

April 26, 2007

The Honorable Mike Johanns
Secretary of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

The Honorable Charles Conner
Deputy Secretary of Agriculture
1400 Independence Avenue, SW
Washington, DC 20250

Dear Mr. Secretary and Deputy Secretary:

Thank you for having Under Secretary Mark Keenum respond to our letter of February 15 regarding our concerns about the potential impact of renewable fuels on traditional users of feedgrains/oilseeds and the need for more flexibility with respect to non-environmentally sensitive cropland in the Conservation Reserve Program (CRP). We are pleased Dr. Keenum is heading the department's renewable fuels working group and will be actively involved in addressing the difficult and challenging issues, especially during 2007 and 2008.

In our February 15 letter we urged that contract-holders in the CRP be notified in a timely manner that USDA is willing to increase the flexibility of contracts so market-driven needs for more corn and oilseeds could be better met. Under Secretary Keenum explained in his letter that "following consideration of environmental and economic impacts ... 'early out' decisions" could be expected "by early this summer."

While it would be advantageous for CRP contract-holders to be notified as early as possible about increased flexibility regarding early-outs, as our previous letter requested, we believe, there are disadvantages to making a no opt-out determination at this time. The department should continue to carefully monitor and analyze corn plantings and early growing conditions. We respectfully request the March 30 decision be re-evaluated.

According to the planting intentions report, growers intend to shift acreage from soybeans, cotton and other crops to corn, intending to plant more than 90 million acres this year. To get all this acreage planted will require favorable weather in the weeks ahead and the weather for the balance of the growing season will determine the size of the corn crop. Decisions on waiving penalties to encourage release of acres from the CRP should not be based on grower planting intentions in March, but decisions should be delayed until the relative size of the crop is known in mid or late summer. Even with a large crop in 2007, another substantial increase in corn acreage will be required again in 2008 to meet the rapidly increasing production of corn-based ethanol. Although non-environmentally sensitive cropland in CRP cannot provide all the additional cropland for corn next spring, this CRP acreage can, nonetheless, provide a good

measure toward meeting the anticipated, necessary expansion of cropland for corn next year. Given the dynamic challenges in the next 18 months, it is also critical the CRP not be expanded through a general sign-up in 2007 and 2008, and we encourage the department to limit new enrollments to targeted situations with the highest environmental value.

We look forward to continuing to work with you and your renewable energy team to craft plans to better enable all of U.S. agriculture to meet the challenges of using corn for feed and fuel, especially during this year and next.

Sincerely,

Agribusiness Association of Iowa
Agricultural Retailers Association
American Bakers Association
American Meat Institute
American Feed Industry Association
Biscuit and Cracker Manufacturers Association
California Grain and Feed Association
Commodity Markets Council
Grain and Feed Association of Illinois
Indiana Grain and Feed Association
Kansas Grain and Feed Association
Louis Dreyfus Commodities
Michigan Agribusiness Association
Michigan Bean Shippers Association
Minnesota Grain and Feed Association
Missouri Ag Industries Council
National Chicken Council
National Grain and Feed Association
National Oilseed Processors Association

National Pork Producers Council
National Turkey Federation
Nebraska Grain and Feed Association
North American Export Grain Association
North American Millers Association
North Dakota Grain Dealers Association
Northeast Ag and Feed Alliance
Ohio AgriBusiness Association
Oklahoma Grain & Feed Association
Pacific Northwest Grain and Feed Association
Pacific Egg and Poultry Association
Penn Ag Industries Association
Rocky Mountain Agribusiness Association
South Dakota Grain and Feed Association
Tennessee Feed and Grain Association
Texas Grain and Feed Association
The Fertilizer Institute
Transportation, Elevator & Grain Merchants Assn.

djn

cc: Dr. Mark Keenum, Under Secretary
Farm and Foreign Agricultural Services
U.S. Department of Agriculture