

Agriculture

Page 8

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Northey admits to concern on future ethanol policy

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Iowa Secretary of Agriculture Bill Northey conceded earlier this week he is somewhat concerned about the impact of future ethanol policies on the ethanol industry.

"I'm nervous about what action might be taken especially with some push-back that other policies have had," he said during a recent event in Cherokee.

Policy decisions are long term and can, over time, have a big impact on the industry, Northey said.

"I believe, however, that the industry will remain and will continue to produce no matter what the policy is unless it really gets out of hand," he added. "At the same time, I feel it's kind of hanging in the balance right now."

As to the impact of the introduction of new corn varieties developed for ethanol production and their effect on the industry as a whole, Northey said the extent of their use in the near future remains uncertain.

"Some of the corn will be out there and dedicated to production this year," he said. "We don't at this time know how widespread this will be. If it has some efficiencies, especially if ethanol doesn't have government support or

other rules that help it get into the market, we will need these efficiencies in order for it (ethanol) to compete at the head with gasoline."

Northey's visit Tuesday to northwest Iowa included a tour of the American Natural Soy plant in Cherokee and a meeting with members of the Iowa Corn Growers Association in Paullina.

He also addressed the issue of the ongoing controversy over current consumer allegations that the use of corn for ethanol is a factor in the current food price increases.

"We realize that there is an attitude what with the current market volatility and consequent turmoil that's resulting certainly in those buying food saying that they believe either ethanol is to blame or that farmers are responsible for the price increases," Northey said.

He argued people must also remember there are many things happening right now in the world — higher oil prices, last year's weather

problems in Russia and the drought in China.

"Right now folks are trying to boil it down to ethanol or something else as a cause for the increases," Northey said. "This is vastly overstating the case."

Northey also cautioned federal lawmakers working on future farm policy issues.

"At times like this when we have high farm prices, we forget what it was like a

year ago," he said, pointing to last year's corn prices of \$3.25 or \$3.50, when people were worried about prices collapsing.

"Suddenly, now we think prices are going to be high forever, and we know that's not true," he said. "It's a dangerous thing to make long-term policies when we have the prices we do now."

The agriculture secretary took time also during

his interview to comment on the current land price situation in Iowa.

"If you look at land prices historically, you see these prices as a reflection of the optimism within agriculture," Northey said. "Right now there are some profits in agriculture with the kind of prices we're seeing. Who knows, however, what they're going to be a year from now?"

The present prices do create a challenge for those trying to get into agriculture, like the young individual trying to buy a farm on a quarter of a section, Northey said.

"That used to cost \$100,000, \$200,000 or \$400,000," he said. "Now this takes easily in excess of \$1 million. It's really hard for them for this to happen."

There is also concern on what the rising land values will do over time to property taxes, Northey said.

However, he feels available mechanisms looking at the earning power of the land and limiting the amount of continued increase in pric-

es possible in any one year might ease this concern.

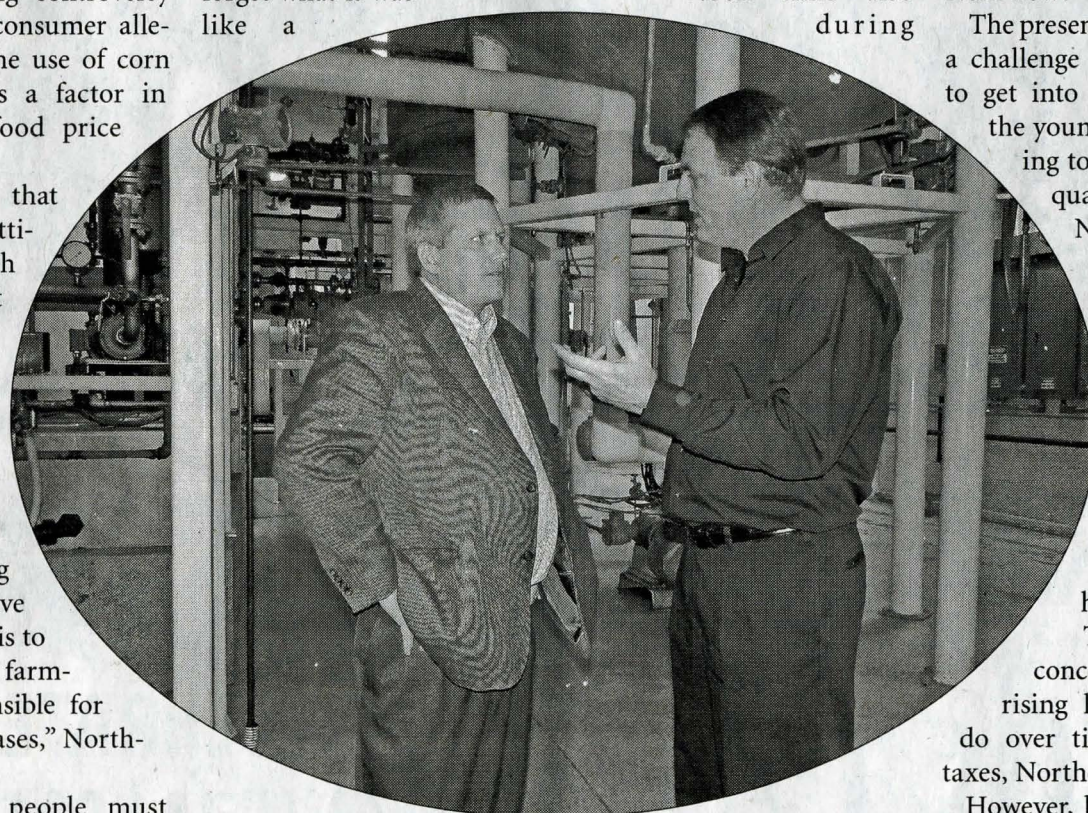
"Profitability in agriculture is a good thing for a community and our higher land price values can hopefully be handled," he said.

He acknowledged that here, as elsewhere in the United States and overseas, the challenge is one of saving farmland. Once going into development, it doesn't come back, he said.

Northey emphasized, despite the issues existing in agriculture at the present time, Iowa remains "a great place to farm" in the midst of any of the concerns.

The state has great farmers and infrastructure, he said.

"As I get around to some of the other states and on marketing visits to countries such as Korea and China, I am reminded how blessed we are to live here with the kinds of soils we have as well as our usually good weather," Northey added. "We need to remember in all this volatility that farming is a wonderful way of life, that it's a great thing for the state economically, and that we're very fortunate to be here at this time and to be able to participate in a great industry."



(SENTINEL PHOTO BY JOLENE STEVENS)

Iowa Agriculture Secretary Bill Northey listens as American Natural Soy's Mark Schuett, CEO and president, discusses the company's operation during Northey's tour of the Cherokee plant while on a Tuesday visit to northwest Iowa.