THE AGRICULTURE CRISIS

What it Means for the Midwest and Rural America
POET has grown from a single, humble refinery in Scotland, South Dakota to the world’s largest producer of biofuels and biorefined products.
According to the USDA, from 2013 to 2016 American farmers experienced the sharpest drop in net income since the Great Depression. Today, more than 5 billion bushels of surplus corn, wheat and soybeans are dragging down global commodity prices with potentially devastating consequences for farmers and rural communities.
GLOBAL CORN, SOYBEANS & WHEAT SURPLUS

Grain inventories are at record highs and growing

Source: USDA Economic Research Service
U.S. CORN YIELDS ARE SKYROCKETING

Corn yields continue to grow rapidly

Source: USDA
WHERE DOES AMERICA’S CORN GO?
WE’VE GOT PLENTY TO GO AROUND

Biofuels have been the driving force behind agriculture growth for the last 2 decades while exports have remained flat.

Biofuels are the only pathway to create significant new demand.

Source: USDA
Biofuel Co-Products: Distiller’s Grains, Corn Gluten Feed & Meal, Corn Oil
The cost to produce corn in major corn-producing countries is significantly lower than the United States.
THE FARM BALANCE SHEET

U.S. FARM INCOME
Farm net income has been cut nearly in half, from a 2013 high of more than $120 billion, to a projected $63 billion in 2017.

IOWA FARM LOANS VS. TOTAL NET INCOME
While loans and leases steadily increased, farm income declined and the gap continues to grow.

NON-REAL ESTATE DEBT
From 2000-2015, farm non-real estate debt held by commercial banks and the farm credit system nearly doubled.

Source: USDA Data
IOWA LAND VALUE CHANGE
PERCENT INCREASE OR DECREASE FROM PREVIOUS YEAR

1980s Farm Crisis

Source: USDA Data
Growing agriculture production across the globe combined with stalled grain demand are leading to an economic downturn that could be similar to the Farm Crisis of the 1980s.
WHAT’S THE SOLUTION?

AMERICAN-MADE BIOFUELS

Since the 1980s, biofuels have helped balance commodity surpluses by driving growth for U.S. agriculture.
LESSONS FROM THE 1980s FARM CRISIS

1980s Farm Crisis
• Corn prices 30% below cost of production
• 20% of farmers’ land set aside
• Plummeting farm income and land values
• Bankruptcy common

Biofuels Industry Emerges
• Entrepreneurial opportunities opened
• Ingenuity in construction, marketing, management, research & development
• Quick profitability
• Rapidly advancing technology
THE ANSWER TO THE AG CRISIS

BIOFUELS.

+ BALANCES Commodity Supply & Demand
+ INCREASES Farm Income & Land Values
+ GROWS Rural Jobs & Economic Opportunities
HIGHER BIOFUEL BLENDS ARE THE KEY
E15 IS GROWING NEW DEMAND FOR U.S. AGRICULTURE COMMODITIES

2 BILLION
Bushels of grain required to fully implement E15 nationwide

150 MILLION
Number of miles driven on E15 without any negative effects

Stations across the U.S. offering E15 by the end of 2017
1600 LOCATIONS

9 OUT OF 10
Cars on the road approved to use E15 and 3 out of 4 cars are explicitly warrantied for E15
E15 IS SAVING $ AT THE PUMP
IN 29 STATES AND COUNTING

More and more drivers are discovering less expensive, cleaner-burning, American-made E15 at their local gas stations.
GROWING BIOFUEL EXPORTS
U.S. EXPORTS ARE STEADILY INCREASING

Although corn exports haven’t changed in 30 years, biofuel (and DDG) exports have steadily increased as more and more countries realize the benefits.

Source: EIA
BIOFUELS
DRIVING BETTER OUTCOMES

AMERICAN-MADE

HIGHER BLENDS

OPTIMIZED ENGINES

SUSTAINABLE AGRICULTURE

BETTER ECONOMY

CLEANER AIR

LESS FOREIGN OIL
FANTASY FUEL
PROJECT LIBERTY & THE FUTURE OF CELLULOSIC BIOFUELS

- Farmers collect 280,000 tons of crop residue annually.
- 20-25 MGPY of cellulosic ethanol, waste stream used for power generation.
- 83% lower GHG emissions than gasoline.

Project LIBERTY
a POET-DSM joint venture
THANK YOU