

Opinion

Ethanol's impact knows few bounds

Best of the Buzz

By BILL SPIEGEL

A YEAR ago, who could have imagined the impact that renewable fuels such as ethanol would have on the farm. From grain and land to livestock and investments, there is nothing, it seems, that has not been altered by the renewable-fuel movement. ...

■ Expect land prices to continue to rise steadily, said Lee Vermeer with Farmers National Co. of Omaha. It appeared earlier this year that land would stabilize. That changed when crop prices began soaring, (which is directly correlated to ethanol's demand for corn), Vermeer said during the National Association of Farm Broadcasters annual meeting in Kansas City in November. ...

■ Demand for corn has increased so dramatically that cattle producers are seeing declining profits. For every \$1 increase in the cash price of corn, cattle producers can expect profitability of a 550-pound calf to decrease \$20 to \$25, Cattle-Fax economist Randy Blach told an audience at the Kansas Livestock Association annual meeting. ...

■ Blach said higher corn prices will become the rule, rather than the excep-

tion, for at least the next few years. ...

■ At press time, corn prices ranged between \$3.50 and \$4 throughout Kansas. Bill Holbrook, analyst with Holbrook Consulting Services, says most ethanol plants can pay \$5 for corn and still be profitable. ...

■ Grain sorghum will not be a cheaper option for cattle producers, as sorghum yields the same amount of ethanol per bushel as corn and can be utilized in grain-based ethanol plants, Holbrook says. ...

■ The byproduct of the grain ethanol process, wet distillers grain, can be used as cattle feed. However, the product has a short life span and the cost to dry is too high to be an economic alternative, KLA officials say. ...

■ And right in the heart of cattle feeding country, Dodge City could be getting into the ethanol business in a big way. Omaha company Dial Resources announced plans to build a 200 million-gallon-per-year ethanol plant near Dodge City, with construction that could begin as early as next year. ...

■ Meanwhile, the Ford County Commission has agreed to sponsor a \$750,000 economic development block

grant application by Boot Hill Biofuels, which plans a 110 million-gallon-per-year ethanol facility near Wright. ...

■ Boot Hill would be operated by Conestoga Energy Partners, the same group building ethanol plants near Garden City and Liberal. If all goes well, construction on the plant could begin next summer, with completion happening in 2008. ...

■ The two proposals are separate, and construction of one plant should not affect the other, according to officials from Dial Resources. Initial plans for that company's facility called for a 110 million-gallon plant; the plans have expanded since to the 200 million-gallon plant, accompanied by a 30 million-gallon-per-year biodiesel plant. ...

■ Dial has yet to receive the appropriate zoning and building permits, according to the *Hutchinson News*. ...

■ The promise of cellulosic-based ethanol continues to gain momentum. In Massachusetts, a company called Mascoma plans to build a pilot plant to turn forestry waste, grass, wood and other biomass products into ethanol. A partner of Mascoma says the pilot plant should be finished next year, with a commercial plant in place in 2008. ...

■ The National Association of Wheat Growers, at the aforementioned NAWG meeting, reiterated the importance of Congress approving a disaster bill to help wheat producers. ...

■ "We're going to continue to push for crop loss disaster assistance for our producers," NAWG President Dale Schuler told reporters. "We are encouraged that the Senate is still considering it, though we are disappointed that it hasn't passed yet. Our goal is that we get the assistance for our farmers for the 2005 and 2006 crop years." ...

■ Supporting the NAWG effort is Kansas Rep. Jerry Moran, who sent a letter to current House Minority Leader Nancy Pelosi calling for swift passage of an agriculture disaster bill within the first 100 hours of the new Congress, which began session in January. ...

■ Pelosi says she'll make a list of priority initiatives the House will consider in that first 100 hours; Moran says disaster assistance is needed to help producers overcome long-term drought.



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