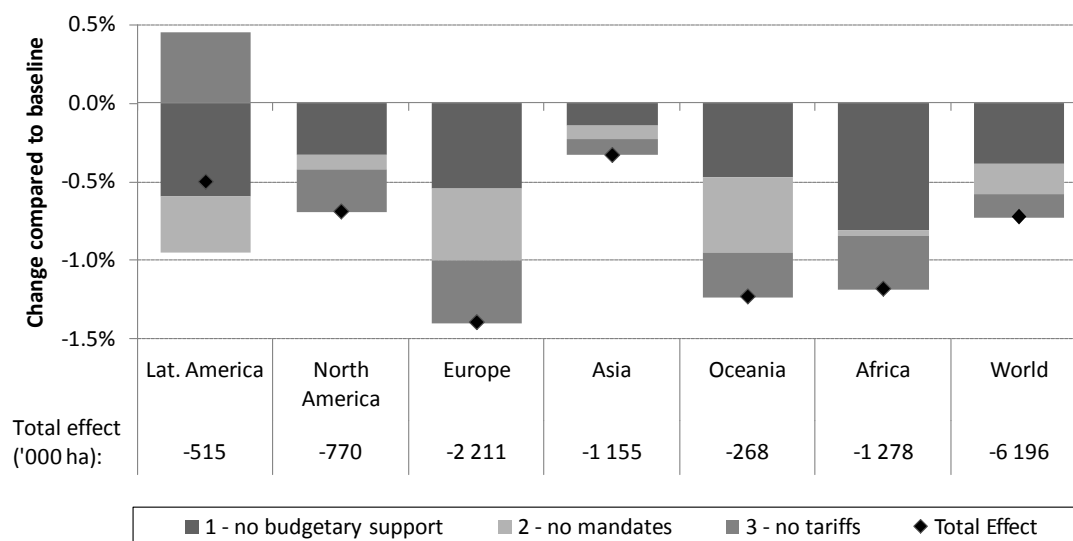


biofuel production by slowing down longer-term trends in reduced overall crop area use<sup>9 10</sup> and where the reduced domestic use of feedstock commodities would result in particularly strong price adjustments especially on wheat and rapeseed markets. Globally, some 6.2 million hectares (0.7%) less would be used for main crops (Figure 2.6). This represents about 23% of the increase of global crop area projected over the coming decade. While some of this land would be used for other commodities instead,<sup>11</sup> other parts may not go into production without biofuel support.<sup>12</sup>

**Figure 2.6. Impact of biofuel support removal on total crop area (wheat, coarse grains, rice, oilseeds), 2013-2017 average**



*Note:* The relative impact of removing different policies depends on the order of this removal as indicated in the text.  
*Source:* Aglink/Cosimo Simulation Results, OECD Secretariat.

In summary, this analysis shows that biofuel support policies remain crucially important in many countries. A removal of these policies would substantially affect the (private) profitability of biofuel production and use in those countries where production costs are particularly high. Ethanol production in the US would be affected to a lesser extent following somewhat better economics in this industry. This, and the large ethanol industry based on sugar cane in Brazil help to keep global ethanol production growing, although at substantially reduced rates, even without public support. In contrast, world biodiesel production (dominated by the EU industry) would decline by more than a fourth after removal of all support policies and grow much more slowly thereafter, ending up around 60% below the baseline in 2013-17.

Despite the importance of support policies for biofuel markets, the analysis also shows that the medium-term impact on crop markets should not be overestimated. With cereal and oilseed prices impacted by 5% to 7% and 3%, respectively, the medium-term effect of biofuel support policies is substantially smaller than recent price hikes on international markets. The effect of growing biofuel industries on crop markets is larger than that as shown further below, but some important parts of those industries would still keep growing even after removing the public support. This price-related conclusion also holds for land use which would grow some 20% more slowly without the existing biofuel support. But growth in land use is for a larger part independent from biofuel support policies.