

FOOD & FUEL FACTS

>> The “farm value” of raw materials used in food products accounts for only 19 percent of total food costs, **down significantly from 37.2 percent in 1973.**

>> **Increased ethanol production adds volume to the nation’s fuel supply,** helping soften the impact of gasoline price increases. In fact, the nominal increase projected for food prices during the next 10 years should be more than offset by the positive effect that ethanol will have on the price at the pump.

>> **The amount of corn in a box of corn flakes has a value of less than a nickel.** The usual suspects of packaging, advertising, labor and transportation have more of an impact on the price of your breakfast than does the farmer.

Another allegation is that U.S. corn prices have driven up the price of tortilla flour in Mexico. What the critics don’t understand is that tortilla flour is made from white corn, which is completely different from the yellow corn that constitutes more than 99 percent of U.S. corn production and is utilized to make ethanol. White corn prices are determined by the supply and demand conditions for white corn, mostly within Mexico. ❑

For more than three decades, critics “food versus fuel” argument. The market grain supply and demand—and static predictions of those who say we must choose between fueling our cars and feeding people. We can

have tried to cast ethanol as a ketplace is a better indicator of stics simply don't bear out the must choose between fueling do both—and we are.



>> A \$1 increase in a bushel of corn impacts food prices 0.3 percent, says John Urbanchuk of consulting group LEGC, while a \$1 increase in the price of a gallon of gasoline impacts food prices two to three times that from 0.6 percent to 0.9 percent.

>> The fact is, without ethanol, fuel prices would be even higher than they are today. Experts believe that if ethanol weren’t a part of the energy supply, the price of gasoline at the pump would cost an additional 45 cents. And that would mean even higher prices at the grocery store, and most everywhere else.