

Transatlantic Biofuels Policies – What's in it for Developing Countries?

Developments on the Markets for Grain, Oilseeds, Oils and Fats

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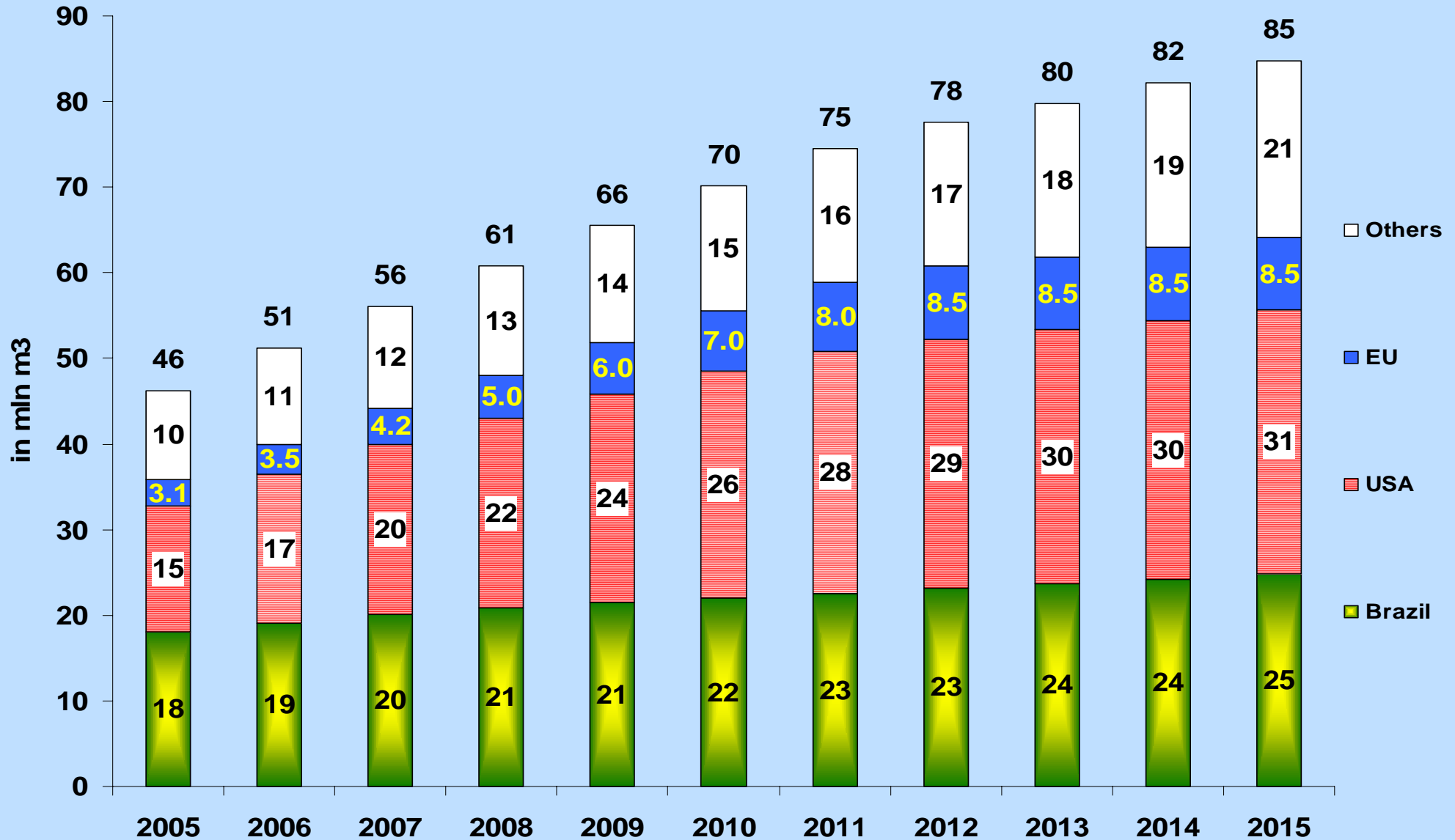
General Market Trends

- **Demand for food and feed will continue to grow due to population and income growth and change of diets (more protein)**
- **In parallel, demand for commodities as feedstock for energy production will grow rapidly**
- **As a consequence, farmers around the world will have to expand significantly the production of grains, oilseeds and vegetable oils**

Biofuel Legislation in Selected Countries

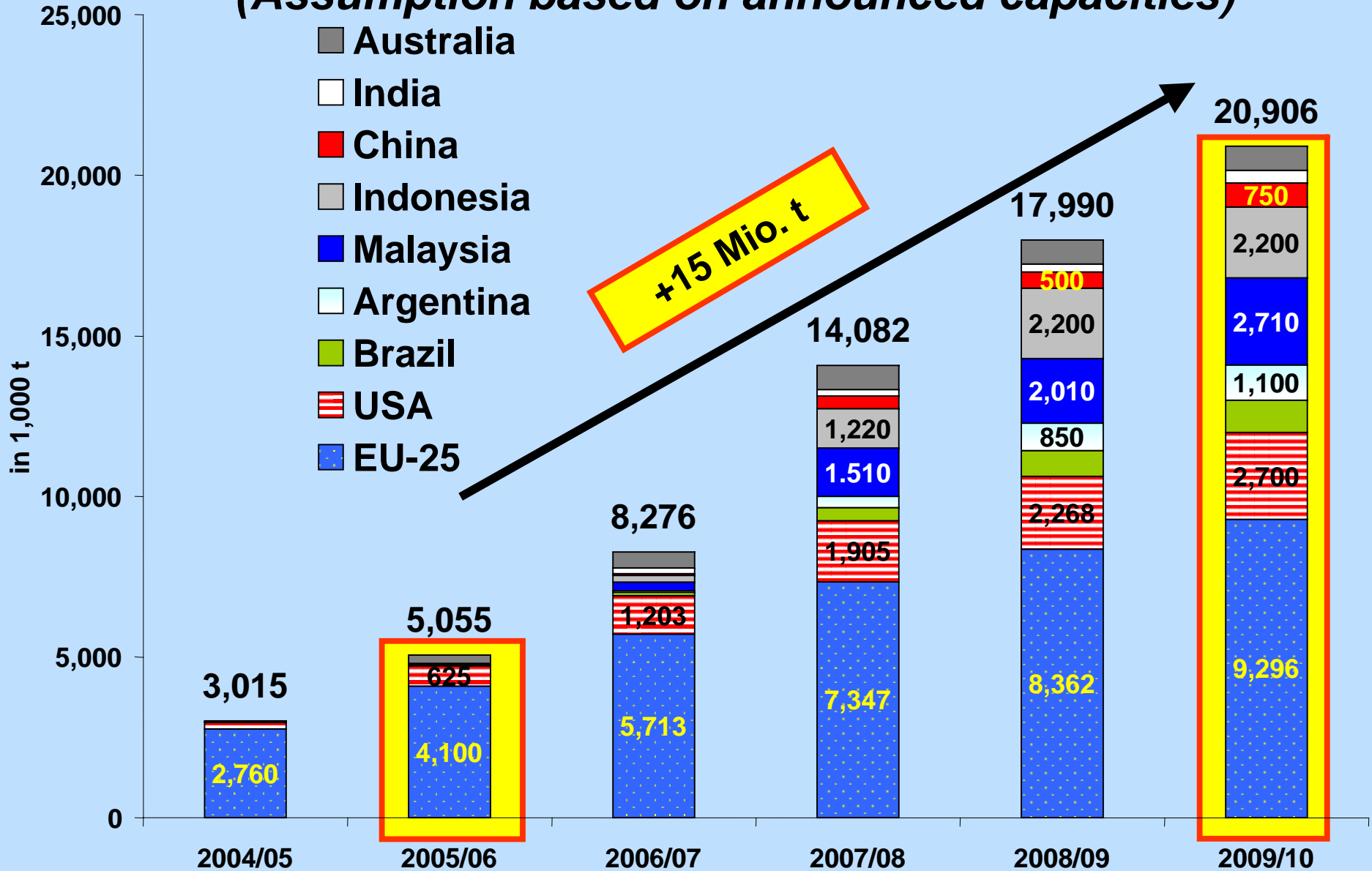
- **EU:** 10% blending obligation 2020
MS tax exemptions
- **USA:** renewable fuel standard 7.5 bln
gallons by 2012
tax exemption
- **Canada:** 5% by 2012
- **Brazil:** 2% biodiesel by 2008, 5% in 2013
- **Argentina:** 5% biodiesel 2010
- **Malaysia:** mandate for biodiesel planned
- **Indonesia:** mandate under consideration
- **Thailand:** ethanol mandate discussed

Global Ethanol Production— plus 39 mln m³ (85 %) in 10 years

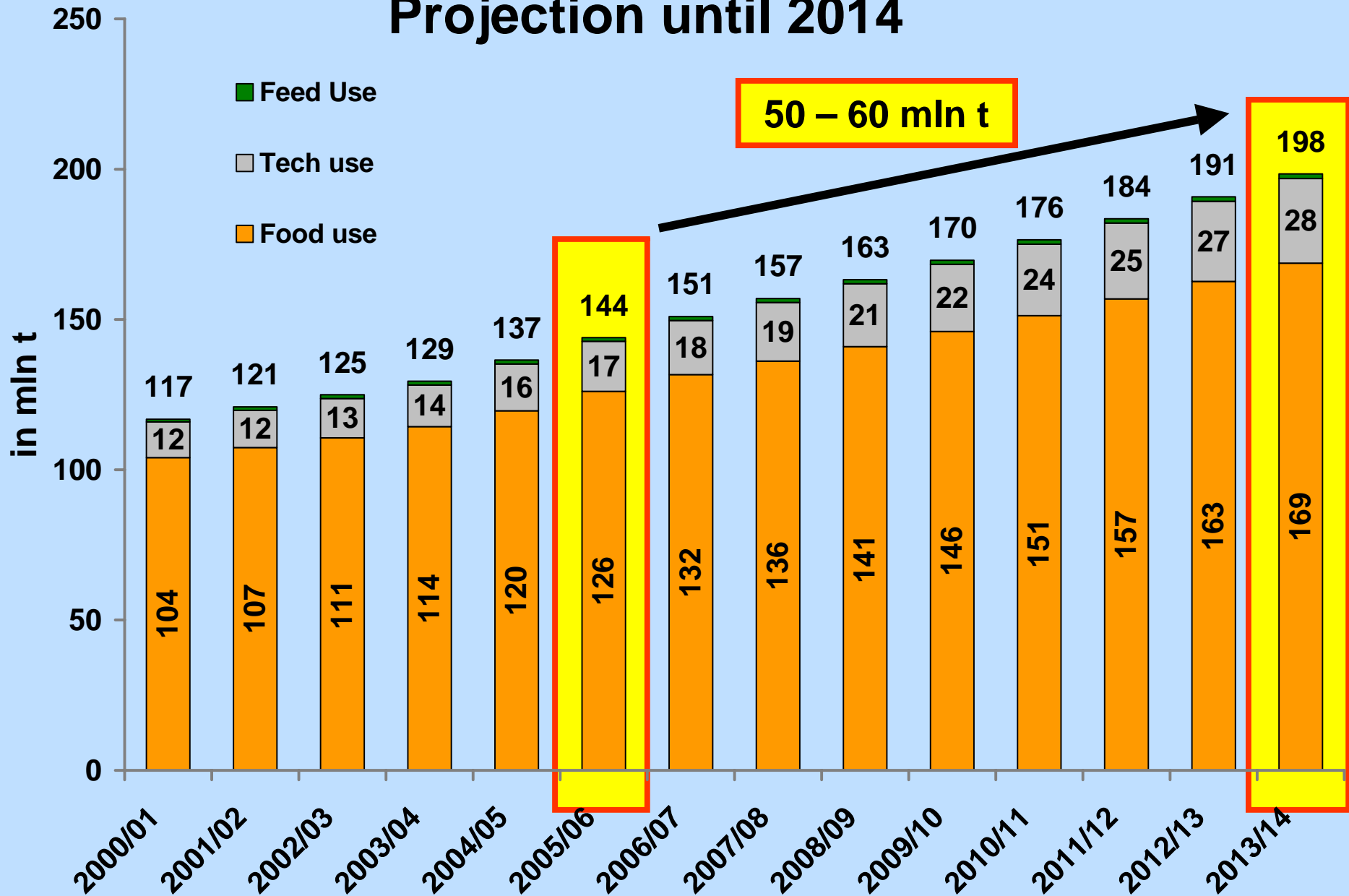


Projection World Bio-Diesel Consumption until 2010

(Assumption based on announced capacities)



Oils and Fats Consumption Projection until 2014



Market Challenges and Opportunities – Bioenergy

- **Most countries will try to use their own crops for production of bioenergy**
- **Export potential seen as resource for bioenergy production**
- **Market for bioenergy = a political market; viability depends on political support**
- **Countries that can afford support for bioenergy tend to export fewer crops**
- **Emerging exporters are needed to offset that shortfall**
- **Trade with bioenergy to increase**

Market Challenges and Opportunities – Part 1

- 1. Growing demand for food and feed and bioenergy will impact agricultural commodity markets significantly**
- 2. World market prices will rise – needed to achieve growth in production**
- 3. Volatility on agricultural markets will increase**
- 4. Biofuels could start determining price as more countries require mandatory blending and create an inelastic demand for biofuel**
- 5. In this case, food & feed will have to take the burden of any crop failure**

Market Challenges and Opportunities – Part 2

- 6. Developing countries could be faced with higher food import bill**
- 7. Acreage competition between food and non-food production to become an issue**
- 8. Debate on sustainability to receive more attention**
- 9. Technology developments, productivity gains to contribute significantly to balanced S&D**
- 10. Open markets needed / level-playing field for food/feed and bioenergy**