



NEBRASKA ETHANOL BOARD

STATE OF NEBRASKA

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PRESS RELEASE

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Ethanol slashes record high gas and food prices

Ethanol is reducing food costs by lowering gas prices, some experts say.

According to one analyst from Merrill Lynch, ethanol lowers gas and oil prices by 15%. Another study by Iowa State University found that ethanol reduces gas prices by at least 29 to 40 cents per gallon. Rising energy costs play the dominant role in the price of food because raw ingredients like corn comprise only 20% of the price of food. The other 80% is shipping, packaging, processing and advertising costs.

In the past year, food prices have increased only 4.6% while energy prices have increased 26.4%, according to the Consumer Price Index Report. The president of OPEC, Chakib Khelil, has stated oil could easily reach \$200 per barrel within two years.

A driver who buys E10 can save at least ten cents a gallon—and that can add up to hundreds of savings in one year. But eliminating ethanol from the U.S. fuel supply would instantly cause gasoline prices to soar an additional \$1.10 per gallon over the current price, according to economist John Urbanchuck.

“When the average animal travels over a thousand miles from producer to plate, it’s clear that oil and gas prices are pushing up the cost of everything. Oil companies are scrambling for a scapegoat while they rake in billions every month,” said Todd Sneller, administrator of the Nebraska Ethanol Board.

“Consumers who choose ethanol fuels at the pump will save money compared to those who opt for conventional gasoline. We expect Nebraska motorists to save nearly \$70 million by using ethanol,” said Sneller.

Even with increased demand for corn for food and fuel, the net output of feed corn and distillers grains has increased 26 percent in the last five years. There is enough corn grown in the U.S. to meet ethanol demand, increase exports and still stockpile a 10% surplus. “Nebraska farmers and ethanol producers are providing food, feed and fuel for Nebraska and the nation,” said Jim Jenkins, Nebraska Ethanol Board chairman.

Established in 1971, the Ethanol Board assists ethanol producers with programs and strategies for marketing ethanol and related co-products. The Board supports organizations and policies that advocate the increased use of ethanol fuels – and administers public information, education and ethanol research projects. The Board also assists companies and organizations in the development of ethanol production facilities in Nebraska. For more information, please visit www.ne-ethanol.org.