



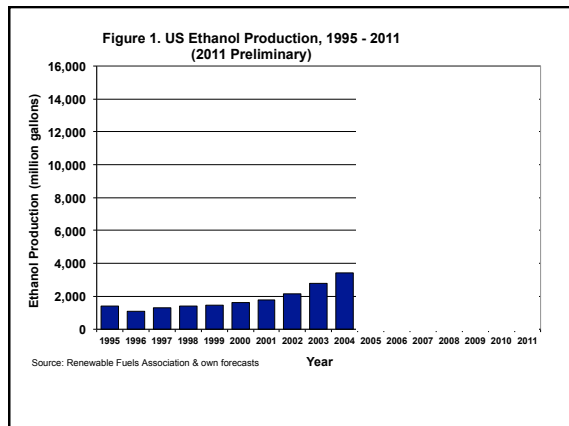
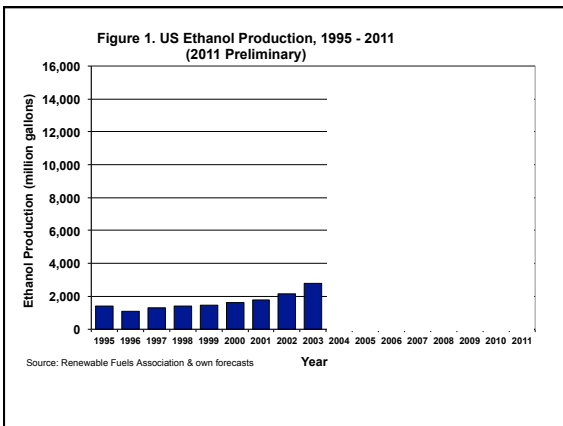
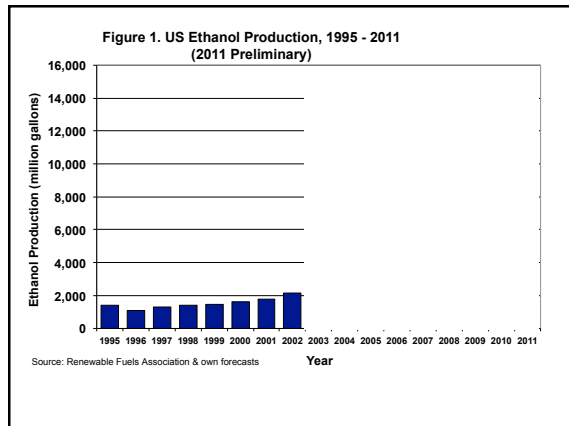
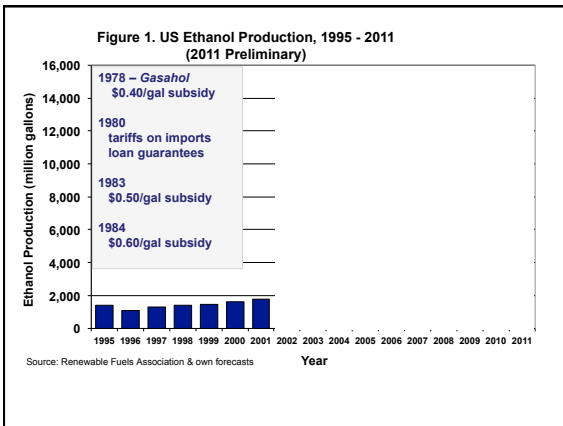
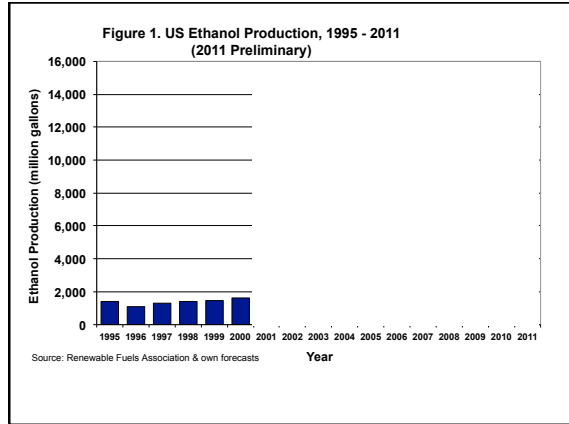
 www.NAIBER.org

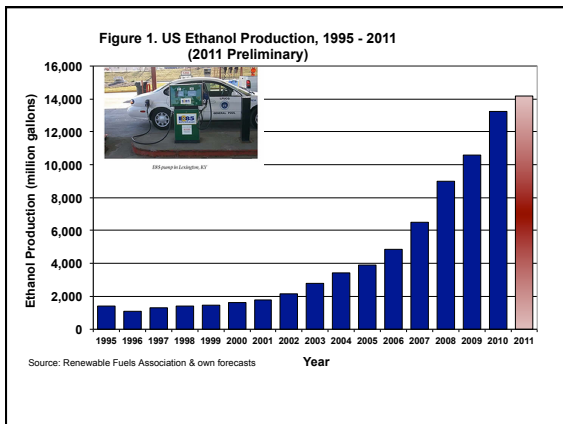
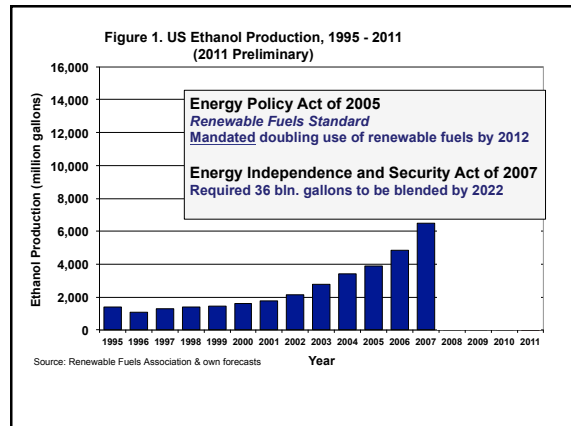
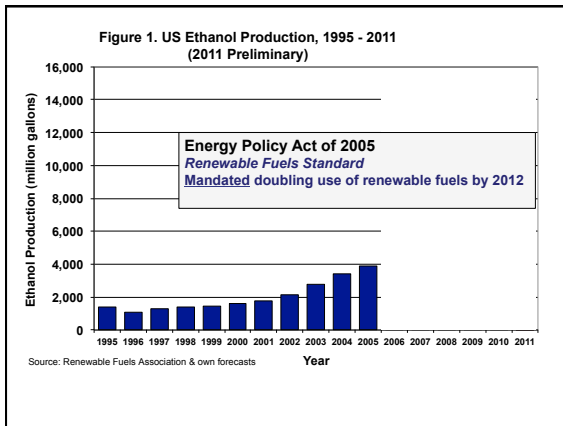
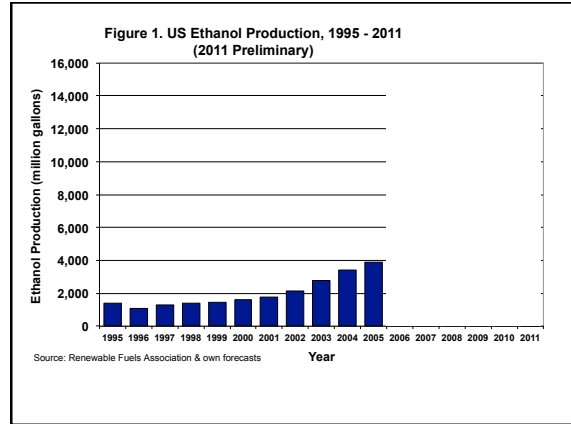
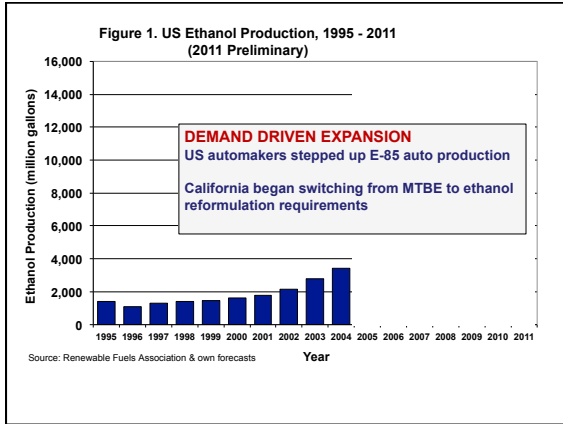
Economic Implications of the Ethanol Industry for Cow-Calf Producers

Ted Schroeder
 Agricultural Economist
 Kansas State University
 tcs@ksu.edu



Range Beef Cow Symposium XXII
Nov. 29 - Dec. 1, 2011 - Manhattan, KS

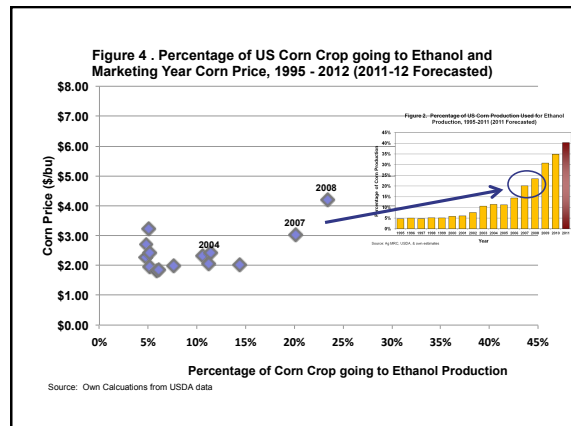
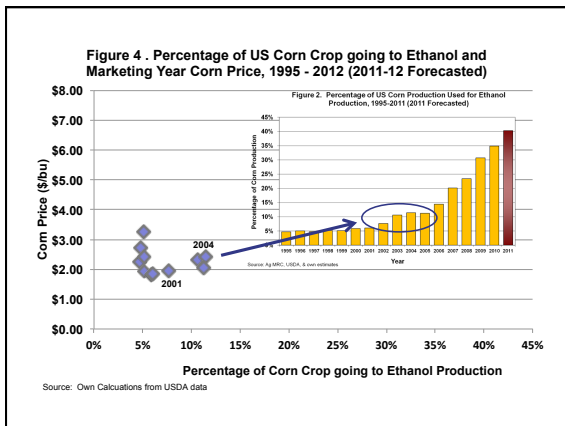
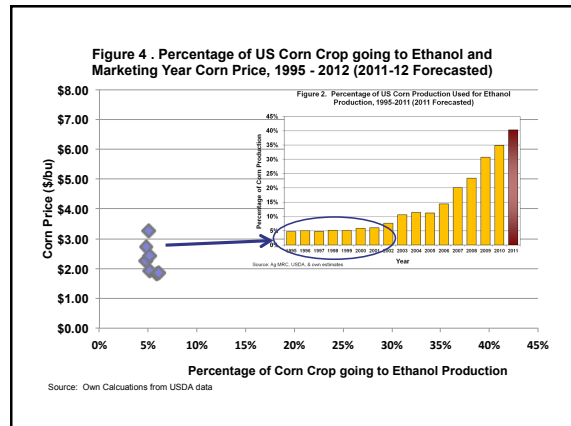
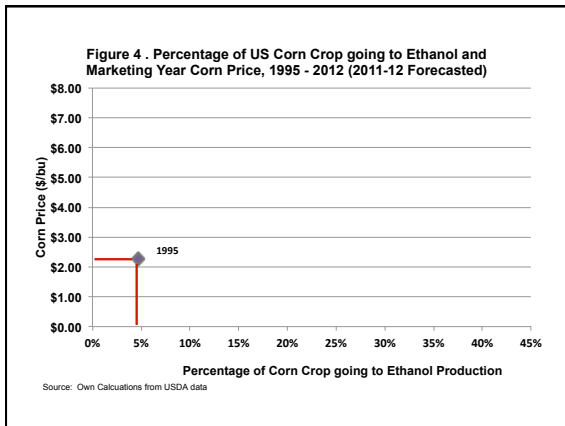
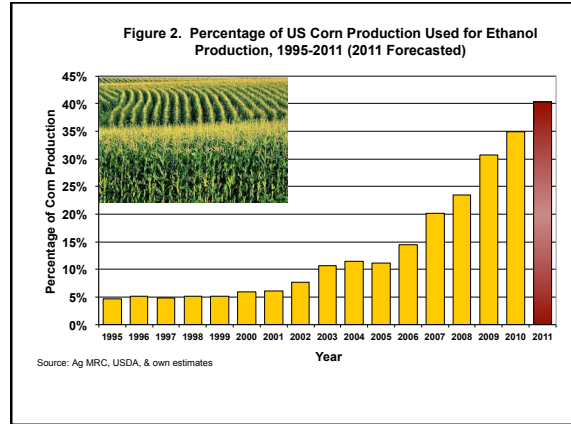
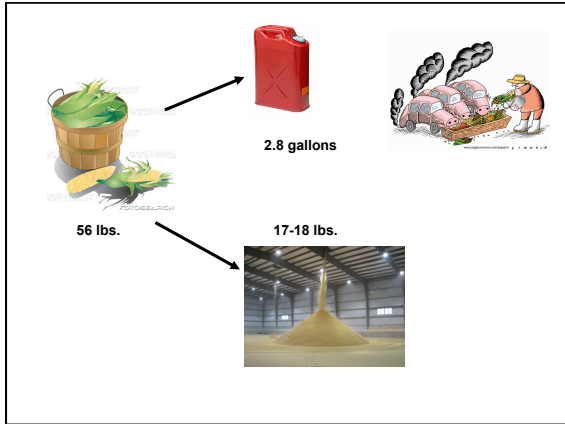


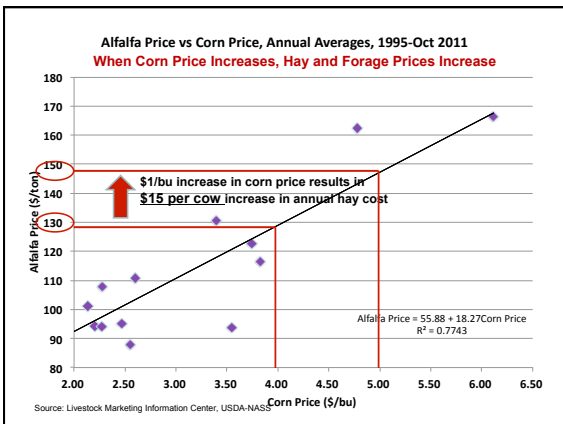
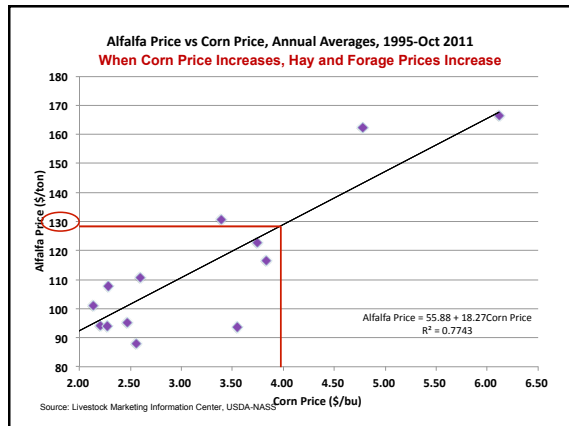
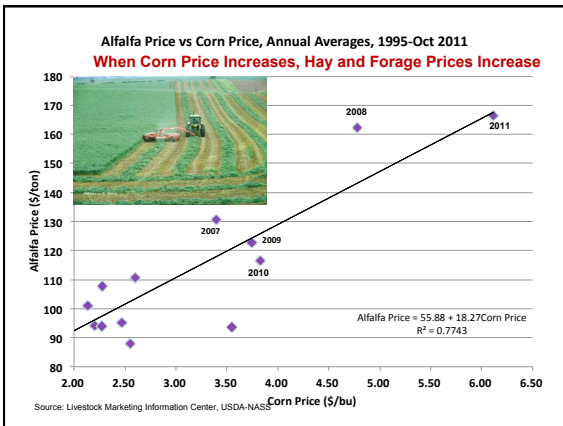
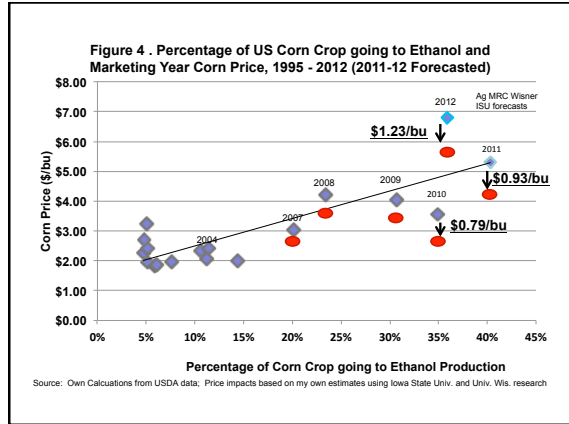
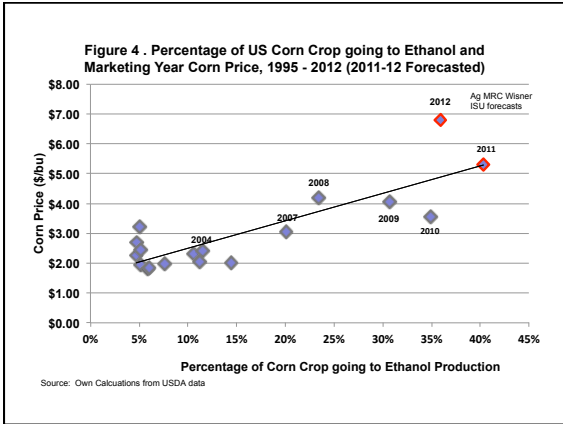


"America's dependence on oil is one of the most serious threats that our nation has faced. It bankrolls dictators, pays for nuclear proliferation, and funds both sides of our struggle against terrorism. It puts the American people at the mercy of shifting gas prices, stifles innovation and sets back our ability to compete."

President Barack Obama, January 26, 2009.

ETHANOL REDUCES AMERICA'S DEPENDENCE ON FOREIGN OIL.





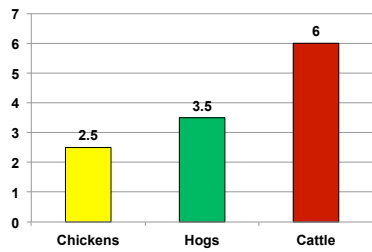
Reduced Calf Revenue

\$1/bu increase in corn & \$15/ton increase in alfalfa price reduces price feedlots willing to pay for 750 lb feeder

\$60/head

Impact on Competing Meats

Feed Conversion Rates (lbs feed/lb gain)



Summary

Expanded ethanol production has:

1. Increased costs of
 - maintaining cows
 - raising replacement heifers
2. Reduced prices of feeder cattle
3. Increased cost of production relative to poultry and pork

\$75/head + impact

Beef industry must do something or face accelerated downsizing

What can you do?

1. Challenge federal ethanol policy
 - Unlikely success**
 - subsidies & tariffs for ethanol been around more than 30 years!
 - renewable fuels have substantial political support
 - feed grain price increase only partially ethanol driven



What can you do?

2. Invest in production technology
 - Essential for survival**
 - improve production efficiency
 - takes innovative attitudes
 - takes time and \$\$\$ investment



What can you do?

3. Explore complementary income sources



What can you do?

4. Expand global demand for US BEEF
 - Great Opportunity**

