

ADM, Cargill square off on ethanol-vs-food debate  
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CHICAGO, May 2 (Reuters) - Two major players in the U.S. ethanol market are finding themselves on opposite sides of the food-versus-fuel debate, even as both firms continue investing millions to turn corn and other starches into energy.

A day after the head of Cargill Inc. questioned providing subsidies for fuel ahead of subsidies for food, the chairman of Archer Daniels Midland Co. (ADM.N: Quote, Profile, Research) said there was no consumption-versus-combustion debate.

"I think any knowledgeable person in today's world would recognize the fact that the reason we've got malnutrition and hunger is not because we're turning food into fuel," said ADM Chairman G. Allen Andreas in response to a question from an analyst on a conference call following the company's quarterly earnings report on Tuesday.

"We've got hundreds of millions of acres of land in Brazil that are suitable for arable development into farmland that still have not been cultivated without any infringement on the environment," Andreas added. "There's plenty of capacity to make food."

ADM's board of directors will meet this week to vote on whether to go ahead with plans to build a dry corn milling plant with the capacity to produce 275 million gallons of ethanol a year next to its existing ethanol plant in Columbus, Nebraska.

Analysts were asking Andreas about statements made by the head of privately held Cargill to reporters after a speech to the Society of Business Editors and Writers on Monday.

Warren Staley, Cargill's chairman and CEO, said he was wary of ethanol due to the large government subsidies it relies on and believes the industry should focus first on food, then fuel.

"We have to look at the hierarchy of value for agricultural land use; food first, then feed and last fuel. Today we are providing subsidy to fuel uses while often erecting barriers to new food and feed technologies," Staley said.

Interest in alternative fuels such as ethanol has risen in step with crude oil prices, which have reached \$75 per barrel over the past few weeks.

ADM recently appointed former oil company executive Patricia Woertz to succeed Andreas as CEO, which analysts see as a sign that the Decatur, Illinois-based firm will continue its push into the bioproducts and biofuels markets.