



NASDA 2008

“Food and Fuel Panel”

Brian Jennings, Executive Vice President
American Coalition for Ethanol (ACE)

September 23, 2008

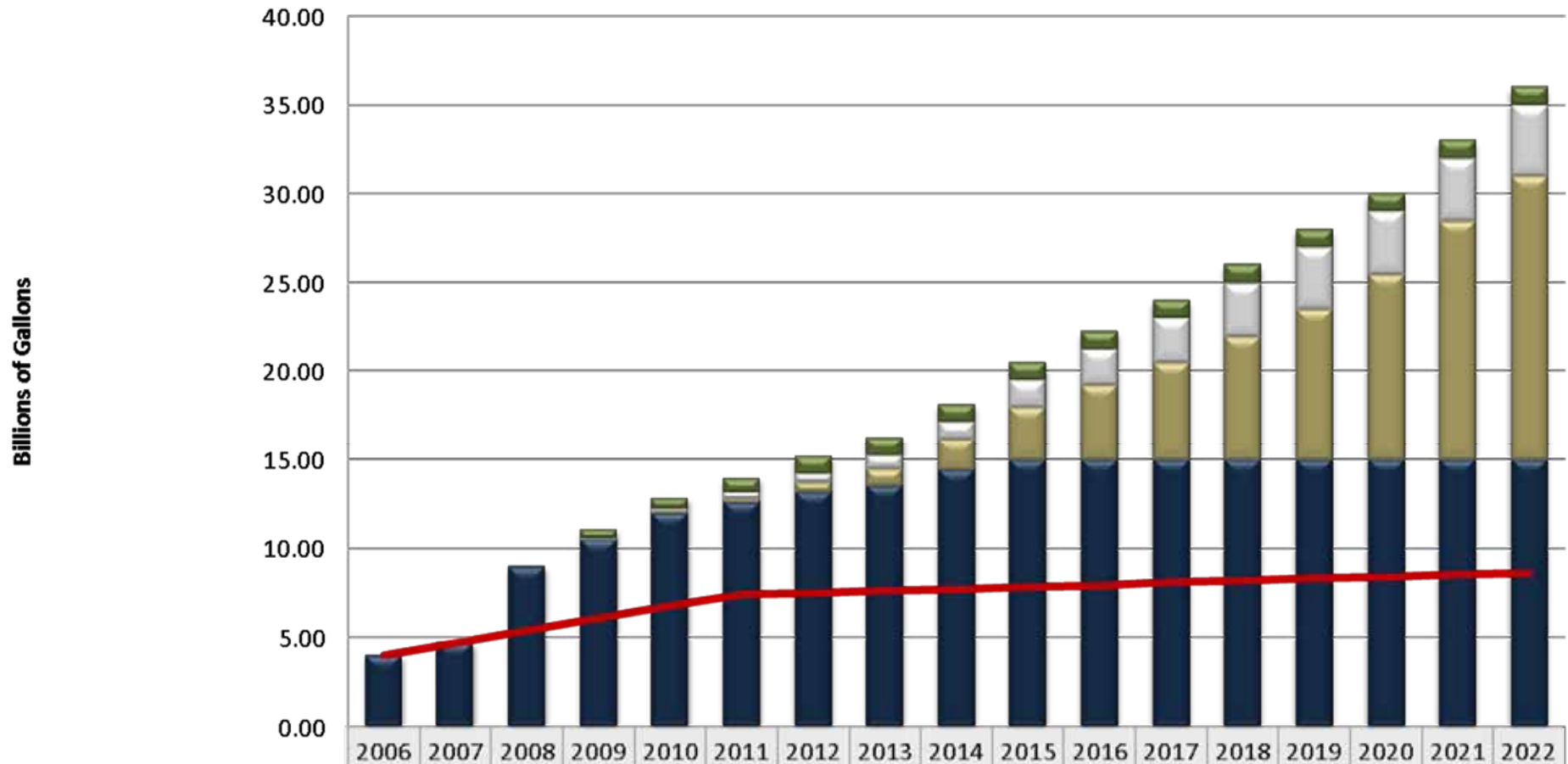
About ACE



- Public Policy
- Market Development
- Public Relations & Communications
- Grassroots Member Empowerment



Renewable Fuel Standard (RFS), 2007-2022



	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Biomass-based Diesel				0.50	0.55	0.80	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Non-cellulosic Advanced				0.10	0.20	0.30	0.50	0.75	1.00	1.50	2.00	2.50	3.00	3.50	3.50	3.50	4.00
Cellulosic Advanced					0.10	0.25	0.50	1.00	1.75	3.00	4.25	5.50	7.00	8.50	10.50	13.50	16.00
Conventional Biofuels	4.00	4.70	9.00	10.50	12.00	12.60	13.20	13.50	14.40	15.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Current RFS PL 109-55	4.00	4.70	5.40	6.10	6.80	7.40	7.50	7.60	7.70	7.80	7.90	8.10	8.20	8.30	8.40	8.50	8.60

Factors impacting food prices

- ✓ Oil and energy prices – primary culprit - 80 cents of retail food dollar.
- ✓ Unprecedented demand (growing dietary needs of China, India)
- ✓ Crop failures & poor crops (drought)
- ✓ Speculative commodity investments
- ✓ Weak U.S. dollar
- ✓ Export restrictions (Argentina, Russia, etc)
- ✓ Biofuels

Price Check: Oil vs. Corn

	1949	2008	% Increase
Oil	\$2.54/barrel	\$125/barrel	4821%
Corn	\$1.24/bu	\$6.13/bu	394%

- Oil is in everything.

Consumer Price Index

March 2007 to March 2008 - % change

Food	4.5%
Food at home	4.7%
Transportation	8.2%
Fuel oil	40.2%
Motor fuel	26.4%

Corn: 1944 vs. 2007

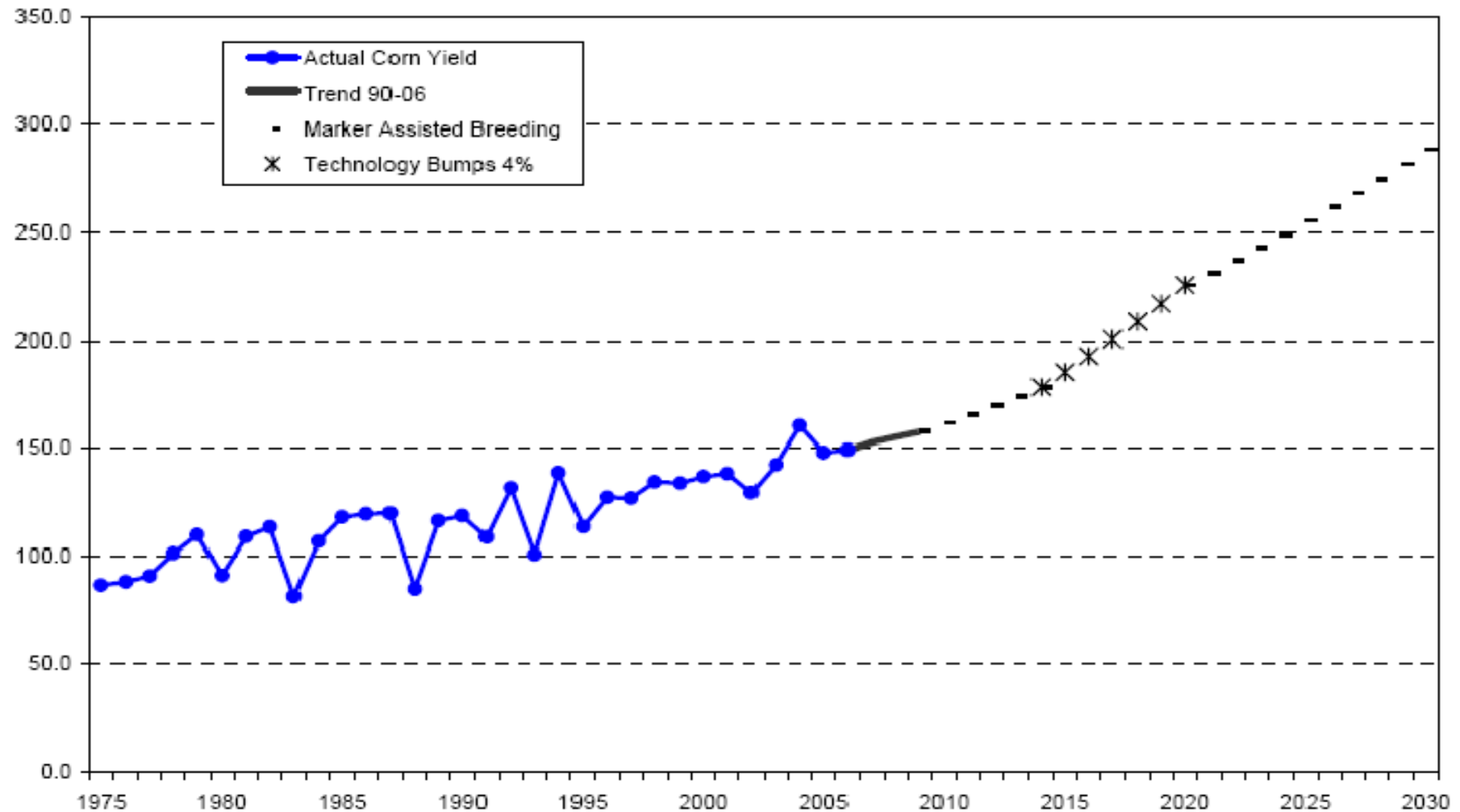
Year	Harvested Acres	Average Yield	Production
1944	85 million	33 bu /acre	2.8 B bu
2007	85 million	151 bu /acre	13.1 B bu

Nearly 400% increase in production without increasing acres in last 60 years.

More corn per acre

**AVERAGE CORN YIELDS WITH MARKER ASSISTED BREEDING
AND 4% PER YEAR TECHNOLOGY BUMPS IN 2015-2020**

Bushels per Acre



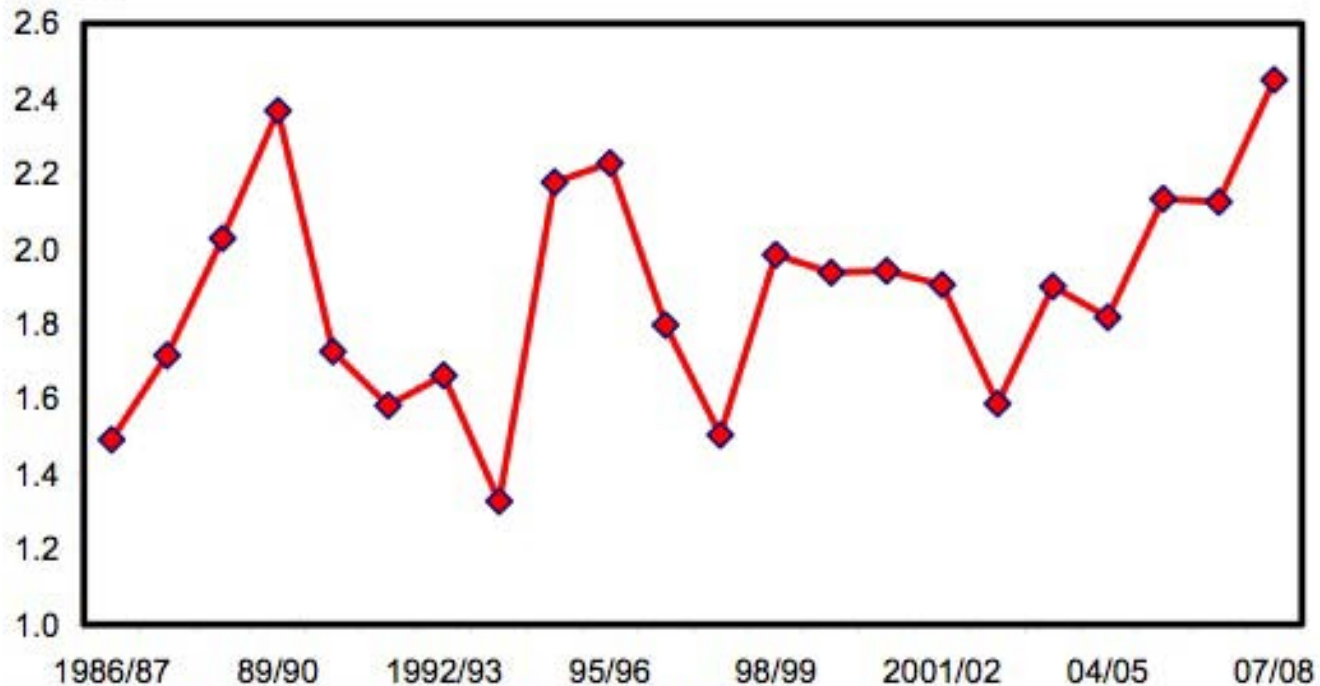
Source: Actual Corn Yield, USDA

Record corn exports in 07/08

Figure 3

U.S. corn exports

Mil. bu.



Source: USDA, World Agricultural Outlook Board, WASDE.

90% of U.S. corn exports used by other countries to feed livestock.

Distillers grains from ethanol concentrate nutrients for valuable livestock feed



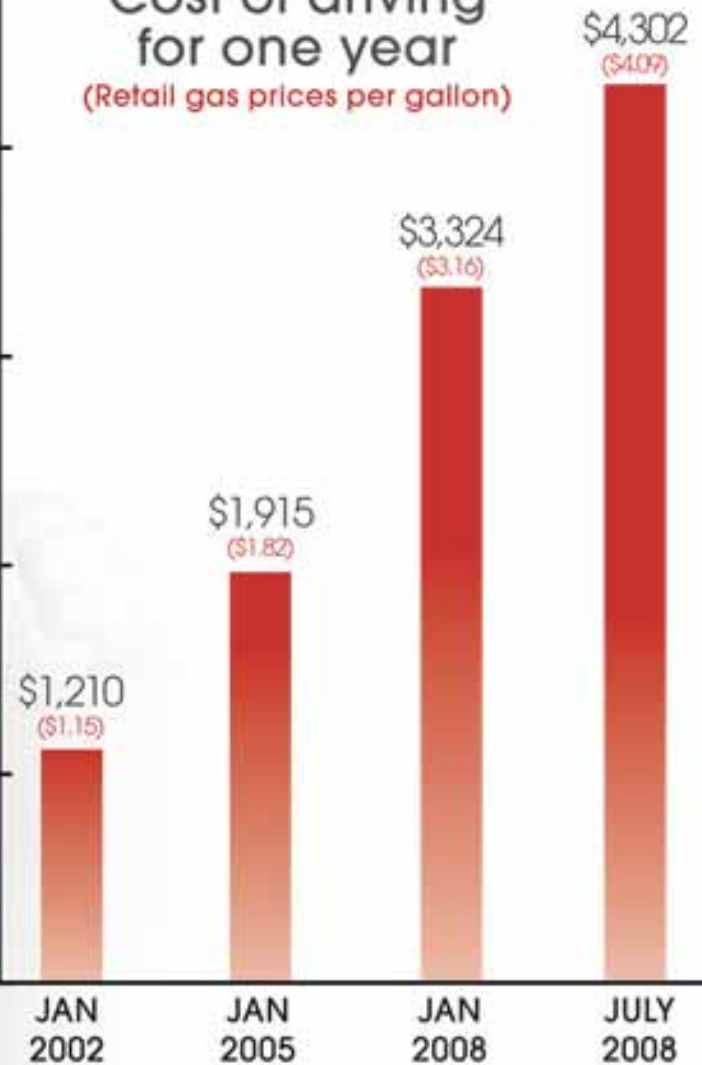
	DISTILLERS GRAIN	CORN
CRUDE PROTEIN	31.5%	10.9%
CRUDE FAT	11.9%	4.9%
CRUDE FIBER	7.4%	2.1%

RFS Waiver?

- Texas Governor Perry requested in April
- 15,000+ comments during summer.
- Became focal point for GMA and ethanol opponents' PR effort.
- Waiver was rejected in early August.

HOUSEHOLD GASOLINE COSTS

Cost of driving
for one year
(Retail gas prices per gallon)






Source: Energy Information Administration (EIA)
Historical Retail Gasoline Prices Based on Federal
Highway Administration estimate of average
household driving 21,252 miles per year.

Ethanol is easing pain at the pump

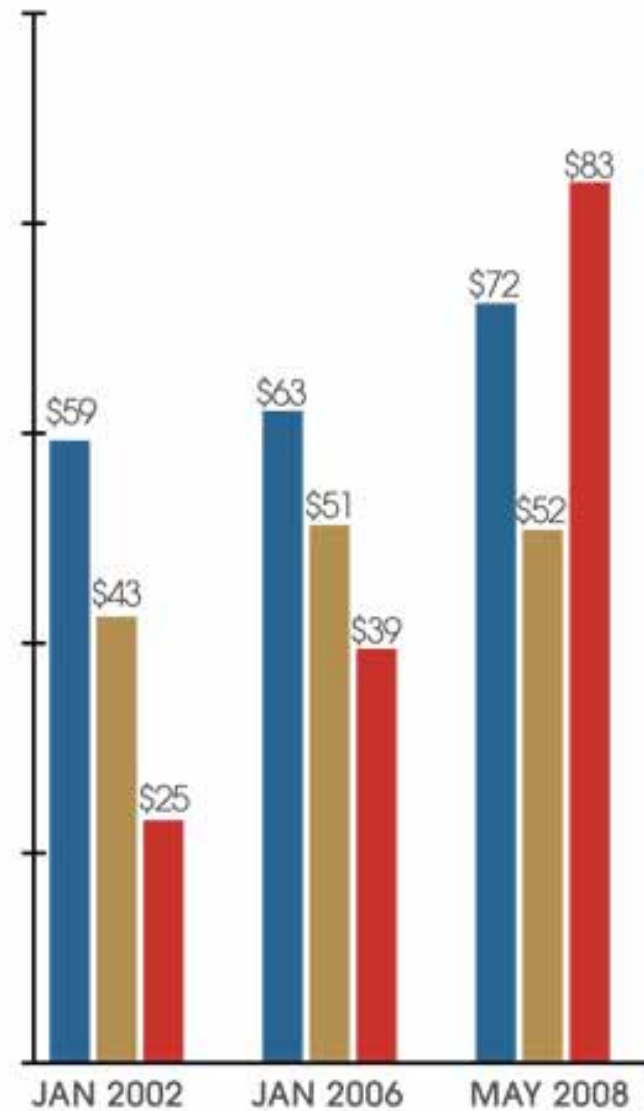
Source	Cost Savings from Ethanol
USDA / DoE	20 – 35 cents per gallon
Iowa State	29 – 40
Merrill Lynch	50

WEEKLY COSTS FOR FOOD, GAS

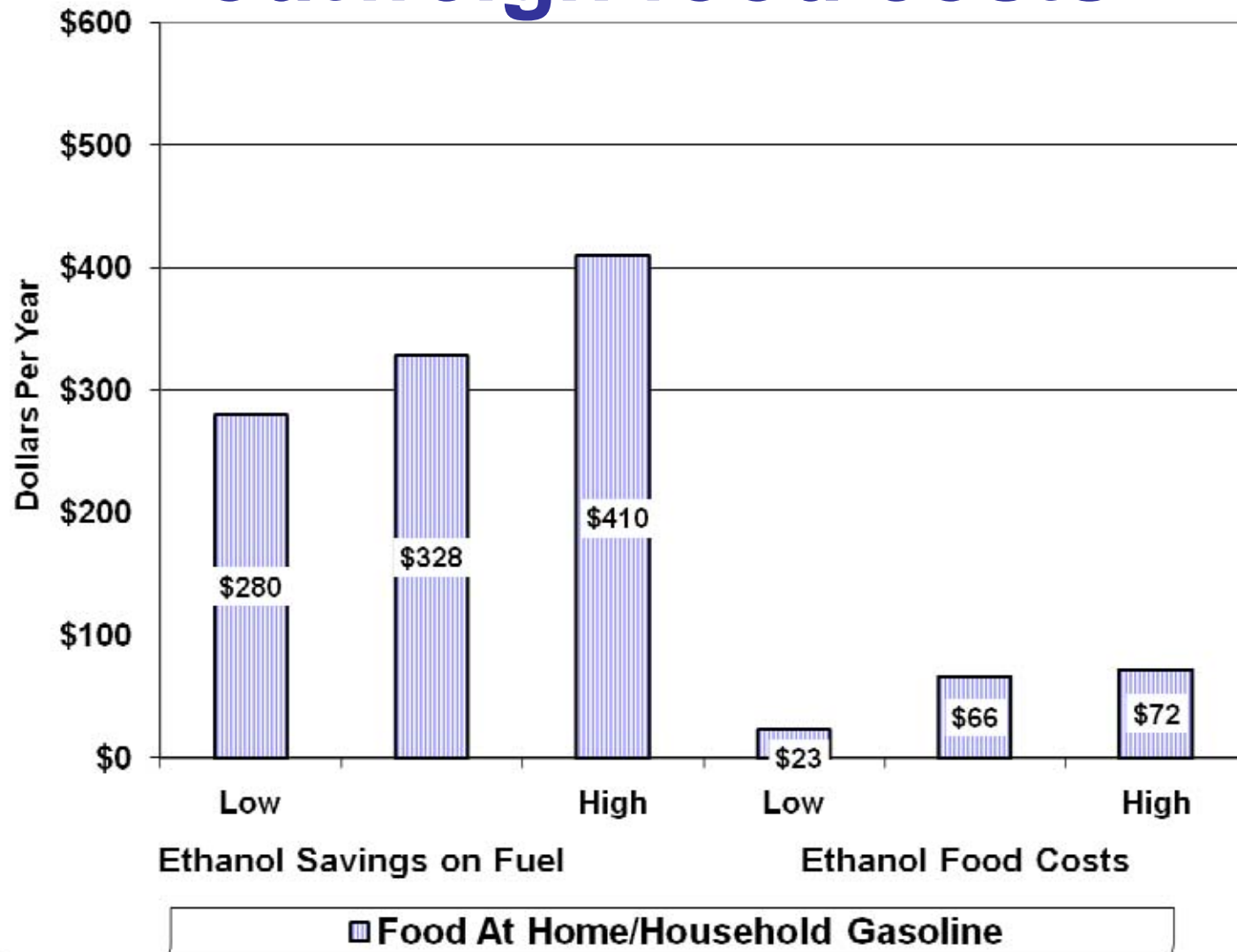


Food at Home 
Food away from Home 
Gasoline 

*Source: Bureau of Labor
Statistics Consumer
Price Index Report.*



Ethanol fuel price benefits far outweigh food costs



EPA Denies TX RFS Waiver Request

The New York Times

E.P.A. Won't Ease Requirements for Ethanol in Gas

By MATTHEW L. WALD
Published: August 7, 2008

WASHINGTON — The [Environmental Protection Agency](#) rejected on Thursday a request to cut the quota for the use of ethanol in cars, concluding, for the time being, that the goal of reducing the nation's



EPA denies Texas governor's ethanol waiver request

By BETSY BLANEY
Associated Press Writer

LUBBOCK, Texas (AP) -- The Environmental Protection Agency has denied request from Texas to temporarily reduce ethanol requirements for gasoline hopes of bringing down corn prices.

HOUSTON CHRONICLE

EPA denies governor's request to lower ethanol requirement

By BRETT CLANTON Copyright 2008 Houston Chronicle
Aug. 7, 2008, 2:43PM

The Environmental Protection Agency today denied Texas Gov. Rick Perry's request to reduce federal ethanol requirements this year.



Energy Politics

Big Win For Biofuels

William Pentland 08.07.08, 5:00 PM ET

Voter Attitudes about Ethanol

- By margin of 60 to 30, favor continuing to increase ethanol use. 63% of enviros support.
- By margin of 71 to 17, blame oil prices, not ethanol, for food inflation.

Greenburg Quinlan – Public Opinion Strategies. 1200 voters. June 23 – July 1. Oversample of “environmentalists” and “opinion leaders”



american coalition for
ethanol SM

www.ethanol.org