

Abstract

Although biofuels have drawn the attention of researchers since its boom, which took place 20 years ago, doubts about benefits which their usage brings in the academic debate. This thesis joins the debate that discusses the impact of biofuels on food prices. The prices of 38 commodities and assets that are related to the biofuels are examined under Minimum Spanning Tree and Hierarchical Tree methods over the years between 2003-2019. The time span is divided into 4 periods, that responds to the development of world food prices. The results show that the relationship between biofuels and their feedstock depends on the overall level of food prices. In the case of higher food prices, the link between feedstock and biofuel is stronger and therefore the price transmission is more likely to happen. With lower food prices, this link is significantly weaker. Furthermore, the development of world food prices does not follow the trend of increasing biofuels production as food prices have become stable in recent periods. Therefore, this thesis does not support the claim that biofuels cause higher prices of food.

Keywords

biofuels, ethanol, biodiesel, transportation, food price transmission, Minimum Spanning Tree, Hierarchical Tree