



# American Malting Barley Association, Inc.

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## **EPA's Biofuel Mandate Proposal, Good News for Barley?**

The EPA announced Friday that it was proposing to scale back the government's mandates for the use of biofuels. Mandates were set in 2007 with blenders required to use ever increasing amounts of biofuels (mostly fuel ethanol) in the anticipation of a steady increase in gasoline consumption. However, consumers have been driving fewer miles and buying more fuel efficient cars and gas consumption has declined. Under the proposal, the biofuels target for 2014 would drop to 15.2 billion gallons which is 14% lower than the current target. There will be a 50 day comment period for the proposal.

EPA's Regulatory Announcement:

<http://www.epa.gov/otaq/fuels/renewablefuels/documents/420f13048.pdf>

A good article on the proposal appeared in the Washington Post:

<http://www.washingtonpost.com/blogs/wonkblog/wp/2013/11/15/the-u-s-is-hitting-its-ethanol-limit-so-the-epa-will-weaken-its-biofuels-rules/>

Ethanol mandates have impacted barley production in two ways. Corn competes for acres with barley. Even though barley production is centered west and north of the corn belt, new earlier maturing and more drought tolerant varieties are being developed which will allow corn to better compete for current barley acres. A less obvious impact is on barley feed markets. Barley that does not meet quality specifications for malting has one major use and that is for livestock feed. This market has been eroded not only by an abundant and steady supply of corn, but also by dried distillers grains (DDGs). DDGs are a byproduct of the production of fuel ethanol from corn and their only use is for animal feed. From 35 to 40 million metric tons of DDGs are produced every year. Compare this to the annual barley crop that only totals 4.7 million metric tons and it is easy to see why the volume of DDGs have lowered the market value of feed barley. This increases the risk of growing malting barley.

The EPA proposal could be a positive for barley acreage, but is just a proposal. As brewers and maltsters meet with their members of Congress and their staff, it would be helpful to make mention of the negative impact these mandates have on sourcing domestic barley.