February 24, 2014

The Honorable Fred Upton
Chairman
House Energy and Commerce Committee
2125 Rayburn House Office Building
Washington, DC 20515

The Honorable Henry A. Waxman
Ranking Member
House Energy and Commerce Committee
2322A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Upton and Ranking Member Waxman:

Farmers, ranchers, and companies producing and processing America's food and food products welcome the Environmental Protection Agency (EPA) proposed decrease in the 2014 Renewable Fuels Standard (RFS). Refiners will be required to blend up to 13.0 billion gallons of conventional biofuels into gasoline next year as opposed to the originally required 14.4 billion gallons. Although this first-ever reduction in a biofuels mandate is a step in the right direction, it falls very short of what is truly needed.

Corn is the single largest input cost for livestock and poultry producers, and high corn prices and increased price volatility directly affects the viability of the industry. During the 2002-2003 marketing year, the United States Department of Agriculture estimated that corn use for ethanol production accounted for 10 percent of the total US corn usage. Today, roughly 42 percent of the corn crop goes into ethanol production to meet the RFS mandate. Since the RFS was aggressively escalated in 2007, annual feed costs have skyrocketed. Feed represents more than 70% of the cost of raising livestock and poultry. Any factor negatively influencing the price of feed, negatively impacts livestock and poultry industries who produce our nation's food supply.

A reduced corn supply, whether from poor weather conditions or the RFS, increases corn prices such that livestock producers will be forced to reduce the size of their operations or go out of business entirely. Since 2007, more than a dozen poultry companies have filed for bankruptcy, been sold or simply closed their doors altogether, due in large part of high feed costs brought on by the RFS. We have also seen over 6,000 U.S. dairy farms exit the business because of overwhelming financial pressures. The US cattle industry has realized a significant economic impact due to the RFS mandate and the historic drought that impacted more than 70 percent of the US last year. Over the past four years the average cost of grain to finish a market steer in a feed yard has increased by more than $200 per head as a direct result of increased feed costs.

EPA's proposed 2014 renewable fuel standard rule relies on a legal provision that allows it to lower its advanced biofuels and total renewable fuel targets using two waiver authorities in the Clean Air Act. The first waiver authority allows the agency to lower the advanced biofuel volume mandate because of a shortage in available supply of cellulosic biofuels. The second waiver allows EPA to lower the overall renewable fuel requirements because of limits on the volume “of ethanol that can be consumed in gasoline given practical constraints on the supply of higher ethanol blends.”

Please accept this letter from the undersigned organizations requesting the Committee hold a hearing on Rep. Goodlatte’s bill, H.R. 1462, The RFS Reform Act of 2013. H.R. 1462 addresses some of the unintended, negative impacts the RFS has and continues to have on farmers, consumers, businesses, and the U.S. economy. We understand it is the responsibility of Congress to find a much more lasting solution to this misguided program, and we feel a hearing on the RFS from a farm and food point of view will help Congress move in the right direction.

Sincerely,

American Feed Industry Association
American Meat Institute
Idaho Dairymen’s Association
Milk Producers Council
North American Meat Association
National Cattlemen’s Beef Association
National Chicken Council
National Pork Producers Council
National Turkey Federation
South East Dairy Farmers Association
Western United Dairymen