

FUTURE DEMAND FOR CORN AS AN INDUSTRIAL INPUT

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Industrial uses of corn have increased significantly in recent years. It is currently estimated that 26% of total consumption of US corn this marketing year will be comprised of food and industrial uses. The largest single factor in the growth of industrial use has been increased corn use in ethanol production. Ethanol production alone is expected to consume almost 13% of the record corn crop harvested fall 2004. Further, as additional ethanol plant capacity develops in the near term, this percentage is likely to increase.

While much of the current discussion of corn as an industrial input is focused on ethanol, technologies are developing that could make corn starch an important input in other industrial processes as well. The growth in industrial corn markets, however, will result in demands for specific corn traits based on use. It is anticipated that this will result in a more heterogeneous market for corn, with prices differing based on specific characteristics.

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