

SETTING THE RECORD STRAIGHT: FOOD PRICES

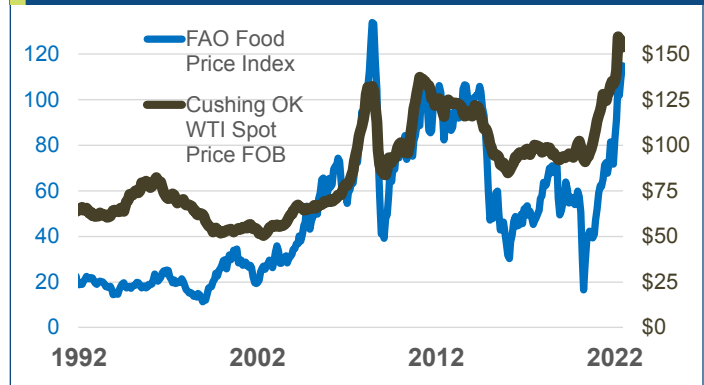
Misinformation continues to spread about ethanol's relationship to food prices. In an attempt to misdirect, anti-ethanol groups erroneously claim ethanol production exacerbates food prices, but nothing could be further from reality.

FOOD PRICES ARE DRIVEN BY OIL, NOT ETHANOL

Crude oil prices are set on an international level and strongly impact the prices of other goods. The chart below 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 transportation, processing, packaging, and marketing – not the value of farm commodities.

FOOD INDEX VS CRUDE



SOURCE: FAO, EIA

BIOFUELS BOOST AGRICULTURAL PRODUCTION

Biofuels create a steady demand allowing ag to invest and innovate – such as precision agriculture, seed biotechnology, and more efficient use of fertilizers and pesticides. 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 INCREASES THE SUPPLY OF HIGH-QUALITY ANIMAL FEED

A corn kernel's starch is fermented to make ethanol and the kernel's valuable protein, minerals, vitamins, and fiber are all preserved in co-products such as animal feeds and oils. As a result, producing ethanol fuel from corn has no effect on the supply of food nutrients from corn.

Ethanol production uses animal feed corn – not sweet corn that people eat – as its feedstock. The equivalent of nearly 30 percent of the bushels going into ethanol production are returned to the market in the form of high-quality animal feed. Notably, U.S. distiller's grains production represents the third-largest source of grain-based livestock feed in the U.S.

BIOFUELS DELIVER SAVINGS AT THE PUMP FOR WORKING FAMILIES

Given the strong and steady discount on ethanol against unblended gasoline, biofuels are a major source of energy security and savings for working families. Even before the recent run-up in oil prices, it was estimated that nationwide access to E15 could save drivers \$12.2 billion annually in fuel costs.

This summer alone, American families have found savings ranging from 10 cents to nearly a dollar per gallon by filling up with E15 at more than 2,600 retail locations across 31 states.

“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](#)