

Food, Feed, and Fuel Production: Today and Tomorrow

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**FIELD HEARING OF THE SENATE COMMITTEE ON
AGRICULTURE, NUTRITION & FORESTRY**

The Honorable Senator Tom Harkin, Chairman

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**CAMPUS OF UNIVERSTIY OF NEBRASKA – OMAHA
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Thank you for the invitation to this hearing. My name is David Moody and I am the President of the Iowa Pork Producers Association. I am a pork producer from Nevada, Iowa.

We've all heard about "perfect storms" and many in agriculture are being forced to respond to issues beyond their control. We are at important cross roads in American agriculture where we must work cooperatively to produce food, feed and fuel simultaneously.

Crop Progress - Today

Just last week USDA released the August crop report and it appears the condition of the crop has improved from previous months. During the next few weeks, farmers will begin to focus on weather conditions to mature the current crop such as rain, heat, and frost. And as you will learn from others, these demand - supply issues will persist for the next several years.

This year's demand - supply situation has resulted in dramatic and rapid changes in commodity prices. For example, we have seen record prices for cattle and hogs this summer, but many livestock farms can't break even because of rising input costs. As a farmer myself, the same fears of input cost inflation will probably affect grain farming next year.

Earlier this summer corn reached \$7.00 per bushel. However, it has recently dropped over two dollars per bushel in a short time frame. That rapid increase and decrease has resulted in tremendous stress amongst farmers, lenders, grain merchandisers, consumers and others. To say this year has been a wild rodeo ride in agriculture is an understatement.

Moving Forward

The demand – supply issues for row crops has highlighted needs to balance important end uses for our crops. The cause of tight supplies includes the cool wet spring, delayed crop progress, flooding, a weak dollar and high energy costs. As margins for livestock and ethanol production have eroded, we must all look for new approaches to improve efficiencies.

While we may have averted disaster this year, we need to begin looking at policy options for the future. One of the most encouraging is corn fractionation for ethanol production. Fractionation is high speed separation of the corn kernel into its four basic components so the parts can be used more efficiently.

It is currently very expensive to implement fractionation at ethanol plants and we want to help develop support for the adoption of this new technology. Congress should begin by investing in different approaches and demonstrations and then letting the industry adopt the technologies which show the greatest promise. Frankly, this technology shows more promise in the short term than cellulosic based ethanol.

We believe this presents the whole agricultural community and this nation with a win/win opportunity. When used in ethanol production, it helps reduce energy consumption, reduces transportation costs for co-products, reduces water consumption, increases ethanol production and will help create a greater number of high value co-products.

We must also support our research institutions with on-going scientific feed trials to ensure co-products can be used in feed accurately and the feeding value can be publicly documented. As new co-products are developed, feed documentation will continually need support, regardless of the livestock being fed.

Other Policy Options

Many other approaches have been discussed such as early release of CRP acres. I want to thank all the Senators who joined Chairman Harkin and Senator Grassley for supporting the early release of CRP acres for haying and grazing. Also, the preventative planting dates and crop insurance adjustments should be reviewed to help make sure flooded farmland can be planted to alternative crops. And finally, the Texas waiver request to EPA is now decided, is behind us and other panelists here today can discuss the decision in greater detail.

In summary, Congress can take a giant step forward by investing in projects and policies which will more efficiently produce food, feed and fuel simultaneously. Thank you for considering our thoughts and I would be happy to answer any questions.