

Biodiesel Fact Sheet – Food vs. Fuel

- There has been significant debate over the effects that the development of biofuels in Western countries have had on food prices and on consumers around the globe. Food prices are linked to commodity prices, which have increased for a number of reasons.
- Some of the major contributors to the recent increases in commodity prices include:
 - Rising energy prices, which drive up the cost of inputs, production and transportation;
 - A growing global population and a growing middle class in countries like China and India who are incorporating more protein into their diet;
 - Unfavourable weather in agricultural areas of the globe, decreasing supply; and
 - Increased speculation in commodities markets.
- Manitoba's biofuels program, which includes a 2% mandate for biodiesel, is moderate. Based on recent production levels of canola in Manitoba, a 2% biodiesel mandate (approx. 20 million litres of biodiesel annually) would only use 2.4% of Manitoba's canola crop. A 5% biodiesel mandate (approx. 50 million litres of biodiesel annually) would only use 6.0% of Manitoba's canola crop.¹
- While increases in demand for canola oil will potentially lead to more land being used to grow the crop, the canola industry in Canada has indicated that it also expects increases in supply to come from better crop yields and better oil yields from canola seed crushing. This means that most demand for biodiesel can be met without taking land away from other uses.
- Manitoba's biofuel producers have typically targeted non-food varieties of grains and oil seeds for ethanol and biodiesel production. This results in lower cost of production and a lesser impact on food-related commodity prices.

¹ Kelwin Management Consulting, Canadian Canola Growers Association and Biofleet, *Comprehensive Impact Analysis of the Continuing Development of the Manitoba Biodiesel Industry*, <http://www.ccca.ca/Documents/Manitoba%20Biodiesel%20Impact%20Study%20Spring%202009-FINAL.pdf>, accessed on 01/09/09.