



May 23, 2008

Mr. Douglas R. Conant
Chairman, Grocery Manufacturers Association
Chairman, President and Chief Executive Officer
Campbell Soup Company
1 Campbell Place
Camden, NJ 08103-1701

Dear Mr. Conant:

I am writing to express my organization's profound disappointment with an anti-ethanol campaign being operated by the Grocery Manufacturers' Association. As you know, GMA has retained Glover Park Group, a Washington public relations firm, to run this campaign against the interests of U.S. farmers. As expressed in the proposal from GPG, the fundamental message of the campaign is, "Support for corn-based ethanol is driving up food prices and creating a crisis that threatens the kitchen tables and pocketbooks of millions of Americans and the welfare of vulnerable populations worldwide."

Though we do not make ethanol from wheat in the United States, agricultural groups including NAWG are united in our support for creating new business opportunities for farmers, including ethanol from corn and from cellulosic sources like wheat straw. You should be aware that GMA's approach to this issue is not being well received among farmers who supply the food ingredients to GMA member companies and who are indirectly attacked as greedy and insensitive to hunger by your campaign. One might describe it quite literally as biting the hand that feeds you.

It is also counterproductive because while we may have differing opinions on the necessity of corn-based ethanol in efforts to break our much-heralded "addiction to oil," we have a common problem in high energy prices. High energy prices are indisputably having major effects throughout the economy; our members, like yours, are paying these higher costs. However, Agriculture Secretary Ed Schafer noted this week that the President's Council of Economic Advisors estimates only 3 percent of the more than 40 percent increase we have seen in world food prices this year is due to the increased demand on corn for ethanol. Having alternatives to petroleum available in the market will help reduce fuel costs both for our members and yours; waging a campaign against ethanol will serve to *increase*, rather than reduce, our collective energy costs.



"WHEAT DOLLARS ARE IMPORTANT TO THE NATIONAL ECONOMY AND YOUR BUSINESS"

We are also well aware that commodity prices are higher than they have been before, but the factors playing into these increases are primarily functions of global supply and demand. In the case of wheat, small crops in wheat globally coupled with strong demand have taken supplies to very low levels. But even at higher price levels, wheat itself is a minor input from a cost perspective in wheat-based food; USDA released information this week showing that on average only 19 cents of each dollar spent on food products reflects the value of the underlying commodity. Even when wheat prices were at their peaks a few months ago, wheat only represented around 20 cents of the \$4 a box of breakfast cereal costs in the grocery store. Wheat futures have declined by more than \$4 per bushel from their highs in December and January, but retail food prices for wheat-based foods – prices increases for which were blamed on rising wheat prices – have remained at their new, higher level. This fact strongly suggests that there are forces more powerful than wheat prices influencing the price of retail food products.

NAWG welcomes the opportunity to work with GMA to combat the high energy prices and ensure a continued stable supply of ingredients for your member companies. We feel that there must be opportunities for us to unite our efforts to combat higher energy prices and work together to bring more efficient technologies to the production sector, but instead, we see a respected association comprised of our customers attack an economic opportunity that is important to farmers; people and companies who should be our allies are waging a campaign to our economic detriment. Further troubling are rumors that oil companies are assisting in this campaign.

We strongly urge GMA to abandon its battle against ethanol and the farmers who produce its feedstocks, and instead seek ways where we may work together to counter the higher energy prices that affect us all.

Sincerely yours,



David Cleavinger
President

C: GMA Officers and Board of Directors
The Honorable Cal Dooley, President, Grocery Manufacturers Association
National Corn Growers Association
Senator Charles Grassley