



TEXAS CATTLE FEEDERS ASSOCIATION

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October 13, 2011

Dear Representative:

Texas Cattle Feeders Association (TCFA) urges you to support and co-sponsor the Renewable Fuels Standard (RFS) Flexibility Act of 2011 (H.R. 3097) introduced by Representatives Bob Goodlatte and Jim Costa. This legislation links the amount of corn ethanol required for the RFS to the amount of the U.S. corn supplies. The bill sets up a process, so that twice a year, when the USDA reports on U.S. corn supplies, based upon the ratio of corn stocks-to-expected use, there could be a reduction made to the RFS if the ratio falls below a certain threshold.

TCFA supports development of renewable and alternative sources of energy, but it is time for the federal government to reconsider its conventional ethanol policies that distort the market place and pick winners and losers. One need only to look at the price trends for corn since the federal government began its big push for ethanol to see a correlation: More corn being diverted for ethanol production has meant much higher prices for livestock feed, which has contributed significantly to high production costs and record losses for livestock producers. Largely as a result of this historic run-up in corn prices, the cattle feeding sector of the beef industry lost a record \$7 billion between 2007 and 2010.

In the 2004/2005 crop year, the last crop produced before the RFS was implemented, 53.4% of that crop went to feed livestock and poultry and 12.5% went toward ethanol production. In contrast, the corn harvest this year is projected to send 40% toward ethanol production and 37.6% to the livestock and poultry feed supply. This year livestock and poultry producers will use 1.1 billion fewer bushels of corn than the 2004/2005 crop year, and this will be the first year ever that ethanol production has used more than livestock and poultry production in the U.S.

Left unchanged, federal ethanol policy will continue to have a major, negative impact on cattle feeders and other livestock producers. H.R. 3097 is a common sense solution to make sure that we have enough corn supplies to meet all demands, while providing much needed relief to livestock producers, food manufactures and consumers.

Sincerely,

Josh Winegarner
Director of Government Relations