



Policy Perspective on Biofuels

Keep, Increase Biofuels Section in Farm Bill

The 2002 Farm Bill was the first Farm Bill to include a section on biofuels, and farmers like the idea, according to an Illinois Corn Growers Association survey taken during harvest.

Over 90% of the survey respondents and listening session attendees wanted either similar or more emphasis on biofuels in the 2007 Farm Bill.

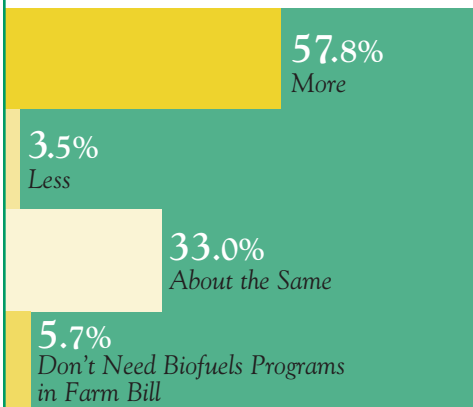
One of the reasons for the strong support for a biofuels section in the Farm Bill is the fact that 88% of the survey respondents believe the biofuels industry will have a positive effect on farm income.

Plenty of Corn for Both Food and Fuel

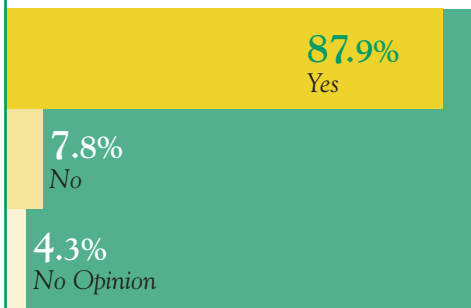
Demand for corn is increasing, and the market may experience heightened volatility, but "There is no shortage of corn," says the National Corn Growers Association. While prices have moved into the \$3 range, many market analysts expect a 10% acreage increase in 2007, with market demands met:

- Continued advances in biotechnology and conventional plant breeding that will lead to higher yields
- Incremental acreage shifts to corn from other crops based on market demand
- Slow or no growth in demand for corn for livestock feed
- Increased supply of distillers grains and displacement of corn from feed rations
- Improvements in ethanol production efficiency and emerging technologies such as corn fiber conversion and the adoption of ethanol-tailored hybrids

Q: How much emphasis should be placed on biofuels in the 2007 Farm Bill?



Q: Do you think the biofuels industry will significantly change the ag industry's future including farmers' profitability?



Farmers Interested in Ethanol Plant Investments

"Have you invested in an ethanol plant?" That question was asked by the Illinois Corn Growers Association of 238 farmers who participated in ten Farm Bill Listening Sessions in October and mid-November of 2006.

A significant number of the respondents said they have either personally invested in an ethanol plant, or would if they could. While 22% have invested, 78% have not, but of those 78%, only 22% would not consider doing so. That means there is a

strong interest by producers and landowners in producer-owned biofuels plants. The federal biofuels policies have encouraged the growth of the ethanol industry, with the help of the biofuels section in the 2002 Farm Bill.

Illinois Livestock Operators Accept Ethanol Impact

Grain producers have benefited substantially with the demand market driven by the ethanol industry, however, that same dynamic has been a financial detriment to the livestock industry because of the rising cost of feed. However, 79% of the respondents in a fall 2006 survey by the Illinois Corn Growers Association objected to slowing the ethanol industry if high feed costs became a burden to livestock producers.

That strong opposition was shared by grain and livestock producers alike, and in fact all of the operators of livestock-only farms opposed restricting growth of the ethanol industry, including 84% of the grain-only farms and 81% of the grain and



livestock farms. The non-farm stakeholders, including absentee landowners, in the Other group apparently see the competition of food versus fuel as a bigger issue than farm operators.

NCGA's NFSA

Complete details about the National Farm Security Act can be found on the Internet at: www.ncga.com/news/notd/pdfs/10_23_06NFSA.pdf.

Farmers Want More Spent on Agriculture Research

Federal funding for agriculture research has been level for many years, and inflation has resulted in the loss of researchers and project funding as the agriculture research appropriation diminishes. That is worrisome to the Illinois Corn Growers Association survey respondents and Listening Session attendees, 22% of whom said agriculture research will have the biggest benefit to their farming operation next year, and more than 40% of whom said it would have the biggest benefit for their operation in the long term.

Additionally, 34% said agriculture research, compared to five other farm programs, would give taxpayers the "biggest bang for their buck," followed by the benefits gained from rural economic

development (21%) and conservation programs (17%).



White Paper Offered

To obtain a copy of the White Paper which details all of the survey responses from the ten Listening Sessions, contact the Illinois Corn Growers Association at 309-557-3257, or send your e-mail request to: mlambert@ilcorn.org. The document is also available at: www.ilcorn.org.

