

Food Facts

Higher Corn Demand Has Little Impact At Grocery Stores

(NAPSA)—When it comes to the rising demand for corn, there is a negligible impact on the price of food, according to the National Corn Growers Association (NCGA), citing experts in the field. Farm products are a small part of the overall cost of food, and corn remains a relatively inexpensive food ingredient.

Numerous cost factors contribute to retail food prices, the U.S. Department of Agriculture points out. Labor costs account for 38 cents of every dollar a consumer spends on food. Packaging, transportation, energy, advertising and profits account for 24 cents of the consumer food dollar. In fact, farmers receive just 19 cents of every consumer food dollar.

“If corn rises 50 percent from its 2007 average price, going from \$4 to \$6 per bushel, that only means a per-pound price of about 11 cents,” NCGA President Ron Litterer points out. “Even an 18-ounce box of corn flakes contains less than a dime’s worth of corn.”

And while corn is a more significant ingredient for meat, dairy and egg production, the USDA reports that higher corn prices pass through to retail prices at a rate less than 10 percent of the corn price change.

“In general, retail food prices are much less volatile than farm-level prices and tend to rise by a fraction of the change in farm



U.S. corn growers are meeting all needs for food, feed and fuel.

NCGA Photo.

prices,” Ephraim Leibtag, a USDA economist, wrote recently. And the Des Moines Register quoted Bruce Babcock, an economist at Iowa State University, saying the shift in crop acreage recently forecast by the USDA is unlikely to increase food prices at the grocery store. According to Babcock, prices for chicken and eggs have already risen because of the higher cost of corn feed, while the rise in dairy prices has more to do with strong worldwide demand for milk rather than feed costs.

In the end, growers are certain that they can work smart and meet all needs.

“We have production and supply to meet all corn demands,” Litterer said. “Corn growers are not only growing enough corn to meet all demands—food, fuel, feed and fiber—but to carry over a good surplus.”