



## FOR IMMEDIATE RELEASE

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## **Meat and Poultry Trade Groups Oppose EPA Petition to Increase Ethanol Blends in Gasoline**

*American Meat Institute and National Turkey Federation Voice Concerns about Diversion of More Corn for Fuel*

WASHINGTON, DC – July 20, 2009 – Meat and poultry trade groups today commented to the Environmental Protection Agency (EPA) in opposition of Growth Energy’s petition to allow blends of more than 10 percent ethanol in gasoline because it would divert nearly half of the U.S. corn crop from food and feed to fuel.

American Meat Institute and National Turkey Federation noted that prematurely allowing blends of E12 or E15 will create incentives for gasoline refiners to eventually use as much as 22 billion gallons of corn ethanol. This change will have direct impacts on the ability of livestock and poultry producers to effectively predict future annual budgets and costs due to volatility in the markets as feed is the largest input cost associated with raising food producing animals.

“While the RFS and blend rates may mandate ethanol production, they cannot mandate corn plantings, production or the prices,” the comments noted. “Nor can mandates create more total land for farm use. Since 2005, corn prices have increased significantly, and price volatility has quadrupled, largely as a result of increased corn demand for ethanol production and limited land available for corn plantings.”

Largely as a result of increased ethanol use, the cost of the 2008 crop corn was increased by \$2.10 per bushel over the 2005 crop. Based on 12 billion bushels of total use that represents a \$25.2 billion annual cost increase for corn’s food, feed, ethanol and export users. Higher corn prices have also had the effect of causing higher prices for soybeans, wheat, rice and other crops. Cost of production and prices of ethanol are also increased.

FarmEcon LLC estimates that 2009 U.S. meat and poultry product will decline a record 3 billion pounds from 2008. Approximately \$7.8 billion in retail meat and poultry sales will be lost to the economy.

The comments pointed out that any economic value added by additional ethanol production is being more than destroyed by higher costs, lost sales and increased business risks elsewhere in the economy. Lower production of other items that depend on grains has resulted. Forced ethanol production is a net economic drag on the economy, and as such expansion should be discouraged.

Generous tax credit support, mandated use, higher blend limits and a high tariff wall cannot increase crop yields or make more farmland available. The lack of additional land means that any corn planting increase from a higher blend limit will come from other crops, creating shortages, and along with higher corn prices, raising grain prices to U.S. food producers as well.

The comments recommended that EPA reject the Growth Energy petition, and any effort to allow blends of ethanol more than 10 percent. The comments also recommended the following actions to protect food and fuel consumers:

- DOE and EPA should complete assessment impacts of higher blends and certify that for all gasoline engines there are no manufacturer warranties, performance, safety or environmental concerns.
- DOE and USDA should complete a comprehensive review, including the use of impartial third-party experts, on the effects of conventional ethanol production on meat, dairy and poultry production, food production costs and retail food prices.
- Finally, DOE and USDA should work with Congress to address a comprehensive structure that supports the U.S. ethanol industry and work to find sensible solutions for all feed grain users.

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#### American Meat Institute

The American Meat Institute (AMI) is the nation's oldest and largest meat and poultry trade association. AMI is dedicated to increasing the efficiency, profitability and safety of meat and poultry trade worldwide.

#### National Turkey Federation

The National Turkey Federation (NTF) is the national advocate for all segments of the \$8 billion turkey industry, providing services and conducting activities that increase demand for its members' products by protecting and enhancing their ability to profitably provide wholesome, high-quality, nutritious products. Its award-winning web site, [EatTurkey.com](http://EatTurkey.com), offers consumers, food professionals and the media an extensive library of information including healthy eating and restaurant trends, turkey cuts and purchasing tips, turkey nutrition and cooking techniques, and turkey facts and trivia. Additionally, the site presents a searchable database of more than 1,800 recipes, offers a recipe E-mail program and provides special seasonal and holiday ideas. The National Turkey Federation is headquartered in Washington, D.C.