



STATE OF ARKANSAS

MIKE BEEBE
GOVERNOR

August 13, 2012

The Honorable Lisa Jackson, Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, DC 20460-2403

Dear Administrator Jackson:

Four years ago, I wrote asking that you consider a temporary waiver of the ethanol quotas mandated by the Renewable Fuels Program (RFP). Again, I request your agency to waive an appropriate volume of renewable fuel, pursuant to Section 211(o)(7) of the Federal Clean Air Act ("CAA") (42 U.S.C. § 7545 (o)(7)). The higher feed costs, following the passage of RFS1 in 2005 and RFS2 in 2007, have resulted in a long-term shortage in grain in our nation, especially corn, and are clearly taking a terrible toll on Arkansas's poultry and animal agriculture, potentially forcing reduced production and job losses and increasing food prices for consumers worldwide.

Virtually all of Arkansas is suffering from severe, extreme, or exceptional drought conditions. The declining outlook for this year's corn crop and accelerating prices for corn and other grains are having a severe economic impact on the State, particularly on our poultry and cattle sectors. While the drought may have triggered the price spike in corn, an underlying cause is the federal policy mandating ever-increasing amounts of corn for fuel. Because of this policy, ethanol production now consumes approximately 40 percent of the U.S. corn crop, and the cost of corn for use in food production has increased by 193 percent since 2005. Put simply, ethanol policies have created significantly higher corn prices, tighter supplies, and increased volatility.

Agriculture is the backbone of Arkansas's economy, accounting for nearly one-quarter of our economic activity. Broilers, turkeys, and cattle - sectors particularly vulnerable to this corn crisis - represent nearly half of Arkansas's farm marketing receipts. Arkansas poultry operators are trying to cope with grain cost increases and cattle families are struggling to feed their herds.

Fortunately, the law provides EPA with the mechanism to grant some relief to poultry processors, livestock producers, and consumers. By granting a full or partial waiver for renewable fuel in 2012 and 2013, EPA can help level the playing field during this crisis. I urge you to begin a formal process for considering a waiver of the renewable fuel mandate.

Sincerely,

A handwritten signature in black ink, appearing to read "Mike Beebe".

Mike Beebe

MB:jb

STATE CAPITOL SUITE 250 • LITTLE ROCK, AR 72201
TELEPHONE (501) 682-2345 • FAX (501) 682-1382
INTERNET WEB SITE • www.governor.arkansas.gov