

Friday, October 12, 2007

The Honorable Nancy Pelosi
Speaker of the House
United States House of Representatives
H-232 U.S. Capitol Building
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
S-221 U.S. Capitol Building
Washington, D.C. 20510

The Honorable John Boehner
Minority Leader
United States House of Representatives
H-204 U.S. Capitol Building
Washington, D.C. 20515

The Honorable Mitch McConnell
Minority Leader
United States Senate
S-230 U.S. Capitol Building
Washington, D.C. 20510

Dear Speaker Pelosi, Majority Leader Reid, Minority Leader Boehner and Minority Leader McConnell:

The organizations below represent the livestock and poultry industries – the largest customers for America’s grain and oilseed farmers. We believe in the need to advance renewable and alternative sources of energy. However, we are strongly opposed to the expansion of grain-based ethanol mandates in pending energy legislation. The dramatic expansion of the Renewable Fuel Standard (RFS) contained in the Senate-passed version of H.R. 6 would likely result in dramatically higher production costs for our industries, impair our international competitiveness and risk driving some production offshore.

The existing RFS, enacted in 2005, has already spurred rapid development in the renewable fuels industry. The current RFS extends through 2012, and we believe this policy should be given a chance to work before any additional mandates are added to it. Our producer-members will benefit from certainty and predictability in government energy policies. On the other hand, they will be adversely affected if the government induces a series of supply shocks through sudden and dramatic increases in the RFS.

We strongly support efforts to encourage the commercialization of ethanol from cellulosic biomass and similar sources. Nevertheless, we note that by all accounts, this commercialization is still some years away. If Congress chooses to increase the RFS for cellulosic ethanol, the law should be clear that this portion of the mandate is to be met *only* with non-grain-based fuels.

With respect to the existing RFS, the uncertainty of year-to-year crop yields creates an urgent need for a safety valve in the event of a short corn crop. Already, many observers expect that record-high wheat prices will divert some acres away from corn in 2008. In the event that corn supplies are not sufficient to meet food, feed and fuel demand, the law should provide for a temporary reduction in the RFS, triggered by an appropriate stocks or price indicator.

Finally, we wish to stress the need for a balanced approach to energy policy, which takes into account impacts on the livestock industry. There is a great deal of excitement for capitalizing on the resources and expertise of U.S. agriculture to create domestic sources of energy. This

interest is warranted, and it could result in beneficial outcomes. But, the long term success of domestic biofuels production depends upon a good policy balance that recognizes the potential consequences of an increase in the RFS for grain-based ethanol. We look forward to meeting our nation's food, fiber and energy needs in an evolving economy, and we appreciate your consideration of our views.

Sincerely,

American Meat Institute
National Cattlemen's Beef Association
National Chicken Council
National Meat Association
National Turkey Federation
United Egg Association
United Egg Producers

Cc: The Honorable John Dingell, Chairman, Energy and Commerce Committee
The Honorable Joe Barton, Ranking Member, Energy and Commerce Committee
The Honorable Jeff Bingaman, Chairman, Energy and Natural Resources Committee
The Honorable Pete Domenici, Ranking Member, Energy and Natural Resources Committee