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UNITED STATES OF AMERICA

U.S. Renewable Fuels Production

National Farmers Union

In 2005, the United States Congress passed a Renewable Fuels Standard (RFS), with the goal of producing 7.5 billion gallons of renewable fuels by 2012. While this is a small percentage of America's fuel supply, the positive impact cannot be denied or ignored. America's farmers and ranchers have been committed to playing an active role in addressing our energy sovereignty, and had the foresight of the economic, environmental and security benefits to be born by renewable energy production. Today, Congress is debating whether to expand the RFS to 36 billion gallons in order to create the next generation of renewable energy.

The U.S. Senate passed a comprehensive energy bill in June 2007, which would expand the current RFS to 36 billion gallons by 2022; increase fuel efficiency standards for cars and trucks to 35 miles per gallon by 2020; establish ten E85 corridors across the country; and establish National Interest Electric Transmission corridors, to expand infrastructure to transport wind energy to areas of high demand. The following month, the U.S. House of Representatives passed an energy bill that included a national Renewable Electricity Standard (RES) to require investor-owned electric utilities to produce 15 percent of its electricity from renewable energy sources by 2020. Differences between the two pieces of legislation are being worked through a conference committee, with a final package expected before the end of the year.

While Congress is engaged in debating the policies, America's farmers have responded to the demand created by ethanol production by planting the largest corn crop in history. On June 29, the U.S. Department of Agriculture (USDA) released a report indicating that American farmers planted 92.9 million acres of corn in 2007; this is the largest U.S. corn crop since 1944, surpassing the 2006 acreage by 19 percent. Simply put, farmers are responding to meet the needs of increased market demands.

With the increased corn acreage, higher commodity prices and attention to energy security comes criticism. Some have led a backlash against the production of ethanol and research into other types of renewable fuels. Claims that the use of corn for ethanol is reducing the amount of corn available for food consumption and raising prices at the retail level have flooded urban media outlets. Unfortunately, the media has missed the mark and failed in telling the true story.

A recent study published by the Renewable Fuels Association found that energy costs, not the price of corn are the major culprit for moderately rising consumer food prices. According to the report, rising energy prices have twice the impact on the Consumer Price Index (CPI) for food than the price of corn. The report states, "Corn and energy prices both affect consumer food prices. However, since increases in corn prices are limited to a relatively small portion of the overall CPI for food, an increase in corn prices resulting from higher ethanol demand or a supply disruption such as a major drought is expected to have about half the impact of the same percentage increase in petroleum and energy prices."

Yes, it is true farmers are receiving higher prices for the commodities they produce today, and we should not apologize for it. Instead of relying on government subsidies, farmers are able to get a decent price from the marketplace. America's family farmers and ranchers have been feeding the world for more than 200 years; increasingly, we are helping our nation become less dependant on foreign oil, from some of the most politically unstable regions of the world, by producing home-grown renewable energy. Ethanol production has been a lifeline for many struggling rural communities, ever-increasing ethanol plants are the reason rural communities are revitalized. Increased renewable fuel production is creating economic opportunities for rural communities, restoring profitability to family farmers and ranchers, and providing a clean, safe, renewable fuel for our nation's future.

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