



IDAHO BARLEY COMMISSION – YEAR IN REVIEW

IBC seeks grower views on flexible barley assessment rate

For the past year and a half the IBC has conducted a series of grower meetings and townhall sessions across the state to gather feedback on strategic priorities that the IBC is pursuing to keep the Idaho barley industry competitive. We also discussed and sought input on the budget challenges facing the commission arising from a combination of declining acreage/income and rising costs of doing business.

Below you will see graphs presenting barley acreage and production trends in Idaho for the past 20 years. As you can see, 2006 and 2007 were the two lowest barley crops in Idaho in the past 30 years, down more than 50% from our peak in 1984. As a result of these wide fluctuations in production and assessment income, the **IBC has drawn down its operating reserves by more than \$109,575 in the past three years.** We have tightened the belt in many program areas, but we have tried to avoid cutting into the bone of our strategic initiatives. However, the board does not feel that the current path is sustainable. Therefore, they have voted to hold a producer referendum in the first two weeks of November 2009 on the following question:

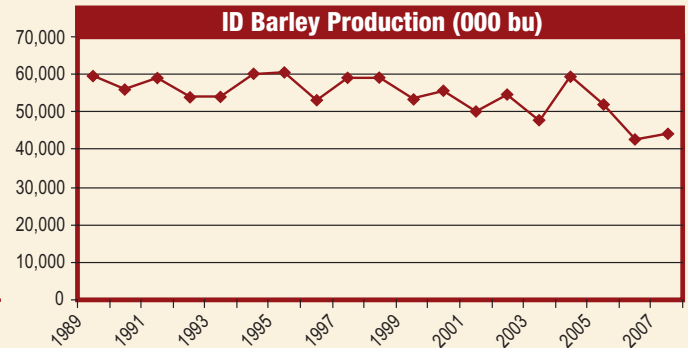
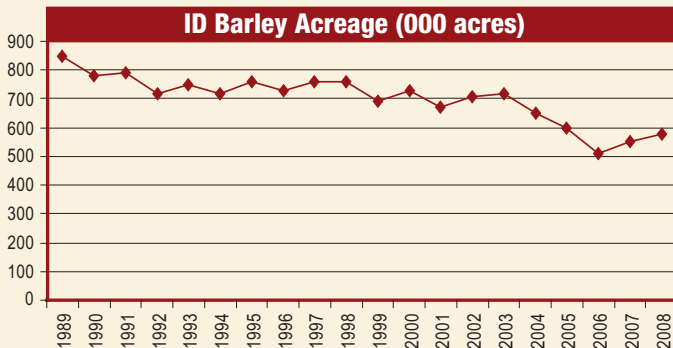
Do you favor giving the IBC authority to set the Idaho barley assessment at a rate not to exceed 4 cents per hundred (less than 2 cents per bushel)? The Idaho barley assessment has been fixed at 2 cents per hundredweight (less than 1 cents per bushel) since the commission was formed in 1988.

We want to be very clear with Idaho barley producers about our next steps...

1- You will have final say over this flexible assessment proposal through an official producer referendum that we have asked the Idaho State Department of Agriculture to conduct on our behalf.

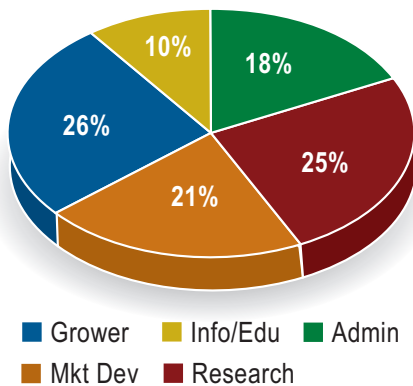
2- If the referendum passes in November 2009, legislation will be required to give the IBC authority to set the assessment rate in the new flexible range.

3 – If legislation passes in 2010, the **IBC will not consider any assessment changes until at least the 2012 budget year (July 2011) and will continue its grower outreach efforts to gather additional input on IBC programs.**



2009 STRATEGIC HIGHLIGHTS

FY 2008/09
Est. Actual \$448,519



MARKET EXPANSION

Understanding the new market dynamics resulting from recent brewing mergers — We continue to work closely with the malting and brewing companies that have contracted malting barley production in Idaho since the late 1960s. We believe the recent mergers in the brewing industry, particularly Anheuser-Busch InBev and MillerCoors LLC – two of Idaho’s leading customers - have created both challenges and opportunities for malt barley production in Idaho. The IBC is working diligently to understand these issues and to position the strengths that Idaho barley producers bring to the table.

Malting barley exports — We have

aggressively pursued new malting barley contracts with Mexico’s second largest brewing company, FEMSA CCM. This company has signed direct contracts with a handful of eastern Idaho growers for delivery of Legacy malting barley to Monterrey, Mexico this fall.

We continue to work closely with SABMiller, the world’s second largest brewing conglomerate, on potential contracting to meet future malting barley needs at their Colombian and Peruvian malt plants. SABMiller is evaluating new winter malting barley varieties that are being grown in Idaho (Magic Valley and north Idaho).

Food barley — We are leading a

three-pronged national campaign to expand food consumption of barley. First, we have stepped up funding for new variety development that will combine the higher levels of beneficial fiber as well as other desirable traits with better yields and overall agronomic performance. We are working with breeders at ARS Aberdeen, Oregon State University and WestBred LLC on these complex breeding challenges. Second, we are working with food manufacturers on evaluating specific traits that will meet their product development needs. Finally, we are educating consumers on the health benefits of incorporating barley into their diets and will launch a new campaign this year called "Make Every Bite Count."

As a result of these sustained efforts, at least two national food companies are contracting for food barley production in eastern Idaho this year. We also have facilitated production contracts of food barley in north Idaho with a leading Japanese food barley manufacturer.

RESEARCH

Due to budget constraints, we are focusing on fewer but more ambitious and collaborative research efforts. Current priorities include:

- Barley breeding at ARS Aberdeen (winter and spring malting and food)
- Winter food barley breeding at Oregon State University

- Breeding barley with resistance to selective herbicides at Washington State University

- University of Idaho Extension nurseries at 7 locations throughout the state

- Herbicide Soil Persistence & Herbicide Resistant Expert System

GROWER SERVICES

Federal and State Policies — Through our funding to the Idaho Grain Producers Association and National Barley Growers Association, we remain actively engaged in helping to shape state and federal policies that benefit Idaho barley producers. Recent highlights have included:

- Completion of the 2008 Farm Bill in May 2008 – achieved a more equitable barley target price and loan rate / recent implementation issues have included work on eligibility rules and supplemental revenue enhancement (new permanent disaster program).

- Funding for IGPA legal defense to restore field burning as a management tool in Idaho – accomplished in 2008.

- Support for ethanol, advanced bio-fuels and other renewable energies that can be generated on-farm or from agricultural feedstocks.

Barley crop insurance improvements — IBC has led a national effort to improve barley crop insurance.

- 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 with malting barley 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.

- Worked with Senator Crapo to include an amendment in the 2008 Farm Bill that fixes the disparities between industry contracts and the malt barley insurance quality specifications.

- Proposed a new innovative "**Enhanced Price**" policy that would insure specialty types of barley (malting and food) at more realistic market values. USDA is currently developing new coverage that will be available under existing feed barley insurance policies to insure specialty types of barley at actual contract price. We are hopeful that these additional price selection options will be available for specialty barley types in 2010.

Risk management / grain marketing education — We have sponsored educational workshops annually throughout the state since 2001 involving more than 1,300 producers. 2008-09 activities included:

- Collaboration with University of Idaho Extension on **Farm Business Management Schools** at Lewiston (Jan. 13) and Idaho Falls (Jan. 14).

- Developed expanded features of our **Mountain View Farms computer simulation game available by disk or online at www.agsurvivor.com**

Publish weekly **Idaho Grain Market Report** (available weekly since 1995). This report is available by email/mail or on-line at www.idahobarley.org.

Highlights of Barley Breeding at the USDA/ARS National Small Grains Germplasm Research Facility in Aberdeen, ID

- Advanced Grain Genetics Laboratory was dedicated in 2006 (\$5.1 million, 12,000 sq. ft addition).

- Commercial release of North America's only winter malting barley varieties - **Charles** was released in 2006 and **Endeavor** in 2008. **Charles** was approved for malting production in the United States by the American Malting Barley Association in late 2008.

- Release of better yielding feed barleys - **Lenatah** (2007), **Tetonia** (2006), **Creel** (2002), **Criton** (2002), **Bancroft** (2001), **Camas** 1998).

- Development of environmentally friendly, low phytic acid/high available phosphate barleys - released **Herald** in 2006 and **Clearwater** in 2007. These barleys improve phosphorous mineral nutrition in monogastric animals while reducing phosphorous run-off in rivers and streams.

- Evaluation and management of the world's collection of barley cultivars at the National Small Grains Collection.