

2007 Norman E. Borlaug/World Food Prize International Symposium
Biofuels and Biofoods: The Global Challenges of Emerging Technologies
October 18-19, 2007- Des Moines, Iowa

SYMPOSIUM LUNCHEON

October 18, 2007 – 12:00 – 2:00 p.m.

Speaker: Hon. Chuck Conner

Ambassador Kenneth Quinn

President - World Food Prize Foundation

Last year we inaugurated a new feature of our Symposium, the Secretary's Address, and Secretary Mike Johanns came to give that. And this is now our second year, and we are very honored to have the Acting Secretary of Agriculture Chuck Conner to be with us.

Secretary Conner was named Acting Secretary in September of this year, having served as a Deputy Secretary of Agriculture since May of 2005, working to develop, promote and reform the Administration's foreign policies, and led farm bill listening sessions around the country with farmers and other stakeholders. He also led the Department's review to develop a sound policy direction for the future of American agriculture.

Prior to his tenure with the Department of Agriculture, Secretary Conner served on the National Economic Council beginning in November 2001, as Special Assistant to the President for Agricultural Trade and Food Assistance. He's an Indiana native, as I noted before, and a lifelong Boilermaker – and again for our foreign guests, that's the nickname of the Purdue University sports team. I think we had some Borlaug Fellows who were here yesterday, and I don't think they refer to themselves as Boilermakers. So the culture is taking hold, the program is working here.

He received a Bachelor of Science degree in agricultural economics from Purdue in 1980. I don't know if you ever – if Professor Nelson ever had you in class... But from 1997 to 2001, Secretary Conner was president of the Corn Refiners, had several staff positions in the Senate Committee on Agriculture, Nutrition and Forestry, and worked as an assistant to Senator Richard G. Lugar, one of the World Food Prize's heroes. And his family – I think this is probably the most telling and important part of the introduction – his family still owns and operates an Indiana farm where he grew up raising corn, soy and cattle.

Ladies and gentlemen, join me in welcoming Secretary Chuck Conner.

Hon. Chuck Conner

Acting U.S. Secretary of Agriculture

Good afternoon, everyone. Ken, I really do appreciate that kind introduction. I appreciate so many references to Purdue as well. This has been an exciting day.

It is, ladies and gentlemen, a pleasure for me to be here. Last year, then-Secretary of Agriculture Mike Johanns joined you at this event to honor the winners of the World Food Prize and to name these proceedings in honor of his good friend, Dr. Borlaug. As you can imagine, for me things have been a bit of a blur since I became Acting Secretary of Agriculture, I might add, rather unexpectedly last month.

I mentioned last night to my wife that I would be on travel with aides, speaking with you here in Iowa. I said that, you know, with everything going on and all the changes, that I always remain a little bit nervous about coming and making a good impression with you guys. She said to me, "Well, whatever you do, don't try and sound intellectual, don't try and sound sophisticated, and certainly don't try and charm them." She said, "Just be yourself." Well, folks, I'm here as myself, equipped with very good advice. And I do want to share a few thoughts with you today if I could, about these great proceedings.

It is hard to believe that we are now in the 21st year of the World Food Prize. Ken, that's a long time. We have certainly had a very distinguished string of winners as part of that prize. I have been honored to serve as a keynote speaker. And certainly my agency, the U.S. Department of Agriculture, has been proud to provide financial support to the World Food Prize program and to lend our senior people, many of our senior people, to the discussion that takes place here, and the planning that takes place here. We look forward, Ken, to playing an expanded role in these future World Food Prize events.

Today, though, I do want to congratulate this year's winner, Dr. Phil Nelson of Purdue University, being a proud Purdue alumnus, and of course a fellow Hoosier, only adds to my pleasure in seeing his innovative work in food packaging and transportation.

One thing Dr. Nelson's work shows us is that it really does pay, ladies and gentlemen, to think big. And I will tell you that, growing up on that small Indiana farm, I probably didn't fully appreciate what a great nation we have and that it would provide me, off of that little farm, an opportunity to someday lead 110,000 employees at the U.S. Department of Agriculture.

Fortunately, Phil Nelson, you have always thought big, and you've dreamed big. His insights into how to store and transport food without spoilage, without contamination and also without refrigeration may have had their beginnings in his family's tomato canning operation in Morristown, Indiana – not far from my hometown. But he scaled them up to take advantage of some of the biggest food containers around.

His aseptic systems have turned the hulls on ocean-going cargo ships into what are commonly referred to as simply "giant Ziploc bags" that can be safely stuffed with millions of gallons of processed tomatoes, orange juice, and a lot of other products.

Thanks to his innovations, developed nations can export their processed fruits and vegetables and export at a reasonable and competitive price. And developed countries can be certain that food products crossing their borders are safe and wholesome for their food supply.

One of our core missions at USDA is certainly food safety, so we have been long mindful of Dr. Nelson's contribution to this area. We recognize them in a practical way through the affiliation we began with Purdue's Food Science Department back in 1999 when he was the head of that department.

We created a cooperative research program between USDA researchers. Those researchers located in Windmore, Pennsylvania, and Purdue University developed new systems for protecting and preventing chemical and microbial contamination within our food supply. That program has scored a series of breakthroughs in packaging protection, and the research relationship continues to this day and will continue into the future.

Ladies and gentlemen, please join me again for a moment in what will be many times, certainly, to show our appreciation to Dr. Nelson and all that he has done for us and the world over his distinguished career.

While this is a day to celebrate achievements, it is a day and week to contemplate the challenges before us in the future. Ladies and gentlemen, we have seen remarkable progress in agriculture and food science over the last fifty years.

Perhaps the best measure of how far we have come is the tremendous growth we have seen in our own per-acre productivity. Being here in Iowa, of course, it's always appropriate to talk about corn. Consider for a moment that, between 1948 and 2004, the average per-acre corn yield in the U.S. quadrupled from just 48 bushels an acre to now a record 160 bushels an acre.

As we learn more how to genetically engineer desirable traits into our crops, the crops we depend upon, I have no doubt that today's records will be broken before long. And I do not in any way see this productivity rate slowing going forward in the future.

Being able to produce food in great abundance has given us the ability to help others living in this country and also living outside this country to less-fortunate parts of the world. We have had the opportunity to share two very important aspects with those less fortunate in other parts of the world: our agricultural knowledge and, of course, our surplus food.

Generosity to the world's neediest people does remain, ladies and gentlemen, the cornerstone of American food aid policy. The United States does continue to be the largest single donor to international food aid programs. Over the last ten years, we have provided 55 percent of the world's total food aid given. [applause]

The record commodity prices we are seeing this year are, of course, good news for our own farmers. I might add on a personal note that my own brother is a corn farmer in Benton County, Indiana, and he appreciates, I will tell you, these higher prices today. And he's using the income from those higher prices to pay down debt and to replace equipment that is probably long overdue to be replaced.

But higher prices also do challenge our ability to provide food aid around the world while staying within our own always-tight federal budget. We have responded by reviewing the logistics of how we buy and ship food products overseas, to see where efficiencies can be realized. And earlier this year we launched a new stocks-for-food barter initiative. With this approach, we are exchanging bulk commodities for a processed food product like canned pork, canned poultry, and other products that will be distributed through our domestic and international food assistance programs.

As part of this year's farm bill, the President had proposed modernizing the way that we distribute surplus food through our international aid programs. He is seeking authority to buy locally up to 25 percent of the food we provide, rather than requiring that it all be shipped from the United States. [applause] We believe – and I think most of you probably concur from that response – we believe that change will allow us to provide aid, particularly during times of emergencies, in a more timely and certainly flexible way.

Our federal food aid programs have their roots in the Marshall Plan that helped Europe rebuild following the ravages of World War II. Their focus today, of course, is on Africa, Latin America, and certain parts of Asia. Over the years, they have helped many nations lift themselves out of poverty and out of hardship. Perhaps the greatest measure of their success is that today, all the nations that are among the top ten buyers of our agricultural exports – all the nations except one – were once recipients of U.S. food aid.

The agricultural production base we have achieved here in the U.S. has given us, of course, another gift as well. It has given us the platform for a renewable fuels industry based on ethanol and biodiesel, the fuels generated from corn and soybeans. And with oil prices edging closer to \$90 a barrel, that gift grows more valuable every day. With more than a billion people expected to join the emerging middle classes of China and India by 2020, we have to recognize the demand for personal mobility and the energy to fuel that mobility is only going to grow internationally.

Biofuels, we believe, can meet the world's demand for mobility in an environmentally acceptable way. They can bring new jobs, economic growth, and energy self-sufficiency, both to industrial nations as well as to the developing world. Here in the U.S. the renewable fuels industry has simply made remarkable, unbelievable strides this year. More ethanol production capacity has come online in the U.S. in the last seven months than in all of last year. Seventeen new plants with a capacity of 1.3 billion gallons have been added in this very short period of time.

The sharp upswing in demand in ethanol we have seen over the last couple of years is what is driving this market. Refiners have adopted ethanol, of course, as their preferred additive for gasoline. And today half of the gasoline now sold in the U.S. contains a blend with ethanol – one half.

All this demand has also created, of course, an updraft on the price of corn. Farmers across the country responded this spring by planting the largest corn crop that we have seen in this country since 1944, during the years of World War II. Thanks to our farmers' hard work, and of course we always hope and pray for a good amount of rain here in Iowa and the rest of the

Corn Belt, we are on track to bring in a record 13.3 billion bushel corn crop again – a feat that most thought was impossible only a few short years ago.

On my way back to Washington, I'm looking forward, I hope, depending upon my schedule, to get some hands-on exposure to much of this corn crop by helping out in my own family's harvest there in Audubon, Indiana. And we'll see – ladies and gentlemen, you hold me to this – we'll find out whether my being the Acting Secretary of Agriculture means that my brother is not going to trust me any longer to run that new John Deere combine that he is just moving down through the fields out there.

But I will tell you, as the demand for ethanol has expanded, I know that many concerns have been voiced about the impact of these higher corn prices and what they might have on livestock feed and, of course, consumer food products. So far, I will tell you, without question – this is a popular topic – but we believe the anxieties of this issue have been running way, way ahead of any market reality. The best estimate we have from USDA data is that ethanol will consume about 3.2 billion bushels of corn this year. And of course that's up from about 2.1 billion bushels from the last year's corn crop.

But the key point to remember, ladies and gentlemen, is that the amount of corn going into livestock feed will also go up this year from 5.6 billion bushels to roughly a little over 5.7 billion bushels. We have put more corn into the livestock sector, in addition to adding to our own ethanol for fuel supplies.

Ethanol prices have dropped in recent months as supply has expanded. But according to our data in the Department of Agriculture, most of these plants are still able to cover their operating costs. I believe what we are seeing are some of the bumps and jolts, if you will, of a quickly emerging industry that is still, of course, in its very, very early stages of rapid growth. You don't start a sector like this without some fits and starts.

We don't know yet what the final shape of this industry will be. But we do know that, to reach the more ambitious renewable fuel standards that are being talked very seriously about today – whether it be the President's proposal for a 35-billion-gallon goal or, as the Senate has suggested, a 36-billion-gallon standard – we will have to diversify, we know, our fuel feedstock beyond simply corn and soybeans and get into other materials for cellulosic ethanol production.

The renewable fuels industry will have to find the right mix of energy crops, frankly, from every part of the country, and the most efficient way to produce and distribute those crops. And it will have to do so strongly, in a way to protect the soil and to maintain a positive carbon balance from its activities. Let me tell you, if you will, what USDA is doing to bring that day closer to us.

This Department has very, very unique resources that it can bring to bear. First and foremost, the Department of Agriculture is about our people. We have 2,500 plant scientists working in more than 100 agricultural research service laboratories around the country. And we introduced Ed Knipling earlier who is the man in charge of all of those plant scientists, plus a whole lot more.

Beyond the resources in our own laboratories are cooperative state research, education and extension services to support the work of agricultural scientists at more than 100 land-grant institutions. Our ARS biologists and chemists are already working together to find the microorganisms and the enzymes that will efficiently break down cell walls and unlock the energy inside, so that it can be converted into ethanol, perhaps butanol, methanol and other specialty oils for biodiesel products.

Today we have hundreds of bioenergy research projects that are underway either directly or, of course, through our affiliated scientists. And while scientific breakthroughs are critical, critical to the future of cellulosic ethanol, the industry must build on a sound business model as well. It must find efficient ways to collect feedstock and distribute that fuel to its customers. To address those challenges, we have revamped our Biomass Research and Development Board that serves as the federal government's main coordinating body for promoting biofuels and bio-based products.

The board has begun work on a biofuels action plan. It is looking at how to advance all phases of the biomass production cycle.

Ladies and gentlemen, we acknowledge that there are formidable challenges, and meeting them is going to require a strong, combined effort from government and, most importantly, from the private sector. That is why the Bush Administration and the Department of Agriculture have proposed \$1.6 billion in new spending on research and development in the area of renewable fuels as part of this year's 2007 farm bill debate.

The focus on most of our proposals is on speeding the development and the full commercialization of not corn-to-ethanol but cellulosic ethanol. We will be urging Congress to include all of our renewable energy proposals, as well as, of course, providing funding for those proposals in its farm bill that it hopefully will send to the Senate, to the President, soon.

We are excited that the House chose to adopt many of our bioenergy proposals, and early indications suggest that the Senate has simply modeled their own energy title after our recommendations.

I am, ladies and gentlemen, optimistic about the outcome because I do believe strongly that virtually every American wants to see our nation cut its dependence on imported oil and to meet more of our own energy needs. That is a common theme no matter where you go in America today. And I believe Congress also wants to see our nation build a future greater energy choice, for both security as well as reasonable prices.

If we do our part in Washington, and all of you continue the great work that you're doing, I believe we can work together. We can build a bright future for our people, the people of all nations, one where energy supplies are plentiful, where food supplies are plentiful. And we rely upon the great ingenuity of the American farmer to continue to provide for all of those needs.

I thank you all again. Phil, thank you for all that you do. My congratulations to you and your family. Ken, thank you for having me with you today.

Ambassador Kenneth Quinn
President - World Food Prize Foundation

Mr. Secretary, thank you so much. You've added significantly to our discussions and deliberations, and you have painted the picture for the future that we all hope will be attainable. So we'd like to say thank you to you in a tangible way. And I have three and a half presents for you, three and half.

Now the first half I have to explain by referring back to last year, because in addition to Secretary Johanns speaking we had two other individuals that spoke – Josette Sheeran, who was the Under Secretary of State for Economic Policy and Dan Sullivan's colleague at that time; and then Bob Gates, who at the time was president of Texas A&M University. They both stood right here as you just did. Two weeks after Josette gave her remarks, she got a call from Kofi Annan offering her the position of Executive Director of the World Food Programme, and she's now in Rome doing that. A couple of days after she got that call, Bob Gates was called by the President to be the Secretary of Defense. I sent both of them a note saying, "I hope you understand it was your appearance at the World Food Prize that cinched the deal."

So the half was to tell you about that. And with our hopes that we're going to be three for three, because our country would be very well served with you as Secretary of Agriculture.

Now the three gifts: This is for Marc Linder really – it's a copy of the video of America's Heartland show. It's all about Dr. Borlaug. I'm in a couple of places; you can delete those. And for others, he has about two or three hundred copies back here that you can take away with you.

We also want to have you take away a copy of Dr. Borlaug's biography, *The Man Who Fed the World*. And as I mentioned before, and as John said earlier in his remarks, when Dr. Borlaug got the Congressional Gold Medal, it was one of the great moments in the history of American agriculture, and I think in world agriculture. His medal was made of gold. We have a replica made from that from the same mold that his medal was made from, an exact copy – I'm sorry it's not gold; it's bronze. But I hope that you can take this and have it as a remembrance of his achievement and our appreciation for you coming today to be with us. Thank you again so much.