



January, 2009

What's Your New Year's Resolution?

Maybe your goal is to lose 20 pounds. Unfortunately though, you won't lose those 20 pounds by wishing them away. So should you throw in the towel if on February 1st, your bathroom scale shows only two pound less?

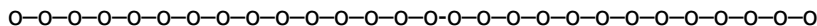
Well, that's what one Stanford professor seems to be saying in a recently-released report on alternative sources of energy. Apparently, wind, solar and geothermal energy sources may be better than biofuels. And they might. No doubt, desktop fusion, or a perpetual motion machine would be the best solution. Of course if we apply his logic to our weight loss problem, we shouldn't diet and exercise. Instead we should wait until someone steps forward with a panacea drug to make that 20 pounds vanish all at once. But what if we are already dead and gone by the time that happens?

One of the reasons biofuels present such promise is that they cut greenhouse gas emissions and increase our energy security.... now. And now is when we need to address these daunting issues. Lasting change, after all, seldom comes about in quantum leaps: Instead, we make small advances—relative improvements to what we have at hand. With millions of internal combustion engines around the world already, the best incremental change we can make—right now—is a switch to renewable, domestic fuel.

And, who knows, maybe we'll still be around when the magic weight loss pill and that desktop fusion thing are perfected.

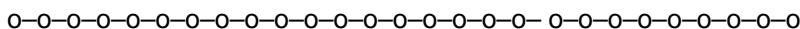
Pump Prices – Here & There January 2, 2009		
	US	Brazil
B3	- NA -	\$3.42/ gal..
B11	\$2.33/ gal	- NA -
100% Alcohol	- NA -	\$2.63 / gal.
E85	\$1.49 / gal	- NA -
Gasoline	\$1.73 / gal	\$4.12 gal.*

*contains 25% alcohol



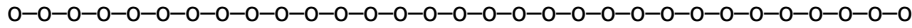
Less Sugar, More Ethanol

Shipments from Brazil's major seaport of Santos—which is also the largest seaport in South America-- will show overall decreases in 2008, says a report on the "portalexame.abril.com.br" site. The drop in tonnage comes in spite of the fact that sugarcane ethanol exports to Europe and the U.S. went up by 38 percent in 2008.



Castor Zone

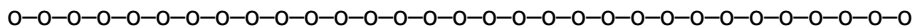
Castor bean farmers in Brazil's northeastern state of Ceará could have a longer window to plant their crop this year, if new ag zoning rules go into effect. Longer-cycle crops, such as castor beans, could be planted until the end of February and short-cycle crops until March 10. Typically, says a Brazilian media report, the planting dates have been around January 20 and 30 for the two types of crops. Disobeying agricultural zoning regulations typically means becoming ineligible for the government's bountiful "family farming" benefits, such as subsidized interest rates on loans to buy inputs. Ceará biodiesel program coordinator Walmir Severo, told a reporter that the state's castor bean planted area should double under the new regulations—from 54,000 acres to 111,000 acres. The typical per-family plot size for castor beans should climb from 3½ acres to five acres.



Stats from the Ministry

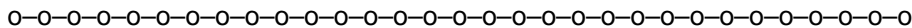
Between making ethanol for cars and generating electricity through burning sugarcane bagasse, Brazil's sugar mills and distilleries are responsible for producing 16 percent of the country's energy—just behind petroleum in the ranking of the nation's energy sources, says *Globo Rural*, an agriculture magazine. In an interview with Alexandre Strapasson, Sugarcane and Agro-energy Director at the federal Ministry of Agriculture, the publication revealed that:

- o Brazilian farmers are planting sugarcane on 21 million acres at the moment, which is one percent of Brazil's total territory.
- o That planted area feeds 417 distilleries operating nationally.
- o The 2008-09 crop year should produce 14 percent more sugarcane than last year's crop of 571 million MT, translating into 16 percent more ethanol—more than seven billion gallons.
- o Brazilian exports reached 1.3 billion gallons last year, versus less than a billion in 2007.
- o The U.S. imported 400 million of those gallons, which is nearly double the previous year's imports. Meanwhile, Caribbean nations nearly doubled their imports of Brazilian ethanol from the previous year, some of which may have been re-exported to the United States.
- o The Ministry of Agriculture estimates Brazil's total sugar sales totaled \$5.5 billion, and ethanol sales \$2.5 billion.



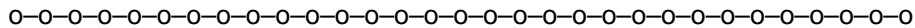
Slave Labor

State of Mato Grosso government officials removed 24 workers from a jatropha farm near the town of Nova Mutum, and cited the owners for maintaining the workers in "degrading conditions" says a news source from the state. The owners paid R\$2,000 to each employee and R\$68,000 in penalties. In addition, the owners will have 120 days to buy a pickup truck for the Regional Labor Superintendency, for use in future slave-labor checks in the area. According to reports, the workers slept on plastic tarps under an open sky and had no source of water freely available.



Wait! I Thought We Were Out of Food...

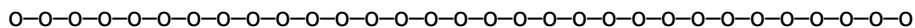
The Ecuadoran government is planning to deal with an over-supply of rice, corn, soybeans and milk by storing 270,000 MT of the products. A spokesman said that \$58,000,000 will be spent in order to stock up 120,000 MT of rice, 80,000 MT of corn, and 70,000 MT of soybeans,



Island Hopping

Mexico's *El Financiero en linea* reports that Brazil's Petrobras will open its first gas stations in Japan in 2009. The goal is to make Japan a gateway to the rest of Asia for the 3.2 billion gallons that the South American giant aims to export over the next ten years to that part of the world. Petrobras already has a refinery on the island of Okinawa.

Japanese law currently demands a three percent ethanol blend with gasoline, and currently imports 132 million gallons of ethanol—100 million of them from Brazil.

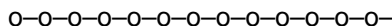


Carla Bruni and Husband in Brazil



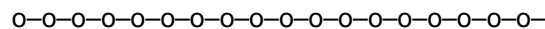
French President Nicolas Sarkozy and his wife, pop singer Carla Bruni, spent the final days of December on the white sand beaches of Bahia, generating plenty of photo coverage in Brazil's press. Before vacation though, Sarkozy and Brazilian President Lula held talks which ended with declarations of good intentions surrounding Brazil's possible admission to the UN Security Council, but little

substance, such as trade agreements. The joint statement following their meetings included the promise that Brazil and the EU would jointly promote the use of biofuels. But as one opinion in a Brazilian paper said, "there is not a single word about the opening of the European market to Brazilian ethanol."



Argentina Biodiesel

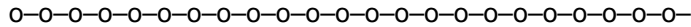
More than 300 bounced checks were all that was left behind in the Argentine soybean-growing center of Venado Tuerto last month, after Biodiesel SA, a joint Argentine-Spanish firm, closed its doors. The company arrived in the area four years ago, with plans to build a 1600 to 5300-gallon biodiesel plant in the area. But, despite getting help from the state and local government, one Argentine newspaper says the company never did produce biodiesel on its own. At the most, apparently, it simply bought product from other suppliers.



Get Rid of Unsightly Fat and Go Places

You may have heard about it before, but it bears repeating. A Beverly Hills liposuction doctor has found a way to cut the cost of your commute and trim your waistline at the same time. Alan Bittner, a plastic surgeon, is accused of filling his car's tank with biodiesel made from the fat removed from liposuction patients. It is apparently illegal, in California, to "use human medical waste to power vehicles." Dr. Bittner is already under investigation for allegedly allowing his girlfriend to perform liposuction without a medical license.

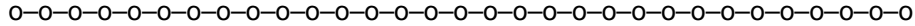
http://www.efluxmedia.com/news_Car_Fuel_From_Human_Fat_32170.html



Raise the Roof?

The *Des Moines Register* reports that The National Petrochemical Association and the Sierra Club have joined with twelve other organizations to ask the federal government to look into the use of higher ethanol blends. Other groups, like the Motorcycle Industry Council and the Natural Resources Defense Council, have weighed in against raising the ceiling.

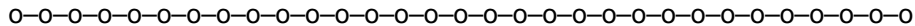
<http://www.desmoinesregister.com/article/20081228/BUSINESS/812280317/-1/NEWS04>



Iowa's Flexing for Biodiesel

Iowa's first biodiesel blender pump was installed last month at Ron's Five Point Mart in Dubuque, allowing customers to select their own biodiesel blend—two, five, ten or twenty percent. According to *THonline*, the state already has nine ethanol blender pumps. "We believe that by installing these blender pumps across the state, more customers are going to turn to biofuels," said a spokesperson for the Iowa Renewable Fuels Association.

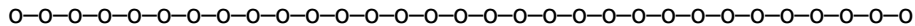
<http://www.thonline.com/article.cfm?id=227486>



Oklahoma Campus to Help Biofuels Business

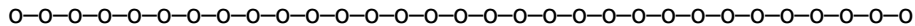
The *Tulsa World* reports that Rogers State University is set to launch a "Biofuels Assistance Center" to help entrepreneurs develop ethanol and biodiesel from crop residues and other waste, says the *Tulsa World*. A \$51,000 grant from the USDA will help "promote economic expansion in rural north-eastern Oklahoma," according to a university spokesman.

http://www.tulsaworld.com/business/article.aspx?articleID=20081130_46_E3_hBusin457937



Commuting on biodiesel

The *Houston Chronicle* recently reported that biodiesel producers are using the U.S. government's dollar-per-gallon blender tax credit to lower prices for the biodiesel they export. Currently, according to the paper, more than half of the biodiesel made in the U.S. is exported. Exports, say some, are helping get the infant biodiesel industry started, and making sure it gets through the recession in one piece, so that we're able to blend a billion gallons by 2012. Most of the exported biodiesel, according to the report, goes to the EU. John Kellogg of World Energy said, in the article, that "Support from the federal government in the form of a tax credit is appropriate to allow biodiesel to become a global business and a global competitor." The article did not mention that Brazil—another large biodiesel producer, also offers tax breaks for biodiesel production.



Argentina's Sugarcane President

Barack Obama is not the only new president with a big agenda. Ambassador Fernando Nebbia, slated to take charge of the Argentine Sugarcane Industry Center (Centro Azucarero Argentino,) also has a big *to-do* list. A reporter from the highly-respected Buenos Aires daily *La Nacion* caught up with Nebbia recently

http://www.lanacion.com.ar/nota.asp?nota_id=1083233

According to *La Nacion*, Argentina produces 2.29 million metric tons of sugarcane, and domestic consumption is maxed out. So Nebbia may be looking at increasing his country's participation in the global ethanol market. Here's what he had

to say.

“To fulfill the five percent blend of ethanol with gasoline, which should go into force beginning in 2010, there would be a shortfall of 300,000 metric tons of sugar, about 13 percent of domestic production.

“On the other hand, in electric energy material, during the crop year we can generate a million megawatts, which is one third of what the country imports to meet its energy needs. The best thing is that the sugarcane harvest coincides with the time during which the country does its importing: the period from April to November...”

Nebbia says the economy’s planting signals to the Argentine sugarcane producer are not reflected in world markets, due to protectionist measures around the world. “That’s why,” he says, “ethanol and co-generation (of electricity) can be the place where the (market) forces get oriented to continue growing.”

At the moment, the only Argentine company making ethanol is Azucarera Los Balcanes, says *La Nacion*. The distillery was launched in 2007, and is executing market tests in the Northwest chain of service stations. But there may soon be more investments: The Argentine Biofuels Association says that US\$500 million are invested in new sugarcane ethanol projects in Argentina.

2. 29 million MT	Amount of sugar produced in Argentina, in 2008
US\$500 million	Estimated investment in new projects to produce sugar-cane ethanol in Argentina
1 million	Megawatts that could be produced by local distilleries making ethanol
\$2.17 per gallon	Official price for a liter of ethanol, set by the Argentine Secretariate of Energy

The *The BioFuels Report*, is produced by South American Soy, a global production investment and management company, and is sponsored by the Illinois Corn Marketing Board and in part, by the soybean checkoff.