

# ETHANOL:

## A MAJOR PRODUCER OF ANIMAL FEED

### ETHANOL BOTH FUELS THE COUNTRY AND FEEDS THE WORLD

One third of corn used in ethanol production goes directly back into the food chain in the form of nutrient-dense distillers grains.  
Growth Energy: [http://www.growthenergy.org/images/uploads/flipbook\\_2011\\_85\\_v8\\_web.pdf](http://www.growthenergy.org/images/uploads/flipbook_2011_85_v8_web.pdf)

As either Dried Distillers Grains with Solubles (DDGS) or as Wet Distillers Grains (WDG), this animal feed saves animal producers money. Industry estimates put distillers grains savings at 25 percent compared to corn used as feed.

The only part of the corn kernel removed in ethanol production is the starch, leaving the proteins, oils and fiber behind as feed. Today, distillers grains are a major source of feed in the United States.

<http://www.ers.usda.gov/Publications/FDS/2010/11Nov/FDS10K01/FDS10K01.pdf>

### A MINIMAL IMPACT

Government, academic and third-party analyses have proven that ethanol's use of grain has, at best, a minimal impact on grocery prices. Because of oil's influence over the cost of packaging, marketing and transportation, the greatest driver of grocery prices is oil.

[http://www.growthenergy.org/images/reports/food\\_vs\\_fuel\\_fallacies.pdf](http://www.growthenergy.org/images/reports/food_vs_fuel_fallacies.pdf)

In 2008, corn prices increased along with grocery prices, leading some to claim the two were correlated. In 2009, corn lost half its value, yet grocery prices did not. Those who claim grocery prices are tied to corn prices cannot explain the disparity.

The origin of the "food v. fuel" propaganda is a smear campaign waged on behalf of global food companies by an influential Washington, D.C., public relations firm. This fraud was exposed in a story by *Roll Call*, after an investigation by Sen. Charles Grassley.

[http://growthenergy.org/images/reports/beatin-up-on-ethanol\\_roll-call.pdf](http://growthenergy.org/images/reports/beatin-up-on-ethanol_roll-call.pdf)

Pork is trading at near record levels and big food production company profits are soaring. Smithfield gross profits alone rose 134 percent over the previous fiscal year.

<http://finance.yahoo.com/q/is?s=SFD&annual>

Newest quarterly reports show Smithfield has five consecutive quarters of record profits.

<http://investors.smithfieldfoods.com/releasedetail.cfm?ReleaseID=603945>

### SIGNIFICANT FACTORS TO COSTS

Volatility in the corn market has been driven largely by foreign nations' unpredictable trade policies. For example, corn prices skyrocketed in the summer of 2010 when Russia announced an export embargo on wheat.

<http://www.thefiscaltimes.com/Articles/2010/09/26/Russian-Wheat-Embargo-Likely-to-Raise-Global-Food-Costs.aspx#page1>

Prices jumped again in July of 2011, when China unexpectedly purchased 540,000 metric tons of U.S. corn – 500,000 tons more than the Department of Agriculture had forecast.

<http://online.wsj.com/article/SB10001424052702304793504576434261682404834.html>

Excessive speculation in the market has directly contributed to recent spikes in the price of corn. In 2008, commodity index funds controlled 4.51 billion bushels of corn, wheat and soybeans – equal to half of what was in U.S. grain silos at the time.

<http://www.bloomberg.com/apps/news?pid=newsarchive&sid=aDZeJ7GJppjM>

Other major factors influencing the commodity costs of grains, much more than ethanol production, include a weak dollar, excessive speculation, the price of oil and global weather patterns.

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