

Food and Fuel: We *Can* Have it All

By Jenna Higgins

As biofuels begin to enjoy some success and chip away at our dependence on foreign oil, some critics have grabbed headlines by raising the question of whether we can have biofuels, often made from crops, without taking away from our food supply.

As if in answer to this question, a Kentucky-based grain company recently opened the gates to its new biodiesel plant. Owensboro Grain started out 101 years ago as a small grain merchant, but today has expanded into the biodiesel business. It recently opened a biodiesel plant next to its grain operation. Here, food and fuel literally sit side-by-side, illustrating the point that we can have both food and biofuels simultaneously.

Owensboro Grain started out shipping corn on barges, according to John Wright, vice president of strategic planning and development, and a fourth-generation family operator of the company. He says in the 1950s, his grandfather evolved the company into soybean processing, recognizing early on that soybeans would play a significant role in the economy.

“In 1995, we evolved again by getting into vegetable oil-refining, so opening a biodiesel plant is the next progression for us,” Wright said. “I believe my great-grandfather and grandfather would be extremely proud. My grandpa was always a trend-setter, looking for the next wave.”

The business is one of 165 biodiesel plants operating throughout the country. Many of them are family or farmer-owned, and most fall into the category of small business. A recent study showed that the industry will create almost 40,000 jobs and add \$24 billion to the overall U.S. economy between now and 2015.

Not only is biodiesel production good for the economy, it can actually benefit our food supply. Studies show that greater use of fats and oils for biodiesel production increases the value that farmers receive for their crops, and results in less expensive protein meal.

“Because of biodiesel demand, we have seen an increase in the price of soybean oil, which is used for products like salad dressing and frying oils,” said Alan Weber, an agricultural economist and vice-president of MARC-IV. “But the resulting lower relative value in soybean meal will help keep feed for animals cheaper than it otherwise would be. It also makes U.S. protein meal cheaper and therefore more competitive in international food and feed markets. That can have a positive impact on our food supply worldwide.”

Even though a sustained biodiesel industry will help farmers feed the world more cost effectively, most geopolitical experts agree that world hunger is not caused by a lack of food in developed nations. It is primarily caused by poor infrastructure and third world political climates that are not favorable for getting food to the hungry.

It is also important to note that ending stocks of soybean oil in the U.S. are approximately 3 billion pounds, which historically are extremely high inventory levels. That's 400 million gallons

of potential biodiesel in stored soybean oil – almost twice what the U.S. actually produced in 2006.

“We also shouldn’t underestimate the American farmer’s readiness to react to market demands,” Weber said, “and we expect that technology will play a role in extending both our food and fuel supplies.”

Biodiesel proves that we can have fuel made from our nation’s homegrown resources without hurting our food supply, and perhaps even helping it. That means the world won’t go hungry – and neither will our engines.

*Jenna Higgins is Director of Communications for the National Biodiesel Board,
www.biodiesel.org.*

September 27, 2007