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Biofuel Use in International Markets: The Importance of Trade

A report of the United States Department of Agriculture

The United States Department of Agriculture (USDA) explains: Global biofuel production rose tremendously over 2001-13, led largely by rapid growth in the United States and the European Union (EU). Brazil, the second largest biofuel producer, doubled its production in that span. A favorable business and policy climate from 2001 to 2010 helped fuel the large increase in biofuel production. After 2011, U.S. consumption of biofuels was slowed by falling prices of traditional transportation fuels, a decrease in biofuel feedstock prices, and logistical and infrastructure challenges. The dropoff in U.S. biofuel use and an increase in biofuel demand from the EU and Brazil led to the United States becoming a net exporter of biofuels for the first time in 2010. In addition to the United States exporting ethanol, it concurrently imports ethanol to meet mandates for biofuels. With the EU imposing countervailing duties, recent U.S. biofuel exports have gone to Canada and other countries. U.S. ethanol production and exports both remained strong in the face of falling gasoline prices in 2014. However, continuation of a strong export market is contingent on plant capacity and biofuel policies.

Source: <http://www.ers.usda.gov/media/1895316/eib144.pdf>