With Corn Prices Rising, Pigs Switch To Fatty Snacks

On the Menus: Trail Mix, Cheese Curls, Tater Tots; Farmer Jones's Ethanol Fix

By LAUREN ETTER
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GARLAND, N.C. -- When Alfred Smith's hogs eat trail mix, they usually shun the Brazil nuts. "Pigs can be picky eaters," Mr. Smith says, scooping a handful of banana chips, yogurt-covered raisins, dried papaya and cashews from one of the 12 one-ton boxes in his shed. Generally, he says, "they like the sweet stuff.

Mr. Smith is just happy his pigs aren't eating him out of house and home. Growing demand for corn-based ethanol, a biofuel that has surged in popularity over the past year, has pushed up the price of corn, Mr. Smith's main feed, to near-record levels. Because feed represents farms' biggest single cost in raising animals, farmers are serving them a lot of people food, since it can be cheaper.

Besides trail mix, pigs and cattle are downing cookies, licorice, cheese curls, candy bars, french fries, frosted wheat cereal and peanut-butter cups. Some farmers mix chocolate powder with cereal and feed it to baby pigs. "It's kind of like getting Cocoa Puffs," says David Funderburke, a livestock nutritionist at Cape Fear Consulting in Warsaw, N.C., who helps Mr. Smith and other farmers formulate healthy diets for livestock.

California farmers are feeding farm animals grape-skins from vineyards and lemon-pulp from citrus groves. Cattle ranchers in spud-rich Idaho are buying truckloads of uncooked french fries, Tater Tots and hash browns.

In Pennsylvania, farmers are turning to candy bars and snack foods because of the many food manufacturers nearby. Hershey Co. sells farmers waste cocoa and the trimmings from wafers that go into its Kit Kat bars. At Nissin Foods, maker of Top Ramen and Cup Noodles, farmers drive to a Lancaster, Pa., factory and load up on scraps of the squiggly dried noodles, which pile up in bins beneath the assembly line. Hiroshi Kika, a senior manager at the company, says the farm business is "very minor" but helps the company's effort to "do anything to recycle."
Other businesses called "jobbers" serve as middlemen, buying food that manufacturers would otherwise throw away, like burned or broken cookies, or cereal that contains too much sugar, and selling it to livestock operations. At Midwest Ingredients Inc. in Princeville, Ill., manager Ruthi Coats says more farmers are coming to her because, rather than feed corn they grow to livestock, they want to sell it on the market for those big prices.

Ideally, livestock producers like to feed their pigs and cattle a mixture consisting of about 70% corn, plus soybean meal, fat and vitamins. Corn provides protein, essential nutrients and amino acids that give animals energy and fatten them up. Historically, the livestock industry has consumed 60% of the nation's corn crop.

Thanks to the ethanol rush, the price of a bushel of corn for months has hovered around $4 -- nearly double the price of a few years ago. That has prompted livestock groups like the National Cattlemen's Beef Association and the National Chicken Council to call for an end to federal ethanol subsidies, including a 51-cent-per-gallon tax credit offered to companies that blend gasoline with ethanol. For now, livestock must pay up or make do with alternatives.

On his farm in Garland, population 833, the 56-year-old Mr. Smith clenches a can of Mello Yello soda as he steers his blue 1992 Chevy pickup down an old railroad bed to his pens. There, about 1,000 oinking pigs plunge their snouts into troughs filled with corn, soybean meal and trail mix.

Mr. Smith says he's paying about $63 to feed a single pig for five or six months before it goes to market -- up 13% from last year. His costs would be even higher if he didn't augment his feed with trail mix, which he says helps him save on average about $8 a ton on feed. This year, Mr. Smith has bought enough trail mix to feed about 5,000 hogs, and that will save him about $40,000.

He began feeding his hogs trail mix about a year ago, after Mr. Funderburke told him a local manufacturer was looking to dump surplus mix that was either too salty, sprinkled with cardboard or otherwise unfit for human consumption. Mr. Smith recently got a truckload of chocolate chips and his pigs seem to like them. "I've heard no complaints," he says.

Sweet products, because they are high in energy, can be good for pigs and cattle, Mr. Funderburke says. Trail mix often contains chocolate and dried fruit, which supply sugar, and nuts, which provide fat and protein. But too much fat and salt from foods like potato chips can depress animals' appetite and cause them to eat less. That isn't good for producers who want to pack as many pounds as possible on their animals.

In many places outside the Corn Belt where farmers must bring corn in by rail or truck, trail mix and other fringe products have long been used to keep feed costs down. But as corn prices have risen, the practice has spread across the country.

In ethanol-producing states, some farmers have been able to mitigate high corn costs by feeding their animals dried distillers' grains, a corn mash left over from ethanol production. But in states without ethanol plants, distillers' grains aren't always readily available. Also, many farmers say
the product lacks sufficient nutrients. Others say their animals don't like the taste.

Dwight Hess, a cattle feedlot operator in Marietta, Pa., is located in the heart of snack country, near Hershey and Herr Foods Inc., a maker of potato chips, pretzels and snack mixes. His cattle ration consists of about 17% "candy meal," a blend of chocolate bars and large chunks of chocolate; 3% of what he calls "party mix," a blend of popcorn, pretzels, potato chips and cheese curls; 8% corn gluten; and the remainder corn and barley he grows. He says the byproducts save him about 10% on feed costs. Still, it costs him about 65 cents to put a pound on a steer, up from 42 cents last year.

Near the Snake River in Idaho, Cevin Jones of Intermountain Beef is struggling to feed his 12,000 cattle in light of higher feed costs. Traditionally, he has used up to 30% corn or other grains in his feed mix. This year he's using 100% byproducts, including french fries, Tater Tots and potato peels.

"It's kind of funny," Mr. Jones says, "every once in a while, you can spot a couple of cattle fighting over a whole potato."

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