

For Immediate Release

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Fighting misinformation: The truth about ethanol and livestock
Report Commissioned by Livestock and Meat Industries draws naïve assumptions re: Commodity Market Volatility

Ottawa, ON – Ethanol and grain producers in Canada today reacted to a report by the George Morris Centre that misinterprets the connection between clean-burning, renewable ethanol and the livestock and meat markets.

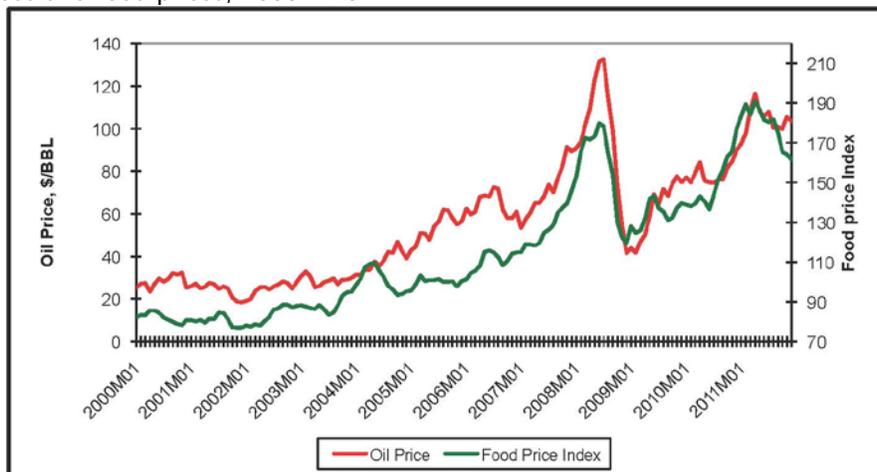
A joint statement from the Canadian Renewable Fuels Association and the Grain Farmers of Ontario declared that “the report drew grossly overstated conclusions from their data. Their theories which identified ethanol policies in Canada as one of the main factors behind challenges facing the livestock and meat industries lacked foundation, and perhaps most importantly, peer review.

“It is the position of the ethanol and grain industries that the contributing factors to the volatility facing the commodities markets are many and cannot be attributed to one industry. These factors include the high cost of fossil fuels, currency fluctuations, massive grain buys from emerging markets such as China, and non-commercial market speculators. In fact, studies that have examined both the impact of crude oil prices and biofuels demand on agricultural prices conclude that oil prices are the more influential factor (Chart 1). While it would be naïve to claim that grain demand for ethanol production has no effect on commodity prices, it is equally inaccurate to speculate that future ethanol policies will have a detrimental effect on the livestock and meat industries.

“It is important to note that ethanol production in Canada contributes directly to the feed industry. In ethanol production, only the starch of the corn kernel is used. As a result the protein, fiber and oils are sold back into the feed supply as high-value, low-cost animal feed known as dried distillers grains. This helps create an important relationship between the two industries.”

For further information please refer to The Conference Board of Canada’s recently released report entitled “Ethanol’s Potential Contribution to Canada’s Transportation Sector”. The report can be accessed [here](#).

Chart 1: Oil prices and food prices, 2000 – 2011



Source: International Monetary Fund – Primary Commodity Prices

About Canadian Renewable Fuels Association

Founded in 1984, the Canadian Renewable Fuels Association (CRFA) is a non-profit organization with a mission to promote the use of renewable fuels for transportation through consumer awareness and government liaison activities.

www.greenfuels.org

About Grain Farmers of Ontario

Grain Farmers of Ontario (GFO) is the province's newest and largest commodity organization, representing Ontario's 28,000 corn, soybean and wheat farmers. The crops they grow cover 5 million acres of farm land across the province, generate over \$2.5 billion in farm gate receipts, result in over \$9 billion in economic output and are responsible for over 40,000 jobs in the province.

www.gfo.ca

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