BEEF USA

NCBA: The Voice of the U.S. Cattle Industry

Renewable Energy

"Free Market Competition is the Best Driver of Innovation and Development"

National Cattlemen's Beef Association (NCBA) ❖ 1301 Pennsylvania Avenue NW, Suite 300 ❖ (202) 347-0228

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

NCBA's cattle producer members support energy independence and the development of the renewable fuels industry. This commitment is creating both opportunities and challenges for our nation's agricultural producers.

A comprehensive energy plan and strategy is in the best interest of the United States of America.

NCBA supports research and development of renewable fuels that may provide additional benefits for the livestock industry.

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.

U.S. agriculture can accommodate both food and fuel over time. But arbitrary government intervention in the marketplace only serves to distort market signals in the interim and hurt cattlemen.

Our industry has suffered a record of nearly $1.5 billion in cattle feeding losses between Jan. and June of 2008

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.

The marketplace should be left to decide winners and losers based solely upon economics, not government intervention in the marketplace via mandates and subsidies.

Cattle Producers Urge 'Equal Opportunity Ethanol'

1 **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 (EPAct) 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.

3 **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.