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NEWS RELEASE

Biodiesel's Demand for Soybean Oil Worth Billions to Farmers

Soybean Checkoff-Funded Study Finds Biodiesel Boosts Prices of Soybean Oil, Whole Soybeans

ST. LOUIS (September 9, 2009) – A new study funded by the United Soybean Board (USB) and soybean checkoff proves the value of the biodiesel industry to soybean farmers. According to the study, U.S. soybean farmers received an additional \$2.5 billion in net returns over the last four years due to the biodiesel industry's demand for soybean oil. This demand added up to 25 cents in support for the per-bushel price of soybeans.

Soybean oil remains the dominant feedstock for biodiesel production, and the soybean checkoff has funded a large portion of the research and promotion of biodiesel through the National Biodiesel Board (NBB). USB Domestic Marketing Chair Lewis Bainbridge says this study proves the value of those efforts.

"We commissioned this study because we wanted to find out how much soybean farmers were benefiting from the checkoff's investment in biodiesel," said Bainbridge, who grows soybeans in Ethan, S.D. "And the results of the study exceeded our expectations. This is a significant return on investment for soybean farmers."

Centrec Consulting Group, LLC, conducted the study with funding from USB's Domestic Marketing program.

Besides looking at the biodiesel industry's past effects on the soybean industry, the study also aimed to predict this relationship going forward. Because the price of petroleum diesel has such a large influence on the price of biodiesel and soybean oil, the study asserts that the biodiesel industry has essentially created a new floor for soybean oil prices.

The Food and Agricultural Policy Research Institute at the University of Missouri says soybean oil will be used as the feedstock for approximately 54 percent of the biodiesel produced in marketing years 2009-2013. But, regardless of how much soybean oil is used for biodiesel production, a healthy biodiesel industry will, in turn, add value to soybean oil. Even as other feedstocks gain market share for biodiesel production, prices for soybean oil and whole soybeans could continue to receive support from biodiesel production.

Additionally, the study found that higher demand for soybean oil led to an increased supply of soybean meal, resulting in meal prices dropping by \$19 to \$45 per ton.

"Any lowering of the price of inputs for the animal agriculture industry is a plus," Bainbridge said. "The swine and dairy industries have had a tough time lately. This is a benefit for them. Every little bit helps in the poultry and livestock industries as far as decreasing their costs. And this demonstrates how biodiesel demand can have a positive impact on this important aspect of our food supply."

The study also accounted for the possibility that biodiesel demand for soybean oil will decrease due to a proposed regulation by the Environmental Protection Agency that limits the use of vegetable oils for meeting the draft federal Renewable Fuel Standard. Use of soybean oil in biodiesel manufacturing could fall by approximately 1.5 billion pounds by 2013 if this regulation is not revised. Soybean farmers could see net returns decrease by about \$2 billion from projections over that time period.

Two summaries of the checkoff-funded study, "Soybeans & Biodiesel: Key Price Relationships," and "Economic Impacts of Biodiesel Production on the Soybean Sector," can be viewed on the soybean checkoff Web site at www.unitedsoybean.org.

USB is made up of 68 farmer-directors who oversee the investments of the soybean checkoff on behalf of all U.S. soybean farmers. Checkoff funds are invested in the areas of animal utilization, human utilization, industrial utilization, industry relations, market access and supply. As stipulated in the Soybean Promotion, Research and Consumer Information Act, USDA's Agricultural Marketing Service has oversight responsibilities for USB and the soybean checkoff.

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