

THE TUG OF WAR FOR CORN

CORN CONSUMPTION

In recent years corn has been redistributed to ethanol production at a high rate. Not only has the price of corn risen as a result of this but meat and animal products have gotten more expensive as it has become increasingly expensive to feed livestock. Generally, livestock feeding makes for 50-60 percent of the use of U.S. corn, which will drop to 40-50 percent in the next decade.



WORLD HUNGER

With the increase of food prices worldwide, more people will go hungry, particularly in poorer regions. The U.S. currently accounts for about 60-70 percent of the world's corn exports, which will drop to 55-60 percent in the near future. With the repurposing of corn as fuel in addition to the rising demand for food in developing regions like China and India, this could lead to a humanitarian crisis, as already seen in Haiti or Somalia.



RISING FUEL PRICES

Soaring oil prices over the past few years have caused the U.S. fuel consumers to look elsewhere for fuel. To reduce the dependency on foreign oil and to find cheaper fuel, the Bush Administration has facilitated the production of ethanol. As a result, the number of ethanol plants has more than doubled between 2002 and 2008 from 61 to 134, with 77 more plants under construction.



ENVIRONMENTALISM

Due to an alarming increase in natural disasters and a rise in temperature globally, the Bush Administration implemented the Energy Policy Act of 2005, which mandated that renewable fuel use in gasoline should increase by xxx% to 7.5 billion gallons by 2012. This policy facilitated ethanol production and made it economically more profitable. The percentage of corn crop used for these purposes was at 17.5 percent but is projected to go up to 30 percent by 2009/10.

