

Impact of Brazil's Biodiesel Blend Ratio on World Soybean and Soybean Products Markets

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Summary

The Brazilian Federal Government has been implementing the National Biodiesel Production Program (PMPB) since 2004. Federal Law # 11,097 specified a mandatory blend ratio of 5% biodiesel (B5) until 2013. In fact, the Brazilian Federal Government began promoting its biodiesel program in advance of that legislation and initiated the B5 program from January 2010. The government plans to increase the biodiesel-to-diesel blend ratio after 2013. This study examined how the increasing Brazilian biodiesel blend ratio could impact not only world biodiesel markets but also world soybean and soybean products markets. It utilizes a newly developed *World Biodiesel Markets Model*, which links to the world soybean and soybean products models. It was found through this analysis that Brazil's increasing biodiesel blend ratio will have a variety of impacts on world biodiesel markets and those for soybean oil, soybean meal, and soybeans themselves. The results of this study indicate that raising Brazil's biodiesel-to-diesel blend ratio will not necessarily lead to increased biodiesel production in other countries and will not always have a negative impact on agricultural and foodstuffs markets.