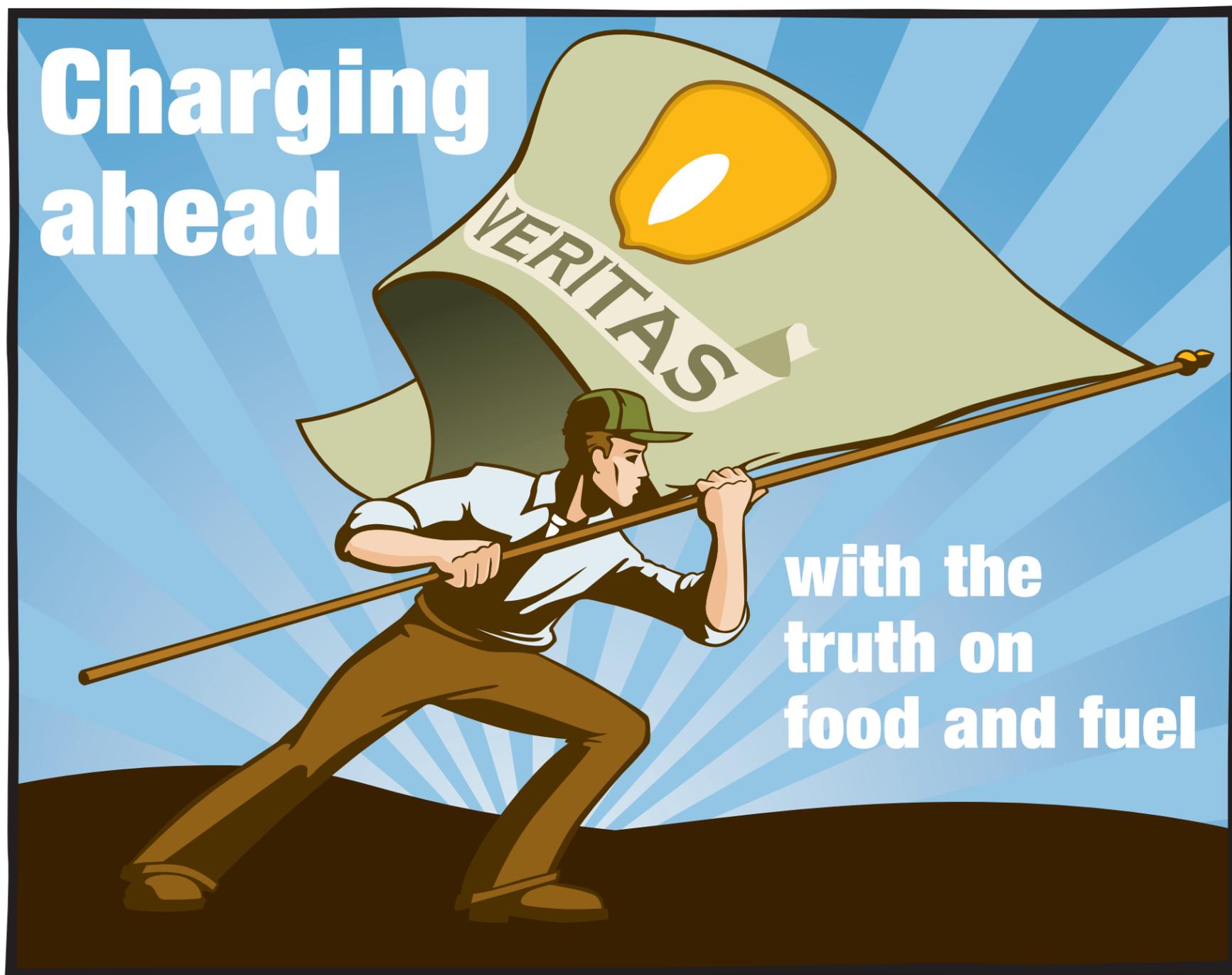


Cornstalk

A Publication of the Nebraska Corn Board

www.nebraskacorn.org



Charging ahead

with the truth on food and fuel

With all the finger pointing at corn and corn ethanol this past spring, it is easy to forget that the Nebraska Corn Board actually began a counter attack in October 2007 when it launched its “Powering Nebraska’s Economy with Corn” campaign.

That campaign was launched because the corn and ethanol industries were facing a consistent flow of negative messages and attacks and appeared to be “under some kind of coordinated attack of negative messages that don’t tell the whole story,” the Corn Board’s Don Hutchens said at the time.

Newspaper, radio ads and other efforts allowed the Board to talk about how corn producers are meeting demands, that energy costs are the main driver in food prices and that corn ethanol is a great start down the road to renewable fuels.

“These efforts certainly laid the groundwork and helped many Nebraska consumers question what the anti-ethanol groups were saying when they ramped up their smear campaign this spring,” Hutchens said. “We were fortunate to have started linking energy, oil and food prices several months before the brunt of the headlines began to appear.”

“Nebraska Corn Board efforts that began last fall laid the groundwork and helped many Nebraska consumers question what anti-ethanol groups were saying when they ramped up their smear campaign this spring.”

That doesn’t make it any easier reading the headlines or watching talking heads blaming high corn prices and ethanol for higher food prices in this country and for food security issues around the world. “It is frustrating for all corn producers to see that kind of misinformation being fed to consumers,” Hutchens said, “but for the most part, Nebraska media told better stories than a lot of national media, so we should be thankful for that.”

To keep Nebraska consumers informed on the subject, Nebraska Corn Board farmer-directors

submitted commentaries to newspapers across the state in April. The headline – “Big Oil uses record profits to hold us hostage” – helped draw readers into the text, which explained that one oil company’s profits last year were more than the entire value of the country’s 2006-07 corn crop. This was paired with a news release timed to coincide with a Congressional hearing in Washington examining oil company profits.

A visit by National Corn Growers Association CEO Rick Tolman followed. He addressed many media outlets during his daylong visit to Lincoln on May 7. (See story inside for details on this, as well as what NCGA is doing to work with national media.)

When the Corn Board learned that the Grocery Manufacturers Association (GMA) and some of its surrogates had hired a Capitol Hill lobbying and PR firm to lead the attack on ethanol. The Board upped its efforts – sending a news release, “Biting the hand that feeds you”, to contacts throughout the state.

“That same week we launched a campaign with each Board member contacting newspapers and

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FIELDnotes

by Jon Holzfaster, Chairman

There was a time when I could look at a piece of ground and know what would be reasonable in terms of rent, input costs, potential and so on. There wasn't any need to calculate the economic sense of a piece of land. All the basic assumptions were pretty much the same year in and year out.

Not anymore. Farming has changed – fast. In fact, this is the first major change in agriculture my generation has experienced. Time will tell if it is bigger than the sea of changes my dad saw: irrigation and conservation tillage.

Some people look at today's corn prices and believe everything must be great in corn country. The truth is things are not bad right now for many farmers. But we're in a whole different world today and a producer's bottom line can change quickly.

Fertilizer, chemicals, equipment, rent, land values and so on – all are at a higher level today than just a few seasons ago. And all require producers to think hard about what makes sense for their operation. A mistake in marketing strategy or input planning can have a dramatic effect on a producer's bottom line. Today's increased commodity prices and input costs have a magnifying effect on profit or loss. Corn producers simply can't afford to make bad decisions – the margin of error has decreased. Comfort levels have changed. We live in fear of the market going back down – as we know it can.

At the same time, we have to defend ourselves against an onslaught of negative media reports and attacks by some of the very industries (like the Grocery Manufacturers Association) that rely on agricultural products for their own success.

All of this makes higher corn prices a bit unsettling, a bit difficult to fully appreciate. After all, it's hard to enjoy looking forward while looking over your shoulder to see what's chasing you – be it higher production costs or a campaign steeped in misinformation.

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radio stations across Nebraska to tell the real story about corn and corn ethanol," Hutchens said. "When paired with efforts by the Nebraska Corn Growers Association, we hit all daily and most weekly papers in Nebraska, plus all radio stations."

The Corn Board sent a separate release supporting a group of Senators, including Senator Ben Nelson, who blasted GMA for its ethanol smear campaign.

"Through all of this we worked with NCGA on their message to the national media, and gladly worked with media in Nebraska to help set the record straight," Hutchens said.

Data support corn, ethanol

Several animal agriculture groups, including the National Cattlemen's Beef Association, National Chicken Council, National Pork Producers Council and National Turkey Federation have joined GMA in its campaign. Despite this, 91 percent of rural Nebraskans believe that "more should be done to develop renewable energy, such as ethanol, biodiesel or wind energy," according to the 13th annual Nebraska Rural Poll conducted by the University of Nebraska.

The reason GMA and others chose corn ethanol to attack was because they felt it was "low hanging fruit." In other words, they believe it is the easiest target.

"These groups are out to protect their bottom line in the face of incredibly higher energy and oil costs. They don't feel they can do anything about that, so corn and ethanol are an easier target," Hutchens explained. "They figure if ethanol goes away, corn and other commodities will become cheaper, which is good for their balance sheet."

Fortunately for corn producers, several studies came out about the same time supporting the point that oil and energy costs have a significantly greater impact on food prices than corn or ethanol.

Texas A&M reported that the ethanol infrastructure is already in place and is seeing generally positive economics. That means ethanol plants would keep running even if the Renewable Fuels Standard was altered. The researchers said the underlying force driving changes in agriculture and the economy as a whole is higher energy costs, evidenced by high oil prices.

The Federal Reserve Bank of Kansas City reported that non-farm sources take more of the food dollar – from 59 percent in 1959 to 80 percent today – due to rising energy and labor costs. The U.S. Department of Agriculture noted that the farm share of every food dollar is only about 19 cents, so rising corn prices have a very small impact on food prices overall – less than 1 percent for a 50 percent increase in corn prices. The Council of Economic Advisors estimated that the global increase in corn ethanol production accounts for only

2-3 percent of the increase in global food prices – so if a food product is 50 cents higher today, ethanol's impact is less than 2 cents.

"We need to remember through all of this that ethanol provides a tremendous boost to rural communities and Nebraska's economy as a whole," Hutchens said. "We need to weather the storm and continue putting out the best, most positive information possible."

At a recent ethanol plant opening, Nebraska Governor Dave Heineman stated that it is wrong to blame ethanol for rising food costs and that he hoped the thousands of tons of distillers grains produced by ethanol plants will benefit the state's livestock industry.

"It's good for our environment, good for our farmers and good for the economic vitality of our rural communities," Heineman said. "I am a strong supporter of ethanol and I am a strong supporter of our livestock industry. Nebraska needs both the ethanol industry and the livestock industry to be successful."

Corn flakes may go up 2¢ a box.

I'm more worried about paying \$4 a gallon to get to the store.

It's great that Nebraska corn farmers are finally getting a good price for their product. If we spend a few cents more at the grocery store, that's a small price for having the safest, most abundant and most affordable food supply in the world.

On the other hand, we're paying about \$10 more each week to fill up the family vehicle than we did just a few months ago. That's equal to an entire bag of groceries. Every week! Gas prices affect virtually every aspect of our personal lives – as well as the expenses of every company whose products we buy. Like the cost of processing and packaging that box of corn flakes and getting it to the store.

Even scarier is the thought of continuing to hard cover energy bills – and our children's energy bills – to people around the world who just don't live as we do. Ethanol is helping solve our nation's energy challenges. And it's helping today. The money we spend on ethanol stays right here in America. In Nebraska. And that's worth every penny. Even a couple of cents extra for our box of corn flakes.

Food & Fuel Facts

Cost of Corn in Corn Flakes: 36¢

U.S. Personal Income Spent on Fuel: 9.8%

Average Increase: 1.1%

Impact of Energy Prices vs. Corn Prices on Food Costs: 300%

Buffalo-Hall County Corn Growers Association
Pioneer Hi-Bred • BioFuel Energy Corp.
Energy Grains Development LLC-Kearney and Grand Island

The Nebraska Corn Board and its partners developed and placed advertisements like this one in local newspapers across the state. This ad is designed to help consumers understand the real impact of corn and ethanol on food prices.



Invite your friends to compare these numbers



KERNEL OF TRUTH:
There is 25 cents of corn in a pound of hamburger and 32 cents in a pound of pork. Livestock production is still the No. 1 market for our corn and corn co-products.

Note: Estimates based off \$5/bu. corn.



KERNEL OF TRUTH:
36 cents worth of corn can be found in each dozen eggs.



KERNEL OF TRUTH:
There is only 16 cents of corn in a gallon of milk. World demand for milk has increased and has bumped up the price.

Defending corn and ethanol a tall order

But NCGA and other groups rally troops to counter smear campaign.

It's a 24/7, news- and blog-filled world where truth stretching and inaccurate statements can quickly become "fact."

Corn producers watched this first hand this spring as corn production and corn ethanol became the focus of media across the country – and around the world – with headlines screaming that corn-based biofuels were behind starvation, food shortages and higher food prices.

All of the news prompted hearings on Capitol Hill. In fact, National Corn Growers Association (NCGA) CEO Rick Tolman testified before Congress on May 6. This was the first time he had testified. The next day, Tolman was in Lincoln, and while he was in town he did interviews with 16 different media sources – print, radio and television.

Tolman's visit resulted in several positive food and fuel stories in the media and was the lead story on two television stations that evening.

The message was simple: It's not corn or ethanol that is behind the bulk of the increase in food prices. Instead, it's drought, it's other countries halting their grain exports and it's expanding economies in developing countries – and importantly, it's higher energy and oil prices, which influence food at every step of the production chain. From fertilizer to planting to processing to packaging to warehousing to delivery, higher energy costs have an impact.



After testifying on Capitol Hill, NCGA's Rick Tolman participated in a food and fuel press conference in Lincoln that was organized by the Nebraska Corn Board. Tolman addressed 16 different media sources that day, generating positive news throughout the state.

billion bushels in 2002, 10.4 billion in 2006 and 11.4 in 2007. NCGA's projections for 2015 show there would be 12.5 billion bushels of corn left for other uses after ethanol production.

This is a story Tolman and others at NCGA told over and over, including NCGA president Ron Litterer and chairman Ken McCauley. In fact, Litterer and McCauley appeared live on several news-talk television shows, and Litterer did a radio station blitz May 16, doing call-ins with 16 different stations across the country.

The same day, National Corn Board member Jamie Jamison was on Bloomberg TV's "On Focus" program and CEO Rick Tolman was on Bloomberg TV for a one-hour special.

In addition, NCGA worked with Renewable Fuels Now (RFN) and the Renewable Fuels Association (RFA) to increase the positive corn and ethanol message as the food and fuel issue heated up.

Together, they took aim at the top 50 newspapers in the country, hitting them with letters and commentaries – including op-ed pieces by third-party sources. Editorial board visits and "desk side" meetings with reporters helped emphasize that many issues contribute to higher food costs and that corn and corn ethanol play a minor role. They also stressed that tweaking or rolling back the Renewable Fuels Standard (RFS) would not lower food prices.

RFA hosted news conferences at the National Press Club in Washington – bringing together corn,

ethanol and other groups who support ethanol and the RFS to provide comments and answer media questions. Not surprisingly, a big portion of these efforts focused on education. This included explaining the different uses for corn, that field corn and food corn are different and how corn production has expanded over the years. Part of the message is that corn ethanol saves consumers billions of dollars because it is making up for the shortage of refining capacity in this country.

RFN is coordinating radio sponsorships and other key national media exposure, helping to get the word out – and making those spots available to anyone who wants to air them.

It is also stepping up the information available online to help consumers learn the truth about ethanol and food.

Similarly, NCGA created a new section on its website geared specifically to the food and fuel issue – and launched an Action Alert section, making it easier for producers to e-mail support for ethanol and the RFS to key members of the Grocery Manufacturers Association, the group behind the attacks on ethanol.

Although there have been many successes from all these efforts, the fight is not over, and NCGA, RFA, RFN and others know this. That's why more media calls, follow-ups and editorials are in the works, as are one-page information sheets and other materials that help corn producers contact the media and get the message out in their own state.



The Nebraska Corn Board's Don Hutchens helped set the stage and get the conversation started at the Board's food and fuel press conference May 7 in Lincoln.

Tolman also stressed that the corn supply is not static. "The pie – the amount of corn available – is growing," he explained. "Corn producers built reserves over this last year despite growth in ethanol, solid feed demand and what will likely be record corn exports." The only way that can happen is if production increases.

In an example, NCGA developed a chart that showed the corn supply available for other uses, after accounting for ethanol production, was 9.5

to the supermarket price hikes.



KERNEL OF TRUTH: Ethanol production in Nebraska reduces your pump prices by about 60 cents per gallon.

Not bad when you consider you are saving the environment, filling up the economy in Nebraska and bringing our fuel dollars home.



KERNEL OF TRUTH: Soda contains just 4.4 cents of corn in a liter.

High fructose corn syrup makes up less than 5 percent of our total corn production, but it is used in small amounts in many cereals, snacks and drinks.



KERNEL OF TRUTH: 6 cents of corn can be found in your morning cereal. Most of our corn crop is used to feed livestock or ethanol plants. Only a small percent goes to the food sector for items like cereal.

In most food products, corn is present in quantities too small to have even a 1-cent effect on price.



The CORNER Office

by Don Hutchens,
Executive Director

Taking responsibility, but not the blame

Some explanation...as corn prices moved up to uncharted levels, many have laid the blame for \$8.00 corn on the fact that the corn industry pushed for ethanol development and incentives.

To set the record straight, the Nebraska Corn Board felt it was important to take responsibility for helping develop the ethanol industry through years of research, education, promotion, market development work and – yes, lobbying Congress. But we should not take the blame for the impacts of a lower dollar, drought in Australia, floods in the Corn Belt, expansion of the middle class in China and India that crave protein and petroleum or speculative trading in the commodity markets – and all of these factors impact the price of corn.

It is clear that the Grocery Manufacturers Association (GMA) and the American Petroleum Institute (API) want the attention of higher prices at the supermarket and at the gas pump to be blamed on corn and ethanol.

This last year has been defined as the “perfect storm” with corn and ethanol being at the center of attention. Corn has been blamed for causing obesity and starvation, while in the same paragraph it has been viewed as a heavy water user and as the leading culprit for higher food costs. To get the facts on these issues and others go to NebraskaCorn.org or ncga.com. We’re proud of our investments in developing the ethanol industry and the support we have shown to our number one customer...livestock.

These are exciting times for agriculture, filled with challenges and opportunities. It is critical that each commodity does not lose sight of our interdependence on each other, and that we always keep the door open to mutually looking for solutions.

Kernels of Truth

NET allows negative “King Corn” air without corn industry defense

In June, Nebraska Educational Television (NET) made a decision to air the film “King Corn”, which is disparaging towards the corn industry and corn farmers. This film by two college students lays claim that corn causes obesity and that we produce mountains of corn for no useful purpose and yet farmers are subsidized for growing it. We respectfully asked NET to rethink the value of showing this outdated, biased and negative film, but lost the argument. Instead, we were told we would have a chance to rebut or explain the value of the corn industry, but again NET chose to have a 30-minute segment on Nebraska’s corn industry without a single corn representative. For those of you that saw the movie “King Corn” or the 30-minute trailer program, know that we are as disappointed as you that corn struggles to be treated fairly even in our own state.



Publication explains storage options for wet distillers grains

The Nebraska Corn Board has released its *Storage of Wet Corn Co-Products* manual. The 20-page publication was developed in partnership with the University of Nebraska and provides a number of cost-effective storage options that livestock producers can utilize.

Storage methods explored include silo bags and bunker storage systems, including bunkers made with bales. The publication also includes a cost budget worksheet to help producers estimate the cost of storing wet co-products.

Storage of Wet Corn Co-Products is available electronically under the Publications tab at NebraskaCorn.org or in printed form by contacting the Board directly. An electronic version is also at beef.unl.edu.

Celebrating value-added agriculture in Nebraska

A wide range of value-added Nebraska ag products were highlighted by the Nebraska Corn Board in the past couple of months. The beef, turkey, egg and dairy industries all celebrated their “Month” and the Corn Board recognized their importance to the state by distributing news releases to media and other interested individuals. In addition, the Corn Board sponsored radio ads highlighting the beef industry during Beef Month in May. Animal agriculture is an important component of this state’s economy because it adds value to corn, distillers grains and many other commodities.

Intern in Washington, new intern in Lincoln

The Nebraska Corn Board is sponsoring Laura Linden as the first-ever summer long intern in the National Corn Growers Association, Washington, D.C., office. Laura will spend the summer assisting in the many areas of policy oversight, education and development that take place in the Washington office. Laura is the former intern for the Nebraska Corn Board and will be entering graduate school at the University of Nebraska–Lincoln in August. Laura is originally from the Holdrege area.

Meanwhile, the Nebraska Corn Board has brought aboard Mat Habrock as its new intern. Mat is a senior in agribusiness with a minor in political science and grew up on a grain and livestock operation south of Emerson. Mat will be overseeing the Crop Progress reports, among various other projects during his year-long internship.



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Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.



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