

---

April 15, 2008

NEWS ANALYSIS

## Fuel Choices, Food Crises and Finger-Pointing

By [ANDREW MARTIN](#)

The idea of turning farms into fuel plants seemed, for a time, like one of the answers to high global oil prices and supply worries. That strategy seemed to reach a high point last year when Congress mandated a fivefold increase in the use of biofuels.

But now a reaction is building against policies in the United States and Europe to promote ethanol and similar fuels, with political leaders from poor countries contending that these fuels are driving up food prices and starving poor people. Biofuels are fast becoming a new flash point in global diplomacy, putting pressure on Western politicians to reconsider their policies, even as they argue that biofuels are only one factor in the seemingly inexorable rise in food prices.

In some countries, the higher prices are leading to riots, political instability and growing worries about feeding the poorest people. Food riots contributed to the dismissal of [Haiti's](#) prime minister last week, and leaders in some other countries are nervously trying to calm anxious consumers.

At a weekend conference in [Washington](#), finance ministers and central bankers of seven leading industrial nations called for urgent action to deal with the price spikes, and several of them demanded a reconsideration of biofuel policies adopted recently in the West.

Many specialists in food policy consider government mandates for biofuels to be ill advised, agreeing that the diversion of crops like corn into fuel production has contributed to the higher prices. But other factors have played big roles, including droughts that have limited output and rapid global economic growth that has created higher demand for food.

That growth, much faster over the last four years than the historical norm, is lifting millions of people out of destitution and giving them access to better diets. But farmers are having trouble keeping up with the surge in demand.

While there is agreement that the growth of biofuels has contributed to higher food prices, the

amount is disputed.

Work by the International Food Policy Research Institute in Washington suggests that biofuel production accounts for a quarter to a third of the recent increase in global commodity prices. The Food and Agriculture Organization of the [United Nations](#) predicted late last year that biofuel production, assuming that current mandates continue, would increase food costs by 10 to 15 percent.

Ethanol supporters maintain that any increase caused by biofuels is relatively small and that energy costs and soaring demand for meat in developing countries have had a greater impact. "There's no question that they are a factor, but they are really a smaller factor than other things that are driving up prices," said Ron Litterer, an Iowa farmer who is president of the National Corn Growers Association.

He said biofuels were an "easy culprit to blame" because their popularity had grown so rapidly in the last two or three years.

Senator [Charles E. Grassley](#), Republican of Iowa, called the recent criticism of ethanol by foreign officials "a big joke." He questioned why they were not also blaming a drought in Australia that reduced the wheat crop and the growing demand for meat in China and India.

"You make ethanol out of corn," he said. "I bet if I set a bushel of corn in front of any of those delegates, not one of them would eat it."

The senator's comments reflect a political reality in Washington that despite the criticism from abroad, support for ethanol remains solid.

Representative Jim McGovern, Democrat of Massachusetts, said he had come to realize that Congress made a mistake in backing biofuels, not anticipating the impact on food costs. He said Congress needed to reconsider its policy, though he acknowledged that would be difficult.

"If there was a secret vote, there is a pretty large number of people who would like to reassess what we are doing," he said.

According to the [World Bank](#), global food prices have increased by 83 percent in the last three years. Rice, a staple food for nearly half the world's population, has been a particular focus of concern in recent weeks, with spiraling prices prompting several countries to impose drastic limits on exports as they try to protect domestic consumers.

While grocery prices in the United States increased about 5 percent over all in the last year,

some essential items like eggs and milk have jumped far more. The federal government is expected to release new data on domestic food prices Wednesday, with notable increases expected.

On Monday, President Bush ordered that \$200 million in emergency [food aid](#) be made available to “meet unanticipated food aid needs in Africa and elsewhere,” a White House statement said.

His spokeswoman, Dana M. Perino, said the president had urged officials to look for additional ways to help poor nations combat food insecurity and to come up with a long-term plan “that helps take care of the world’s poor and hungry.”

Skeptics have long questioned the value of diverting food crops for fuel, and the grocery and live-stock industries vehemently opposed an energy bill last fall, arguing it was driving up costs.

A fifth of the nation’s corn crop is now used to brew ethanol for motor fuel, and as farmers have planted more corn, they have cut acreage of other crops, particularly soybeans. That, in turn, has contributed to a global shortfall of cooking oil.

Spreading global dissatisfaction in recent months has intensified the food-versus-fuel debate. Last Friday, a European environment advisory panel urged the [European Union](#) to suspend its goal of having 10 percent of transportation fuel made from biofuels by 2020. Europe’s well-meaning rush to biofuels, the scientists concluded, had created a variety of harmful ripple effects, including deforestation in Southeast Asia and higher prices for grain.

Even if biofuels are not the primary reason for the increase in food costs, some experts say it is one area where a reversal of government policy could help take pressure off food prices.

C. Ford Runge, an economist at the [University of Minnesota](#), said it is “extremely difficult to disentangle” the effect of biofuels on food costs. Nevertheless, he said there was little that could be done to mitigate the effect of droughts and the growing appetite for protein in developing countries.

“Ethanol is the one thing we can do something about,” he said. “It’s about the only lever we have to pull, but none of the politicians have the courage to pull the lever.”

But August Schumacher, a former under secretary of agriculture who is a consultant for the Kellogg Foundation, said the criticism of biofuels might be misdirected. Development agencies

like the World Bank and many governments did little to support agricultural development in the last two decades, he said.

He noted that many of the upheavals over food prices abroad have concerned rice and wheat, neither of which is used as a biofuel. For both those crops, global demand has soared at the same time that droughts suppressed the output from farms.

*Elisabeth Rosenthal and Steven R. Weisman contributed reporting.*

Copyright 2008 [The New York Times Company](#)

---

[Privacy Policy](#) | [Search](#) | [Corrections](#) | [RSS](#) | [First Look](#) | [Help](#) | [Contact Us](#) | [Work for Us](#) | [Site Map](#)