

## Cost-Cutting Quest Continues in 2006

It's that time of year when many farmers get serious about slimming down. Slimming down their production costs, that is.

"Most farmers have 'tightened the belt' considerably over the years, by cutting costs and increasing efficiencies in their farming operations," said corn producer Mark Jagels of Davenport, chairman of the Nebraska Corn Board. "For many of us, higher fuel and fertilizer costs are dictating another round of belt-tightening for 2006—even though it's getting tougher to find any more notches on the belt."

Jagels says increasing the efficiency—and profitability—of corn production is a constant challenge. "On our farm, we're looking at several ways to cut costs in 2006. Lower seeding rates, earlier maturing corn hybrids, following the soil tests to the letter, pre-paying on irrigation costs, banding herbicides—those are just some of the things we'll probably be doing this year."

Jerry Stahr is a corn and soybean producer from York. "It seems like we're running out of ways to cut production costs," Stahr said. "Each year, we tighten things up a little more, to the point where it's getting difficult to do much more. But we've got to continue looking for opportunities to become more efficient."



Vaden Hellerich applies anhydrous ammonia on his farm near Valparaiso in November 2005. Many farmers will be reducing fertilizer rates in order to cut production costs in 2006. Photo credit: Michael Paulsen/Lincoln Journal Star. Photo courtesy of the Lincoln Journal Star.

Stahr listed three of the most recent cost-cutting steps he has implemented in his operation:

- "I've been a ridge-planter forever, but I am always looking for ways to cut another step. On our corn-soybean rotation, we're only going to hill the fields every other year."
- "Soil fertility tests are essential, and we have started giving nitrogen credits for every bushel of beans produced, rather than cutting it off at 45 bushels like we used to."

- "We use irrigation scheduling to save on pumping costs. Of course, this is also important with the increasing concerns over water availability."

Jagels said the directors of the Nebraska Corn Board understand the cost-price predicament that farmers face. "We're all farmers, too, and we realize how tight things are. The best thing we can do is to keep sharing ideas to become more efficient, and keep searching for ways to grow the demand for the corn we produce."

## University Offers Profit-Boosting Tips

The University of Nebraska is offering an educational program called "10 Easy Ways to Boost Profit \$20 an Acre". The program, called "10 to 20" for short, was first introduced in late 2004. A series of meetings was held last winter to present the concepts to producers, and another round of "10 to 20" workshops is scheduled in 2006.

"The purpose of this program is to look at some of the simple things farmers can do to add profit to crop production," said Andy Christiansen, Hamilton County extension educator. "While the adoption of new and innovative ideas is desirable, this program pulls together the things we believe will add real dollars to most farmers' bottom line."

One example is the repair of leaky gates and gaskets on gated irrigation pipe. "Tests in 2004 on 21 systems showed average losses of 184 gallons per minute," said Christiansen. "By saving that much water, a producer

may be able to eliminate one, even two, irrigation sets a year. Doing that could save about \$5 an acre or more in pumping costs."

Waco corn and soybean producer Gerry George participated in the "10 to 20" workshops last winter. He said he has increased his soil sampling and, as a result, plans to reduce his nitrogen applications even further this spring.

"I have backed off on nitrogen the past few years and I don't feel like I have hurt our yields," George said. "A few years ago, we were applying up to 175 pounds on the irrigated corn. Last year, it was 140, and in 2006 I will cut it down to 110 to 120 pounds for an expected yield of 200 bushels. The soil samples just show more residual nitrogen than I expected."

Following is the schedule for this year's "10 to 20" workshops. Contact your local extension office for more information and start times:

January 26	Pizza Hut, Blair
January 31	North Platte College Voc Tech Campus, North Platte
February 1	Extension Office, Lexington
February 9	Blue Hill Community Center, Blue Hill
February 14	College Park, Grand Island
February 15	Extension Office, Lincoln
February 16	Ag Pavillion, Seward
February 21	Extension Office, Fremont
February 22	Heartland High School Auditorium, Henderson
February 23	Evening With Friends, Milligan
February 24	Kimmel Center, Nebraska City
February 27	Legion Hall, Elwood
March 2	Library, David City

### "10 to 20" Recommendations

The University of Nebraska's "10 to 20" program provides a workbook with 22 chapters of cost-cutting ideas. Each chapter details the money-saving practice or management recommendation, the estimated amount to be saved, and some of the research behind the suggestions.

1. Eliminate one field operation
2. No-till farming in dryland cropping systems
3. Switching to no-till can save irrigation water
4. Credit soil nitrogen
5. Credit soil organic matter
6. Eliminate unnecessary use of P, K, S
7. Take advantage of manure resources
8. Give proper credit to legumes in rotation
9. Rotate corn and beans instead of continuous corn
10. Eliminate inoculant where soybean history exists
11. Set realistic yield goals
12. Skip row planting
13. Use generic products
14. Eliminate routine treatment of wireworms
15. Manage foliar disease in wheat
16. Use resistant varieties to combat soybean diseases
17. Lease machinery
18. Improve efficiency of the pumping plant
19. Repair leaky gates/gaskets
20. Fine tune furrow irrigation
21. Harvest soybeans at 13% moisture
22. Use on-farm research to see what works for you



## FIELDnotes

by Mark Jagels, Chairman

Mountains! When we think of mountains, it's usually the Rocky Mountains and snow skiing and places west of here. The past few months, though, we have been seeing impressive mountains right here in Nebraska—the great mountains of yellow corn piled on the ground.

Many factors have come together to create these mountains—favorable weather, biotechnology, energy prices, the impact of the hurricanes on our transportation systems—and more. As usual, most of these factors seem to be out of our control. However, we are able to impact corn usage, and I assure you we are making steady progress in finding a home for all of the corn you produce.

For perspective, let's look back just 15 years ago. In 1990, Nebraska's corn production was 934 million bushels. In 2005, it was around 1.3 billion bushels. Consumption by the livestock sector since 1990 has climbed from 263 million up to 301 million bushels. Processing in Nebraska (which includes ethanol) now stands at 313 million bushels—compared to just 54 million bushels in 1990. With the yield increases we have seen since 1990, how many more mountains of corn would there be without the increased demand from ethanol, livestock and new uses of corn?

Ethanol has definitely been the leader in increased corn usage, and it looks like it will continue to be that way, with the number of proposed new ethanol plants and expansion plans at several others. There are also opportunities for Nebraska producers to invest in those plants, giving us a chance to diversify and to take part in the profitable returns that ethanol plants have been experiencing.

The increasing interest in bioplastics is also very encouraging. A big boost came from Wal-Mart's recent announcement that it will be using PLA containers for deli and produce items. That's especially good news for Nebraska, as Wilkinson Manufacturing of Fort Calhoun will be making those containers, using PLA processed in Blair. Many more uses for PLA are being developed. Parts of the Nebraska State Office building are being re-carpeted with PLA carpet, including the office of your Nebraska Corn Board. We have also been working with a company called Rolling Hills Dairy, which is selling milk and yogurt in PLA bottles.

Although new uses get a lot of attention, the directors of the Nebraska Corn Board recognize that livestock is still the number one consumer of Nebraska corn. Nebraska's livestock industry has

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# Ethanol Demand Continues to Climb, but Higher Prices at the Pump Frustrate Farmers



**In the past twelve months, there has been a tremendous amount of positive news regarding ethanol.**

Ethanol usage by Nebraska motorists has climbed to new record highs, surpassing 65 percent market share. The number of gas stations offering E85 fuel in Nebraska has gone from five to 30 since January 2005. Existing ethanol plants in Nebraska are expanding their production capacities. Additional plants are being constructed, and several new plants have been proposed in recent months. In Washington, Congress passed and the President signed the federal energy bill, which includes a Renewable Fuels Standard of 7.5 billion gallons by 2012. And in Detroit, Ford Motor Company announced a campaign to help promote ethanol usage nationwide.

So while most of the ethanol news in 2005 was positive, questions did develop as to how ethanol is priced.

When petroleum prices began their rapid ascent in the summer of 2005, it was assumed that lower-priced ethanol would help hold down fuel prices, especially in a state like Nebraska, where so much ethanol is produced. That did not immediately occur, however, as prices for E-10 Unleaded with Ethanol and E85 fuel climbed just as rapidly as those for ordinary unleaded gasoline. The situation was frustrating for corn producers, who were watching corn prices continue to decline during the same period.



Randy Klein

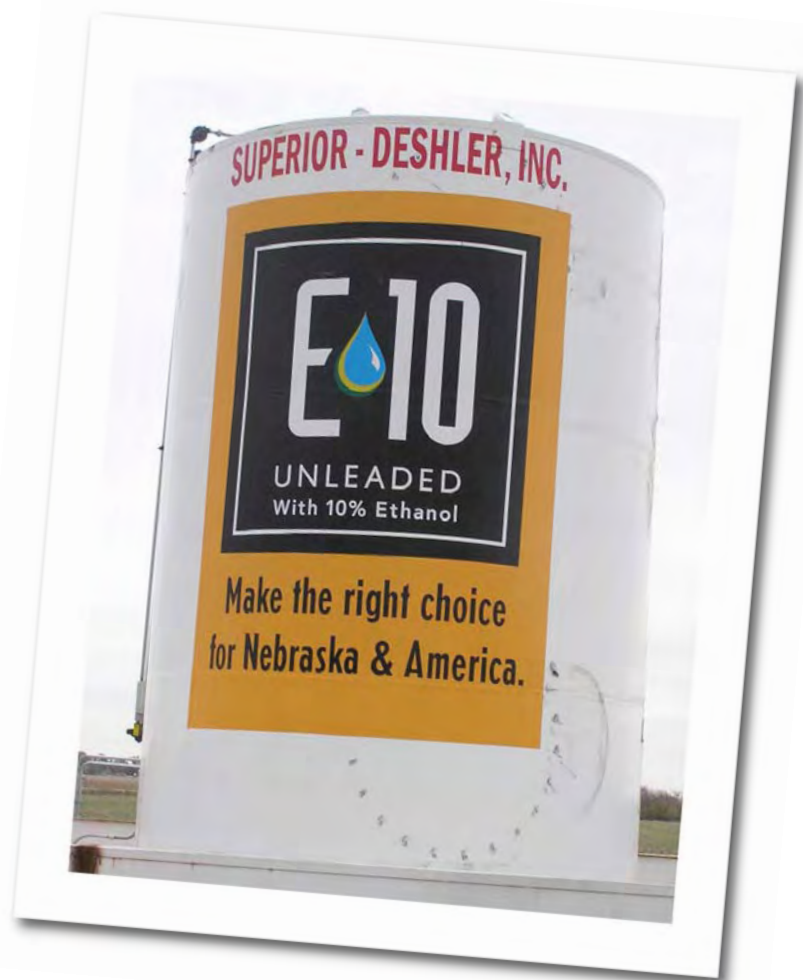
The director of market development with the Nebraska Corn Board, Randy Klein, said he understands farmers' frustrations with fuel prices. But Klein

said there was a logical explanation for the pricing situation last fall.

"In the summer of 2005, the relationship between the cost of ethanol and gasoline was not following traditional pricing because of excess production to meet the city of Atlanta's oxygenated fuel needs," Klein said. "When the city withdrew its ban of MTBE, the extra volume of ethanol, which was the oxygenate to replace the MTBE, no longer had a market."

Klein said that ethanol surplus, along with a resistance by many retailers to use ethanol to help reduce fuel costs in some non-Midwestern markets, caused a short-term drop in ethanol prices. "However, those low prices helped consume the excess ethanol, and now it is back to a traditional price relationship with gasoline."

Klein said ethanol is priced according to the price of gasoline, since it is a substitute for gasoline. "The price of



### Tanks for using ethanol!

This unique billboard for E-10 was spotted near Byron in south-central Nebraska. Funds were provided by the E-10 Unleaded Coalition, which includes the Nebraska Corn Board, Nebraska Ethanol Board and Nebraska Corn Growers Association.

ethanol is not driven by the price of corn, just as the price of milk or beef is not driven by the price of corn. It is frustrating to see energy costs so high when corn is so low, but the positive side is that success in the ethanol industry will grow the industry and continue to use more corn, helping to reduce the surplus we are currently experiencing."

Klein stressed, however, that ethanol does play an important role in reducing the price of gasoline, by increasing the supply of fuel available. "According to LECG, which is an independent market analysis firm, without the ethanol industry U.S. dependence on oil imports would be 66 percent, compared to the 63 percent it is now," said Klein. "And without ethanol, they say the U.S. trade deficit would be over five billion dollars higher than it is now."



Jon Holzfaster

Jon Holzfaster, a Nebraska Corn Board director from Paxton, said the passage of the federal energy bill in 2005 would continue to drive

demand for ethanol to meet the Renewable Fuels Standard. "Along with high gasoline prices, that will cause more ethanol plants to be built, utilizing even more of our corn in the next one to two years."

Nebraska's 11 ethanol plants currently produce more than 500 million gallons of ethanol annually. With another 20 proposed ethanol plants in Nebraska, the state's ethanol processing capacity could increase by nearly one billion gallons.

## New "Closed-Loop" Ethanol Facility Being Built Near Mead

### Is this a glimpse of the future?

E<sup>3</sup> BioFuels is building a \$71 million self-sustaining "closed-loop" complex near Mead, Nebraska—one that combines cattle production, ethanol production and waste management.

### Here's how it works:

1. Manure from a 30,000 head feedlot will be converted to methane-rich biogas.
2. The methane will be burned to heat boilers of a 20-million gallon ethanol plant, which will utilize about seven million bushels of corn each year.
3. 100,000 tons of wet distillers grains co-product produced by the ethanol plant will be fed to the cattle in the feedlot.

According to E<sup>3</sup> officials, it will be the first time all three components have been put together in one system. They have plans to build 100 more such operations in the next 15 years.

# Nebraska Corn Board Activities: Expanding Demand for Nebraska Corn and Value-added Products



## Corn Harvest Tour Showcases Quality of Nebraska Corn

**What better way to showcase the quality of Nebraska corn—and the people who grow it—than to bring foreign corn buyers to Nebraska during corn harvest?** That's exactly what happens each fall during the annual Corn Harvest and Industry Tour, sponsored by the Nebraska Corn Board. It gives customers and prospective customers first-hand experience with Nebraska's corn industry.

The 2005 tour was the tenth anniversary of the event. It attracted foreign buyers from Mexico, Guatemala

and Costa Rica. One of the tour participants, Jorge Bosch, is a purchasing manager for Guatemalan-based CMI, the largest poultry and swine production company in Central America. "Your producers are very professional," Bosch said. "You keep increasing yield, and you are doing amazing work in genetics."

"It is important to be able to bring key customers to Nebraska," said Kelly Brunkhorst, ag promotion coordinator for the Nebraska Corn Board. "Along with seeing our corn production up close, they are also



Corn producer Scott Spohn of Friend (back to camera) takes a break from harvest to visit with some of the participants in the 2005 Corn Harvest and Industry Tour.

able to develop important contacts and build relationships that will build business in the future."

## Promoting Nebraska Pork Products in Japan

**Exports of U.S. pork to Japan are skyrocketing, and the Nebraska Corn Board wants to make sure Nebraska pork producers go along for the ride.** The Nebraska Corn Board recently teamed up with the U.S. Meat Export Federation (USMEF) on a special project aimed at introducing Nebraska value-added processed pork to Japanese meat buyers. The event, called the Nebraska Pork Sausage Tasting Session, took place in Tokyo. The pork products used in the promotion came from Wimmer's Meats, headquartered in West Point, NE.



Japanese meat buyers sampled Nebraska processed pork products during a Nebraska Pork Sausage Tasting Session in Tokyo. Your Nebraska Corn Board helped sponsor the event.

"We welcomed the opportunity to help Nebraska's pork producers showcase their product to this important group

of Japanese decision-makers," said Don Hutchens, executive director of the Nebraska Corn Board. "The livestock industry is the number one user of Nebraska corn, and the Nebraska swine

industry is a very important customer, consuming about six percent of the corn we produce each year. A healthy pork industry is also vital to Nebraska's overall economy, with all of the economic activity it generates."

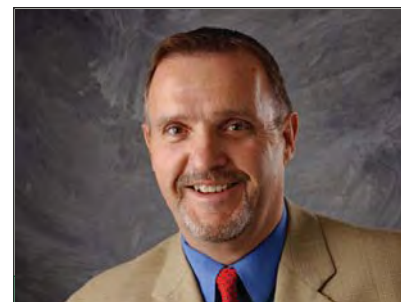
## Biotechnology Conference Makes Believers of International Official

**In the four years that the Nebraska Corn Board has helped sponsor the International Biotechnology Information Conference, there has been a noticeable shift in attitudes about biotechnology within the international community.**

That assessment comes from Don Hutchens, executive director of the Nebraska Corn Board, who has helped host all four of the biotech conferences. "In 2002, the first year of the conference, there was a considerable amount of negativity and concern being expressed by the international attendees, regarding biotechnology," said Hutchens. "Most of them didn't want to see it in the products they were importing from the U.S., and they certainly didn't want biotech crops to be planted in their own countries."

Thanks to efforts like the International Biotechnology Information Conference, Hutchens said those attitudes are changing. "This year, many more of the conference participants were enthusiastic about the potential benefits that biotechnology can bring to their countries. And for most of them, the safety of the U.S. grain supply is no longer an issue."

The 2005 International Biotechnology Information Conference drew more than 100 international government officials from 50 nations.



## The CORNER Office

by Don Hutchens,  
Executive Director

Among the antiques I treasure most is a small hand corn sheller used by my father. He told me how, each fall, he and my mother would go to the corncrib and carefully select the open pollinated ears they thought would perform the best the next year. Then, he would use that sheller to shell off the kernels that would become the seed for the next planting season. Dad also told me how a good man could pick 100 bushels of corn a day by hand. He said he never had a problem picking 100 bushels in a day, as long as he had my mother helping in the rows next to him, throwing ears in the horse drawn trailer.

It's amazing how far we have come in production agriculture over the years. But there are some aspects of agriculture that haven't changed all that much, including the reasons behind federal farm legislation. My Dad once told me there were two objectives to the original federal legislation that started the series of Farm Bills back in the 1930s. One reason was to keep as many farmers on the farm as possible. The second was to make sure American consumers had the most abundant, cheapest food supply in the world.

Well, it looks like one out of those two objectives has worked. The early federal legislation wasn't enough to stop the trend towards fewer and fewer farmers. But, American consumers got a good deal, and it still holds true today. We Americans spend less than 10% of our disposable income on food. Even if you add in what the federal government spends for entitlements to farmers, it doesn't increase what we spend by even one percent. The most abundant, cheapest and safest food supply anywhere in the world is still a product of that early farm legislation.

As we start the debate for the 2007 Farm Bill it will be important for farmers and ranchers to be heard, either through their general farm organizations, commodity associations or checkoff boards that can influence those decision makers. Your Nebraska Corn Board is ready to help in this process.

Over the next few months, we will be compiling your opinions and passing them on to our senators and representatives in Washington. There are four ways you can share your opinions with us. One, you can go to [www.nebraskacorn.org](http://www.nebraskacorn.org) and click on the 2007 Farm Bill icon. Two, you can e-mail us at [ne.corninfo@necorn.state.ne.us](mailto:ne.corninfo@necorn.state.ne.us). Three, you can call us at 1-800-632-6761. Or four, you can write the Nebraska Corn Board, P.O. Box 95107, Lincoln, NE 68509. We look forward to hearing from you.



**Nebraska Corn Board Honors Doug Robinson.** A long-time supporter of Nebraska's corn industry received the Nebraska Corn Board's annual Ag Achievement Award at the Nebraska Ag Classic in Kearney. Doug Robinson with J.C. Robinson Seeds, Inc. of Waterloo was recognized for his ag industry leadership, and support of numerous Nebraska Corn Board activities including the annual Corn Harvest Tour.

**Elevator Manager Appreciation Awards.** The Nebraska Corn Board has recognized two individuals with Elevator Manager Appreciation Awards—Harold Kroeker of Kroeker Grain & Lumber Inc. in Henderson, and Merlin Schlote of Progressive Nutrition in Norfolk. The awards are presented annually to managers and/or merchandisers who are supportive of the mission of the Nebraska corn checkoff and the value of investments being made.

**Nebraska Corn Board Directors Receive Awards.** Doug Boisen of Minden and Bob Dickey of Laurel were recently honored with Public Service to Agriculture Awards from the Nebraska Agribusiness Club. Boisen represents District 6 and Dickey is the District 4 director on the Nebraska Corn Board.

**Boisen Named Treasurer of USGC.** Doug Boisen has been elected treasurer of the U.S. Grains Council. His duties include serving as chief financial officer for USGC and overseeing development and tracking of the annual budget. Boisen served as secretary of USGC last year.

**2005-2006 Corn Quality Report Released.** Each year since 1994, the Nebraska Corn Board has published the Nebraska Corn Quality Report, which details the quality, reliability and abundance of the state's corn crop. The report is published in English, Spanish and Japanese and is distributed to trade teams that visit the state, as well as to domestic and international grain purchasers. To request a copy of the 2005-2006 report, call 1-800-632-6761. It is also available on the web at [www.nebraskacorn.org](http://www.nebraskacorn.org), under Publications.





### Thanks For Your Support Of Nebraska's Livestock Industry!

By Michael Kelsey, executive vice president of Nebraska Cattlemen

(Editor's note: Michael Kelsey joined Nebraska Cattlemen in November of 2004. In this guest commentary, he discusses the relationship between the corn and cattle industries in Nebraska.)

When I considered the opportunities in taking a position with the Nebraska Cattlemen, I viewed moving to the "Beef State" as a huge opportunity. Nebraska is known for its beef worldwide from both a quality and quantity standpoint. What I have learned and observed since coming here is that this reputation is one that many folks have had, and will continue to have, a hand in earning. Certainly Nebraska cattle producers have worked hard to produce the best beef in the world. But just as hard-working are our agriculture brothers who raise the feed that is needed to produce our state's great beef.

I have enjoyed learning about the many ways that the Nebraska Corn Board and Nebraska Corn Growers Association support Nebraska's livestock industry. I am encouraged by the 'big-picture' thinking they have displayed. Agriculture needs more of this type of innovative and progressive leadership. Most folks acknowledge that corn and cattle have a symbiotic relationship. The Nebraska Corn Board does more than acknowledge that fact—they have worked hard to cultivate it.

A synergistic relationship between corn and livestock provides great opportunity. As our state proposes more ethanol plants, we should be proposing more livestock operations to consume the distillers grains from those plants. The Nebraska Corn Board firmly supports this concept and has taken action to help make it possible. An example of that commitment is their participation in a research project investigating how the increased phosphorus concentrations in distillers grains can be managed by the livestock industry.

I am also encouraged by the Nebraska Corn Board's support of improving marketing opportunities for Nebraska beef in foreign markets. The Nebraska Corn Board has sent many dollars to the U.S. Meat Export Federation to support promotion efforts of U.S. beef in Japan, Korea and many other foreign market places.

Corn producers, your efforts and commitment are appreciated by the cattle industry. I look forward to the many opportunities that we will have to work together in the future as we strive to improve Nebraska agriculture by feeding our world and raising our families.



# Nebraska Corn Board Supports Leadership Development

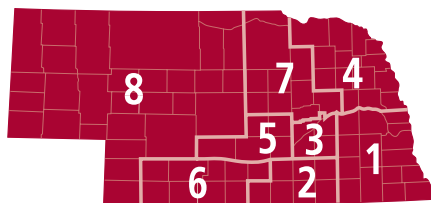


Pictured alongside the Nebraska Corn Board van is the 2005-2006 Nebraska FFA state officer team. Standing, from left to right, are vice-president Dillon Harchelroad of Imperial; vice-president Jaci Benson of Chapman; vice-president Rob Bundy of Ashland; vice-president Ryan Hassebrook of Bellwood; president Tony Roubal of North Bend; and vice-president Laura Demmel of Ogallala. Kneeling is secretary Kyle Perry of Kimball.

**Providing support for the future of agriculture in Nebraska.** That's another one of the missions being carried out by your Nebraska Corn Board. Corn checkoff dollars help support several leadership development programs, including FFA, 4-H, the Nebraska LEAD Program, Ag-in-the-Classroom, the Nebraska Ag Youth Institute and more.

As part of its ongoing support of the Nebraska FFA, the Nebraska Corn

Board sponsors awards and provides speakers for various FFA functions. The Nebraska Corn Board also provides a flexible fuel vehicle van, powered by E85, for state officers to use as they travel around the state. "FFA officers are great examples to Nebraska's rural youth," said Nebraska Corn Board director Stan Boehr of Henderson. "We're pleased to provide them with a safe vehicle for their travels, and to have them promoting ethanol at the same time."



Nebraska Corn Board members represent the eight districts indicated on the map and are appointed by the Governor. One at-large member is elected by the other Board members.



**District 1**  
Bernie Heier  
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402/483-6070



**District 6**  
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308/832-0509



**District 2**  
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**District 7**  
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**District 3**  
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**District 8**  
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**District 5**  
Bart Beattie  
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Sumner, NE 68878  
308/752-2020

# Nebraska Corn Board Publishes Co-Products Manuals

The Nebraska Corn Board, working with University of Nebraska-Lincoln animal scientists, has compiled two manuals on the feeding of distillers grains and corn gluten to livestock. The first manual, called the *Corn Processing Co-Products Manual* is a review of current co-products feeding research involving cattle, hogs, poultry and dairy. The second, entitled *Utilization of Corn Co-Products in the Beef Industry*, contains more detailed information for cattle producers. To obtain a copy of either or both manuals, contact the Nebraska Corn Board at 800-632-6761. They are also available for download at [www.nebraskacorn.org](http://www.nebraskacorn.org).

### Field Notes (continued from page 2)

been in a "non-growth" mode over the past 15 years, and the hog industry has really suffered. Your Nebraska Corn Board has been discussing ways to address this challenge, and is working with the Nebraska Pork Producers, Nebraska Cattlemen, Nebraska Farm Bureau and others to find solutions. We need to find ways to increase the number of hogs and cattle grown and finished in the state.

Your Nebraska Corn Board is continually striving to find ways to add value to your corn before it leaves the state. We are always open to ideas or ways we can represent you, the producer. Please contact the Nebraska Corn Board office, or a director, with any comments or suggestions. Hopefully, 2006 will be a year where the only mountains we see are the ones to the west of Nebraska.

[www.nebraskacorn.org](http://www.nebraskacorn.org)

# CORNSTALK

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