



Why Are the Largest Food Companies Spending Millions of Dollars Attacking Ethanol While Completely Ignoring Gasoline and Diesel Prices?

RFA CEO Bob Dinneen Asks

Responding to the inside-the-beltway ethanol smear campaign organized by the Grocery Manufacturers of America (GMA) and other undisclosed funders, Renewable Fuels Association President Bob Dinneen issued the following statement:

“As oil and gas prices continue to set new record highs every day, it is beyond disingenuous for these groups to ignore the enormous impact escalating prices for oil and gasoline have on the price of food. Rather than work with biofuel producers to develop alternatives to oil to lower the price at the pump and thereby reduce the price of food, these groups prefer to manufacture fear and hysteria about food prices. This is a contrived and thoroughly misleading PR campaign attempting to link biofuels and food prices. These groups have chosen to deliberately mask the devastating impact of skyrocketing oil, gasoline and diesel prices while fostering a climate conducive to rampant speculation that has driven all commodities higher. Everyone ought to be asking why?”

“Calls for the removal of ethanol from the marketplace would do precious little to reduce the price of food, but would send prices at the pump even higher by more than \$1 per gallon. Ultimately, this deliberate smear campaign is aimed at destroying the base upon which the next generation of biofuels will be built. If this country were to jettison the starch-based ethanol industry, the development of cellulosic ethanol technologies and other biofuel advancements would be set back by decades, something those in OPEC and the oil industry would clearly welcome.”

“It is extremely curious at a time when companies are laying off employees and cutting back on production due to the high price of oil, gasoline, and diesel fuel, the nation’s largest food companies are spending millions of dollars to attack ethanol and completely ignoring prices at the pump.”

- A recent study from Texas A&M University requested by Texas Governor Rick Perry concluded, “[The underlying force driving changes in the agricultural industry, along with the economy as a whole, is overall higher energy costs, evidenced by \\$100 per barrel oil.](#)”
- According to a report by the Federal Reserve Bank of Kansas City, “[a 10 percent gain in energy prices could contribute 5.2 percent to retail food prices.](#)”
- [Economic advisors to the White House estimate that only 3 percent of the 43 percent increase in global food prices can be attributed to biofuels.](#)
- In the U.S., food inflation during the last 12 months would have been 4.25 percent without expansion of the ethanol industry versus actual food inflation rate of 4.5 percent, according to the White House’s Council of Economic Advisers.
- Increased transportation and fuel costs are a more likely explanation of the difficulties faced by the World Food Program. [A recent General Accounting Office report found that business and transportation account for as much as 65 percent of the cost of the U.S. food aid program.](#)
- A recent study by the Center for Agriculture and Rural Development at Iowa State University estimates that ethanol production and use has caused gasoline prices to be \$0.29 to \$0.40 lower than they otherwise would have been.

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