

# Milk Producers Council

5370 SCHAEFER AVE. SUITE A - CHINO, CA 91710 - (909) 628-6018 - Fax (909) 591-7328

E-mail: [mpc@milkproducers.org](mailto:mpc@milkproducers.org)

Website: [www.MilkProducersCouncil.org](http://www.MilkProducersCouncil.org)

FOR IMMEDIATE RELEASE

Contact: Rob VandenHeuvel

Friday, May 9, 2008

(909) 628-6018

## MPC Urges Local Legislators to Remove Ethanol Mandate

**CHINO, CA** – Yesterday, Milk Producers Council (MPC) sent the attached letter to eight U.S. Congressmen that represent dairies in Southern and Central California, as well as Senators Dianne Feinstein and Barbara Boxer. The letter addresses the dairy industry's strong support for removing the mandated usage of ethanol, which has forced nearly a quarter of our domestic corn supply into fuel production this year, rather than for food or feed. These mandates, along with subsidies and tariffs that significantly hinder the import of ethanol, has caused a dramatic rise in the price of corn. In May of 2006, corn was \$2.39 per bushel; today that price is \$6.13 per bushel – a 156 percent jump!

**“The curtain has been lifted and we are seeing the foolishness of sacrificing our food supply in the name of promoting the ethanol industry,”** said Rob VandenHeuvel, General Manager of Milk Producers Council. **“We simply cannot grow enough corn in this country to provide both our food and fuel supply. The rise in corn prices that has resulted from this flawed policy has had a particularly devastating effect on our dairy, pork, poultry and other livestock farmers, who are extremely dependant on corn to feed their animals.”**

An effort has begun to either partially or fully waive the ethanol mandates, with both Texas Governor Rick Perry and Connecticut Governor M. Jodi Rell asking the Environmental Protection Agency (EPA) to waive these mandates. **This week, MPC also joined many of the major California livestock groups in asking Governor Arnold Schwarzenegger to make a similar request. That letter can be found at <http://www.MilkProducersCouncil.org/CAethanol.pdf>.**

*The eight Congressmen that received this letter were: Reps. Joe Baca, Ken Calvert, Dennis Cardoza, Jim Costa, Jerry Lewis, Kevin McCarthy, Gary Miller, and Devin Nunes.*

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May 8, 2008

Representative Devin Nunes  
U.S. House of Representatives  
1013 Longworth House Office Building  
Washington, DC 20515

**RE: URGENT – Ethanol Mandates Must be Removed**

Dear Representative Nunes,

On behalf of the dairy families we represent in your district, we are writing to ask that you strongly voice your support for efforts to reduce or eliminate the Renewable Fuel Standards (RFS) that require 9 billion gallons of renewable fuel to be produced this year – nearly all of that in the form of corn-based ethanol.

The debate over the U.S.’s policy on ethanol production is nothing new. For years, Congress has supported subsidies for ethanol production in an attempt to develop the industry during this time of “infancy” until it is in a position to be self-sufficient and free of direct government support.

However, in last year’s *Energy Independence and Security Act of 2007*, Congress went a step too far. The RFS in that bill requires 9 billion gallons of renewable fuel to be produced and blended with gasoline in 2008. According to USDA, that would require **3.1 billion bushels of corn – or 24 percent of the national supply** – to be diverted away from food for humans and animals and into ethanol plants. And it gets worse – next year, the law increases that requirement to 10.5 billion gallons!

This forced “demand” has dramatically driven up the price of corn, as food and fuel now compete for a limited supply of corn. Just twenty-four months ago, corn could be purchased for less than \$2.39 per bushel. Seemingly overnight, the price of corn has skyrocketed, hitting \$6.12 per bushel last week – **a 156 percent jump!**

This disruption in the corn market has caused price spikes in other commodities as more acres are turned to corn to fulfill this new “demand.” Other crops, such as wheat and soybean, have recently seen all-time highs, although the prices for those commodities have leveled off as the market adjusts. However, the price for corn has seen no such relief. **The difference is that no other crop has a government mandate like the RFS that Congress has essentially attached to corn!**

The ripple-effect of this government-mandated “demand” goes all the way through the food chain, as livestock farmers are now forced to compete with an artificial demand that **will produce ethanol regardless of the price they pay for corn.** This has had a devastating effect on the dairy, beef, chicken, pork and other livestock industries,

resulting in dramatically higher costs and even substantial financial losses for the thousands of livestock producers in this country.

**Never before have we had such a cut-and-dry example of the harmful “unintended consequences” of a government-forced “demand.”** The U.S. has always taken great pride in providing affordable, high-quality food for its people. The percentage of Americans’ budgets that are used to buy food has been on a constant decline for decades – nearing 10 percent in recent years. These ethanol mandates have turned that around on a dime. By forcing more corn to be used for fuel, Congress has sent a message that higher-cost food is merely the price Americans must pay to develop alternative fuel sources. **We urge you to reject this line of thinking.** With gasoline in the \$4-range, there is ample incentive to find alternative fuel sources without using our valuable food supply.

Texas Governor Rick Perry has sent a letter to EPA Administrator Stephen Johnson asking him to waive 50 percent of the RFS. A similar request has been made by Connecticut Governor M. Jodi Rell – asking to temporarily waive 100 percent of the RFS. These requests do not affect the current direct subsidies available to ethanol producers – they merely recognize what we are experiencing: that forcing billions of bushels of corn out of the food supply is extremely harmful to not only the U.S. economy, but the world economy as well. Congress and the Administration need to reevaluate this country’s ethanol policies now that we have confirmed the devastating effects of this forced “demand.”

**We are asking you to join in this effort, urging your colleagues to remove this government mandate. This is a serious issue and must be addressed now. In public, President Bush has expressed no interest in addressing this destructive policy, but he needs to hear from the people – and that means we need your voice and support.**

We look forward to hearing from you on this important matter. Please don’t hesitate to contact Rob VandenHeuvel, General Manager of Milk Producers Council, if you have any questions. He can be reached via cell at (909) 992-9529 or by email at [Robert.t.van@gmail.com](mailto:Robert.t.van@gmail.com)

Sincerely,



Sybrand Vander Dussen  
President



Robert VandenHeuvel  
General Manager