

# Biodiesel

## Building a Biodiesel Industry: the U.S.

### Experience

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# U.S. Biodiesel



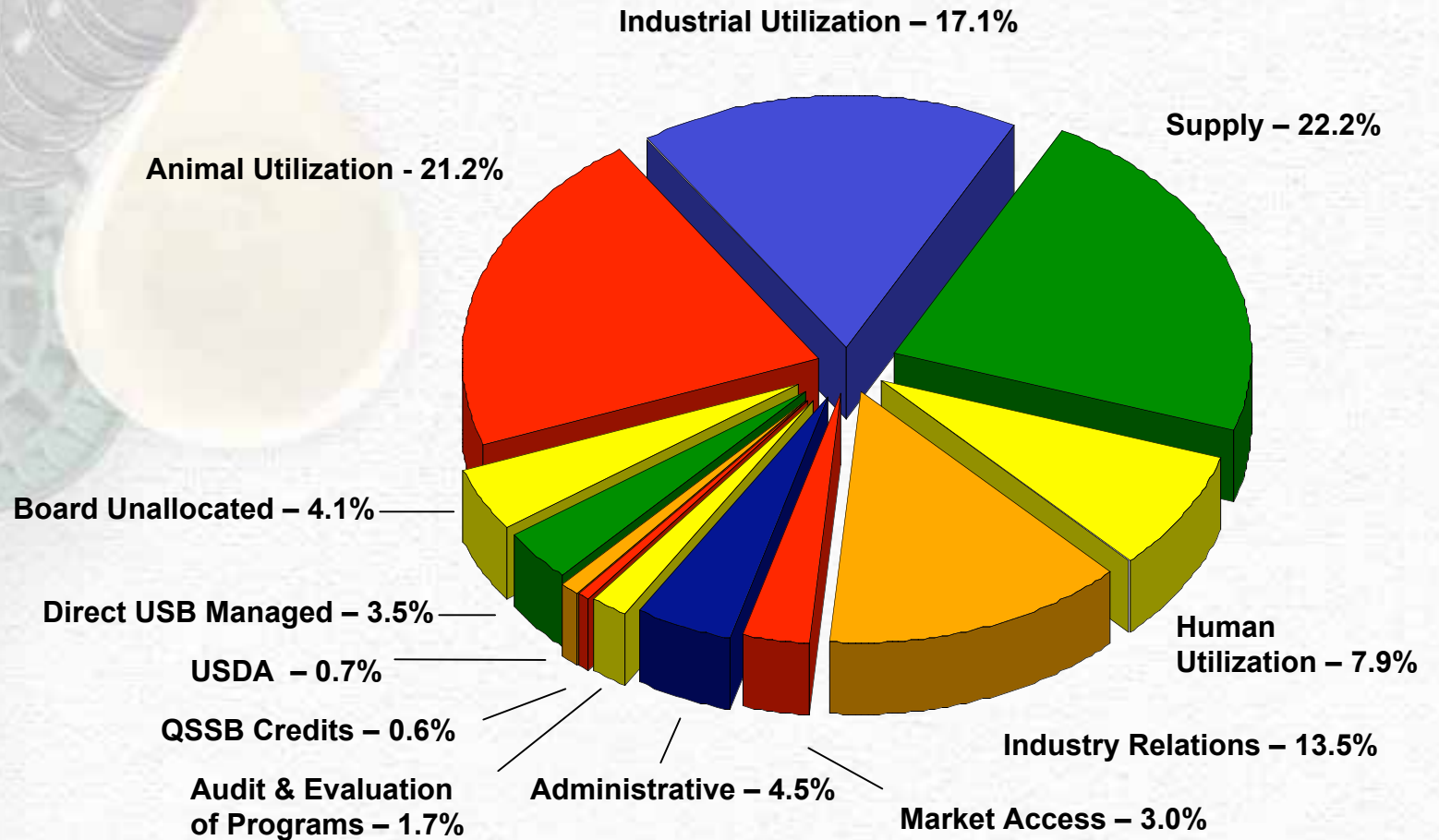
- Thank a U.S. soybean farmer
  - force behind U.S. biodiesel industry
  - major investors, users
  - fund research & promotion

# Soybean Checkoff



- **National U.S. program**
- **Everyone contributes, everyone benefits**
- **0.5% price/bushel sold**
- **state boards invest half**
- **USB invests half**
- **Create profit opportunities for U.S. soybean farmers**

# USB Investment



# U.S. Biodiesel

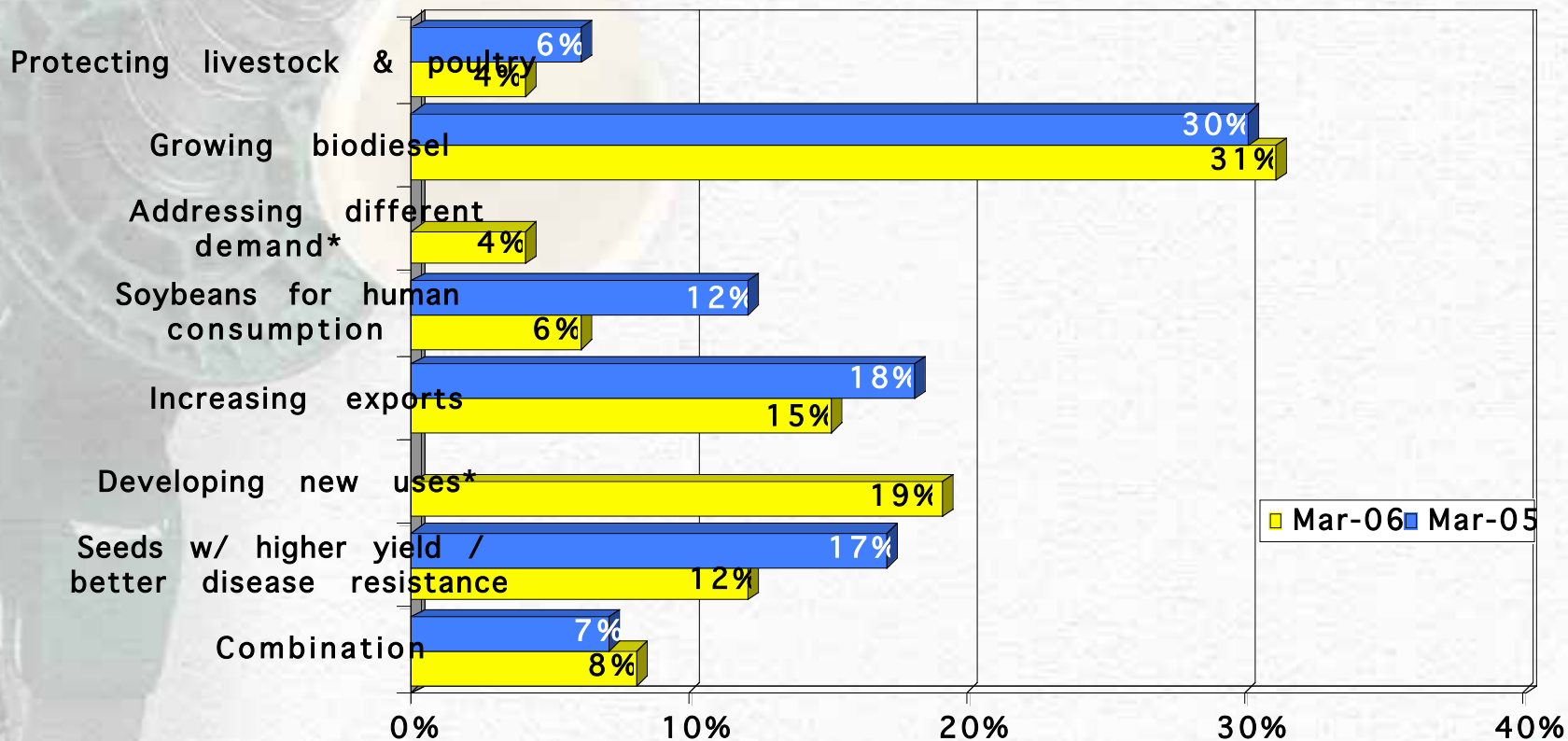


- Initial soy biodiesel research in 1990
- New use for soybean oil
- \$35 million+ invested by U.S. soybean farmers

# U.S. Farmer Priority

## USB Soybean Producer Attitude Survey

“...what’s most important to your bottom line?”



# 1990-1995 Priorities



- **Invest in Research**
  - **Performance**
  - **Quality**
  - **Handling**
  - **Storage**
- **Help Establish National Biodiesel Board (NBB)**
  - **Only U.S. trade association dedicated to biodiesel**

# Research Milestones



- **Soy biodiesel**
  - **high quality**
  - **superior cold-flow**
- **ASTM standard**
- **U.S. EPA Health Effects Testing**
  - **significant clean air benefits**



# Demonstration Milestones



- **Vehicle fleets**
  - **utility companies**
  - **schools**
  - **public transit**
- **Marine use**
- **Home heating oil**

# Federal Public Policy



- Checkoff only for research & promotion
- National Biodiesel Board, American Soybean Association, National Oilseed Processors Association, others
- EPACT: 1998
  - credits for biodiesel use
- Federal tax incentive: 2005
  - \$.01 per % blended for soy biodiesel

# State Public Policy



- **Minnesota: 2002**
  - **requires B2**
- **Illinois: 2003**
  - **sales tax exemption**
  - **grants for development**
- **160 proposed state laws: 2006**
  - **passage in Iowa,  
Washington State**

# Capitalize on Interest



- **USB Short-Term Emerging Issue for 2003-2005**
- **Biobased Products Initiative (BPI)**
  - **soy biodiesel**
  - **soy bioproducts**
- **Reimburse state checkoff organizations**
  - **increase availability & use**
  - **state-based soy biodiesel promotion**

# Capitalize on Interest



pump stickers

- **Biobased Products Initiative (BPI)**
  - advertising
  - promotion support materials
  - education materials



banners

- **U.S. soybean farmers: biodiesel**
  - 23% use in 2002
  - 47% use in 2006



fuel distributor information

# Capitalize on Interest



**SOY BIODIESEL.**

The green revolution. Your soybean checkoff helps create the soybean. And government and private sector leaders show it works. Shows that soybean can reduce the greenhouse and CO<sub>2</sub> footprint.

**ASK FOR IT.**

Support the environmental benefits of diesel fuel. In order to request it, fuel suppliers often ask you to provide a form. It's a free program based on soybean. It's available throughout the United States, so why not ask for it and use it if you can't find it?

**PUMP IT.**

Using soy biodiesel at your farm is your way to increase fuel efficiency, reduce greenhouse gas footprint and create an all things to be proud of.

**PROFIT.**

Government officials show that soybean more than 50 million acres are planted.

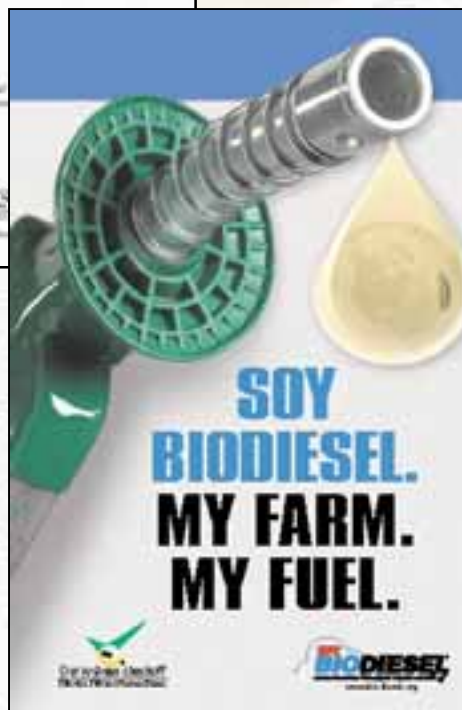
**BIODIESEL**

Our soybean checkoff.

ads

- What comes first?
  - demand
- Key messages
  - ask for soy biodiesel
  - use soy biodiesel
- Results
  - >3,000 distributors
  - >75 million gallons produced
  - 65 manufacturing plants
    - 50 planned

field signs



**SOY BIODIESEL.  
MY FARM.  
MY FUEL.**

**BIODIESEL**

Our soybean checkoff.



**Our soybean checkoff.**  
*Effective. Efficient. Farmer-Driven.*

# Current Projects/Issues



- **On-road Ultralow Sulfur Diesel**
  - promote biodiesel's lubricity
- **Tax incentive education**
- **Original Equipment Manufacturers (OEMs)**
  - endorse higher blends

## The Federal Tax Incentive for Soy Biodiesel: What You Need to Know

**Make Soy Biodiesel More Affordable Than Ever**  
A federal tax credit incentive program will be provided to encourage the production and use of soy biodiesel. The credit will be available to the producer of soy biodiesel and the user of soy biodiesel. The credit will be available to the producer of soy biodiesel and the user of soy biodiesel.

**Use an Eligible or Soy Soy Biodiesel Tax Incentive**  
The tax incentive is available to any person who produces, transports, or uses soy biodiesel. The credit will be available to the producer of soy biodiesel and the user of soy biodiesel.



# Current Projects/Issues



- **New diesel engines**
  - **compatibility study**
- **Energy balance education**
  - **highest energy balance of any fuel**
  - **3.2 units of energy gained per one unit of fossil fuel to produce**
- **Coordinate communications**
  - **target where availability needs improvement**



# Outlook

- Continued petroleum instability
- Unprecedented interest in biofuels
- USB Oil Task Force
  - “Implications of Increased Biodiesel Demand” study
  - implied demand shock
  - 4-5% increase/year in veg. oil use
  - 2-3 billion lbs./year for biodiesel
  - soybean oil prices up
  - soybean meal prices down
  - EU becomes veg. oil importer
  - “Library” section of [www.unitedsoybean.org](http://www.unitedsoybean.org)





# U.S. Biodiesel Resources

- **National Biodiesel Board (NBB)**
  - ✓ informational and technical resources
  - ✓ [www.biodiesel.org](http://www.biodiesel.org)
  - ✓ 800/841-5849
- **State Soybean Checkoff Boards**
  - ✓ information, education, materials
  - ✓ [www.unitedsoybean.org/who\\_states.cfm](http://www.unitedsoybean.org/who_states.cfm)
- **United Soybean Board (USB)**
  - ✓ Communications & Domestic Marketing programs
  - ✓ [www.unitedsoybean.org](http://www.unitedsoybean.org)
  - ✓ 800/989-8721
- **American Soybean Association (ASA)**
  - ✓ energy policy
  - ✓ [www.soygrowers.com](http://www.soygrowers.com)
  - ✓ 800/688-7692

# U.S. Biodiesel



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*Effective. Efficient. Farmer-Driven.*