

# ETHANOL FACTS!

## Food vs. Fuel


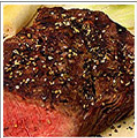










**MYTH:** If corn is being used for ethanol production, *there won't be enough* to meet domestic and international food demand.

**FACT:** The type of corn used to produce ethanol is not destined for human consumption. It is generally used for livestock feed export markets and the production of ethanol.

**MYTH:** The high price of corn caused by the demand for ethanol is driving up the price of food for consumers.

**FACT:** U.S. consumers enjoy the most affordable and abundant food supply in the world despite an increase in corn demand for ethanol production. The price of corn and other grains play a minor role in food cost. **Oil prices are a greater factor in rising food prices** since fuel contributes to the cost of food at every step- growing, processing, packaging and shipping. According to USDA, non-farm costs account for **80%** of every food dollar spent in the U.S.

The U.S. Commerce Department Consumer Price Index released in April 2007 shows that from January 2006 – March 2007, a timeframe when corn prices nearly doubled, consumer food costs increased by less than average: 2.1%, compared to the 25-year average of **2.9%**.

<b>Bacon</b> One Pound  Retail \$3.29 Farmer \$0.47	<b>Top Sirloin Steak</b> One Pound  Retail \$7.99 Farmer \$0.93	<b>Bread</b> One Pound Loaf  Retail \$2.69 Farmer \$0.15	<b>Fresh Carrots</b> Two Pounds  Retail \$1.89 Farmer \$0.33
<b>Cereal</b> 18 Ounce Box  Retail \$5.05 Farmer \$0.11	<b>Cheddar Cheese</b> One Pound  Retail \$5.49 Farmer \$2.02	<b>Eggs</b> One Dozen A-XL  Retail \$3.49 Farmer \$1.07	<b>Flour</b> Five Pounds  Retail \$2.29 Farmer \$0.75
<b>Boneless Ham</b> Price per Pound  Retail \$4.29 Farmer \$0.47	<b>Lettuce</b> One Head (Two Pounds)  Retail \$1.49 Farmer \$0.62	<b>Milk</b> One Gallon, Fat Free  Retail \$3.99 Farmer \$1.74	<b>Potato Chips</b> Lays Classic 13.5 oz.  Retail \$3.49 Farmer \$0.07

**MYTH:** American farmers are getting wealthier because of higher market prices, government support and higher retail prices.

**FACT:** Better corn prices received by farmers help revitalize rural communities, while having very little effect on the prices consumers pay for food. High grocery store and restaurant prices do not benefit farmers in any way. A farmer receives approximately **11 cents** from each box of cereal sold, regardless of the price at the grocery store. Further, the *government is spending less in support payments* because farmers are getting a fair price for their crops from the market.

← **How much farmers receive from basic retail food items.**

**MYTH:** Corn used for ethanol means less feed options and increased production costs for livestock producers.

**FACT:** Ethanol plants make 2 products, ethanol and high quality *distillers grains, which are a nutritious feed source for livestock.* Only the starch from a corn kernel is used to produce ethanol.

Adding further perspective to the livestock issue is a report released by Tufts University in February that showed the concentrated livestock industry has benefited significantly from cheap corn. From 1997 to 2005, corn was priced **23% below** the cost of production leaving farmers at a disadvantage. In contrast, the study concludes that the broiler chicken industry saved **\$11.25 billion** and the industrial hog industry saved approximately **\$8.5 billion** over the nine-year period because of cheap corn.

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