



Contact: Joe Schuele 303-850-3360 [jschuele@beef.org](mailto:jschuele@beef.org)

## **Cattlemen urge Senate committee to re-evaluate renewable fuels policy** *Ominous crop reports, price surges drive home reality of feedgrain crisis*

Washington, D.C. – (June 12, 2008) - Livestock producers have been dealt more harsh news this week with regard to feedgrain supplies. Persistently wet conditions in parts of the Midwest have worsened, with some areas suffering catastrophic flooding. These events continue to paint a very dark picture for fall grain harvest projections, intensifying pressure on feedgrain prices and supplies.

"Cattlemen are now looking straight down the barrel of \$7 corn, and that may just be the beginning," said Gregg Doud, chief economist for the National Cattlemen's Beef Association (NCBA). "We already saw a lot of acres migrating away from corn this year, and that was before the wet spring pushed into June. By the time conditions improve in many of these fields, planting corn will no longer be an option."

While many factors are contributing the tightening supplies and rising costs of feedgrains, Congressional mandates for production of grain-based fuels are adding to the market pressure. Even with last fall's strong harvest, more than 1/4 of the 2007 corn crop was required to meet ethanol production mandates. This figure will grow much higher in 2008, as the production mandates have increased, corn plantings have been delayed, and corn crop progress has been extremely slow.

"USDA is now projecting a significant decline in per-acre yield for corn, on top of the reduction in corn acreage," Doud says. "This puts a tremendous squeeze on all users of corn, but especially those who do not receive any tax credits or other subsidies to generate their end product."

Today, the Senate Energy and Natural Resources Committee holds a hearing to examine the relationship between renewable fuels mandates and food prices. In written comments submitted to the committee, NCBA President Andy Groseta makes it clear that while consumers are feeling the pinch from the rising cost of many foods, livestock producers are bearing most of the burden when it comes to meat production.

"Many cattle feeders are currently losing about \$150 per animal. With 525,000 head of steers and heifers going to market each week, that amounts to an average weekly industry loss of approximately \$79 million," said Groseta, a rancher from Cottonwood, Ariz. "These losses will be passed on to the foundation of our industry, the cow/calf producer. For every \$1 per bushel increase in the price of corn, a cattle feeder must pay \$22 per hundred-weight less for a 550 lb. feeder steer."

Several legislative proposals have been introduced to freeze or reduce ethanol production mandates, and to reduce or eliminate incentives that divert feedgrains toward ethanol production. Without endorsing any particular proposal, Groseta urged the committee to carefully weigh current market conditions as they debate these issues.

"Cattle producers have always depended on the free market to drive their business, and as long as cattle producers have the ability to compete on a level playing field with the ethanol industry for each bushel of corn, the U.S. beef industry can and will remain competitive," Groseta said. "NCBA feels that it is time to level the playing field and allow market forces rather than government intervention to guide the production and use of ethanol."

~ visit us online at [www.beefusa.org](http://www.beefusa.org) ~

*The National Cattlemen's Beef Association (NCBA) is the largest organization representing America's cattle industry. Initiated in 1898, NCBA is the industry leader in education, influencing public policy to improve producer profitability and in preserving the industry's heritage and future. Efforts are made possible through membership contributions. To join, contact NCBA at 1-866-BEEF-USA or [membership@beef.org](mailto:membership@beef.org).*

### **Denver Office**

9110 E. Nichols Ave.  
Suite 300  
Centennial, CO 80112  
303.694.0305

### **Washington, D.C. Office**

1301 Pennsylvania Ave.  
NW, Suite 300  
Washington, D.C. 20004  
202.347.0228

### **Chicago Office**

444 N. Michigan Ave.  
Suite 1800  
Chicago, IL 60611  
312.467.5520