



التجارة العراقية
IRAQI TRADE

The Role of Biofuels in the International Strategy Grain Trade

Oil prices have risen sharply during the second half of the first decade of the third millennium, which rose from \$ 60 per barrel, at the end of 2007 to \$ 80 a barrel early in 2008 and in March rose to \$ 100 a barrel, and in July of the same year rose to \$ 147 a barrel and it was the speculation in global markets, had the role in this, but the price quickly dropped and very significantly in 2009, which came to less than \$ 50 a barrel because of the economic recession that the world has witnessed during the global financial crisis.

At the same time the strategy grain prices has witnessed, a big increase not seen in the market before at that time and the period in which the price of food increased makes it impossible to think that the reason for this is the high global demand against low world supply of food, but there are other reasons, including speculation and the resort of some producing food countries for the use of food in the production of biofuels.

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The resulting rise in oil prices and the lack of alternative fuels required for energy made some of the producers of food, such as Brazil, the member states of the European Union and the United States to approach for the production of liquid biofuels from agricultural crops relying on the extraction of Alaitanwal from sugar cane or maize or oilseeds or Palm oil and the most important drivers of industrial countries for the use of crop food in the production of biofuels is to reduce dependence on imported oil, curb emissions of greenhouse gases blamed for global warming, mitigate the effects of climate changes and contribute in securing energy for the industrialized countries in anticipation of the big increase that may happen in the price of oil in the World market in the near term, or in an anticipation of the depletion of wells in the oil producing countries in the long run, so the US and EU countries plan in the near term to replace about 13% of the oil-based fuel with the liquid biofuels in 2017. It should be noted that the energy-dependent on oil account for more than 36% of the total volume of commercial consumption of primary energy in the world while the coal comes in second place by about 23% and natural gas by 21%.

And currently biofuels used on a large scale in many countries including America, Brazil, Germany, Sweden, Canada, China and India, where ethanol, produced mainly from sugar cane and corn, is more than 90% of the total production of biofuels in the world, while the biodiesel comes in second as biofuels.

Brazil and the United States are of the leading producers of biofuels in the world. Brazil produces ethanol from sugar cane since 1975 for use as car fuel. While the United States produces the fuel from corn, and these two countries account for about 90% of world production.

It is the evaluation of the global crisis of food in 2008 the reasons and the results makes it clear and without any doubt that the use of some types of grain strategy for the production of biofuels has contributed to raise the prices of grain in world markets and it is expected, according to a set of circumstances that the producers of strategy grain will be heading in the future towards increasing the production of Biofuel, which requires increasing the area cultivated with these crops and to direct attention and agricultural technology and more investment towards those crops and this will definitely be at the expense of strategy grain crops and lead to a reduction displayed in the global markets and thus the high prices and the main affected part of these are grain importing developing countries like Iraq for example, due to increasing quantities of imported grain because of the increasing population on one face and the high prices on the other while food producing countries achieving significant benefits through the following:

1 - to increase the production of agricultural crops used for producing biofuels means producing more biofuels and consequently reduce oil consumption and thus reduce the money spent on importing oil.

2 - The expansion of biofuel production means reducing greenhouse gas emissions, resulting from the consumption of oil and polluting the environment, which means reducing the costs of keeping clean environment.

3 - the move towards producing more grain crops used in biofuel production means lower grain production, which means raising its prices in global markets and thus maximize the profits of producers and monopolists of strategy grain.

4 - to rely on agricultural technology for the production of agricultural crops that are used in the production of biofuels.

We conclude from the foregoing that the grain trade will witness significant developments are not in the favor of imported food developing countries, which requires serious consideration of the need to develop a strategy for production of strategic grain, which represents food security and reduce dependence on world markets.