

Corn Farmers Fight To Set The Record Straight

JEFFERSON CITY, MO.

Earlier this year, food processors, retailers and other critics blamed corn-based ethanol for rising grain prices and increased costs in the grocery aisle. Today those same critics have egg on their face as food prices remain high despite plunging commodity markets.

“Corn is selling under the cost of production, yet the price at the grocery store remains the same,” said Keith Witt, Missouri Corn Merchandising Council chairman and farmer from Warrenton, Mo. “Judging by the record profits and smaller packaging, the motive of big food companies is crystal clear. Their focus is on their bottom line – at the expense of farmers and consumers.”

These big food companies are blaming ethanol all the way to the bank. This quarter alone, Kraft boasted a net income of \$1.4 billion – more than double last year’s results. Sales at Kellogg’s climbed 9.5 percent and third-quarter net income increased from \$305 million last year to \$342 million this year.

Targeting farmers and the ethanol industry, organizations such as the Grocery Manufacturers Association (GMA) and the National Restaurant Association have repeatedly blamed higher food prices on biofuels. But according to the United States Department of Agriculture, the farm value of products producers supply to

manufacturers accounts for only 19 cents of every dollar of processed food.

“The price of corn and other commodities equals less than two dimes of every food dollar,” said Witt. “Since these slanderous allegations were made, commodity prices have dropped nearly in half, ethanol production continues to expand, but the price of corn flakes remains the same.”

Studies from Purdue University, Texas A&M, the White House Council of Economic Advisers, Iowa State University, etc. have all concluded the price of oil, not ethanol, was the major driver behind food price increases. Commodity speculation, a declining dollar and an increasing middle class in China, India and other markets also played a role.

“Consumers deserve the truth and America’s farmers deserve an apology,” Witt concluded.

The Missouri Corn Merchandising Council has launched a series of radio ads to help educate consumers on the “sticky pricing” in today’s food industry. Available in 60 and 30-second versions, the ads question how grain prices have dropped, yet food prices remain the same, therefore eliminating the blame ethanol has unfairly been given.

For more information regarding food and fuel visit, www.mocorn.org and click on the Food and Fuel icon. △