

American Corn Growers Foundation

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For Immediate Release

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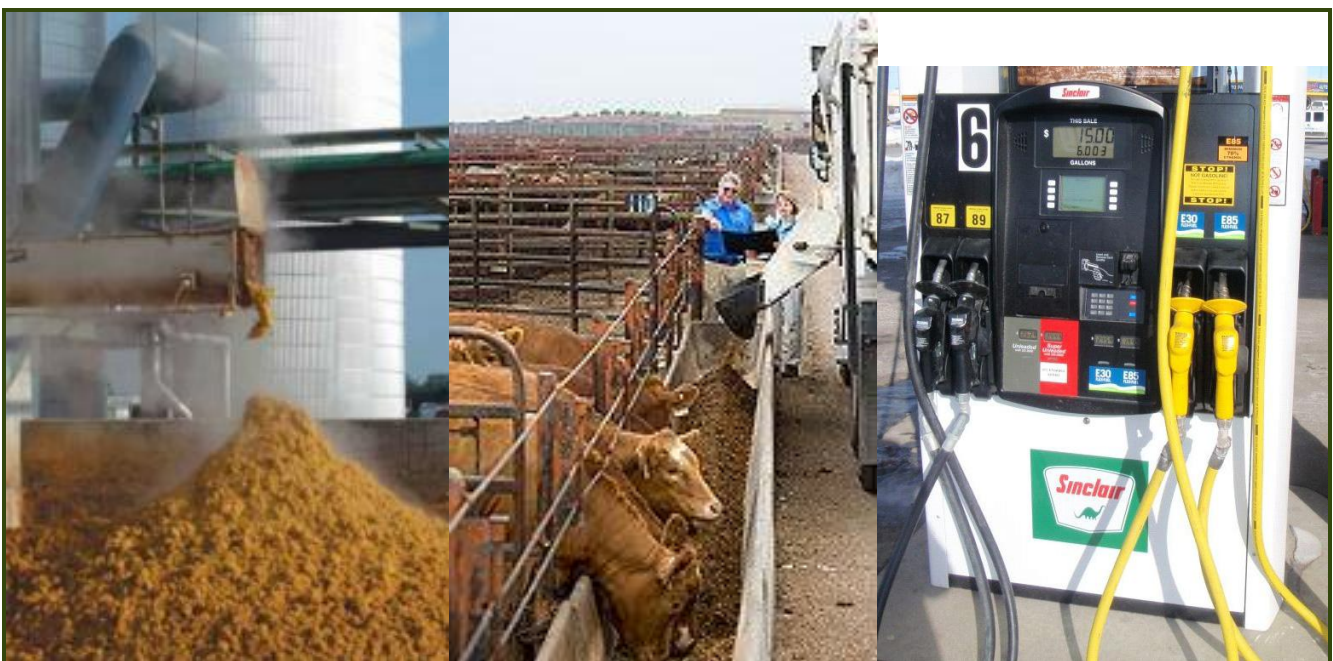
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Extreme Drought is Cause of Tight Corn Supply. It's Not the Ethanol RFS!

WILCOX, Neb. – August 6, 2012 – “The extreme drought situation across the Midwest, not the Renewable Fuels Standard (RFS) for ethanol, is the primary reason for the reduced corn supply and higher corn prices,” says Gale Lush Chairman of the American Corn Growers Foundation (ACGF), a Wilcox, Nebraska corn, wheat and soybean farmer. “And, consumers, livestock feeders and politicians all need to acknowledge that only the starch from corn is used in ethanol production. The protein, minerals and oil (high value feed components) from that same corn kernel still provides abundant feed for the livestock sector which is where most of the corn supply would have gone in the first place.”

“Corporate livestock integrators had the chance to forward contract corn a few months ago for between \$4-\$5 per bushel when estimated corn ending stocks for marketing year (MY) 2012-13 was 1.881 billion bushels,” said Lush. “And, as recently as June 2012 the U.S. Department of Agriculture (USDA) projected MY 2012-13 production of 14.790 billion bushels and a total corn supply of 15.656 billion bushels, with current year ending corn stocks of 851 million bushels on August 31, 2012. That was with ethanol and all other corn uses. That same report projected that 5.45 billion bushels of the MY 2012-13 supply would go to the ‘Feed and Residual’ category and 5 billion would go to ‘Ethanol and By-Products’, a category described by USDA as ‘Corn processed in ethanol plants to produce ethanol and co-products including distillers’ grains, corn gluten feed, corn gluten meal, and corn oil’...livestock feed. The feed value of the bushels of corn that go through an ethanol plant still goes for feeding livestock. Thanks to the ethanol that goes into the U.S. gasoline/fuel supply U.S. motorists/consumers paid about \$1.09 per gallon less at the pump which saved U.S. households about \$1,200 each in 2011 according to Iowa State University and the University of Wisconsin. What changed since June? The severe drought is what changed everything, not the RFS. We know the oil companies and corporate livestock feeder integrators are anti-ethanol because oil companies want a monopoly on motor fuel and corporate livestock integrators want cheap corn. We dare not listen to them because America needs the RFS, an economic superstar in the U. S. renewable fuels system.”

“Let’s not allow anti-ethanol foreign oil interests to use a self-serving diversion to blame the current tight corn supply situation on the RFS as an excuse to get rid of U.S. ethanol when it is the severe drought causing the problem,” said Lush.



L-R: Distillers' grains from ethanol plant, cattle in feed yard eating distillers' grains and renewable ethanol fuel pump