

# Ethanol – The real competitor for maize?

Maize (corn) is a major part of pig rations in many parts of the world and its price is reflected in the price of pork.

Therefore, anything that competes for maize in the world market place could well impact on pork production.

Traditionally, the poultry sector has been a major competitor for maize but historically there has always been enough to go round.

In the future China could become a major importer, with the USA and Brazil having the potential to export more maize.

Recently, a new consumer of

maize has appeared – ethanol production. What will be its impact?

Yes, the green lobby champions the use of green alternative fuels for our cars – but at what cost?

If the whole USA maize crop went into ethanol production the ethanol produced would only replace less than 20% of that country's current gasoline usage! The most optimistic predictions are that only 8% of car fuel in the USA will be maize derived ethanol. When you compare the two options ethanol only gives a 25% net energy benefit or gain.

At what price? Yes, car fuel might be slightly better priced but the

impact of large scale ethanol production must significantly increase the cost of maize to pig producers.

The bottom line will be a 2% reduction in energy usage at the cost of significantly higher feed grain prices.

Is the real problem that the average consumer will see cheaper running costs for his car, but will not appreciate that he is paying for these with higher priced pork, poultry meat and eggs?

Conversely some may argue that maize acreage will increase dramatically and the efficiency of ethanol production will increase so the

increase in maize prices will be mitigated. We do not have the figures for pork, but it would be reasonable to see them as being proportional to the poultry figures, which are that the cost of chicken will rise by 10 cents per kg and that the cost to the USA and world broiler industries will be \$US1.8 billion and \$US7.2 billion respectively per year.

In addition, world chicken production would drop by some two million tonnes per year!

Ethanol production is currently politically correct, so perhaps we should prepare ourselves for its impact on our pig businesses. ■

Fig. 1. Corn export and ethanol use projection.

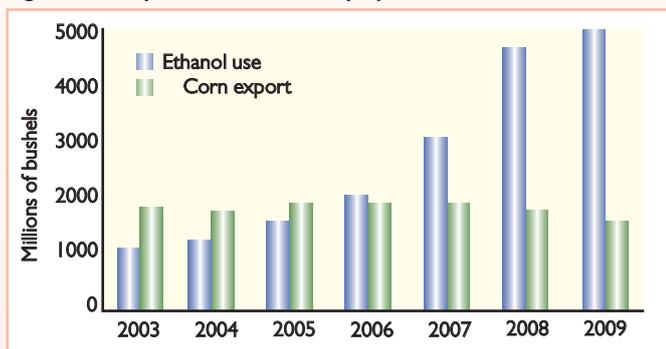


Fig. 2. Ethanol percentage of the US corn crop.

