

# IDAHO BARLEY NEWSBRIEF

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## Idaho Barley Check-Off Dollars at Work...

### Grain marketing/ risk management tools from IBC -

◆ **NEWEST TOOL-** we have teamed up with ag economists from Colorado State Univ. to develop a realistic risk simulation program now available on the web at [www.agsurvivor.com](http://www.agsurvivor.com).

The Idaho specific tool is called "Mountain View Farms." The program offers producers an opportunity to test their skills using a real-world farming scenario involving Idaho barley, wheat and cattle in a risk-free environment.

◆ A "**How to Develop a Grain Marketing Plan Workbook**" was published in 2004; available at our website.

◆ **Weekly Idaho Grain Market Report** has been published every Thursday since Oct. 1995; available by email/on-line/post.

## Leading a national effort to improve barley crop insurance - 2009 sign up deadline is March 15

IBC continues a multi-pronged effort to improve barley crop insurance for Idaho producers. Here are some of our accomplishments:

- ◆ Worked to restore Malt Barley Endorsement in 1996.
- ◆ Worked continuously to improve coverage under Malting Option A, which applies to barley grown on the open market or under contract with elevators rather than malting and brewing companies. Because of Idaho's strong price history our growers have enjoyed better price coverage under Option A than growers in other major states. Typically, Option A coverage is not as attractive as Option B which is available to growers contracted with a malting/ brewing company.
- ◆ Worked directly with Farm Bureau Insurance to pioneer a new Revenue Assurance policy for barley. Idaho was the first state to have feed barley coverage in 2001; malting barley was added in 2003.
- ◆ **More than a year ago we proposed a new innovative "Enhanced Price" policy that would insure specialty types of barley at more realistic market values.** At our request, the USDA Risk Management Agency agreed to fund a private consultant feasibility study, which was recently completed. USDA has been persuaded there is strong justification to offer improved coverage for value-added malting and food barleys and now believes they may be able to accomplish this goal by improving upon the feed barley coverage they already have in place - by offering enhanced price selection levels - without the time and expense involved in developing and educating producers on a brand new policy. There is potential that these additional price selection options will be available for specialty barley types in 2010.

### 2009 Policy Options / Price Selections -

**MPCI** - traditional feed barley policy that insures yield losses at a set price level (\$3.70/bu for spring feed barley in 2009). Buy-up coverage ranges from 50 to 85% of your actual production history (APH).

**Revenue Assurance** - per-acre revenue guarantee is based on a "projected harvest price" calculated as the ave. of final daily settlement prices of the Oct. Winnipeg barley futures contract traded in the month of February (mid Feb. 2009 projection is \$2.73/bu). A fall harvest price is calculated in August to determine production to count. If this price is higher than the Feb. projected price, it will be used to recalculate the per-acre revenue guarantee (known as the fall harvest option).

**Income Protection** - Per-acre revenue guarantee is 85% of the ave. final daily settlement prices for the Sept. corn futures contract traded in February (mid Feb. price projection is \$3.51/bu). - **more on page 3** -

## Policy Watch - National Barley Growers hold winter meeting in Washington, D.C. -

NBGA board members from six northern tier production states of MN, ND, MT, ID, OR and WA, will meet on Feb. 22-25 in Washington, D.C. for their winter board meeting.

### Agenda topics include:

- ◆ Developing a new strategic plan;
- ◆ Monitoring farm bill implementation;
- ◆ Working on crop insurance issues;
- ◆ Working for increased federal funding for barley research initiatives;
- ◆ Discussion with malting/brewing partners on future opportunities for using biotech tools to develop more economically competitive barley varieties.

**Other NBGA business** - NBGA sent a letter to EPA opposing a petition filed by the Natural Resources Defense Council to revoke the pesticide labels for all 2,4-D herbicide products. NBGA strenuously opposed NRDC's claim that 2,4-D poses a human health risk.

## Market Buzz... Increasing demand for Idaho malting and food barleys

**Malting barley for export** - IBC continued efforts this month to build new malting barley markets in Mexico and Colombia. One of our key strategies to increase our competitive edge in the international market is to open the door for new winter malting barleys, which have been shown to increase yields by about 30% above most spring planted malting varieties in certain production areas of Idaho. Charles - our first winter malting barley in its third year of production in southcentral and northern Idaho - is currently being evaluated by Latin American brewers for potential inclusion in their brewing blends. A second winter malting barley variety - Endeavor which was released in 2008 - is also being evaluated on a small pilot scale basis.

### National Barley Foods Forum sees growth ahead for value-added food barleys

- Dan Mader, IBC member and chairman of the National Barley Foods Council, presided over a national forum last month to strategize on ways to build the domestic market for food barleys with specific health benefits. The nearly 40 barley producers, breeders, processors and food manufacturers who gathered January 30 in Sacramento, CA, agreed that barley has unique traits that will become increasingly attractive in a variety of foods that are being formulated to meet consumers' desire to improve their health, and particularly reduce the risk of heart disease, the number one cause of death in America. Some of barley's unique traits as a whole grain include:

- ◆ Increased levels of total dietary fiber compared to other grain sources;
- ◆ Beta-glucan soluble fiber (only barley and oats contain this fiber) reduces cholesterol and the risk of heart disease;
- ◆ Low glycemic index means that its sugars are absorbed more slowly in the blood stream, providing specific benefits, particularly to consumers with Type II diabetes.
- ◆ Phytochemicals and antioxidants which confer other health benefits and protect against chronic diseases.

At least two major food companies will be contracting value-added food barley production in southern Idaho in 2009.

Mader reported on Asian market development efforts that were initiated in northern Idaho in 2007, involving contracted production of Salute food barley with one of Japan's leading food barley manufacturers. This Japanese company continued their contract production in 2008 and are evaluating their 2009 needs right now.



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## IGPA Report - At the 2009 Idaho Legislature

- ◆ **Transportation Funding** – Currently there are six bills seeking to increase revenues for Idaho's transportation infrastructure pending in the Legislature. Recent congressional passage of a federal economic stimulus bill is estimated to provide \$200 million to Idaho for road and bridge construction. It is unclear at this time how Governor Otter will reconcile the pending influx of federal dollars with state needs and the priorities of Idaho legislators.
- ◆ **House Bill 96 to repeal ethanol tax credit** - Eliminates the current 10 percent (2.5 cents/gallon) tax exemption for ethanol and biodiesel blended in Idaho fuel; pending action in the House. This bill is estimated to generate at least \$4 million in annual tax revenues for the Highway Distribution Account.
- ◆ **Senate Bill 1055** – passed out of Transportation Committee for Senate floor; would amend existing law to clarify state law on loads that must be covered when transported on public highways. The bill would also provide law enforcement with increased authority to issue an infraction for violators with unsecured loads.
- ◆ **Senate Bill 1052 to repeal the Farm Produce Dealer Act.** The bill has passed the House and is pending floor action in the Senate. The intention is to come back next year and consider possible new licensing requirements for hay and straw dealers.

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## US Grains Council Report - financial value of Council programs to U.S. farmers

The US Grains Council conducted its 6th International Marketing Conference and 49th Annual Membership Meeting in Guatemala City on February 7-10. Among several progress reports on the Council's market development efforts for feed grains and their co-products in more than 50 markets around the world, was a report on the financial value of the Council to U.S. farmers. The Council contracted with Informa Economics LLC to construct an impartial method to evaluate the performance of Council programs on the bottom-line of its funding members.

The 2008 Informa study concluded that the **impact of the Council's export market development efforts is worth \$659 million to U.S. farmers**, which is up from \$592 million in 2007. That amounts to \$37 in additional producer income for every dollar invested in the Council. The Idaho Barley Commission is one of four barley state check-off boards which helps fund the Council.

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## Barley Crop Insurance- continued from page 1

**Revenue Assurance** - coverage levels range from 65 to 85%.

**Income Protection** - coverage levels range from 50 to 85%. The fall harvest price is calculated from mid July to mid August and is used to calculate production to count. The fall option is not available on this policy, which means that the projected price announced on March 5 is the final per-acre revenue guarantee for the year.

**Malting Barley Endorsement** - provides supplemental insurance for malting barley (added to MPC1, RA or IP feed coverage). **Option A** covers open market production or contracts with entities other than malting and brewing companies - added value is the difference between the contract price/price agreement and the underlying feed barley price selection or a default value of \$1.25/bu. **Option B** covers production contracted with a malting or brewing company - added value is the contract price, not to exceed \$2.00/bu over the underlying feed barley price.