



FACT SHEET: *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.
- Nearly 89 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 11 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."