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Economist estimates how much ethanol affects food prices

Associated Press - May 20, 2008 3:25 PM ET

LINCOLN, Neb. (AP) - A Nebraska agricultural economist estimates that ethanol production is responsible for about 40% of the recent increase in grain prices but very little of the increase in U.S. food prices.

University of Nebraska-Lincoln economist Richard Perrin says ethanol accounts for about 1.2% of the increase in U.S. food prices because most of the increases in corn prices are not passed on to consumers.

However, Perrin says ethanol has likely had a bigger impact on food costs in poorer parts of the world because grains account for a larger portion of people's diets there.

Perrin says ethanol could account for as much as 15% of the increase in food prices in poor nations.

On the Net:

UNL Institute of Agriculture and Natural Resources: <http://ianrhome.unl.edu/Home>

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