



Iowa Renewable Fuels Association

GREEN Team

Grassroots RENEWABLE Energy Network

Newsletter for renewable fuels advocates

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Food and Fuel

Escalating gas prices are hitting consumers' pocketbooks hard. However, relief can be found by using ethanol-blended fuels which lower gas prices. It has been proven that corn ethanol has an infinitesimal affect on food prices and slashes the price consumers pay at the pump.

- Food prices are predicted to rise only 2 – 3 percent in 2011 while crude oil prices are escalating to well over \$100 per barrel. Further, higher energy costs are the biggest contributor to increasing food prices.
- About one-third of a bushel of corn used for ethanol is processed into distillers grains, a high protein, energy intense livestock feed. Over the past 10 years, over one billion bushels of corn was replaced with distillers grains in livestock rations, further extending U.S. corn supplies.
- About 80 cents of every retail dollar spent on food goes to cover processing, packaging, distribution and marketing costs. These factors (which include energy costs) drive increases in the cost of food more than biofuels (which have a minimal impact on the remaining 20 cents).
- There has been no significant increase in crop acres since the late 1950s, but production has grown substantially due to seed technology and production efficiency. Despite significant weather challenges, USDA projects the 2010 corn crop as the third largest on record at 12.45 billion bushels.
- Just 3% of the world's grain supply goes to ethanol processing. With rice and wheat the predominant grains directly consumed by humans, corn for ethanol production has no impact on these food grains.
- Food supplies are growing, with both beef and milk production increasing. Feedlots with a capacity of more than 1,000 head had 10 percent more cattle on feed than last year. And, milk production is up 2.7% over January of 2010.
- The rate of ethanol production hasn't changed since corn was \$3.50 per bushel last summer. What has changed is weather around the globe – drought in Russia, flooding in the Midwest and South America. Weather disasters hurt yields and are putting pressure on corn prices.
- Even the World Bank has reversed its original position of blaming biofuels for high corn prices. “After further review, the World Bank issued a retraction stating that the effect of biofuels on food prices has not been as large as originally thought.”



Food vs. Fuel vs. Freedom

Much has been written about the food vs. fuel debate. But what about the fuel vs. Freedom debate?

The use of more domestically-produced ethanol will provide Americans More Freedom from Foreign Oil produced in countries with unstable governments, dictatorial ruling parties and political unrest. Now is the time to support American jobs and chose American renewable energy over foreign oil.

- According to the Renewable Fuels Association, U.S. ethanol production eliminates the need for 445 million barrels of imported oil annually – that’s *more* than the U.S. imports from Saudi Arabia each year.
- Ethanol now accounts for nearly 10% of U.S. gasoline sales.
- Ethanol production creates jobs. Last year, the U.S. ethanol industry helped support 400,000 jobs for Americans. This production added \$36 billion to household income and contributed \$7 billion to the U.S. Treasury.
- In Iowa, corn ethanol production supports nearly 49,000 jobs, generating \$2.4 billion of income for Iowans last year. Additionally, the ethanol industry generates \$588 million in tax revenue for Iowa.
- The National Defense Council Foundation estimates the U.S. spends more than \$137 billion per year on military operations securing the safe delivery of oil from the Persian Gulf.
- Oil subsidies have done little to affect domestic oil production. The U.S. still relies on imported oil for over 60% of its transportation needs, supporting jobs overseas instead of here at home. By 2030, the Energy Information Administration projects the U.S. will import 70% of its petroleum.
- In 2010, the U.S. spent \$28 billion per month on foreign oil—a massive transfer of wealth during a period of economic hardship
- Reliance on foreign oil has cost us more than \$7 trillion over the past 30 years
- The U.S. produces the same amount of oil today as in the 1950s despite billions in subsidies for oil production since the 1970s.
- A USDA study found that dry grind ethanol plants produce 2.3 times more energy in the form of ethanol delivered to customers than it uses for corn production, processing and transportation. This dramatic decline in energy use further minimizes ethanol’s carbon footprint and lowers greenhouse gas emissions.
- Ethanol is more energy efficient to produce than gasoline. The ratio of 2.3 BTUs of ethanol for 1 BTU of energy inputs is up from the ratio of 1.76 BTUs for every 1 BTU of energy inputs in 2004, significantly improving our energy security. By comparison, gasoline yields only 0.8 BTUs for every 1 BTU input.
- No aircraft carrier has ever had to defend an Iowa cornfield.