

# American Corn Growers Foundation

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For Immediate Release

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## **“Holding Ground” With EPA 15 Billion Gallon Target Not Good Enough and Won’t Move Markets. MY 2017-2018 U. S. Corn Exports Forecast Down by 350 Million Bu. To 1.875 Billion Bushels. Co-ops Need to Install Blender Pumps More Aggressively.**

**WILCOX, NE—July 7, 2017:** “Holding ground is not good enough. It’s a minimal, inadequate corn ethanol demand strategy,” says Gale Lush, Wilcox, NE corn farmer and ACGF Chairman. “The Environmental Protection Agency (EPA) announcement of the corn ethanol blending requirement of 15 billion gallons for 2018 will do little or nothing to move corn markets according to one market analyst,” said Lush. “The U.S. corn industry needs to be doing more than just ‘holding ground’ in terms of our domestic U.S. corn use because exports are forecast to drop substantially in the 2017-2018 marketing year. As a long time grain farmer and co-op patron what’s needed is for the farmer-owned co-ops to make a major commitment toward installing as many ethanol blender pumps as possible at all of their gas stations. E-10 ethanol is great but we need co-ops to be marketing a lot more of it plus E-15, E-30 and E-85 ethanol blended gasoline to drive demand growth for corn ethanol right here in our domestic market. That strategy makes more economic sense for farmer-owned co-ops than investing in risky foreign grain export ventures that promote U.S. competitor grain exports which compete directly against U.S. exports. A major U.S. cooperative recently announced suffering a sharp decline in income and confirmed it was a \$200 million creditor of a failing Brazilian commodities trader. Domestic U.S. corn ethanol is a much better bet than exporting foreign grain. It’s the America-First oriented thing to do.”

ACGF Director Dan McGuire pointed out that the U.S. Department of Agriculture’s June 9, 2017 WASDE report projects that marketing year (MY) 2017-2018 U.S. corn exports will drop by 350 million bushels to 1.875 billion bushels, down from the projected 2.225 billion bushels of corn exports in the current MY 2016-2017 marketing year. 1.875 billion bushels is about the range of the 40-year U.S. corn export average. “When we consider that the same USDA-WASDE report projects MY 2017-2018 U.S. corn ending stocks at 2.110 billion bushels and an average farm-level corn price of \$3.00-\$3.80 per bushel, the importance of the domestic ethanol-driven corn demand of 5.5 billion bushels cannot be overemphasized as a key market driver,” said McGuire.

McGuire added, “It’s essential to have a clear-eyed and historically-accurate perspective on why ethanol-driven corn demand is so essential to the economic health of rural America. Likewise, keeping the role of U.S. corn exports in proper perspective is also essential so that government and farm policy leaders remember what agricultural economists and some farm and commodity organizations projected when they were promoting and lobbying for the free trade 1985 farm bill and 1996 ‘Freedom to Farm’ farm law, both of which created today’s farm programs that now rely on crop insurance for rural economic damage control. Some of those 1980’s and 1990’s so-called ‘policy experts’ projected that annual U.S. corn exports would be in the 3 billion bushel range by now. Their overly optimistic export projections clearly missed that target by a country mile. Had farmers relied on those faulty ‘expert’ export projections we would have had years of seriously low grain prices. The impressive growth of ethanol-driven corn demand from its miniscule level in 1980 to 5.5 billion bushels in 2017-18 served to mitigate the less-than-impressive U.S. corn export record and prevented the rural economy from being in desperate straits for years. More ethanol-driven corn demand means lower year-end corn ending stocks/inventory and that means stronger corn prices. It’s that simple. Farmers and policy advocates must never forget that ethanol is the best, most efficient corn demand component in the annual corn supply and demand balance sheet. Protecting domestic U.S. ethanol demand and the federal and state policies that facilitate increases in that ethanol demand growth has to be priority one! ‘Holding ground’ at 15 billion gallons in 2018 is not good enough. We need to be always gaining ground and advancing ethanol-driven corn demand forward.”