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American Coalition for Ethanol statement in response to Big Food claims

Sioux Falls, SD (June 12, 2009) – The American Coalition for Ethanol (ACE) today responded to new reports commissioned by big food manufacturers claiming again that increasing the ethanol blend will raise grain and food prices.

Brian Jennings, Executive Vice President of ACE, stated:

“Follow the money and consider the facts when critics make the claim that ethanol is responsible for food price hikes. The facts indicate that ethanol is not responsible for driving up food prices, evidence which has been verified by independent economic experts time and again. These two new misleading reports, one paid for by Big Food and the other paid for by a group representing turkey meat processors, are making yet another attempt to convince the public that ethanol is the reason food prices should be high, this time in the context of the possible approval of E15. The context is different, but the facts remain the same: food processor margins have more to do with retail food prices than ethanol, corn, market speculation, or even rising oil prices.”

Two recent independent reports on this subject conclude something very different than Big Food's paid-for studies:

The Congressional Budget Office issued a report in April (“The Impact of Ethanol Use on Food Prices and Greenhouse Gas Emissions”) which found that from April 2007 to April 2008, ethanol's use of corn contributed only five-tenths to eight-tenths of one percentage point to the increase in food prices. The CBO report noted that energy prices had three times the impact on food prices than corn prices did.

The Food and Agriculture Policy Research Institute (FAPRI) at the University of Missouri determined in a report issued last month (“Impacts of Selected U.S. Ethanol Policy Options”) that the approval of a 15 percent ethanol blend would increase corn prices by just 4 cents per bushel, and that moving to E15 would result in a zero percent change in consumer food expenditures.

ACE is a national grassroots advocacy association for the ethanol industry, representing farmers, ethanol producers, industry suppliers, rural electric cooperatives, and agriculture associations.

For more information about ethanol, visit www.ethanol.org.

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The American Coalition for Ethanol (ACE) is the grassroots voice of the U.S. ethanol industry, a national trade association for the ethanol industry with 1500 members nationwide, including farmers, ethanol producers, commodity organizations, businesses supplying goods and services to the ethanol industry, rural electric cooperatives, and individuals supportive of increased production and use of ethanol. For more information about ethanol or ACE, visit www.ethanol.org or call (605) 334-3381.