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

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

Klaus Schumacher
Toepfer International
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 m$^3$ (85%) in 10 years

Washington, DC, March 16,
German Marshall Fund
Chart 4
Projection World Bio-Diesel Consumption until 2010
(Assumption based on announced capacities)

- Australia
- India
- China
- Indonesia
- Malaysia
- Argentina
- Brazil
- USA
- EU-25

2004/05: 3,015
2005/06: 5,055
2006/07: 8,276
2007/08: 14,082
2008/09: 17,990
2009/10: 20,906

+15 Mio. t
Oils and Fats Consumption
Projection until 2014

50 – 60 mln t

Feed Use
Tech use
Food use

in mln t


117 121 125 129 137 144 151 157 163 170 176 184 191 198
12 12 13 16 14 17 18 19 21 22 24 25 27 28
104 107 111 114 120 126 132 136 141 146 151 157 163 169
117 121 125 129 137 144 151 157 163 170 176 184 191 198

Washington, DC, March 16,
German Marshall Fund
Chart 6
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