

## **MSU Product Center**

*For Agriculture and Natural Resources*

Funding: USDA Rural Development Cooperative Service Market Advisor: The Hale Group

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### **Corn for Industrial Uses - Overview**

#### **Products included in the product line**

- Industrial uses are those that are not covered by food and drink uses and ethanol.
- Examples include plastics, pharmaceutical sugar substitutes, solvents, cleaners, and other products.

#### **General Market trends and information**

- The increasing price of petroleum based products has increased the demand and interest in plant based substitutes. Corn can substitute for petroleum for a number of uses, especially plastics.
- Many corn based industrial products are biodegradable. This attribute appeals to consumers interested in environmentally sensitive products. Firms and governments worried about regulations or landfill problems will also be interested in corn based industrial products.

#### **Emerging trends**

- The single biggest emerging trend is the rapid increase in oil prices. This makes corn based industrial products more price competitive with compared to traditional petrochemical products.
- Nonetheless, corn based industrial products need to be produced at the lowest possible costs. Consumers of these products tend to be price sensitive.
- There may be increased regulations that require products to be recycled or be biodegradable. This has already happened in Europe, especially in the automobile industry. This would also spur an increased demand for corn based industrial markets.

#### **Manufacturing and distribution issues**

- To a great extent these markets are just beginning to be developed. Corn producers, initial handlers, and processors will have to adjust their operating practices in order to meet the needs of these markets.
- These changes may include growing corn varieties that meet the specification of the industrial user. This implies the need for more contractual marketing and supply arrangements and less dependence on the cash market and futures market.
- The marketing chain for industrial products is very different than the food and feed marketing chain. Different delivery systems and inventory control may need to be developed.

#### **Overall Assessment of Opportunities**

- The rising cost of oil and the potential for government regulation may increase the demand for industrial products made from plant material such as corn. However, costs need to be minimized, and new distribution and marketing systems need to be developed to take advantage of this opportunity.