



FACT SHEET: *FOOD AND FUEL*

- Biofuels protect the family budget. If biofuels production were rolled back, the typical family of four would lose roughly \$1,000 in purchasing power – for groceries, gasoline, etc.
- In the last 12 months, food prices have gone up 5 percent while gasoline prices have gone up 100 percent. Further, higher energy costs are a bigger factor than commodity costs for increasing food prices.
- The U.S. Council of Economic Advisors stated that food price inflation for 2008 would be roughly 4.5 percent. Without biofuels production, it would still be 4.25 percent.
- Ethanol production uses only the starch in corn – the oil, fiber and protein are captured separately and used in animal feed. Biodiesel production encourages a larger soybean crush, resulting in a larger supply of soybean meal for animal feed.
- 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 affect only a part of the remaining 20 cents).
- Food prices are largely determined by costs and profits after commodities leave the farm. On average, only about 19 percent of the price of food can be attributed to ingredients.
- Merrill Lynch found that oil and gasoline prices would increase 15 percent without biofuels.
- ISU CARD found the growth in ethanol production has caused retail gasoline prices to be \$0.29 to \$0.40 per gallon lower than would otherwise have been the case.
- Texas A&M University found that relaxing the RFS does not result in significantly lower corn prices and that corn prices have had little impact on rising food costs.
- According to U.S. Council of Economic Advisors, increased biofuel production accounted for only 3 percent of the 43 percent global increase in food prices.
- In 2007-2008, the United States exported record amounts of corn and soybeans to feed the world. Corn for ethanol accounts for only 2 percent of the worldwide corn market – hardly enough to be the driver in world commodity prices.
- World demand, drought, and export restrictions are driving world food prices. Wars and violence that destroy agricultural production and restrict aid are also factors increasing world hunger.
- 65 percent of expenses by the U.S. foreign food aid program are administration and transportation.
- Wheat acres are up in the United States three years running. Drought in key producing regions around the world is the cause of high wheat prices, not biofuels production.
- You cannot grow rice in a cornfield or corn in a rice paddy. Rice prices have been driven by export restrictions in major rice exporting countries.