


Food and Fuel Forum

Agricultural Business Council of Kansas City
October 23, 2008


Restoring the Balance


Robb MacKie
American Bakers Association



Food prices
Cheap no more
Dec 6th 2007
From The Economist print edition

Grain and bear it
May 23rd 2008
From The Economist Intelligence Unit ViewsWire
Grain prices are likely to remain high

A photograph of a man in a hat and jacket, holding a large green corn cob, appearing to be in a protest or demonstration.
Riots and hunger feared as demand for grain sends food costs soaring
· Expert to warn industry of threats to world supply
· Biofuels and Chinese boom put pressure on harvests
A peasant protests in Mexico City at the rising price of corn. Photograph: Luis Acosta/AFP

The cover of the magazine "WORLD GRAIN" with the headline "No end in sight" and a bar chart showing an upward trend. The text on the cover includes "IOC conference speakers warn of high grain prices for years to come" and "North American technical panel warns of high grain prices for years to come".
WORLD GRAIN
No end in sight
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World Grain Supply - Cause for Concern?

900 Million Worldwide Face Starvation

Oxfam's Double Edged Prices Report – Oct. 2008

17 Million Face Starvation on Horn of Africa

Care International – Oct. 2008

17 Million in Cambodia Face Starvation

Oxfam's Double Edged Prices Report – Oct. 2008



1.7 Million in Tajikistan Food Insecure, Third of Rural Population

Oxfam's Double Edged Prices Report – Oct. 2008

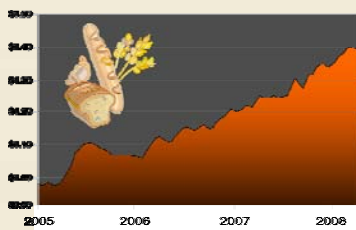


United States Not Immune

- 2007 Food Inflation – 5.1%
 - 2008 (thru June) – 5.5%
 - Wholesale Food Prices – up 9.1%
 - Retail Food Prices – up 6% YTD, '07 – 7%
- (Source: Bureau of Labor Statistics)
- Americans Expected to Pay 14% of Income on Food in 2008
- (Source: Ag Resource Company)
- 9% in 2007

What About Bread - Staple

- CPI for Bread – 0.4% from August and up 14.8% from September 2007

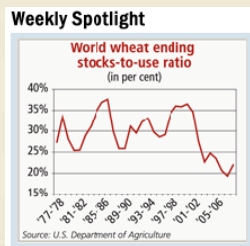


Record Grain & Food Prices - Causes

- Supply & Demand
 - Stocks at Historic Lows
 - Higher Standards of Living
 - Higher Domestic Demand
- Weather
- Locusts
- Government Policies
 - Ethanol
 - Conservation Reserve Program
 - Inadequate research - wheat

Supply

- Wheat reserves have rebounded slightly from record lows
- Corn reserves are now at record lows
 - 2008-09 Stocks to use projected – 12.6%
- World is responding with higher plantings



Restoring the Balance

ABA Action Plan:

1. Increase Agriculture Acres
 - Release Conservation Reserve Acres
 - Non-environmentally sensitive acres
2. Ease Renewable Fuels Mandates for Ethanol
3. Allow Greater Imports of Ethanol
4. Increase Basic Research for Wheat
 - Improve Yield
 - Improve Quality



Creative Government-Private Partnerships

Key Questions:

1. How to maximize global agricultural production?
2. How to augment food aid programs?



Final Thoughts

1. Competition for Finite Number of Agriculture Acres
2. Restore Balance Between Food and Fuel
3. Cooperation from Farm to Table is Critical to Meeting Global Food Needs

The Agricultural Business Council of Kansas City logo, featuring a stylized green and yellow design.

Thank you.

