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'Phenomenal' corn yields blunt ethanol's impact on livestock feed

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October 29, 2011



A new report from the George Morris Centre acknowledges ethanol's impact on the availability of corn for livestock is minimal – in the short term

by KAREN BRIGGS

A new **report** by the George Morris Centre says exceptional corn yields have mitigated the expected impact of increasing ethanol production on the Ontario livestock sector.

Al Mussell, co-author of the report titled, "Ethanol and Corn in Ontario: An Update and Prognosis," says, "We wanted to have another look at how the new demand for (corn for) ethanol is affecting the market re-alignment process."

Theoretically, the production of corn for ethanol should result in an erosion in the livestock sector, he says. But declines in hog production from 2006 to 2010 had to do with exchange rates, high feed prices and the H1N1 influenza scare. "A number of producers exited the industry and I don't think ethanol was really to blame," he says.

Ontario beef cattle production over the same time period remained consistent.

"Clearly we have enough corn in the system to accommodate ethanol," Mussell says.

Conditions over the past few years are not necessarily predictive for the future, he warns. If Canada increases the percentage of ethanol in its fuels to 10 per cent from the current five per cent, "there won't be enough corn to go around. We also can't assume that yields will continue to be as exceptional as they have been. I suspect there will be an adjustment in the market in future."

Terry Daynard, one of the founders of the Ontario Corn Producers' Association (now part of the Grain Farmers of Ontario) and a former professor of crop science at the University of Guelph, says he agrees with the report's assertion that there has been enough corn product for both markets. But he's not sure he subscribes to all of the report's conclusions.

"The report concludes that it was pure luck that we had enough corn to meet the demands of both the livestock and ethanol sectors," says Daynard. "It used the word, 'serendipitous' . . . but if you look at the data they present, yields of Ontario corn have been steadily increasing. What's interesting is they make no reference to genetic improvements or better hybrids. I think most corn producers would credit that as well as longer growing seasons, as contributing to those improved yields."

He points out that even this year, in an unremarkable growing season with excessive rain in the spring and drought in the summer, yields have been

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exceptional, all things considered. Furthermore, says Daynard, projections indicate that demand for ethanol is levelling off, both here and in the United States. “I don't see 10 per cent ethanol happening in Canada any time soon.”

Instead, he suggests that if the ethanol requirement remains at five per cent, ethanol demand will remain where it is. But if farmers' ability to grow corn continues to improve, “we're actually going to be looking for more markets for Ontario corn in future.”

The George Morris Centre, based in Guelph, Ontario, is a national, independent, economic research institute that focuses on the agriculture and food industry. **BF**

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serendiptiy, cornucopia, and reality
Submitted by an online visitor on October 29, 2011 - 6:34pm.

The George Morris Centre's people, and I, are all economists - to an economist, "serendipity" means a temporary vacation from reality, while, apparently to a crop scientist like Dr. Daynard, "serendipity" appears to mean that the cornucopia theory works, at least for now.

To a banker looking at an application from a hog farmer wanting to build a new barn, both serendipity and cornucopia mean it's likely to be a bad loan.

More to the point, I'm not prepared to share Dr. Daynard's enthusiasm about ethanol in Ontario, unless and/or until he's prepared to put his money, lots of his money, into a hog barn.

Stephen Thompson, Clinton ON

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owners?
Submitted by an online visitor on October 30, 2011 - 4:09pm.

Who owns and pays for the George Morris Centre?

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could somebody answer who
Submitted by an online visitor on October 30, 2011 - 8:48pm.

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the answer
Submitted by an online visitor on October 30, 2011 - 7:33pm.

According to their web-site, the George Morris Centre is a registered, not-for-profit, charitable organization, and in their words, still financially "fuelled" by the endowment of their founder.

Therefore, I guess they really can, and do, speak the often-unpalatable truth about issues of concern to agriculture - and so they should.

Stephen Thompson, Clinton ON



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