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FOOD INDUSTRY

Ethanol's corn need will raise meat price

Ethanol fuel plants' demand for corn is raising the cost of feeding livestock and, in turn, the cost of meat.

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Associated Press

Warning to meat lovers: Be prepared to pay more for beef, pork and chicken.

The culprit is the rising price of corn. It's now more expensive to feed livestock, because there's so much demand for corn from ethanol plants. As feeding costs rise, meat and poultry production will fall, the Agriculture Department said Friday in its monthly crop report. And that in turn means higher prices at the supermarket.

Ethanol fuel, which is blended with gasoline, is consuming 20 percent of last year's corn crop and is expected to gobble up more than 25 percent of this year's.

The demand for corn has sent its average price to \$3.20 a bushel, up from \$2 last year.

That rise in price has driven the cost of feeding chickens up 40 percent, according to the National Chicken Council. The industry worries the competition from ethanol could cause a shortage of corn.

"Companies will be forced to pass along rising costs to their customers, meaning consumers will pay significantly more for food," Chief Executive Dick Bond said. Chicken is the most popular meat with consumers.

Deputy Agriculture Secretary Chuck Conner said USDA is keeping an eye on corn supply and demand. Demand likely will prompt farmers to plant more corn.

"We do have confidence in the marketplace's ability to react," Conner said. "We believe producers are seeing the market saying, 'I need more corn, not only for ethanol, but for our feed needs in this country.' "