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Agricultural Outlook Forum

Presented: February 17, 2006

BIO FARMING AND ITS IMPACT ON RURAL AMERICA

Bill Horan  
Horan Brothers Agriculture Enterprises

# Future Structure of Ag

What might the structure of ag look like?

# Future Structure of Ag

What are the drivers?

## U.S. BEAN EXPORTS (WORLD MARKET SHARE)

Vs.

## BRAZIL AND ARGENTINA BEAN EXPORTS

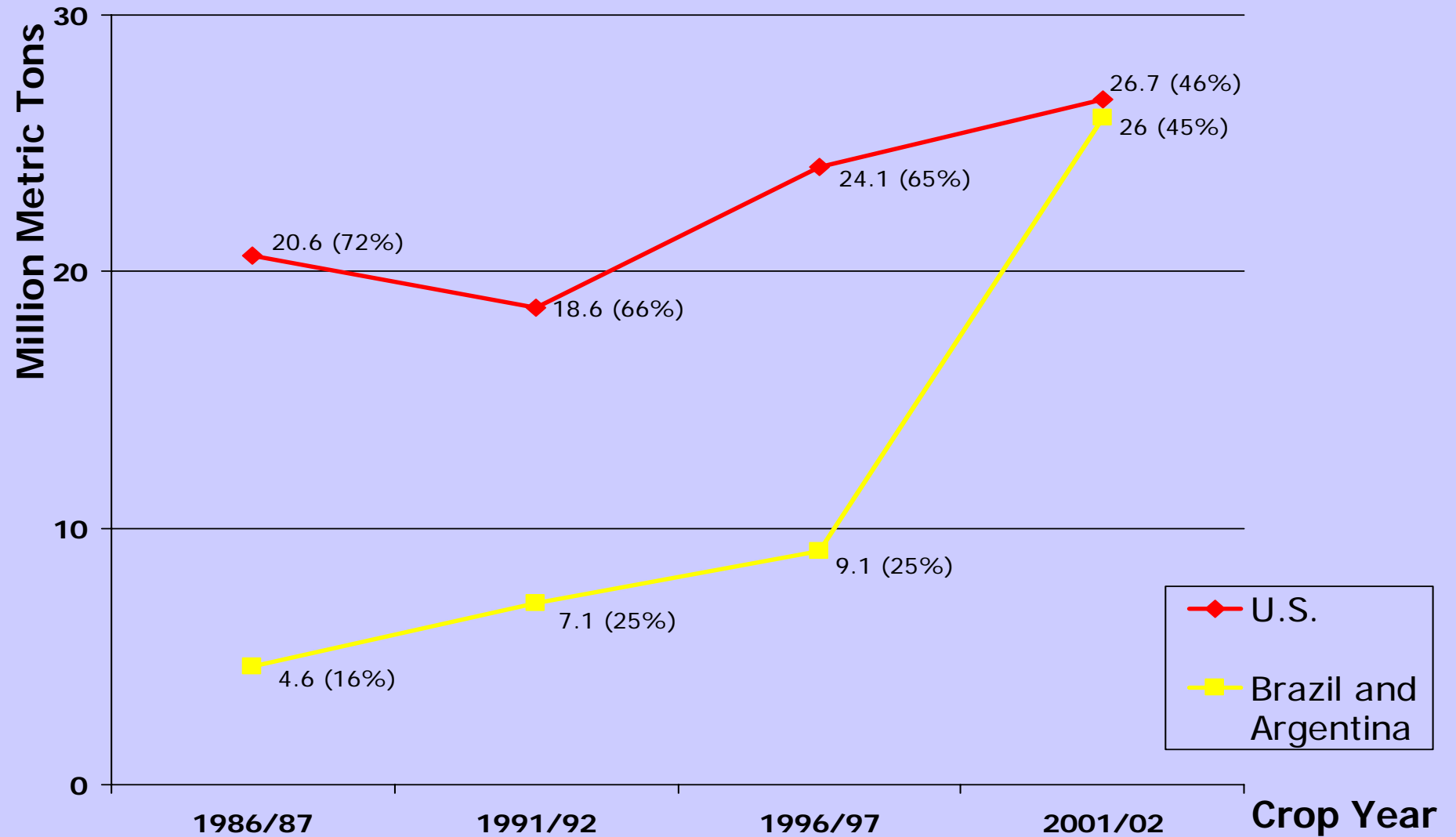
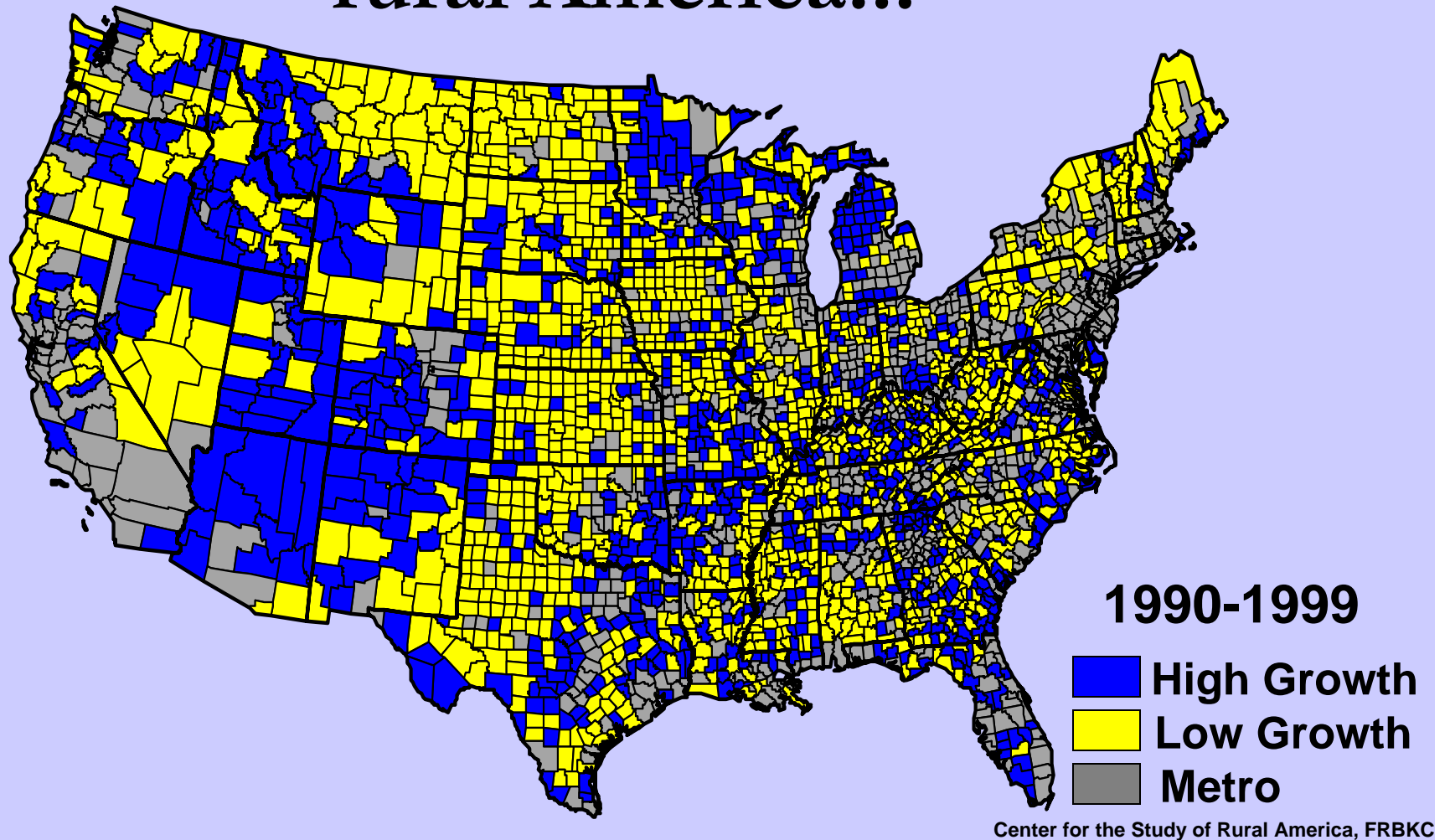


Figure 1.  
Economic gains are uneven across  
rural America...

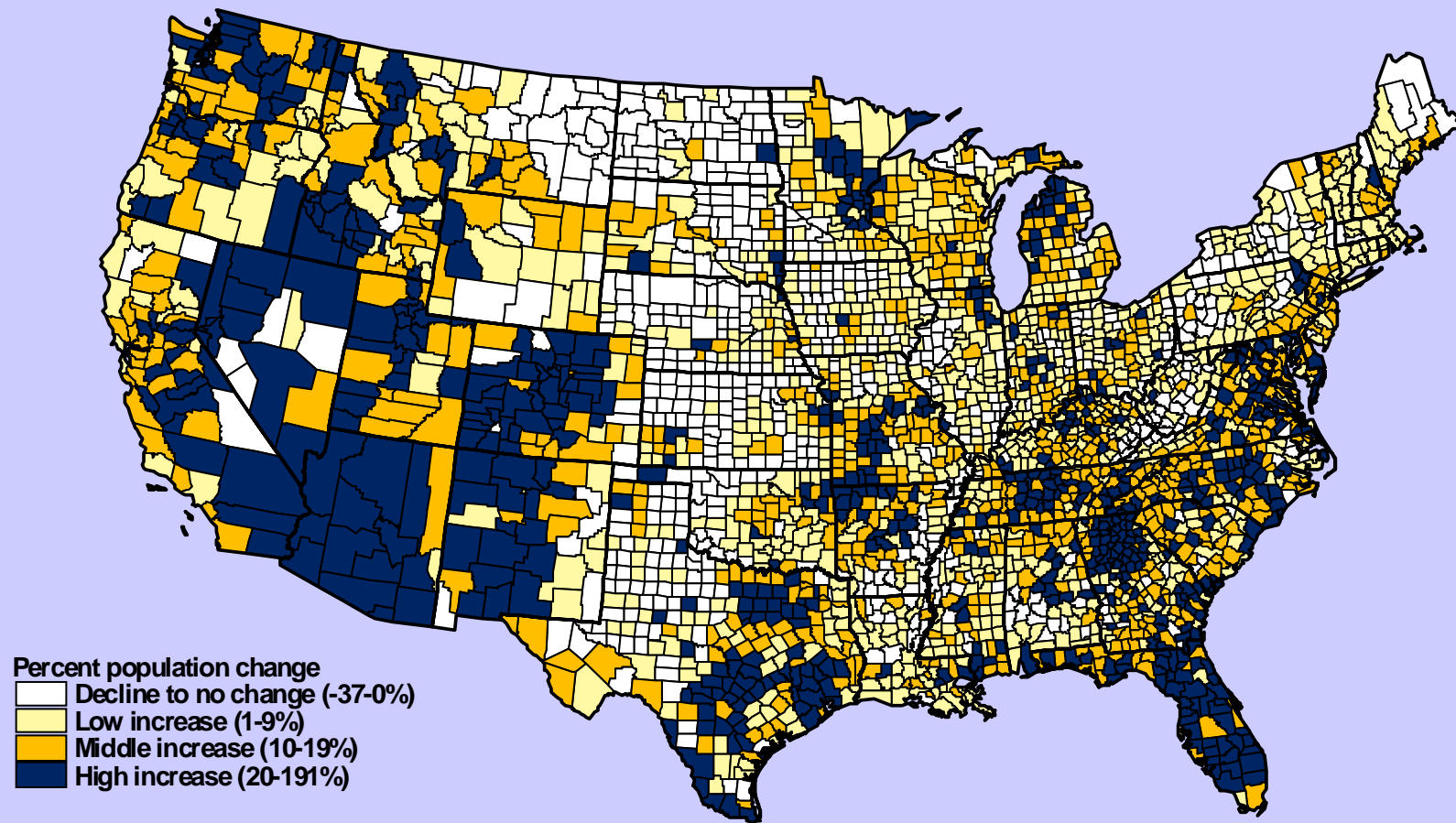


Source: BEA

Figure 2.

# Population growth...

1990 - 2000 Change



Source: US Census Bureau

Center for the Study of Rural America, FRBKC

# Future Structure of Ag

- Smaller and smaller margins; bigger is better
- In the past, success leveraged someone else's money
- In the future, success will leverage someone else's knowledge



# Future Structure of Ag

- Because of identity preserved grains and new technology, farmers are falling under the 80-20 rule
- 20% think they see the future and want to take advantage of the opportunities
- 80% want to be just left alone and retire in six years

# Future Structure of Ag

These two groups will require very different services from:

- Government
- Insurance companies
- Equipment companies
- Co-operatives/Farm magazines
- Commodity organizations

# Future Structure of Ag

## Globalization

Prices are global, but costs are local. If your costs are not globally competitive, then you must fix it or do something else.

# Future Structure of Ag

Thomas Friedman says Globalization has six defining technologies:

- Computerization
- Miniaturization
- Digitization
- Satellite Communications
- Fiber optics
- Internet

New farm machinery uses all or most of these technologies: the future is now.

# Future Structure of Ag

- The old structure of agriculture values land, machinery and tools
- The new structure of agriculture values knowledge, information and relationships

# Future Structure of Ag

Cold war "how big is your missile?"

Globalization "how fast is your modem?"

# Future Structure of Ag

- Willing to change
- Challenge our comfort zone
- Create competitive advantages, not protect old ones







# **Horan Brothers Farms**

- **4,000 Acres**
- **Commodity soybeans**
- **Seed beans**
- **Tofu beans**
- **Commodity corn**
- **Waxy corn**
- **NutriDense corn**
- **Pharmaceutical crops**

























# Benefits of Biodiesel

- 💧 Renewable Energy
- 💧 Contains no sulfur
- 💧 Increased Lubricity
- 💧 Positive Energy Balance
- 💧 Energy Security
- 💧 Displaces imported petroleum

\* USDA, EPA, EIA

















# What is Biodiesel?

- Biodiesel is a domestic, renewable fuel for diesel engines derived from natural oils or fats that can be used in any concentration with petroleum based diesel fuel. It can be used as a 100 percent level or mixed with diesel at any rate. Biodiesel blends are identified as “B” followed by the percentage of biodiesel such as B2 (2% biodiesel) or B20 (20 % biodiesel). Colder climates may require lower concentrations.

# Biodiesel Uses



**U.S. MILITARY**



**TRUCKING**



**SCHOOL BUSES**



**HOME HEATING**



**AGRICULTURAL**



**CONSTRUCTION**



**MUNICIPALITY FLEETS**



**MARITIME**



# Site - Layout

