

The Honorable Mike Johanns  
Secretary of Agriculture

Feb 15, 2007

The Honorable Charles Conner  
Deputy Secretary of Agriculture

Dear Mr. Secretary and Deputy Secretary:

We thank you for opportunity to meet with you on January 22 to discuss our concerns regarding corn availability and the potential impact of renewable fuels on all types of U.S. grain and oilseed customers. We also appreciate USDA's willingness to consider forming an ethanol task force within USDA to take a more focused look at the myriad issues related to this topic. We note that the President's Fiscal Year 2008 Budget Proposal indicates that no general sign-up periods are expected for the Conservation Reserve Program (CRP) in 2007 and 2008 and commend the USDA Farm Bill proposal in noting that 27 million acres of the CRP are "lands that are suited for growing crops."

But we are disappointed to note that the only "flexibility" announced by the administration for the use of CRP land was for the harvesting of biomass from these 27 million acres. Realistically, this biomass harvest from CRP land does absolutely nothing to relieve potential economic pressures in corn (and other grain) markets in coming years, unless and until cellulosic ethanol becomes technically and economically feasible and cost-competitive with corn-based ethanol production. At best, there is wide divergence of expert opinion as to when this will occur, and even if it will occur over the life of the Farm Bill, despite all the federal government and private monies being invested to make it happen. We do not think it is sound public policy to base government decisions strictly on the hope that a technological breakthrough will occur at some future unknown point in time, in particular when so many sectors' economic health is dependent on such policy decision-making.

Without additional acreage being made available to the marketplace to plant those crops most needed by all grain users in the market, not only will U.S. livestock, poultry and food sectors be less competitive, but the President's renewable fuels goals outlined in the State of the Union Address and the Fiscal Year 2008 Budget would be in jeopardy.

Mr. Secretary, we support the goal of reducing reliance on fossil fuels and imports of foreign oil, but the market faces significant challenges in producing adequate quantities of corn and other grain before cellulose becomes proven as an economically viable feedstock. We urge you to announce what flexibility USDA is willing to offer landowners with acres enrolled in CRP to respond to market-driven needs, and at minimum, announce that you are willing to permit the option to opt out of the program without penalty to pursue whatever the current market conditions may dictate. Corn

availability is not only key to traditional grain and oilseed customers, but also to the viability of the large number of existing ethanol plants as well as those coming on line or planned.

The timing of a decision on the use of the CRP is critical to allowing the market to take advantage of any additional acres that might become available, so we encourage you to make an announcement as soon as possible. Thank you for considering our concerns, and we look forward to hearing from you soon about USDA's plans in this regard.

Sincerely,

Cc: The Honorable Collin Peterson, Chairman, House Committee on Agriculture  
The Honorable Bob Goodlatte, Ranking Minority Member  
The Honorable Tom Harkin, Chairman, Senate Committee on Agriculture,  
Nutrition and Forestry  
The Honorable Saxby Chambliss, Ranking Minority Member