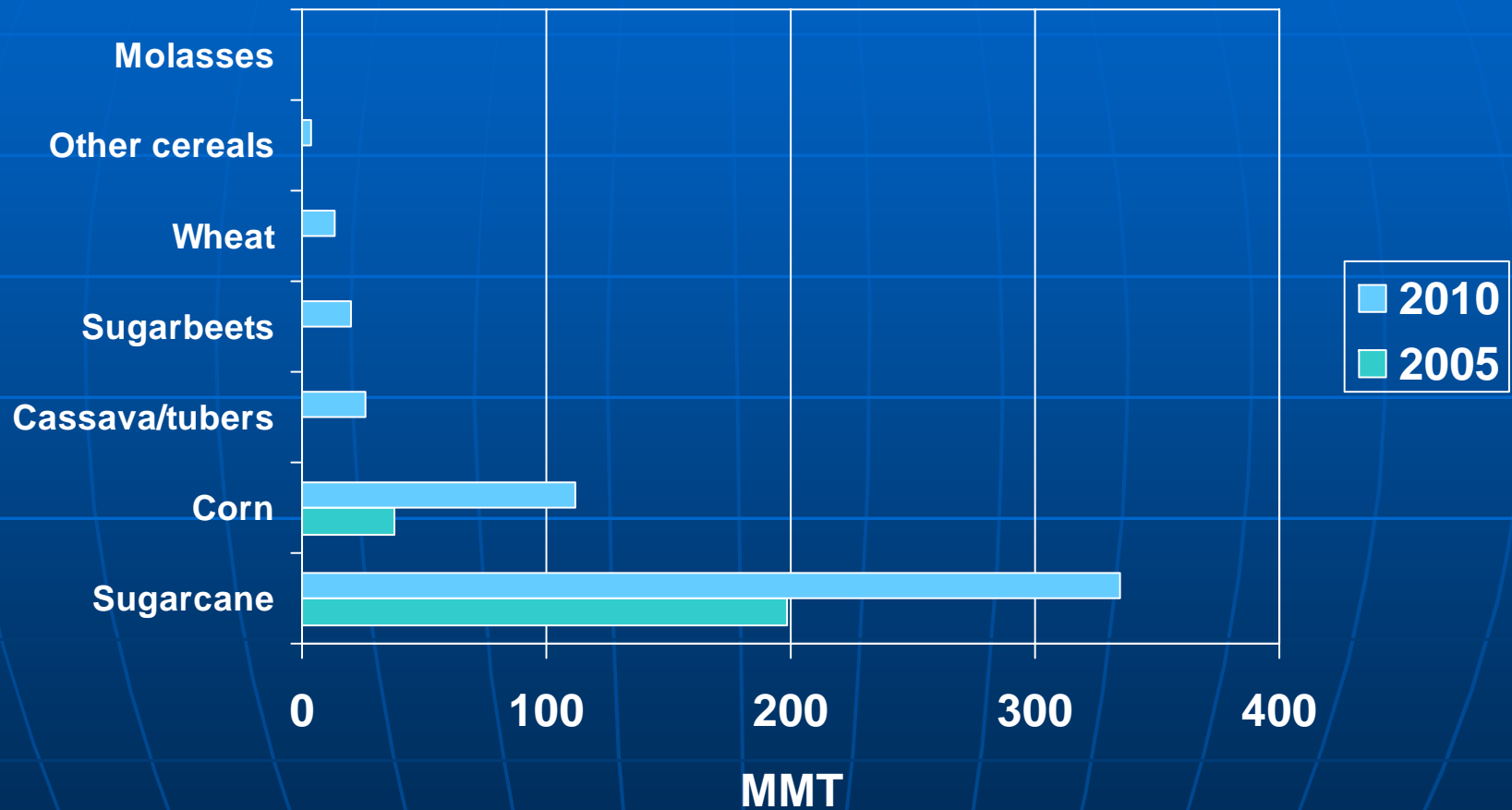
# Fuel Ethanol Expands into Other Feedstocks....

% of Global Fuel Ethanol Production in 2010 Based on Feedstock Type



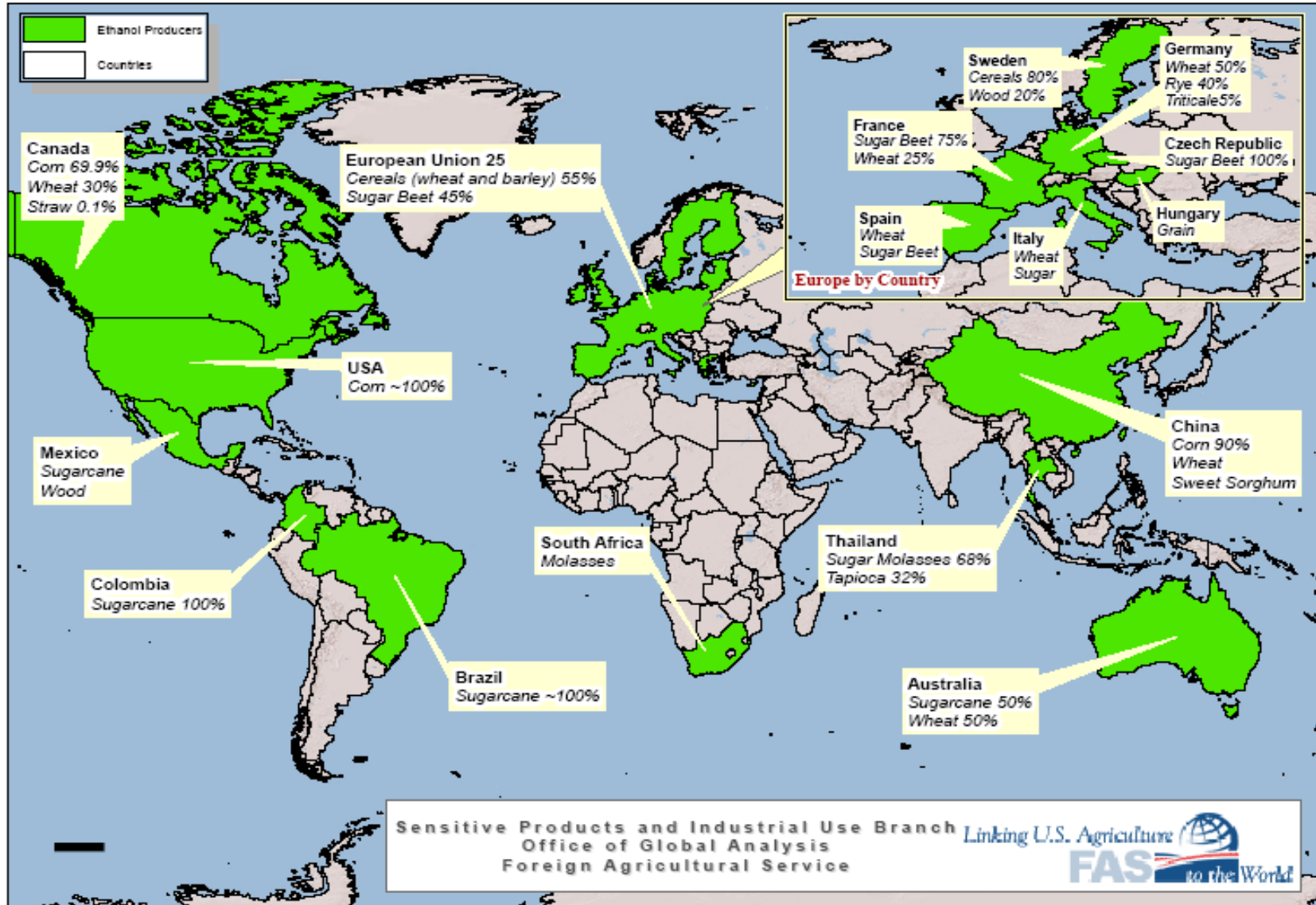
Unofficial FAS Estimates

# ...and Uses Larger Quantities of Feedstocks

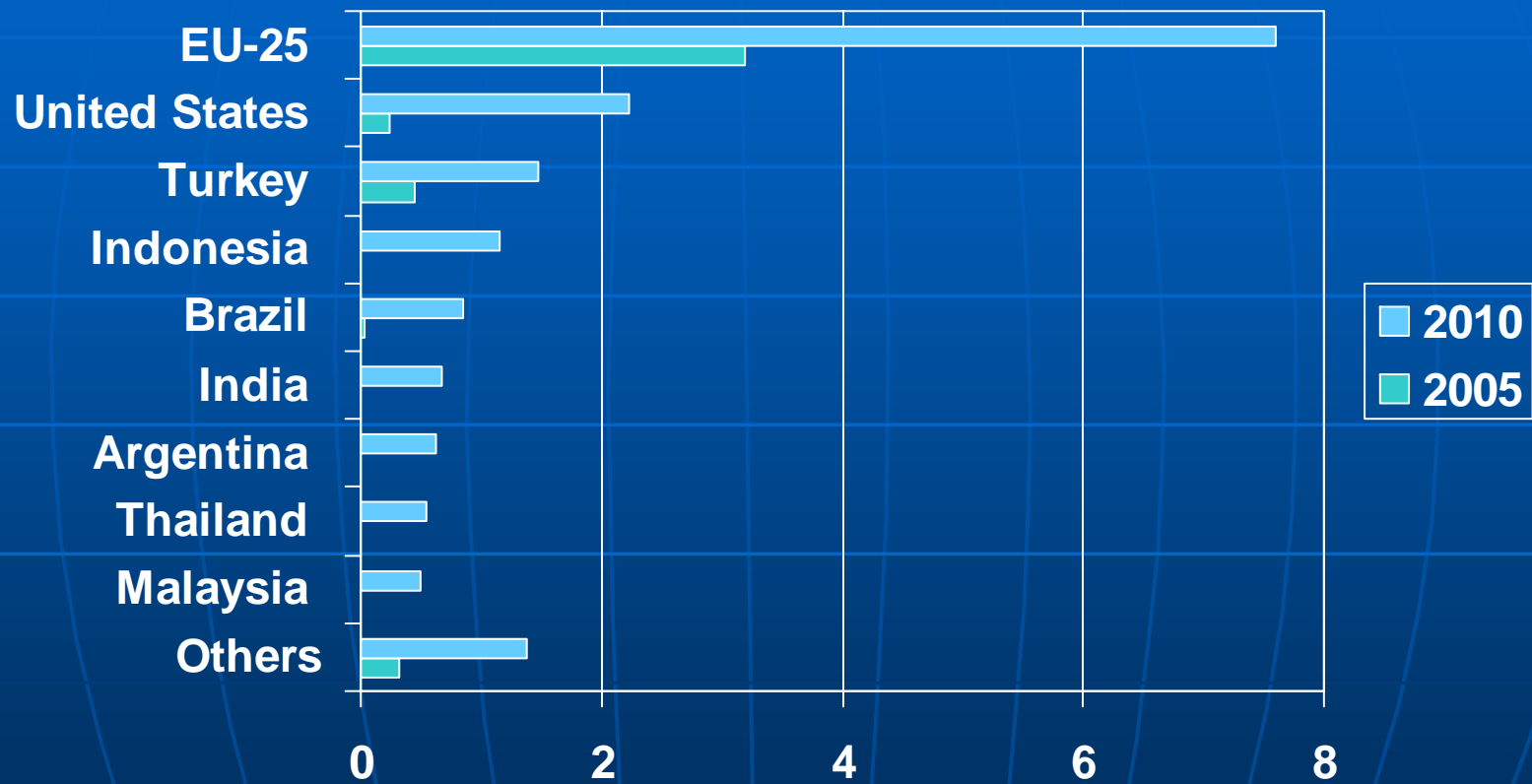


Unofficial FAS Estimates

## Countries Producing Ethanol by Feed Stock



# Global Biodiesel Industry Tentatively Expected to Grow



Unofficial FAS Estimates

MMT

- Thank-you for your attention
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