



Biodiesel production & soybean prices at risk unless Senate acts to extend tax break

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Washington, Dec. 17 – Collateral damage from the Senate’s continuing stalemate over healthcare now is likely to include the nation’s 180 biodiesel plants, putting at risk some 60,000 jobs. That’s according to the American Soybean Association (ASA) whose leaders came to town this week to try to get at least some senators to listen to financial reason. ASA warns that unless the Senate follows the House in extending the biodiesel tax incentive due to expire Dec. 31, “biodiesel production and consumption in the U.S. will come to a halt” – and soybean prices will drop 25 cents a bushel.

As it turned out, senators were too busy with healthcare to meet with their ASA visitors. The staffers who did sit down with ASA were “very sympathetic” and “very frustrated” but unable to offer any hope of getting the biodiesel extension passed this year. So two soybean farmers, ASA First Vice President Alan Kemper from Indiana and ASA’s representative to the National Biodiesel Board Darryl Brinkmann from Illinois, came away from their Capitol Hill meetings convinced most biodiesel production will shut down on January 1st. That’s because, unlike with other tax breaks, a retroactive extension won’t work for biodiesel. Biodiesel’s unique credit is directly linked with the price consumers pay for the fuel. ASA states that without the incentive, as of Jan 1, “biodiesel will be significantly more expensive than petroleum diesel fuel, and thus will not be produced or consumed domestically . . . producers will not make fuel to lose money, and consumers will not buy a fuel that is significantly more expensive than petroleum diesel.”

Brinkmann predicts that in January “a lot of the biodiesel plants will close down. They will lay off their employees. They are not going to continue to produce with that uncertainty.” The exception, he says, could be large producers such as ADM which can afford to ride out difficult times – a factor likely to lead to further industry consolidation.

Brinkmann says that in predicting a shut-down, “We’re not making threats. These are things that will happen.” Based on his meetings with Senate staffers, he says that “it’s come down to the political games being played back and forth and with healthcare taking up all the time, including one member [Sen. Tom Coburn (R-OK)] insisting on the reading of an amendment which stopped all Senate business.”

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