NEBRASKA CORN BOARD

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Cornstalk

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Your corn checkoff:
Charting the right course

What an incredible year it has been! Corn producers harvested the largest crop on record last year and this year projections are for the second largest – yet corn growers faced the rough waters of criticism as prices were higher than historical averages and corn growers enjoyed a good return.

Your Nebraska Corn Board and its partners defended the industry in the face of these criticisms, navigating consumers and the media to accurate messages and sound research, and working to ensure your markets for corn would continue to flourish. It makes no difference where those markets lie – livestock and poultry operations in Nebraska or California or Asia, U.S. meat customers around the world or the ethanol plant down the road. All these markets are important, all are connected to Nebraska corn and all need support.

And that is exactly what your investment in the corn checkoff has done – and has done for 30 years now. It connects you to research important to livestock and corn producers, global markets for U.S. beef and pork, federal rules that encourage the adoption of ethanol and all the other exciting uses for Nebraska corn.

The Nebraska Corn Board also supports FFA, 4-H, the Nebraska Ag Youth Institute and the Nebraska LEAD program. These groups and programs are critical, as these are the developing grounds for future agriculture leaders.

This quarterly newsletter highlights a few Nebraska Corn Board programs and efforts over the past year. The Nebraska Corn Board is proud of these achievements, and we continue our focus of charting the proper course with your corn checkoff investment.



FIELDnotes

by Jon Holzfaster, Chairman

Occasionally during these incredibly volatile times in the grain markets, a farmer may long for the "good 'ol days" when farming was "easier" and "less complicated."

Yet we all know that things were never easy or uncomplicated. Our look at agriculture's past is much like how we view other things in life. We remember the good times but view the bad with rose-colored glasses.

I'll admit that there was a time not so long ago when I was excited about the LDP, knowing full well what made the LDP work was a lousy grain market. Those were challenging times, farming year to year hoping to make ends meet, and people pointing fingers telling you to develop more markets if you want better prices.

The tumultuous times in the 1980s and '90s led farmers to do just that, to organize their efforts and work to develop new markets, including ethanol. Has this created some difficulties now that we've seen some success? Of course – as corn prices reached a new plateau, our input costs wasted no time rising to similar levels and, in turn, creating challenges for our traditional customers who are facing higher input costs as well.

Still, I have no doubt that most farmers would rather be farming in today's environment than that of 25 years ago. We're more efficient than ever in how we farm, using less diesel and fewer passes with equipment, and we have the advantage of much better genetics. Plus, most farmers are in a better financial position today.

As of this writing, though, corn markets are 50 percent below their marketing year highs, some are questioning current land values and input costs have fallen but remain in the stratosphere. No doubt these are challenges, but they are not insurmountable and as time goes on we'll adjust. In the mean time, we need to make sure we're being vigilant and good managers as we develop marketing plans and look ahead to next year.

Issues Management

In the 30-year history of the Nebraska Corn Board, 2007-08 may have been the most challenging in terms of all the important communication and education efforts that occurred. Although we were all frustrated by becoming the focus of so much scrutiny, it provided an opportunity to tell our story to consumers and the media.

The headlines bashing ethanol and corn started a little over a year ago and subsided for a short time, coming back in full force early this spring. In October 2007, Nebraska Corn Board executive director Don Hutchens said in a news release that it seemed the corn and ethanol industries were "under some kind of coordinated attack of negative messages that don't tell the whole story." As it turns out, that was exactly right.



As part of its Kernels of Truth campaign, the Nebraska Corn Board and its partners used common food items to explain the small value of corn in those products.

Although an anti-ethanol coalition may have been loosely formed a year ago, by springtime the group had solidified its position and hired a high-dollar public relations firm inside the beltway in Washington, D.C., to spread its message. The governor of Texas challenged the Renewable Fuels Standard. Anti-corn and ethanol websites, blogs and headlines were bought and paid for with money from big food companies, livestock and poultry conglomerates and, according to reports, oil industry money.

Rocked by the quick upturn in anti-corn and ethanol messaging, your Nebraska Corn Board picked up its messaging and partnered with the National Corn Growers Association, Nebraska Corn Growers Association and other state corn groups, as well as ethanol plant operators and organizations like the Ethanol Promotion and Information Council, to counter the attacks on a local and national level. The amount of cooperation between national and multi-state organizations was unprecedented.

Consumers across Nebraska – including those in the metropolitan areas of Omaha and Lincoln – heard Nebraska Corn Board-sponsored radio spots and read newspaper ads that focused on de-mystifying ethanol and spreading facts. A multitude of news releases, letters to the editor and commentaries promoted the truth about corn and ethanol and reminded people that distillers grains is a tremendous feed product produced by ethanol plants. A biofuels tabloid, which ran in dozens of papers across Nebraska, touted the positives of ethanol and other biofuels.

Governor Dave Heineman declared September as Renewable Fuels Month – and that kicked off another wave of communication and education efforts.

The cooperation among state corn groups also led to Corn Vision 2012, which the Nebraska Corn Board was involved in at several levels. This multi-state corn initiative revolved around creating a "game plan" for the corn industry going several years into the future. A hard look at the industry and the structure of national corn groups occurred and final recommendations are under consideration.

Corn industry communicators from national and state groups are working together to develop multiple, coordinated plans should the industry face a variety of challenges in the future, better preparing everyone for the next battle.

Were there challenges over the past year? No doubt. Certainly, though, consumers are more aware of the benefits of ethanol and more knowledgeable about the corn industry thanks to efforts by your Nebraska Corn Board—and the corn industry is more prepared than ever to deal with the challenges ahead.

Going Global, Adding Value

The Nebraska Corn Board strongly believes that agriculture is the backbone of Nebraska – and that increasing the value of the state's agriculture output benefits not only corn producers, but also citizens in rural communities and metropolitan centers.

The Nebraska Corn Board has supported the U.S. Meat Export Federation (USMEF) since it was founded in 1979, and over the last several years, your Nebraska Corn Board has significantly expanded its support of USMEF. In fact, nearly $400,000 will go to USMEF this year to support programs focused on developing and growing U.S. pork and beef exports.



One way to support U.S. meat exports is by putting a face on American agriculture. To accomplish this, the Nebraska Corn Board sponsors corn and livestock producers on trade missions.

This increase in support comes from the belief that growing meat exports is one of the best ways to support livestock producers across Nebraska. Booming meat exports, as witnessed over the last 12 months, provide tremendous support for pork and beef prices. It allows Nebraska to export higher-value agriculture goods, which benefits all of agriculture. From corn to distillers grains to cattle and hogs, each step adds value.

As part of this support, the Nebraska Corn Board sponsored a trip to Mexico for a pork producer and a beef producer. Mexico is the top foreign destination for U.S. and Nebraska pork and beef in terms of volume – making it important for U.S. producers to understand that marketplace.

Growing animal agriculture

In addition to spreading the good news of Nebraska's livestock sector through news releases and other efforts, the Nebraska Corn Board is an important backer of the Alliance for the Future of Agriculture in Nebraska, or A-FAN. The goal of A-FAN is to help existing livestock and poultry producers expand or interested parties add an animal agriculture component to their operation. A-FAN has seen much success over the last year – and has educated many decision makers and consumers along the way.

Supporting grain exports

The Nebraska Corn Board's continued support of the U.S. Grains Council assists the Council as it services important foreign grain markets. Importantly, messages in these markets include the benefits of biotechnology and reassurance that U.S. corn producers will continue meeting global demand for grain. The success in this area has also been tremendous, as U.S. corn exports in 2007-08 set a record.

Expanding our Knowledge

An important component of the Nebraska Corn Board's work involves research – examining items important to corn growers and those who rely on our products. These efforts help grow and defend uses of corn, and provide a better understanding of a variety of issues that corn growers need to manage now and in the future.

To support the use of corn co-products, especially the ethanol co-product distillers grains, the Nebraska Corn Board published three corn co-product publications in the last year. For many years, your Nebraska Corn Board has supported distillers grains research – and continues to do so. Not only does this help develop markets for this important corn co-product, but it helps Nebraska livestock producers better utilize a feed source that continues to grow in availability.

Utilization of Corn Co-Products in the Dairy Industry and *Storage of Wet Corn Co-Products* were new publications produced for the first time, while *Utilization of Corn Co-Products in the Beef Industry* was expanded, updated and republished as a second edition. All were completed in partnership with the University of Nebraska, and help spread the knowledge of corn co-products to livestock producers, nutritionists, extension educators, industry representatives and others.



The Nebraska Corn Board produced three corn co-product manuals in the past year, helping livestock producers take better advantage of products such as distillers grains.

Although these co-product publications are used across the country, the Nebraska Corn Board's goal is to use this knowledge to the benefit of livestock producers in Nebraska, adding value to our commodities and benefiting the state as a whole.

Some of the Nebraska Corn Board's current distillers grains research is focusing on higher inclusion rates. This will help beef and dairy producers learn how to pack as much distillers grains into the ration as possible, based on animal performance and economics.

The Nebraska Corn Board, in a consortium with other commodity and academia partners, is also funding research focusing on water use. Subjects include ways to decrease peak load irrigation electrical demand, store energy to allow irrigation units to operate during peak load off times and the practicality of ethanol-based engines to operate pumps. As part of this, researchers are examining the best and most efficient ways to use irrigation water.

Other research is examining "green chemicals" – or renewable, corn-based products that can be used to replace petroleum-based chemicals.

Meanwhile, on-going research supported by grants will wrap up in the next year. These include practical methods to better manage irrigation water, such as scheduling irrigation after a rain and determining when to irrigate to maintain yields, and a better understanding of handling phosphorus levels in manure when feeding distillers grains.

National Policy

The past year brought challenges and success at the national level, and your Nebraska Corn Board was there working with Congressional leaders and partnering with other organizations to make sure your concerns were addressed on Capitol Hill.

In the past year – last December, to be exact – the Energy Independence and Security Act was signed into law. The bill, supported by the Nebraska Corn Board, created a 15 billion gallon Renewable Fuels Standard (RFS) for grain-based fuels, which will be met primarily by corn based ethanol, by 2015. This increased the RFS from 7.5 billion gallons.

This bill was important because the country's ethanol industry and corn growers had responded to demand and demonstrated they could meet the expanded RFS – and the need for alternatives became more critical as oil prices soared. The Nebraska Corn Board also recognized the important economic contribution of the ethanol industry to Nebraska, with a typical 100-million-gallon ethanol plant adding 50 direct jobs, nearly $4.5 million in tax revenue, 139 indirect jobs, a local market for corn and the co-product distillers grains that add value to Nebraska's livestock industry.

Yet within a couple months of the bill becoming law, the Nebraska Corn Board and corn growers across the country found themselves fighting a battle to keep the RFS in place. This battle came after the governor of Texas filed an RFS waiver request with the Environmental Protection Agency. Texas argued that the RFS was pushing up feed and food prices and causing harm to citizens and businesses in Texas.

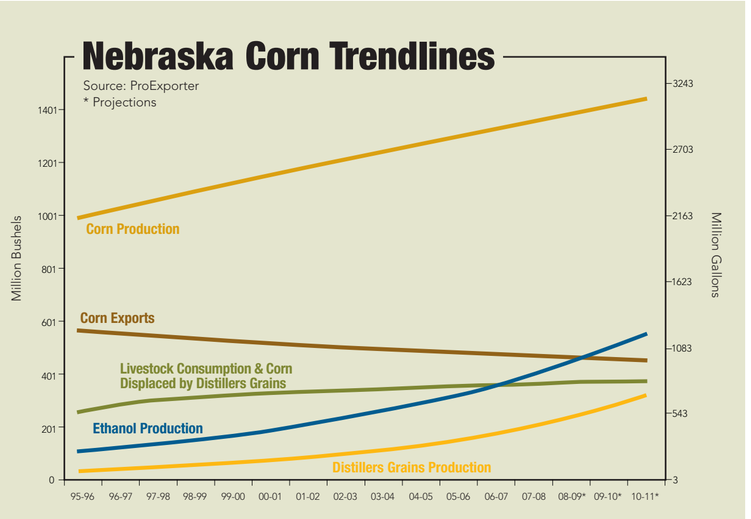
This became a major public battle (see Issues Management section). Fortunately, your Nebraska Corn Board and its partners like the National Corn Growers Association (NCGA) had a stack of independent research and solid relationships in Washington, D.C. – and calmer heads prevailed.

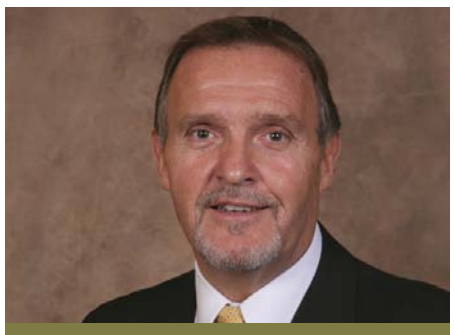
Corn and cattle on the Hill

For the second year in a row, your Nebraska Corn Board sponsored a joint trip with Nebraska Cattlemen to Capitol Hill to meet with Congressional leaders. While there, the group met with the U.S. Department of Agriculture, U.S. Trade Representatives, National Cattlemen's Beef Association and NCGA. The groups worked together on common issues and came away with hope that markets would continue to open around the world for U.S. beef.

WRDA passes

Following many years of work and support, the Water Resources Development Act (WRDA) passed in the past year. The legislation authorizes the construction of seven 1,200-foot locks on the Upper Mississippi and Illinois Rivers. Although these improvements directly benefit farmers in the eastern Corn Belt, they are important for Nebraska producers. Without lock modernization, eastern Corn Belt states could begin to lose access to export markets through the Gulf of Mexico. If that occurred, those states would start looking at domestic markets traditionally served by Nebraska corn. Although WRDA has passed, the battle now moves to getting proper funding appropriated so projects can move forward.





The CORNer Office

by Don Hutchens,
Executive Director

Although two things remain certain — death and taxes — there are a few others that come to mind.

For more than 20 years the corn industry has faced low prices that required government support for producers to stay in business – and corn growers were criticized for taking payments instead of getting off their backsides to create more demand and get a better price.

This country uses too much oil and we need domestic, renewable resources – and for decades corn growers worked hard to develop ethanol as an alternative to oil. In other words, growers got off their backsides.

The livestock industry blames ethanol for high corn prices. No doubt higher corn prices have increased input costs for livestock producers, but a variety of factors have had a bigger impact on corn prices than ethanol.

The Grocery Manufacturers Association joined with some national livestock groups to blame corn/ethanol for higher food prices. This is a multi-million dollar campaign to divert the attention of higher food costs away from energy while blaming agriculture.

The average product in the supermarket travels 1,500 miles to get there – add processing and packaging and you see why food products cost more.

Corn end users don't want the government to support renewable energy from corn, yet the government is highly involved in subsidizing petroleum.

The Nebraska Corn Board is faced with taking limited funds and supporting all of the end users of corn to expand demand here and around the world, adding value to what corn brings to the table, whether it is meat, dairy, ethanol or distillers grains. These investments hopefully create higher values for corn, create jobs and improve rural communities. Corn has been too cheap of a commodity for far too long, but the ripple effects of change have big impacts for all of us in agriculture.

Kernels of Truth

'Kernels of Truth' a big success

The Nebraska Corn Board and Nebraska Corn Growers Association partnered to bring "Kernels of Truth" to the Nebraska State Fair and Husker Harvest Days this year. The interactive display included a series of messages designed to explain the value of corn in common products at the grocery store. It was a big hit at both events, with a number of positive comments from growers and consumers alike.

September declared Renewable Fuels Month

At Husker Harvest Days, Nebraska Governor Dave Heineman signed a proclamation declaring September as Renewable Fuels Month. As part of Renewable Fuels Month, the Nebraska Corn Board issued a series of news releases on the importance and benefits of corn ethanol and sponsored radio ads across the state including in the metropolitan areas of Lincoln and Omaha that promoted the positive aspects of biofuels such as ethanol.



Friesen joins Nebraska Corn Board

Governor Dave Heineman has appointed Curtis Friesen of Henderson to the Nebraska Corn Board, representing District 3. Friesen and his wife, Nancy, have four children and three grandchildren. They have been farming near Henderson since 1976, growing yellow corn, white corn and soybeans. Curtis also serves on the Governor's Water Policy Taskforce and is chairman of the board of the Upper Big Blue Natural Resource District, chairman of the Hamilton County Corn Growers and president of the Henderson Chamber of Commerce.

Nebraskan becomes president of NCGA

Bob Dickey, District 4 Director of the Nebraska Corn Board, became president of the National Corn Growers Association Oct. 1. Dickey owns and operates a diversified grain and livestock farming operation that includes growing corn and soybeans and raising swine and cattle. He has been a member of the Nebraska Corn Board for more than 15 years, where he has served as secretary-treasurer, vice chairman and chairman. A reception honoring Bob will be held during the Commodity Classic, which is Feb. 26-28, 2009, in Grapevine, Texas.

Tiemanns featured in TV program

A film crew stopped in Seward in August to complete interviews and record additional footage for an episode of America's Heartland. The crew spent time on the Alan and Lori Tiemann farm. The episode focuses on foreign markets for corn, distillers grains and PLA and will air this winter on RFD-TV and at AmericasHeartland.org. Footage for the episode also came from a fact-finding mission the crew and the Tiemanns took to Taiwan and China earlier in the summer (photo). The Nebraska Corn Board, NC+ Hybrids and the U.S. Grains Council supported the episode.



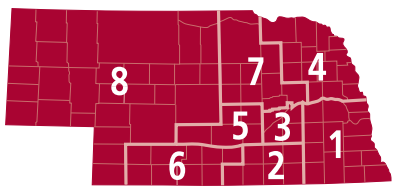
Nebraska Corn Kernels a great resource

For the latest news and information on Nebraska corn, as well as comments on ethanol, livestock and more, be sure to check out our new blog at **NebraskaCorn.blogspot.com**. You can subscribe to this information resource via a daily email or RSS. Blogs are a great way to share information quickly and allow people to comment on and discuss current issues. Blogs also increase the chance that someone looking for information will find it because blogs link resources together, building a "web" or network of information.

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Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.



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