



National Cattlemen's  
Beef Association

# NCBA on Renewable Fuel Policy

NCBA Issue Backgrounder - 2007



## NCBA supports our nation's commitment to developing renewable energy.

NCBA's cattle producer-members support the commitment to reduce dependence on foreign energy, and efforts to develop forms of renewable energy. This commitment is creating both opportunities and challenges for our nation's agricultural producers. NCBA supports research and development of renewable fuels that may provide additional benefits for the livestock industry.

## Renewable Energy & the 2007 Farm Bill

The issue of renewable fuels development is in the spotlight as discussions are taking place on the 2007 Farm Bill, the Fiscal Year 2008 budget, and legislative actions related to energy and agriculture policy. In regards to Farm Bill development, NCBA members recognize the value and growth of conventional and renewable energy. NCBA wants the ability to monitor and evaluate any energy source that is based on, or impacts, agricultural commodities, waste, and/or byproducts to determine their effects on the marketplace, land, water, and the profitability of cattlemen.

## Equal Opportunity Ethanol

NCBA members believe it's time to move toward a market-based approach for the production and usage of ethanol produced from livestock feedstuffs. NCBA supports sunsetting the existing blending tax credit (VEETC) and the ethanol Import tariffs as scheduled and not allowing for renewal.

Past federal support of the renewable fuels industry has been necessary to encourage initial development of basic production technologies. But currently, the United States has 115 operational ethanol plants with the capacity to produce 5.75 billion gallons of ethanol per year, and nearly 80 new plants are under construction.

## Feedgrain Prices & Renewable Energy

Renewable energy and ethanol production are especially important to the cattle industry because of the impact on feedgrain prices. Rapidly increasing prices for corn and other feedgrains have raised operating costs for cattle feeders, which in turn has contributed to lower calf and feeder cattle prices. We urge greater policy emphasis to be placed on development of cellulosic fuels.

## CATTLE PRODUCERS URGE 'EQUAL OPPORTUNITY ETHANOL'

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**Ethanol tax credits and import tariffs must sunset as scheduled.** The Blender Credit of 51 cents per gallon is set to expire December 31, 2010 and the Import Tariff of 54 cents per gallon are set to expire in January 2009. These subsidies were primarily designed to boost initial development in renewable fuels production & technology. With feedgrain-based ethanol production now growing at an astounding pace, we do not consider it appropriate for Congress to renew these mechanisms. U.S. cattlemen strongly support free, fair markets. Now is the time to move toward a market-based approach for the production and usage of ethanol produced from livestock feedstuffs.

2

**NCBA opposes any increase in the mandates for feedgrain-based ethanol above 7.5 billion gallons.** The Energy Policy Act of 2005 (EPAAct) and requires that at least 7.5 billion gallons of renewable fuel be blended into motor vehicle fuel sold in the United States by 2012. This Renewable Fuel Standard (RFS) cannot be raised beyond its current level for feedgrain-based ethanol. In addition, NCBA supports segmenting the RFS by fuel source. NCBA would support an increase in the cellulosic segment of the RFS. Cellulosic ethanol production can offer new energy production opportunities with negligible impact on grains prices.

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**Greater policy emphasis must be placed on the development of cellulosic fuels.** Production of these fuel types does not rely on feed-grains and could have much less impact on grain prices. NCBA encourages increasing the cellulosic segment of the RFS. NCBA also supports research and development of renewable fuels that may provide additional benefits for the livestock industry. The use of ethanol fuels has tripled over the past five years, and we must continue investing in new methods.

### Questions or Comments?

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