

SETTING THE RECORD STRAIGHT: FOOD VS. FUEL



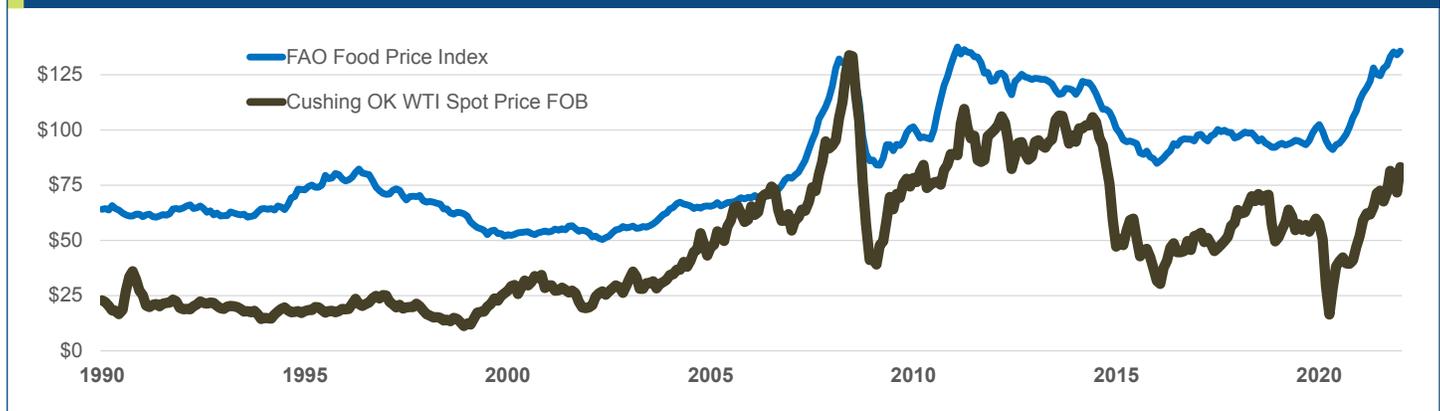
Misinformation continues to spread about ethanol's relationship to food prices. In an attempt to misdirect, anti-ethanol groups erroneously claim ethanol production exacerbates food prices, but nothing could be further from reality.

THE REAL CULPRIT OF HIGHER FOOD PRICES IS HIGHER CRUDE OIL PRICES & INFLATION

Crude oil prices are set on an international level and strongly impact the prices of other goods. The chart above demonstrates the strong correlation between the food price index and crude oil prices. As the price of oil rises or falls, the price of food follows closely.

Higher consumer prices and inflation are being driven by a post-COVID surge of demand for everything from [cars to housing](#), but economists agree that grocery prices are [driven by factors](#) like packaging and marketing – not the value of farm commodities.

FOOD INDEX VS CRUDE



SOURCE: FAO, EIA

INCREASED EFFICIENCIES IN ETHANOL PRODUCTION USES LESS ACREAGE AND DRIVES DOWN ENERGY COSTS

Compared to the 1930s, farmers today grow five times as much corn using 20% less acreage. America's agriculture sector continues to improve farming methods to increase efficiencies and yield, lowering the amount of energy needed to produce a bushel of corn. [Corn acres have not grown since 2007](#), the first year the Renewable Fuel Standard was implemented, yet yields continue to increase.

ETHANOL PRODUCTION USES FEED CORN – NOT SWEET CORN FOR PEOPLE – AS ITS FEEDSTOCK

The production process is able to utilize one-third of every bushel used into a high-protein animal feed called dried distillers grains (DDGs). Notably, U.S. DDG production represented the fourth largest source of grain-based livestock feed in the world.

More than 70% of corn's demand originates from animal feed and human food consumption worldwide. Less than 30% of the demand is from domestic ethanol production, insulating ethanol's impact on global food prices.

“For the next few decades, though, the trends point toward continuing [food] abundance. Farmers keep finding ways to grow more food on the same amount of land.”



Food Is Growing More Plentiful, So Why Do People Keep Warning of Shortages?
[August 4, 2020](#)