



S. 1419 – Cattle, Corn and Consequences

Majority Leader Reid has introduced comprehensive energy legislation that includes components from a series of bills dealing with biofuels, energy efficiency, carbon sequestration, and CAFÉ standards. These legislative proposals have been combined into S. 1419, the Renewable Fuels, Consumer Protection, and Energy Efficiency Act of 2007. The National Cattlemen's Beef Association (NCBA) is concerned about the impacts on U.S. cattle producers as a result of the Renewable Fuels Standard (RFS) proposed in this legislation.

NCBA asks that action be delayed on this and other legislation seeking to raise the RFS for feed-grain based ethanol, until more consideration has been given to the consequences of such an increase.

Consider these facts:

- According to the Renewable Fuels Association (RFA), the United States currently has 116 operational ethanol plants with the capacity to produce 5.9 billion gallons of ethanol per year. Additionally, RFA reported 81 new plants are under construction. **That brings total expected ethanol production capacity to over 12.5 billion gallons of ethanol per year.**
- **Once operational, these 197 ethanol facilities will require 4.5 billion bushels of corn.** Based upon current expectations for corn plantings and yield, that will be roughly 35 percent of the domestic corn supply in 2007 - compared to the 13 percent of the domestic corn supply that was devoted to fuel ethanol production in 2005.
- An incredible 5.4 billion bushels of corn, **equal to roughly 43 percent of projected 2007 U.S. corn production**, would be needed to produce the 15 billion gallons of feed-grains based ethanol proposed by S. 1419.
- S. 1419 seeks to create a new RFS of 36 billion gallons by 2022, and goes on to stipulate that beyond 2016 a certain portion of the RFS must be met with biofuels not derived from feed-grains. **Even with feedstock differentiation, a mandate of 15 billion gallons for feed-grains based ethanol would be established.**

NCBA supports input segmentation of the RFS. **However, the impact of a 15 billion gallon RFS for feed-grains based ethanol will deal a serious blow to cattle producers if the United States experiences anything short of a new record for U.S. corn production.**

Producers are expanding their use of alternative feedstuffs and doing their best to respond to the rapidly changing marketplace; nevertheless, corn remains an essential input for their business.

The marketplace is most efficient, when supply and demand signals are clearly communicated. **NCBA supports a transition to a market-based approach for the production and use of ethanol derived from livestock feedstuffs.**

Cattle producers have spoken:

No new mandates for feed-grains based ethanol should be established.