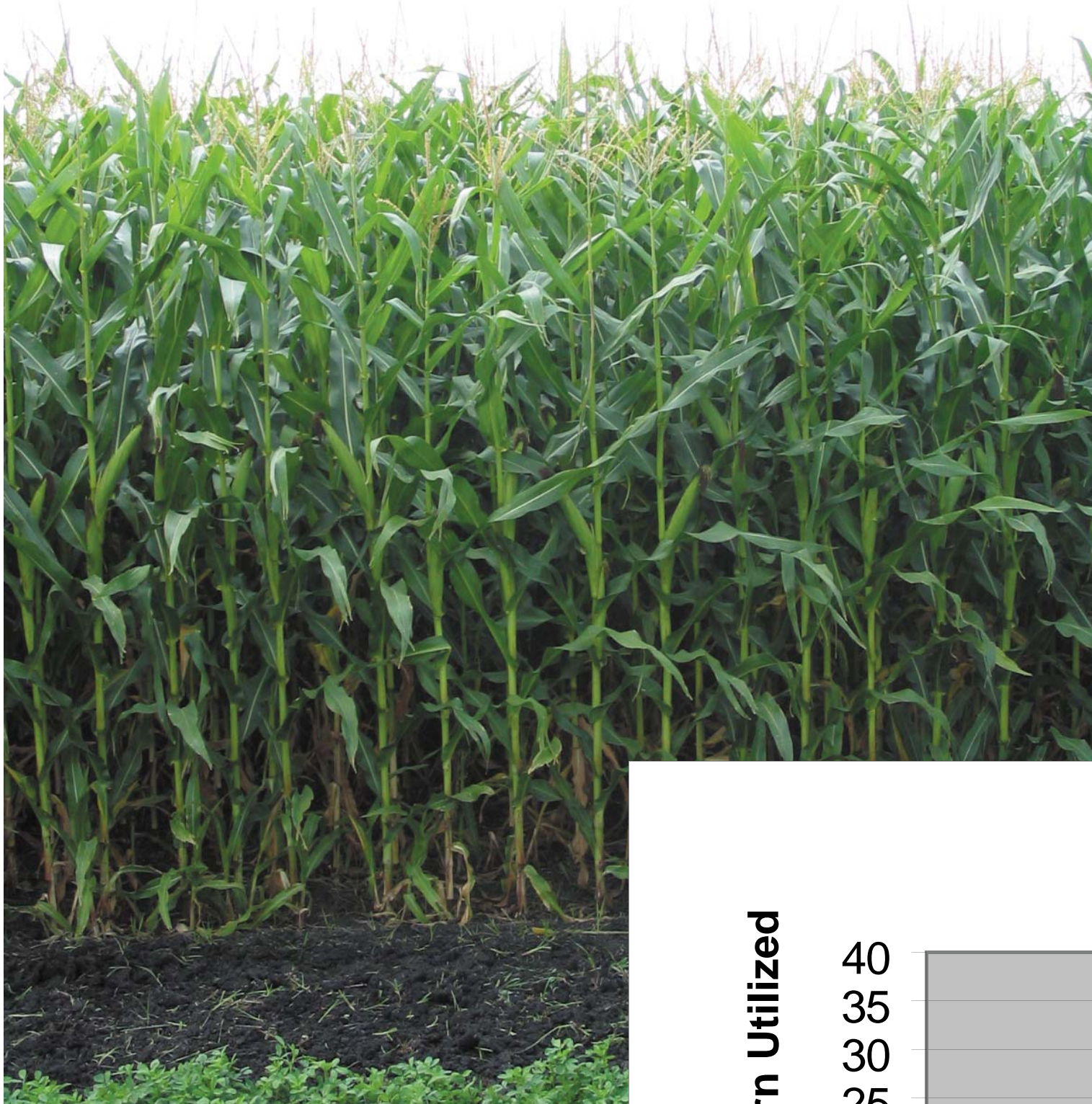


# Biofuels Industry and Impacts on Agriculture

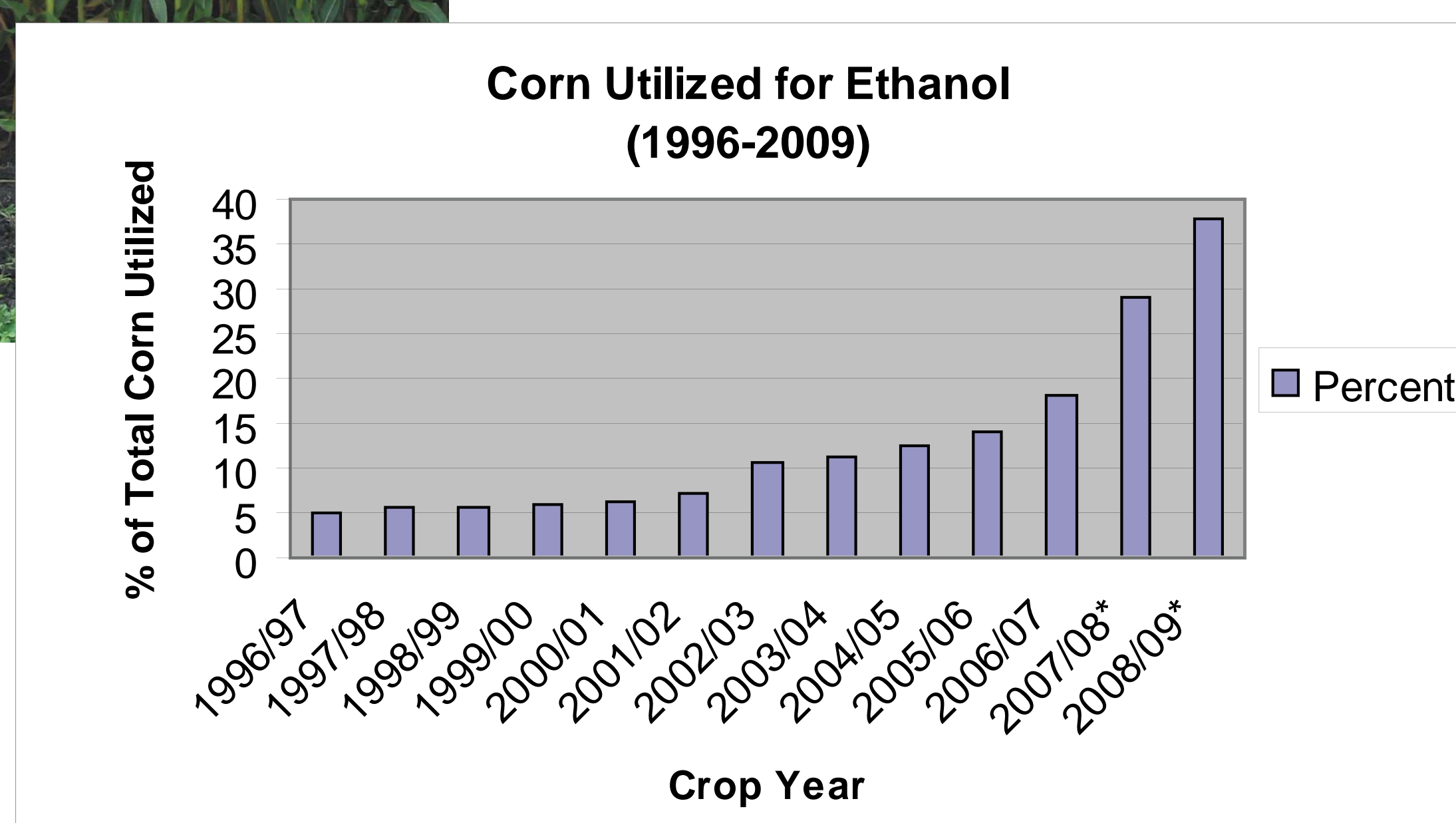


## Corn Acres Needed

To maintain existing markets:

- By 2011, we will need 14 million additional corn acres at trend-line yields

Expected ethanol production of 10 billion to 11 billion gallons



## Soybean Acres Needed

If the majority of expansion uses soybean oil:

- By 2011, we will need 4.5 million additional acres of soybeans at trend-line yields

Soybean oil has competition from corn oil, white or yellow grease, other

## Potential Crop Acreage Shift

### Corn Belt

- soybeans and winter wheat to corn
- CRP will come back into production

### Great Plains

- increase in corn and sorghum
- decrease in small grains
- increase in minor oilseeds
- little change in soybeans
- CRP will be reduced

## Possible Results

- A shift in the demand curve
- \$3 to \$5 per bushel trading range
- Likely to last 3-5 years
- Far-ranging impacts
  - acreage reallocation
  - land value and rents
  - prices of inputs, both capital and supplies
  - livestock and poultry sector
  - may be a close analogy to mid-'70s