



**National Barley  
Growers Association**



**American Malting  
Barley Association**

## 2006 Federal Policy Priorities

June 2006

**Equity in program crop support levels**— In the past 20 years, U.S. barley acreage has declined by 73% and production by 65%. 2005 harvested acres of 3.3 million were the lowest since USDA began collecting statistics in 1890. We believe U.S. barley has lost significant competitiveness in its traditional Northern Tier growing region due, in large part, to distortions in federal farm program supports.

Program Crop	Direct Payment Rate \$	Marketing Loan Rate	Target Price
Corn	0.28	1.95	2.63
Sorghum	0.35	1.95	2.57
<b>Barley</b>	<b>0.24</b>	<b>1.85</b>	<b>2.24</b>
Oats	0.024	1.33	1.44
Wheat	0.52	2.75	3.92
Rice	2.35	6.50	10.50
Upland Cotton	0.0667	0.52	0.724
Soybeans	0.44	5.00	5.80

*Farm Security and Rural Investment Act of 2002*

**USDA Baseline Projections** - In its 2006/07 – 2015/16 Baseline Projections, USDA has estimated that U.S. barley acres will remain relatively stable at 3.6 million acres, but well below the 1990s average of 6.4 million acres.

**FAPRI analysis** – We have requested an analysis by the Food and Agriculture Policy Research Institute (FAPRI) of these competitiveness issues:

1. *Is the US Farm Bill contributing to declining U.S. barley acres?*
2. *What will it require in a future farm bill to provide barley equity with other program crops?*

**Financial support for barley producers**— We support federal programs that provide direct income support for U.S. barley producers, particularly during this period of rising production costs:

- Direct Payments;
- Crop disaster payments (Minnesota producers lost \$30 million in 2005);
- Proposed emergency energy assistance payment.

### Transportation

- We support passage of the Rail Competition Act;
- Immediate passage of the Water Resources Development Act;
- Funding for channel deepening on the Columbia River;
- Removal of the freeze on truck weight limits on interstate highways.

### Risk Management

- We support maintaining an affordable and accessible crop insurance with a Malting Barley Quality Endorsement. We oppose RMA's proposed changes to Option B. We support proposed adjustments to quality factors that reflect actual malt quality standards.
- We support increased funding for USDA RMA's claim processing and information technology systems

## Economic Impacts of U.S. Barley, Malting, Brewing and Feed Industries

\$ 0.7	Barley raw material
162.2	Brewing industry business activity
2.4	Value-added use as feed
3.7	Federal excise tax revenue
12.4	Federal income tax

**\$181.4 BILLION**