



World Bank confirms that fossil fuel accounts for two thirds of food price increase

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Brussels, Today - **High oil prices are the most important driver of the increase in global food prices. That is one of the key findings of a new analysis conducted by two senior economists at the World Bank. The same report finds that under a mandated ethanol/gasoline mixture ethanol and maize prices will decline.**

With the European biofuels debate entering a crucial stage, in which billions of euros and thousands of jobs are at stake, the World Bank analysis makes an important scientific contribution to the debate. The European Renewable Ethanol Association (ePURE) welcomes this solid analysis by a renowned international organization. The debate over biofuels will only benefit from a factual and scientific analysis of, amongst others, economic data. It will help decision-makers in the European Parliament and the Council to separate myths from facts, when deciding in the coming weeks on the future policy framework of an important industry.

In the report World Bank Senior Economists John Baffes and Allen Dennis conclude that *"oil prices account for almost two thirds of the (food) price changes from 1997-2004 to 2005-12 [...] in contrast to Wright (2012) who argued that low stocks during 2007/08—at a time of strong biofuel demand and increased incomes by China and India—were the key causes of the post-2007 grain price increases [...]"*. The report adds *"And, to the extent that biofuels affect prices [...] our results imply that their effect on food prices is not as strong as has been reported in previous studies (for example, Mitchell 2008)."*

Even more revealing for the renewable ethanol industry is the conclusion that *"under a mandated ethanol/gasoline mixture ethanol and maize prices will decline, ceteris paribus, leading to a negative relationship between food and oil prices."* The European renewable ethanol industry has consistently explained that it produces as much food as ethanol from crops that are not typically used for human consumption. This report comes at a time when more and more policy makers in Europe recognize the important role of valuable co-products of ethanol production. The high protein animal feed that we produce helps Europe to lower imports and is of strategic importance for EU livestock farmers, who face an ominous protein deficit: Europe is currently 70% dependent on feed imports.

'Don't just look at one picture; Watch the whole movie'

ePURE has been advocating for a scientific and evidence-based debate, in which policy supports biofuels that contribute to lower emissions; smarter use of land; economic growth; and sustainable jobs.

"While some in the debate paint a negative picture of biofuels, the World Bank analysis gives us a movie, detailing the food price developments over a 15 year period. I hope that EU decision makers will recognise these findings and take them into account going forward" said Rob Vierhout, Secretary General of ePURE.

Click [here](#) to view the report.

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ePURE represents the interests of European renewable ethanol producers to the European Institutions, industry stakeholders, the media, academia and the general public. Based in Brussels, ePURE represents 55 member companies throughout 18 member states, accounting for 90% of the installed renewable ethanol production capacity in Europe. The organization, established in 2010, promotes the beneficial uses of ethanol throughout Europe.