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For Immediate Release

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VGPA Responds to Unfounded Food and Fuel, Environmental Claims

Chesapeake, Va (April 14, 2008) – Rising energy prices have a much greater impact on the rising food prices than the production and price of grain, notes the Virginia Grain Producers Association (VGPA) in a letter refuting a call for a biofuels mandate waiver in Virginia.

Citing expert findings and analysis, the VGPA today countered misinformation stated recently by Virginia Delegate Bob Marshall. Delegate Marshall's campaign for U.S. Senate issued a public release urging Gov. Tim Kaine to temporarily waive the federal biofuels mandate to relieve rising food costs.

"The average American is now paying over \$3.43 for a gallon of gasoline. The trucking and shipping industry faces the same pressure. "Increased marketing costs, increased processing fees, and increased shipping are all playing a significant part in food price. Grain production and price is undeniably not the largest factor," said Molly Pugh, VGPA Executive Director. "The rising energy prices along with other factors have a much greater impact on the prices consumers are seeing in the grocery store. Consumers must remember that there is less than \$0.05 of corn in a box of corn flakes cereal. "

According to a recent study by U.S. Department of Agriculture economist, Ephraim Leibtag, there are numerous factors which contribute to the increasing retail food prices including labor, packaging, transportation, energy costs and other market costs.

Leibtag also cites those overall food prices are stable and have followed or slightly trailed inflation. In a March 24, 2008 article, Professor Bruce Dale of Michigan State University states in his comments on rising food prices, "Even if corn prices double, the price of grain has a small impact on food prices. Rising energy prices have a much greater impact. Eighty percent of the poorest people in the world are farmers or live in rural areas. Increased grain prices benefit these very poor people and give them more wealth with which to solve their problems. The African farmer especially needs the increased income and agricultural productivity that come with rising grain prices."

In fact, VGPA points out that food prices are largely determined by costs and profits after commodities leave the farm. On average, only about 19 percent of the price of food can be attributed to ingredients. Marketing and transportation costs make up a much higher portion of total costs.

VGPA also rebutted statements on the impact Virginia grain production has on the local environment. Currently, over 85 percent of VGPA members are utilizing conservation practices

such as continuous no-till or conservation tillage, nutrient management plans and winter cover crops. These practices and other like practices have reduced soil erosion by 44 percent, increased organic matter in soils and improved water quality.

VGPA continues on to highlight the increase in input costs all producers face; not just a single sector. "Grain producers are currently paying over \$400 per ton for liquid fertilizer and over \$600 per ton for blended. Virginia's grain producers pay an average of over \$150 a bag for corn seed, plus they are facing a 20 percent increase in the costs of equipment, land rent and crop protectants," Pugh said.

"As producers, we play a large role in the world's safest supply of food, feed, fiber and fuel, said Calvin Haile, VGPA President and a Virginia grain producer. "Everyone has a role in increased environmental responsibility. The use of renewable fuels is one way every citizen can help reduce America's dependency on foreign, petroleum based fuel and strengthens our country as a whole. For example, ethanol is cheaper for the consumer and despite lots of popular misconceptions, better for the environment. A waiver to the Commonwealth's biofuels mandate would have little to no affect on food prices and would hurt Virginia's grain producers and farms."

For more information and to view cited studies, visit the Food and Fuel section at www.viriniagrains.com.