

September 8, 2006

EPA MAKES PROGRESS ON IMPLEMENTATION OF RENEWABLE FUELS STANDARD

The U.S. Environmental Protection Agency today announced its proposed rule for the implementation of the federal Renewable Fuels Standard (RFS), the provision in last year's Energy Policy Act requiring increasing amounts of ethanol and biodiesel to be used through 2012. The proposed rule specifically pertains to the RFS "credit trading" mechanism, which will govern how credits for biofuel use are generated, sold, and purchased. Full implementation of the RFS is expected in early 2007. The Missouri Corn Growers Association will continue working with our national partners to review the proposed rule and offer substantive comments.

MISSOURI CORN GROWERS ENDORSE IKE SKELTON

In recognition of nearly 30 years of service to Missouri's corn farmers, the Missouri Corn Growers Association (MCGA) yesterday announced their endorsement of Congressman Ike Skelton (D-MO) for the 2006 general election. Over the past three decades, Congressman Skelton has remained committed to the well-being of the farm families in his district. A strong advocate for ethanol, enhanced river transportation, and drought assistance as well as his unwavering support on a myriad of other corn-related issues contributed to MCGA's endorsement. In order to receive this endorsement, Congressman Skelton had to meet the strict criteria established by MCGA's board of directors, a governing body comprised of 13 corn farmers from across the state. Candidates must meet the following:

- Only candidates for U.S. Congress are eligible for endorsement.
- Have served at least 12 years in elected state and federal public service.
- Be a past MCGA Public Servant Award winner.
- Have a 100 percent voting record in support of selected corn issues.
- Have a face-to-face meeting with either the MCGA Public Policy Committee or MCGA Board of Directors.
- Be approved by a 100 percent vote of support by the MCGA Public Policy Committee.
- Receive a super majority or 80 percent vote of support by the entire MCGA board.

"Missouri's corn growers contribute a great deal to the economic well-being of the Fourth Congressional District and to our state. This is especially true as ethanol increasingly plays a role in the energy policy of the United States," Congressman Skelton said. "As I work to boost ethanol production and to ensure rural America's voice is heard in Congress, I look forward to working with Show-Me State corn producers. I am honored to receive the endorsement of the Missouri Corn Growers Association."

HOUSE AGRICULTURE SUBCOMMITTEE SEEKS MISSOURI PERSPECTIVE ON FARM PROGRAMS

On August 28, U.S. Representative Robin Hayes, Chairman of the House Agriculture Subcommittee on Livestock and Horticulture, convened a hearing in Springfield, Mo. to hear from agricultural producers about current farm policy and gather input about future farm policy. The hearing was hosted by Missouri's own Roy Blunt and Jo Ann Emerson with House Agriculture Committee Chairman Bob Goodlatte and Rep. John Boozman of Arkansas in attendance.

The Subcommittee heard from witnesses representing livestock, dairy, crop, and specialty crop producers. Billy Thiel, a corn farmer from Malta Bend, Mo. and a member of MCGA's board of directors shared his perspectives on the successes of the 2002 Farm Bill, the importance of our livestock industry and the promise of renewable fuels. "The role of America's farmers is changing, growing to include providing food, fiber and fuel for our country. This dynamic growth is changing the way that many of us look at federal farm policy. The federal Renewable Fuel Standard (RFS) was a huge accomplishment. Congress should be open to a wise and prudent increase of the standard to help move the renewable fuels industry out of its infancy. As our farmers move closer to providing the energy needs of our nation, an expansion of the RFS will ensure that our homegrown products have a position in the marketplace."

According to Chairman Bob Goodlatte, "There are a variety of challenges the Committee faces in compiling the next farm bill including budgetary constraints, uncertainty with the current international trade negotiations, and natural disasters among other things. Our goal is to provide producers with the safety net they need to continue to produce the safest, most affordable food supply in the world." With these challenges before them, the House Agriculture Committee needs to hear your thoughts and suggestions to craft good federal farm policy. Your input, used to shape the 2007 Farm Bill, can be submitted by email at agriculture@mail.house.gov.

CORN FARMER INTERESTS FRONT AND CENTER AT CONSERVATION LISTENING SESSION

On August 29, top ranking administrators from the U.S. Department of Agriculture and the Environmental Protection Agency stopped in Jefferson City to gather public opinions on cooperative conservation. Cooperative conservation is a bureaucratic term that expresses the goal of joining landowners, communities, conservation groups, industry, and governmental agencies, groups with traditionally divergent interests, to conserve our environment. Steve Taylor, CEO of the Environmental Resources Coalition (ERC), a subsidiary of MCGA, was given the honor of joining the administrators on stage to address the listening audience. Using ERC's experiences spearheading agriculture-friendly conservation projects, Steve spoke to the success of their Watershed Research Assessment and Stewardship (WRASP) project as a model of cooperative conservation. WRASP demonstrated how corn farmers can help reduce the levels of atrazine herbicide in targeted watersheds. This project led to the de-listing of Smithville and Mark Twain Lakes as lakes impaired by excessively high levels of the popular herbicide.

In leading off the testimony, Steve also took the opportunity to hit hard the Missouri River as a case where the federal government is not cooperating with non-federal stakeholders and sound science is being ignored. Over 100 people were in attendance to voice their opinions on a wide range of environmental and agriculture issues. For more information on ERC's projects, visit <http://www.erc-env.org/>.

READ THE FINE PRINT WHEN INVESTING

To some, it may seem as if there are new value-added investment opportunities opening almost daily across the nation. The excitement here in rural Missouri is being fueled by the expansion of rapidly-developing renewable fuels industry. And while MCGA is thrilled to see this interest and support building, we encourage producers to carefully read and review the fine print of each offering prior to investing in any business. No matter the industry, any investment is still a risk. Savvy investors realize that risk can't be avoided if you want the potential rewards of investing. However, you can control the amount of risk you take. Before you invest in a value-added agriculture business, be sure to read the offering documents thoroughly and ask your lawyer, banker or other professional advisor to do the same.

To help answer questions on ethanol investment opportunities, the National Corn Growers Association has posted a partial listing of entities involved in renewable energy online at <http://www.ncga.com/GrowersResources/RenewableEnergy/index.asp>. Please note that the information on this Web site is provided solely for general education and information purposes. No statement within the Web site should be construed as a recommendation to buy or sell a security or as providing investment advice. The inclusion of any information on the Web site should not be construed as endorsement or indication of the value of any product, service or Web site.

USDA ANNOUNCES NEW DROUGHT PROGRAMS

On Aug. 29, Agriculture Secretary Mike Johanns announced \$780 million in drought-relief programs for farmers and ranchers. The funding includes a new \$50 million program for livestock producers, focuses nearly \$30 million in unused conservation funds on drought, and accelerates delivery of an estimated \$700 million in counter-cyclical payments. The new Livestock Assistance Grant Program will provide \$50 million to states in block grant form. States will distribute to livestock producers in counties that were designated as D3 or D4 on the Drought Monitor anytime between March 7 and Aug. 31, 2006. For more information and a list of eligible counties, visit www.usda.gov and click on the "Drought-Related Programs" icon located on the bottom right of the page.

ETHANOL PRODUCTION, DEMAND REACH ALL-TIME HIGHS

The Renewable Fuels Association (RFA) announced on Aug. 28 that U.S. ethanol production increased to 318,000 barrels per day (b/d) in June, an all-time record. That is an increase of 25,000 b/d from May and a rise of nearly 28 percent from June 2005. Demand for ethanol also rose to record levels in June at 395,000 b/d. That represents a 46,000 b/d jump from May and an increase of more than 42 percent from the same period a year ago. Currently, 101 ethanol biorefineries nationwide have the capacity to produce more than 4.8 billion gallons annually. There are 42 ethanol refineries and 7 expansions under construction with a combined annual capacity of nearly 2.9 billion gallons.

2006 CORN DEMAND IS HEATING UP

While the market for domestic corn is being lifted by continued growth in ethanol production, export demand is also "hot." USDA reported a marketing-year high of 1.488 million metric tons last week. This level is 26 percent above the previous week and 22 percent over the prior 4-week average. Primary destinations were Japan (18.3 million bushels), Mexico (9 million bushels), South Korea (6.65 million bushels), Egypt (5 million bushels) and Colombia (3.67 million bushels). Additionally, export commitments are running 19 percent ahead of where they were last year at this time. "We're seeing demand start building again in Egypt as fears of avian influenza subside," said Chris Corry, senior director of international operations for the U.S. Grains Council. Council programming efforts in Egypt are also encouraging imports of distiller's dried grains with solubles (DDGS). The country first imported 6,000 tons of DDGS in March and they have contracted more. "Yes, we are seeing that corn sales are robust but we're also seeing DDGS moving into the market in the future," Corry added. Egypt imported 4.1 million tons (161 million bushels) of U.S. corn in 2004/05, ranking them behind only Japan and Mexico in terms of purchases.

LOCAL GROWER TRAVELS OVERSEAS TO HIGHLIGHT CORN TRADE

Jayne Glosemeyer, MCGA board member and grower from Marthasville, joins delegates from across the Midwest to learn more about markets in Japan and China as part of the U.S. Grains Council 2006 Corn Mission, Sept. 2-10. The group started in Japan – the top U.S. customer when it comes to U.S. corn. While there, participants will expand relationships with key trade and industry contacts as well as assess current market conditions, sector demand trends as well as feed grains and DDGS sales outlook. From Japan, the group continues on to China where they will learn about China's role in the global feed grain market – both as an exporter and an importer. Additionally, the group will tour the U.S.-Sino Dairy Management Training Center, a collaborative effort near Beijing, and meet with buyers of U.S. corn to assess demand potential. To follow Jayne and the progress of the mission, please visit the Council's website, www.grains.org, for daily updates.

FEELS LIKE FALL

According to data released on Sept. 3 by the Missouri Ag Statistics Service harvest is 21 percent complete, about 4 to 5 days ahead of last year. Pockets of drought-damaged corn have been harvested quickly to prevent further losses from stalk deterioration. However, the bulk of the crop is still too wet to harvest, as dry-down has been slowed by cool, wet weather. Corn condition improved somewhat from last week to 5 percent very poor, 13 percent poor, 31 percent fair, 45 percent good, and 6 percent excellent, although little change is expected hereafter as the crop nears maturity.

SAVE THE DATE: GRAND OPENING OF MISSOURI ETHANOL LLC

The grand opening celebration of our state's fourth ethanol plant is planned for Sept. 25 in Laddonia, Mo. Missouri Ethanol will host public tours beginning at 9:30 a.m. followed by a ribbon cutting ceremony to commemorate the opening of the 45 million gallon plant.