

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