

FOR IMMEDIATE RELEASE

TUESDAY, May 13, 2008

Perfect Storm of Factors – Not Ethanol Growth – Causing High Food Prices

MABA's Byrum: From irreversible demand for more meat to high gas prices, range of causes mean steep food prices are the new reality

LANSING – A range of factors is causing food prices to spike to sky-high levels and the irreversible nature of those factors – from growing global demand for protein to high prices for fertilizer and fuel – means those prices will likely stay high, **Michigan Agri-Business Association President Jim Byrum** said today.

“Agriculture, energy, commodity prices, world demand for protein and the weak dollar are all coming together and forming a perfect storm that’s sent food prices way up in grocery aisles across Michigan and beyond,” **Byrum** said. “Our challenge is finding ways to produce more food on the land we have to feed a constantly growing global population. High food prices are the new reality and we must confront them in a realistic, rational way without giving in to kneejerk reactions such as blaming the problem on growing demand for ethanol. We have to look at the real reasons behind these high prices, not politically convenient scapegoats.”

The key reasons for high crop prices is growing international demand for U.S. commodities, generally considered the best quality in the world, that have been made even more attractive with the anemic U.S. dollar. The growing demand is driven in large part by a booming middle class in developing nations, from China and India to Nigeria and Indonesia, where diets have shifted from starch-based to protein-based, **Byrum** said.

At the same time, U.S. stockpiles of many commodities are at record lows, with wheat at a 60-year low and soybeans down to a supply of only a few weeks, **Byrum** said. Severe drought in the United States and in major crop-producing countries such as Australia last year has also reduced available supply. At the same time, commodity prices are out-of-sync. Coupled with record-high prices of fertilizer and fuel and a shortage of pesticides, conditions are ripe for high food prices.

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Byrum warned that the recent media frenzy over high food prices, which some have blamed erroneously on the ethanol boom, could undermine the nation's energy policy.

"Ethanol is an American-grown, environmentally responsible renewable product that keeps our dollars here, strengthens America's economy and reduces our dangerous dependence on foreign oil," Byrum said. "Economically and environmentally, ethanol is far better by every measure than foreign fossil fuels and it must remain a key piece of our energy policy going forward. It is one of the solutions to the problem."

*** MABA President **Jim Byrum** is available for individual interviews on this topic. Call (517) 336-0223

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