

Friday, June 08, 2007

Majority Leader Harry Reid
United States Senate
528 Hart Senate Office Building
Washington, D.C. 20515

Minority Leader Mitch McConnell
United States Senate
361-A Hart Senate Office Building
Washington, D.C. 20515

Dear Majority Leader Reid and Minority Leader McConnell:

As members of the food and agriculture community, we believe in the need to advance renewable and alternative sources of energy. New fuel sources offer the potential to eliminate our dependence on foreign oil while contributing to the long-term stability of our rural economies. But, as you seek to implement policy that will move us toward accomplishing this objective, it is essential to carefully weigh the impacts of these policy actions on public health, the environment, and other segments of the economy.

Without proper safeguards in place, a sharp increase in biofuels mandates, such as those contained in legislation the Senate plans to take up next week, will inevitably be met by corn ethanol, and it is likely to have significant impacts on food and feed production, public health, and land, air and water resources.

We are concerned that the aggressive increase in biofuels mandates contained in the Senate legislation raises fundamental concerns and questions about the impact that an increased federal government mandate for corn-based ethanol will have on the livestock and food industry's ability to produce competitively available, affordable food. It is vitally important that we fully understand the implications of quintupling the Renewable Fuel Standard (RFS) mandate. As you move to consider this legislation next week we would ask that you give careful consideration to the significant issues addressed in this letter.

Animal agriculture producers and processors are supportive of efforts to improve our nation's energy security, availability, and diversity; however, corn is, and will remain, an essential nutritional component of livestock diets. As more corn has been diverted to the ethanol industry, producers have sought to adapt by utilizing alternative feeding, nutrition and dietary regimens. These changes not only impact meat and poultry quality, consumer offerings, American agriculture competitiveness, and the management of livestock, dairy, and poultry operations, but they also take time to implement. During this period of adjustment, if our country produces anything short of a record corn crop, the changes proposed in S 1419 could deal a detrimental blow to livestock producers. We are concerned that there are not adequate contingency plans in place, and we urge you to look at this issue more fully before authorizing an increase in the RFS.

Rapid development of the corn-based ethanol industry is already having adverse impacts on food supplies and prices, a major concern for many consumers. According to a recent report by Merrill Lynch Chief Investment Strategist Richard Bernstein, within the first three months of the

year, food prices have risen at an annualized rate of 7.3 percent. Rising food prices, coupled with the rising energy prices we are seeing throughout the country, pose a threat to the health of our national economy. In addition, the continued aggressive expansion of corn ethanol production diminishes the availability of soybeans and other crops that provide healthier oils. The food industry is attempting to make broader use of these oils in response to the increasing incidence of heart disease, diabetes and other health conditions.

Finally, we are concerned about the unintended consequences on the environment. Pursued without adequate guidelines, bioenergy production carries grave risk to our lands, forests, water, wildlife, public health, and climate. On farms and in forests across the country and abroad, imprudent biomass harvesting would cause soil erosion, water pollution, and habitat destruction. Additionally, regulatory agencies will need to develop metrics for assessing the relative life-cycle impacts and benefits from potential large-scale increases in biofuels use.

It is generally accepted that limits on domestic corn ethanol production will be reached, possibly in the not too distant future. We are concerned that too little attention is being paid to the transition from that point forward, especially with regards to the impacts on food, feed and infrastructure needed to handle this dramatic evolution. The use of cellulosic feedstocks for ethanol production holds great promise. In addition, other means of producing biofuels, such as the co-processing of renewable feedstocks into fuel that is compatible with the existing fuel distribution infrastructure, offer great opportunity. We would submit that focus should be placed on advancing these longer term solutions.

We understand and share the eagerness to develop a roadmap for energy security. We simply ask that as Congress moves to consider energy policy mandates, time be provided to review, understand and address the implications of this policy on public health, the environment, and the livestock and food industries.

Sincerely,

American Meat Institute
Dean Foods Company
Grocery Manufacturers/Food Products Association
H.J. Heinz Company
Kellogg Company
Nestle USA
National Cattlemen's Beef Association
National Chicken Council
National Pork Producers Council
National Turkey Federation
PepsiCo, Inc.
The Coca-Cola Company
Unilever United States, Inc.
United Egg Association
United Egg Producers