

Wisconsin Soy Scoop

News from the Wisconsin Soybean Programs

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Biodiesel demand boosts soybean prices

February Corn/Soy EXPO explores biofuels and farm policy

With biodiesel projects popping up all over, Wisconsin soybean producers can expect increased demand to help raise farm-level soybean prices considerably over the next ten years according to recent economic analysis.

Nationwide, the biodiesel industry is expected to produce 650 million gallons of biodiesel annually by 2015. That level of production would displace some 240 million barrels of imported crude oil, add \$24 billion to the U.S. economy, create more than 39,000 new jobs and increase soybean prices by ten percent – or 58 cent.

Analysis published by the U.S. Department of Agriculture indicates that every 50 million gallons of biodiesel raises soybean prices one percent. Wisconsin presently produces less than 2 million gallons of biodiesel annually, most of it coming from Quality Roasting, Valders, Wisconsin. This company recently announced plans to increase production and received a \$94,000 State grant for the expansion.

Biodiesel Projects Underway

Five other companies have announced plans to pursue biodiesel production in Wisconsin. The first, a 20-million-gallon-per-year biodiesel plant in Deforest run by Anamax, is set to open by year's end. While primarily a grease recycling plant, the company is expected to use some soybean oil in their biodiesel process.

Other biodiesel projects in the works include, North Prairie Productions, LLC, currently conducting an equity drive for a 45 million gallon per year biodiesel plant in Evansville; Badger Ag Solutions LLC working on a soybean crush plant and biodiesel facility in Owen; BEST Energies Inc. of Madison, is preparing a new facility in Cashton expected to be in production by spring and; Midwest Biofuel of Macon, Ga., planning a biodiesel plant in Clinton, that initially will produce 5 million gallons annually.

Entire economy benefits

Biodiesel contributes significantly to the U.S. economy in multiple ways, according to an economic analysis by John Urbanchuk, which was paid for by grower checkoff funds through the United Soybean Board. The report noted that America's biodiesel industry will keep \$13.6 billion in America that would otherwise be spent on foreign oil. Total impact of biodiesel on the economy includes the temporary influence of construction, the permanent contribution of annual production and the direct value of biodiesel and its co-product, glycerin.

Biodiesel producers will invest nearly \$810 million by 2015 to build new biodiesel plants and expand existing facilities. This spending will increase gross output by \$2.8 billion, adding \$1.5 billion to America's Gross Domestic Product (GDP). Biodiesel construction will create as many as 11,700 jobs in all sectors of the economy.

Ongoing annual operations of biodiesel plants offer the most significant financial impact on the U.S. economy. The biodiesel industry will add \$15.6 billion to America's GDP, spending \$7.6 billion on goods and services between 2006 and 2015.

Corn/Soy EXPO To Address Biofuels

Biofuels and their impact on Wisconsin markets is a major topic of discussion for this winter's Corn/Soy EXPO Wisconsin Dells, February 1-2. Matters to be discussed include evaluating investments in ethanol and biodiesel plants, changing marketing patterns due to biofuels demand and pricing outlooks in light of the expected strong demand for corn and soybeans.

The full program and registration materials for the 2007 Corn/Soy EXPO are available online at www.soybean.org or by calling the Wisconsin soybean programs office in Madison at 608-274-7522. ###