



AMERICAN FEED INDUSTRY ASSOCIATION

NEWS RELEASE

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**AFIA URGES EPA TO TEMPORARILY WAIVE  
U.S. RENEWABLE FUELS POLICY**

ARLINGTON, VA., June 24, 2008 – Federal regulators should temporarily waive the Renewable Fuels Standard (RFS) and lower the current national RFS mandate to the 2007 level of 4.02 percent through 2009, according to the American Feed Industry Association (AFIA). This year’s RFS mandate is 7.76 percent.

The AFIA expressed its support for changes to the country’s biofuels policy in a letter filed with the Environmental Protection Agency (EPA) this week. The letter to Stephen Johnson, EPA administrator, was timed to coincide with the agency’s consideration of a request by the governor of Texas to reduce the 2008 RFS mandate in that state by 50 percent.

Federal energy law allows a state or territory to petition the EPA administrator to ask for changes to the RFS; the EPA then has no more than 90 days to respond. When the EPA published the Texas governor’s request, it said there would be a 30-day comment period. The governor’s request for a 50-percent rollback of the RFS applies only to his state, and it was filed before the Midwest floods. Some industry observers believe several additional governors also will file requests for relief from the RFS.

Reforming the biofuels policy enacted last year “would allow time for the marketplace to adapt to the rapid increase in commodity and feed prices, magnified by the recent floods in the Corn Belt, and will permit the market to determine the degree to which corn stocks should be divided amongst the producers and consumers of food, livestock feed, exports and ethanol,” according to the AFIA letter.

Ensuring adequate supplies of food for humans and feed for livestock is at least equally as important as energy security, AFIA President and CEO Joel G. Newman wrote. “U.S. livestock producers and the feed industry have taken the brunt of the increase in corn, soybean and grain prices over a relatively short time frame,” he wrote, but the livestock sector “is not an industry that can transition easily or quickly in times of higher costs.”

The “unique nature of the business means livestock producers have a difficult time reacting to sudden changes in the marketplace, and they cannot decide to reduce or close operations similar to the way a typical manufacturing business can,” Newman wrote. “This explains why AFIA supports temporarily freezing the RFS mandate at the 2007 level through 2009. A temporary freeze would give livestock producers time to adjust herd sizes and find new nutrition options during this difficult time of transition.”





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Rising commodity prices have contributed to dramatically higher feed costs, and recent poor weather conditions in the Midwest are likely to magnify the economic harm, as already low stocks of corn and soybeans are tightened further in the months ahead. Corn and soybeans are essential ingredients in animal feed, with corn the primary source of energy and beans the primary source of protein in animal diets.

“Under the current crop conditions,” Newman wrote, “the RFS mandate will significantly add to increasing grain, feed and food prices, and risk sustained, long-term damage to the livestock industry.” He noted there are several global factors that have resulted in increased commodity prices, but the development of the ethanol industry has had an effect on increasing corn market prices paid by AFIA members, as one of these factors.

In addition, AFIA urged the administration to speed the development of alternative feedstocks for ethanol and permit farmers and land owners to withdraw non-environmentally sensitive land currently enrolled in the Conservation Reserve Program to provide additional planting opportunities.

AFIA represents the total feed industry of about 500 feed and pet food manufacturing and supplier companies, providing legislative and regulatory services on issues of feed and food safety. It offers education, training and networking services for all sectors of the industry and seeks to build on the American feed industry’s record of producing the safest and most abundant supply of meat, milk and eggs in the world.

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