



GLOBAL TRENDS

Biodiesel Production Dropping in the United States – 2009/05

According to the U.S. National Biodiesel Board (NBB), commercial biodiesel production in the U.S dropped from 49 million gallons in March 2008 to 30 million gallons in March 2009. Joe Jobe, NBB CEO says that if the trend continues, industry production will only be half of the 700 million-gallon output in 2008.

Half of the industry's production last year was sent to Europe but in March the European Commission imposed a temporary anti-subsidy duty of 29 percent to 41 percent and an anti-dumping tariff of 29 percent. The commission will have to decide later this year whether to extend the duties for up to five years. The duties stem from complaints by European producers that U.S. biodiesel is unfairly subsidized.

Biodiesel took another hit on May 5, 2009, when the Environmental Protection Agency (EPA) announced that soy-based biodiesel won't meet requirements for reducing greenhouse gas emissions. The 2007 energy law says biodiesel must reduce greenhouse gas emissions by 50 percent in comparison to conventional diesel.

Congress required EPA to assess the carbon footprint of biofuels and to take into account the land-use impacts of using food crops such as soybeans and corn for biofuels. The theory is that using food commodities for fuel can increase greenhouse gas emissions, because forests and grasslands will be put into cultivation to maintain adequate global food supplies. (Brasher, 2009)

An Iowa State University economist indicated that combining soy-based biodiesel with biodiesel made from animal fats or waste grease may meet the law's 50 percent target. Under the EPA analysis, biodiesel from fats or grease has a much smaller footprint than soy biodiesel because those feedstocks aren't food crops.

Concerns about whether biodiesel production is really "green" are being expressed. For example, in an article published on May 1, 2009, identified concerns about biofuel production and its water footprint. The study accounted for not only the water necessary for growing the crops but also the water resources that would be impacted by the loss to agriculture. Requirements for agricultural land, fertilizer, and water consumptive water (evapotranspiration) vary by crop. Soybeans, the major feedstock for biodiesel in the U.S. were reported to have the highest water footprint.

In Canada - Canola

The European Union's implementation of duties and tariffs for American biodiesel and a March 2009 decision to authorize imports of a genetically modified canola variety cleared the way for increased canola exports from Canada. However, high prices for Canadian canola curtailed demand as inputs for European biodiesel production resulting in decreased canola exports.

David Hickling, Vice President of the Canola Utilization Committee with the Canola Council of Canada, said while the council hopes to see canola seed and oil sales to Europe improve down the road, he is not aware of anything concrete yet.

"They [Europe] had good production last year and they imported canola from places like Australia and Ukraine earlier on. So, at least in the short-term, their supplies seem ample," Hickling said.

In Alberta

Alberta's canola oil exports went from 173 million kg in 2006 to 34 million kg in 2007 and have dropped to 0 in 2008 and January-February 2009. (World Trade Atlas)

Investment in biodiesel continues. In April 2009, Vancouver-based renewable fuel supplier Canadian Bioenergy Corp. announced that it is considering building a biodiesel plant in Lloydminster, with major U.S. crop processor Archer Daniels Midland Co. The canola-based biodiesel production facility would produce 265 million litre/year (70 million gallons/year) at the site of ADM's canola crushing plant in Lloydminster, Alberta.

The company is also planning a standalone 225-million-litre-per-year plant near Edmonton at an estimated cost of \$90 million.

Sources:

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6. Canadian Bioenergy Corporation, "Canadian Bioenergy and ADM enter into negotiations to build canola biodiesel facility," April 7, 2009.

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