THE world market for corn is now a demand-driven market. The United States exported 2.1 billion bushels of corn last year and is on track to ship 2.25 billion bushels this year. Demand within the United States is also growing as it supplies corn to the burgeoning ethanol industry.

“No doubt corn prices will continue to rise,” says Vic Miller, a farmer from Oelwein in northeast Iowa and current chairman of the U.S. Grains Council. “We’re in the catbird seat. It’s the best possible position to be in.”

Will the United States run out of corn? Miller doesn’t think so. “That’s an unfounded perception,” he says. “It’s the greatest issue we’re facing in exports — the fear that we’re going to run out of a product that everyone needs.”

Problem is, when foreign buyers visit the United States that’s all they hear, that we’re going to use every single kernel of corn in this country. “The next ticket they buy is to South America,” says Miller. “That directly impacts every U.S. farmer. When our customers go to South America, it’s because they are looking for a different supplier.”

As chairman of USGC, Miller has a good grasp on market development activities around the globe.

“We have large stocks of corn in the U.S. this year and we’re seeing continuing genetic improvements in corn hybrids,” he says. “We had a 2 billion-bushel carryout to begin the new Sept. 1 marketing year. It doesn’t look like we’ll run out of corn real fast with a 2 billion-bushel carryout.”

Production increasing
Most scenarios predicting a corn shortage don’t take into account the potential for increasing yield and acreage, says Miller. “If the U.S. stays at 80 million acres of corn and a 145-bushel-per-acre trendline yield, yes, we’ll run out of corn if that’s the case. But I don’t think we’ll see that,” he adds.

“Trendline yields are going up and I think we’ll see acreage shifts going to corn. This year the U.S. average yield is forecast at 150 to 160 bushels per acre. Not many years ago, it was under 100.”

Miller foresees acres from other crops shifting into corn, and some Conservation Reserve Program acres will be put back into corn production. “The American farmer is driven by economics,” he says. “If economics tell us to grow corn, we will grow corn.”

Miller spent $45 per acre this year to spray three applications of insecticide to control bean leaf beetle. “I look at it and say, I haven’t touched my corn other than the Roundup I applied and that was $4.50 an acre. What will I grow in 2007? A whole lot more corn.”

Swoboda is a Farm Progress editor.

PERSPECTIVE:
“We hear a lot about biofuel development. We also need to remember exports are still very important in determining demand and price for the grain we grow,” says Vic Miller.