



News Release

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NMPF ASKS AGRICULTURE DEPARTMENT TO EXAMINE IMPLICATIONS OF ETHANOL PRODUCTION ON DAIRY ECONOMICS

Record Corn Prices Are Pinching Dairy Farmer Profits

ARLINGTON, VA – Because of concerns about the economic health of dairy farmers, the National Milk Producers Federation is asking the U.S. Department of Agriculture to investigate the overall implications of the rising production of biofuels, such as ethanol, on food production in the United States.

In tonight's State of the Union address, President George W. Bush is expected to call for even greater development and use of corn-based ethanol. The U.S.'s ethanol production is expected to reach 7.5 billion gallons this year, and next year, ethanol could use nearly half of the nation's annual corn production.

While NMPF understands the need to develop alternatives to imported petroleum fuels, "We think it is important for both sides of this story to be evaluated, and that is why we are asking the Agriculture Secretary to form a working group to study the implications on food producers of the emerging biofuels industry," said Jerry Kozak, President and CEO of NMPF.

In the letter, NMPF, along with five other organizations representing the livestock sector, ask Secretary Mike Johanns to assemble a working group within the USDA's Chief Economist's office to study the emerging biofuels economy and its full implications for milk and meat producers, as well as consumers of those products.

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The other groups are the American Meat Institute, the National Cattlemen's Beef Association, the National Chicken Council, the National Pork Producers Council and the National Turkey Federation. They share concerns that producers may face challenges in sustaining their operations along side a robust and growing ethanol economy.

"Ethanol production will have an economic impact on the U.S. livestock industry; good for some, and bad for others. Given that corn prices are the major feed input cost for dairy cows, and that corn is expected to reach record prices levels in 2007, the USDA needs to do more homework on the implications of the ethanol gold rush on milk and meat costs," Kozak said. "What's good for energy prices may not be so good for food prices, and we don't want the viability of the biofuels sector to come at the cost of losing the viability of our dairy industry."

The National Milk Producers Federation, based in Arlington, VA, develops and carries out policies that advance the well being of dairy producers and the cooperatives they own. The members of NMPF's 32 cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of nearly 50,000 dairy producers on Capitol Hill and with government agencies.

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