

UN director presses US to cut biofuel output

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A warning label is posted on an E85 Ethanol pump handle at a gas station on August 7 in Johnston, Iowa. The head of the UN's Food and Agricultural Organization urged the United States to halt its biofuel output to prevent a food crisis, in an editorial published by the Financial Times on Friday.

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"An immediate, temporary suspension" of a mandate to reserve some crops for biofuels "would give some respite to the market and allow more of the (corn) crop to be channelled towards food and feed uses," Jose Graziano da Silva wrote.

A severe drought in the United States has cut likely [corn production](#) to the lowest level in six years, the US Department of Agriculture reported on Friday.

A USDA report released on Monday estimated that only 23 percent of [corn plants](#) are in good to excellent condition.

"Against that backdrop, cereal prices have shot up, with an increase in (corn) prices of almost 40 percent since June 1," strategists at the CM-CIC brokerage said.

According to the US [National Oceanic and Atmospheric Administration](#), the country has just sweltered through its hottest July on record, with drought affecting 63 percent of its continental territory.

Biofuels have been repeatedly identified as a factor in rising prices for vegetable oils, corn, soja and cereals.

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