

Rising gas prices causing pain at the supermarket

By Matt Clark

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What do the prices of a gallon of milk, a pound of chicken, an ice cream cone and two cheese pizzas have in common?

They are all going up for the same reason: The increasing cost of a gallon of gas.

The price increases are “a delayed reaction to government policies in encouraging the use of corn for ethanol production,” said Joe Wright, president of Southeast Milk Inc.

As gas prices have soared and worries about the country’s dependence on foreign oil have grown, consumers and the government have increasingly turned to ethanol as an alternative fuel. Ethanol is produced from plants, particularly corn, containing a large amount of sugar.

The rising demand for corn is causing prices to shoot up as well, meaning farmer are paying more for corn-based feed for cattle, chickens and pigs. Those costs are passed along, eventually showing up in the supermarket.

“Feed costs are our biggest costs,” said Wright, who is predicting an “all-time record” in the cost of milk for sometime in August or September. “In any food store you want to go into, milk will be over \$4 a gallon,” he said, adding that the price of a pound of cheese has increased 50 cents in the last 45 days.

Al DeBono, owner of Benson’s Grocery Store on Old 41 Road in Bonita Springs, said milk went up 4 cents a gallon last month and 24 cents this month. He expects an increase of 20 cents for July.

“All dairy products are starting to increase,” said DeBono, though he said when it comes to milk, customers, “will keep buying, just like gas.”

That’s true, said Katherine Perez, a mother of two from Naples. She said she hadn’t even noticed the price had gone up.

“I have two little kids,” she said. “No matter what price it is, I’ll have to pay for it.”

That sentiment is echoed by most.

“I’m willing to pay a little bit more to keep my kids healthier and stronger,” said Evan Wilson, 43, of Bonita Springs as he lugged two milk gallons into his car outside of Albertson’s on U.S. 41 in Bonita Springs.

Gasoline has had another impact on the price of milk, as well.

Transporting bulky cartons of milk, especially to Southern Florida, is expensive, Wright said. Rising fuel costs don’t help.

Albert de Vries, an assistant professor in the University of Florida’s Animal Sciences Department who specializes in dairy economics, said the problem is further compounded when one takes into account dairy exports, which has been compounded by a drought that impacted Australia’s dairy market.

“The U.S. has had more opportunities to export milk products,” de Vries said. “Global demand is increasing.”

In Florida, said Wright, “We don’t even produce enough milk to meet our fluid milk needs.”

Add all these issues together, he said, and “South Florida is going to see some of the highest milk prices in the country.”

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