

ASA Voices Concerns about Bioenergy Program

The American Soybean Association (ASA) submitted comments to the House Agriculture Subcommittee on General Farm Commodities and Risk Management for the record of the Public Hearing to review implementation of the Food, Conservation, and Energy Act of 2008. ASA supported enactment of this important legislation last year, and is interested in how the new programs and changes in existing programs would be developed.

ASA brought to the Subcommittee's attention implementation of the Bioenergy Program for Advanced Biofuels, included in Section 9005 in the Energy Title of the Farm Bill. ASA played a lead role in asking Congress to extend the Bioenergy Program that had been initiated under the Farm Security and Rural Investment Act of 2002, and ASA worked hard to see it authorized and funded. The Bioenergy Program affects the viability of soybean farmers, as well as the biodiesel industry.

ASA is pleased that the U.S. Department of Agriculture (USDA) has moved forward to put the Program in place this year, and is pleased with the overall nature of the Program. However, ASA has concerns with several provisions of the USDA's Notice of Contract Proposal (NOCP).

ASA is concerned with the manner in which USDA would determine Base Production of new biorefineries for 2009 and the differential payments for base and incremental production in future years.

"ASA supports making equal payments on actual production," said ASA President Johnny Dodson, a soybean producer from Halls, Tenn. "These criteria should apply to the actual production of new and old plants alike. Differentiating between older and newer plants using actual production versus nameplate capacity could seriously undercut the competitiveness of the older facilities and provide a windfall to the newer ones. ASA urges the Department to reconsider this provision and revise the NOCP accordingly."

ASA is also concerned with the misstatement in the USDA's NOCP that "Congress appropriated mandatory funding to this program as follows: \$30 million for FY 2009." The 2008 Farm Bill provides mandatory funding for the Bioenergy Program of \$55 million in FY2009.

ASA Sees Flaws in Proposed Rule for RFS

The American Soybean Association (ASA) provided comments in Washington, D.C. at the U.S. Environmental Protection Agency (EPA) Public Hearing on the EPA's Proposed Rule for the expanded Renewable Fuel Standard (RFS-2). ASA sees numerous flaws in the approach EPA is using for indirect land use changes in its proposed rule.

"ASA has tremendous concerns with the EPA's Notice of Proposed Rulemaking for implementation of RFS-2," said ASA Vice President Ray Gaesser, a soybean producer from Corning, Iowa. "The primary area of concern and disagreement has emerged over the international indirect land use assumptions that EPA has proposed to use in conducting their updated lifecycle greenhouse gas (GHG) analysis."

In the proposed rule, soy biodiesel land use factors were focused largely on deforestation in Brazil. If that is the basis, then past and recent trends in Brazilian soy planted area should be a telling data point. Brazilian soy area increased most significantly in years prior to the existence of U.S. biodiesel production (1998-2004). In the periods from 2004-2008, when U.S. biodiesel production increased from 25 million gallons to 700 million gallons, Brazilian soy area has actually decreased.

"Land use change has been occurring long before any significant U.S. biofuel production began and is likely to continue regardless of U.S. biofuels policy," Gaesser said. "Clearly soy biodiesel is not driving land use change and any land use change that is occurring cannot be solely attributed to U.S. biofuels."

"Our assessment of the EPA Proposed Rule on RFS-2 implementation is that it is significantly flawed, and it does unnecessary harm to the competitive position of the U.S. soy biodiesel industry," Gaesser said.

ASA is the policy advocate and collective voice of its 22,000 producer-members on domestic and international issues of importance to all U.S. soybean farmers.

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