

Valero CEO: corn ethanol worse than climate change

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By Bernie Woodall

SAN DIEGO, March 12 (Reuters) - Using corn to produce ethanol will make food so expensive in poor countries that it will cause more misery than global warming, the chief of the biggest U.S. refining company claimed this week.

"Corn and ethanol production and the resulting high prices will impact the world in a much more acute negative way than greenhouse gas emissions and climate change ever will," Valero Energy Corp (VLO.N: [Quote](#), [Profile](#), [Research](#)) Chief Executive Bill Klesse said on Tuesday at a refining conference in San Diego.

At the National Petrochemical and Refiners Association meeting, Klesse blasted U.S. policy makers, the U.S. Congress, the press and environmentalists for conducting a "serious attack" on the oil industry while ignoring problems associated with ethanol.

"Where is the investigation into corn prices and farm prices and land speculation? Of course, that would not be politically acceptable," Klesse said, noting oil companies routinely face scrutiny when fuel prices rise.

Ethanol offers no net reductions in emissions once the effort to make it is considered, nor do ethanol backers acknowledge the impact of using corn to make fuel rather than for feeding a growing world population, Klesse argued.

"Even the U.N. is now saying that they will not be able to provide as much food aid as in the past," Klesse said. "Countries are concerned about feeding their people."

National average pump prices for regular gasoline rose to a record high on Tuesday, the day Klesse attacked ethanol, to \$3.227 per gallon, the motor club AAA said.

Klesse said he would support a 5-cents-a-gallon federal gasoline tax increase in order to pay for repairs to the nation's crumbling infrastructure -- mainly roads and bridges. But he said he would support such a tax only if it were accompanied by a repeal of tax credits that support farmers and ethanol producers.

He said federal mandates to increase ethanol use along with tax credits for ethanol producers are making an uneven playing field.

"All of these programs are just a huge transfer of wealth from our industry to the Midwest farms," Klesse said. (Reporting by Bernie Woodall; Editing by David Gregorio)