



Discussion Topic

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QUESTIONS

1. How can local farm groups encourage more farmers to get involved in alternative energy production?
2. How can alternative energy producers – whether corn growers or cellulosic material producers – maximize profits? How will their profit help the country's energy needs?
3. How can farmers maintain their involvement in energy production without becoming a mere commodity producer, which once again makes them price takers instead of price makers?

Who has the energy?

Every idea has its naysayers.

For example, when a proposal for more domestic oil exploration comes up, outraged wildlife advocates raise a stink. When farmers invest in ethanol and biodiesel and start producing the solution to this nation's

energy needs – even if it's only temporary, outraged consumers complain about paying a nickel more for a fritter. When the government mandates more fuel-efficient cars, domestic automakers complain that it will cost too much. When wind turbine proposals are raised, the not-in-my-backyard crowd complains about aesthetics.

With all the negativity out there, it's a wonder there are any fuel alternatives being proposed at all. And it's difficult to maintain the energy required to put one's neck – and cash – on the line when it's met with constant criticism.

But, thanks to farmers and their energetic risk-taking, the ethanol industry is growing. Corn-based ethanol might not be the final solution, but agriculture is doing something which, despite the naysayers, is better than nothing, and doing nothing will lead to continued reliance on oil from nations increasingly hostile to the United States.

Michigan Governor Jennifer Granholm, a few years ago, first put out the proposition that Michigan should be the nation's leader in alternative fuels. At the time, with only one ethanol plant in operation in the state, it seemed like a far-fetched idea. But today, with four plants in operation, Michigan is the ninth-largest ethanol producer in the nation, according to Bob Craig, Michigan Department of Agriculture's Director of the Office of Agriculture Development.

Unfortunately, several other planned ethanol plants in the state have been put on hold. Among the challenges that led to delays is one that farmers know all too well. Ethanol has been temporarily over-produced, so prices drop until the infrastructure is created to move ethanol to new markets. When prices drop, production plants struggle to make a profit.

There's also the problem of increasing costs of construction materials, the increasing cost of natural gas, and regulatory costs that seem always to go up. And remember that oil companies, unless invested in ethanol, have very little incentive to increase ethanol use, despite a blender's credit from the government.

So what is a farmer to do?

Keep your chin up, said Bob Boehm, manager of Michigan Farm Bureau's Commodity and Marketing Department.

"There are going to be growing pains when a new industry is in its infancy," he said. "Corn may not be the ultimate answer, but ethanol produced from corn is on track to double annual output. Cellulosic ethanol research is progressing, and it may ultimately be a bigger player in this nation's energy needs than corn. There will be several different components to our renewable energy supply, and farmers likely will play a major role. Be patient and keep watching for new developments. Farmers will find opportunities for profit in the energy markets, and that's something this country – even non-farmers – should encourage, because when farmers are asked to do something important, and are allowed to profit, they'll do it big. The productivity of U.S. farmers is this nation's energy solution."