

news

May 27, 2002

<http://www.fb.org/fbn/>

Vol. 81, No. 11

In This Issue

-
Farm bill is unpopular with press but good for ag **2**
-
Debate on opening trade, travel to Cuba heats up **3**
-
Special energy section: FB conference explores energy alternatives **4**
-
Special energy section: Energy answer may be blowing in wind **5**
-
Roll call votes **6**
-
Chronic wasting disease continues to plague deer, elk **7**
-
Farm Bureau brings high tech to rural businesses **8**

Farm Bureau applauds passage of TPA

The Senate on May 23 passed, 66-30, omnibus trade legislation that includes a renewal of Trade Promotion Authority for the president.

American Farm Bureau Federation President Bob Stallman praised the Senate action, which comes just ahead of key agricultural negotiations in the World Trade Organization next month.

"Trade Promotion Authority for the president sends the signal to our trading partners that the United States is ready to assume a leadership role in these negotiations and has the backing of Congress to actively engage in the process," Stallman said. "Senate passage was critical to the interests of U.S. agriculture."

WTO members will meet in early June and again in September to determine whether global disparities in tariffs, export subsidies and domestic supports will be eliminated, or allowed to continue to the disadvan-

tage of U.S. farmers and ranchers.

Stallman said TPA would give President Bush the authority to negotiate new and improved trade rules without other countries having to worry that the deals will change when they reach Congress. Congress could approve or reject the deals but could not amend them.

"Farms are dependent on exports for their economic viability, and have continued to be at a disadvantage in the world market without TPA," Stallman said. "TPA will allow the United States to take advantage of the upcoming WTO negotiating opportunity to dismantle trade barriers that hurt farmer and rancher income."

The Senate action sends the bill to a conference committee that will reconcile it with the bill passed by the House last December.

The committee will have its work cut out for it because the two bills differ extensively. The Senate bill, a biparti-

san substitute amendment offered by Sen. Max Baucus (D-Mont.) to the House bill (H.R. 3005), contains trade adjustment assistance and renewal of the Generalized System of Preferences and the Andean Trade Preferences Act, in addition to TPA. The House bill only renews TPA.

The Senate bill also contains a Farm Bureau-opposed amendment, offered by Sens. Mark Dayton (D-Minn.) and Larry Craig (R-Idaho), that would allow Congress to amend provisions of new trade agreements that overrule certain types of U.S. trade remedy laws. There is no similar provision in the House bill.

The Senate on May 14 passed the Dayton-Craig amendment on a voice vote after rejecting, 38-61, a motion to table it. Farm Bureau will work to have the amendment removed during conference. The president has threatened to veto the final TPA bill if the amendment is not removed.

Congress schedules votes on death tax

Both chambers of Congress will be voting on permanent repeal of the death tax in June, with the House vote scheduled for the week of June 3 and the Senate vote by June 28.

The House in April passed legislation to make last year's entire tax bill permanent, but the June vote will only involve the death tax issue. The death tax-only vote is intended to send a message to the Senate that permanent repeal will become law if the Senate passes its death tax legislation later this month—no conference would be necessary.

The specific date for the Senate vote on death tax repeal has not yet been determined, but the vote will occur by June 28, prior to the Independence Day recess. Sens. Phil Gramm (R-Texas) and Jon Kyl (R-Ariz.) will offer the proposal. Pat Wolff, an American Farm Bureau Federation tax specialist, said the June vote will be one of the last chances for the Senate to permanently repeal the death tax. "That's why we need people to call their senators and tell them to permanently repeal the death tax, once and for all. This week's Memorial Day recess is that opportunity."

Enactment of the Economic Growth

and Tax Relief Reconciliation Act of 2001 repeals the death tax in 2010, but because the law's provisions sunset in 2011, death taxes will be fully repealed for only one year. The death tax will be reinstated in 2011 unless the law is made permanent.

While some Democrats voted for last year's tax reforms, others have criticized the law, claiming it benefits mainly wealthy taxpayers and has taken the federal budget from a surplus toward a deficit.

See Death tax, page 6

Corner Post



At last

President Bush was surrounded by the leaders of national agriculture groups, including AFBF President Bob Stallman, at the farm bill signing ceremony May 13 at the White House.

VIEWPOINT

Farm bill is unpopular with press but good for ag

By Stewart Truelsen

Let's face it. Big city newspapers don't like the new farm bill. In front page stories and in editorial columns across the country they have blasted the economics of it and the Republicans and Democrats who supported it.

The farm bill is unpopular in newspapers in New York, Boston, Chicago and San Diego. One thing most of these newspapers have in common is that they no longer have a farm editor, someone who might put the farm economy and farm bill in better perspective.

Contrary to recent reports, this bill is not a throwback to programs of land set asides and government grain storage. The spending over 10 years is not inconsistent with past farm spending when adjusted for inflation. This bill was not slapped together in time to win rural votes this election year. In

fact, it was at least two years in the making.

A *New York Times* columnist sniffed that the population of New York City is twice as large as America's farm population. He needs someone to remind him that the farm population feeds all those people in New York City and feeds them quite well and at low cost.

In the early 80s, when American agriculture was going through a debt crisis and many farms went bankrupt, most of these same newspapers deplored what was happening to our rural communities. They eagerly reported on farm sales and the tractor-cades organized to dramatize the farmers' plight.

The farm credit crunch may have straightened out but otherwise things are not much better for American farmers today. Farm prices are at historic lows and farmers are beset with

much more government regulation than they were 20 years ago. The strong dollar is hurting export sales and trade protectionism is still a problem.

Ridgewater Community College in Wilmar, Minn., explained the financial condition of more than 500 farms in central Minnesota. Net farm income averaged \$37,582 in 2001. Expenses averaged \$72,645. The *Minneapolis Star Tribune* carried a thoughtful article about this under the headline "The Bad Habit of Farming."

Farming is a bad habit for many of the families trying to make a living at it, and supporting the habit with off-farm jobs. There's no question about it. They'd be better off doing something a whole lot easier. But because of them, we are the best-fed nation in the world and are doing the most to alleviate world hunger.

Without farms, open space and wild-

life habitat would disappear along with the many jobs and businesses in farming communities. By not investing in farming, we would also be losing the opportunity to develop a domestic supply of renewable fuels at a time when energy security has become a priority.

One reason there has been so much criticism of this farm bill is the high expectations we had for the last one, the '96 Freedom to Farm Act. The public was led to believe that farming would not need as much federal assistance in the future. Expectations exceeded outcomes, as frequently happens with federal programs. This time it is likely to be the other way around. This farm bill probably will exceed the expectations of its critics.

Stewart Truelsen is the director of broadcast services for the American Farm Bureau Federation.

CAPITAL UPDATE

Administration begins farm bill implementation, defense

Agriculture Secretary Ann Veneman on May 21 spoke to a group of agricultural journalists about the Agriculture Department's implementation of the new farm bill. President Bush on May 13 signed the bill into law.

Veneman also defended the bill from criticism both from U.S. groups that decry the amount of spending on farm programs and from other countries that have dubbed the subsidies "protectionism."

Veneman said references to "a 70 percent boost in farm program support," do not tell the whole truth.

"People are comparing apples and oranges," Veneman explained. "When

examining the support we provide for our farm sector, it's important to add in the emergency supplemental support that's been provided during the last four years into those figures, to be accurate. That's roughly an additional \$7.5 billion each year for the last four years. The new farm bill provides roughly \$7.4 billion each year in new spending for farm programs.

"So as I said many times before, the farm bill continues with roughly the same amount of support as we've been providing our farm sector over the past four years...."

In response to criticism from other countries, including Canada, China, Argentina, Australia and the European Union, Veneman said the amount of support in the farm bill falls well within the World Trade Organization limit for certain types of U.S. farm program support. She added that the U.S. subsidy levels pale in comparison with those of some other countries.

Veneman compared the United States' annual \$19.1 billion limit on trade-distorting domestic support to Japan's \$31 billion, and \$62 billion for the EU. She also pointed out that the EU's export subsidies, "the most trade-distorting kind of support," account for 90 percent of such support worldwide. And she said that U.S. tariffs on agricultural products average about 12 percent, compared to 62 percent globally.

"So while some of our trading partners want to point fingers, and some would argue throw stones while living in glass houses, I think their criticism is, in large part, to deflect attention from some of the realities I've just

mentioned," Veneman said, adding that the United States will continue to pursue trade reform through the Doha Round of WTO negotiations.

Veneman and USDA staff outlined steps the department is taking to implement the new law "in an efficient and timely manner." Veneman created a Farm Bill Working Group consisting of the department's chief economist, budget director and sub-cabinet officials to coordinate the effort. The department has launched a farm bill Web site to disseminate information, and is developing informational materials about new programs.

J. B. Penn, undersecretary for farm and foreign agricultural services, said the department plans to send a letter "this week" to all producers giving a brief synopsis of the changes in the bill that are relevant to them. He said the letter would talk about what type of information the department will need from producers and when.

Veneman also said that the department would be testing a pilot program to allow farmers to sign up for loan deficiency payments via the Internet. Producers using the new service would no longer need to visit their local USDA offices to apply for the payments.

When asked about an implementation timeline, Veneman said "we're working on [it]." She later added that this is a bill "with a lot of change in it," and it's going to take some time to implement.

In a related development, the American Farm Bureau Federation and other farm groups last week sent a letter to

Veneman asking that, as the department implements the bill, it issue regulations that will not penalize producers who took advantage of the flexibility provisions of the 1996 Freedom to Farm law.

The groups said producers should be allowed to count 1998-2001 base acres that were devoted to conservation, or planted to other program crops or non-program crops, as planted or considered planted for the purpose of updating base.

"Unfortunately, the new farm bill provisions will only allow producers the option to update yields if they first update base acres," the groups said. "This restriction effectively discriminates against those producers who exercised the principles of the 1996 farm bill and either planted other crops or fallowed land during 1998-2001."



Its Here!

Get all the info at:
www.usda.gov/farmbill/

**Farm Bureau
news**

(ISSN 0197-5617)

Joseph S. Fields

Public Relations Director

Don Lipton, Associate Director

Lynne Finnerty, Editor

Jaime Naig, Assistant Editor

Phyllis Brown, Assistant Editor

Amy Bakker, Assistant Editor

Christopher Noun, Contributing Editor

Published semimonthly, except monthly in August and December, by the American Farm Bureau Federation, 600 Maryland Ave., SW, Suite 800, Washington, DC 20024.

Phone: 202-484-3600. E-mail: fbnews@fb.com. Web site: <http://www.fb.org>.

Periodical postage paid at Peoria, Ill. Subscription rate for officers and board members of county and state Farm Bureaus—\$6, which is deducted from dues. For other subscribers—\$10.

Postmaster: Send address changes to Farm Bureau News, 600 Maryland Ave., SW, Suite 800, Washington, DC 20024.

Debate on opening trade, travel to Cuba heats up

The issue of whether to increase travel and trade between the United States and Cuba was again front and center last week.

At a congressional hearing last Tuesday on the sale of farm products to Cuba, Farm Bureau testified about the benefits to U.S. agriculture from lifting the travel and trade restrictions. Meanwhile, President Bush emphasized the administration's opposition to liberalizing relations with Cuba until the Cuban government reforms its political and economic systems.

Testifying before a Senate Commerce, Science and Transportation subcommittee, Maryland Farm Bureau President Stephen Weber said that in today's economy in which numerous countries compete for foreign agricultural export sales, shutting off the Cuban market to U.S. exports simply means that other countries step in and supply that market.

"American farmers should have equal access to the Cuban market as their competitors," Weber said.

In addition, Weber said the U.S. embargo is not achieving the United States' policy objective of promoting democracy in Cuba.

"U.S. trade policy toward Cuba has demonstrated that more than 40 years of isolationism has failed to produce democratic reform," Weber said. "Of all the countries against which U.S.



PHOTO BY ANNA BURKHOLDER

Maryland Farm Bureau President Stephen Weber tells Congress that Farm Bureau supports immediate resumption of normal trading relations with Cuba.

unilateral sanctions have been imposed, our experience with Cuba stands out as proof that isolationism does not work. The most effective means for bringing about democratic reform is engagement."

Weber told subcommittee members that the United States is losing up to \$1.24 billion annually in agricultural export sales because of the embargo, and up to \$3.6 billion more annually in related economic output.

Testifying on behalf of the administration were Otto Reich, assistant sec-

retary of State for Western Hemisphere affairs, and Shaun Donnelly, principal deputy assistant secretary of State of the economic bureau. Subcommittee members grilled Reich about his April decision to deny the visa request of Pedro Alvarez, president of Alimport, Cuba's main purchasing agent for U.S. companies seeking to export agricultural products to Cuba.

A few members of Congress have attempted to pass legislation in this Congress to lift the travel restriction and prohibition of U.S. financing for Cuba's food purchases. None of the efforts to date have resulted in Congress passing a bill that could be sent to the president's desk for signature.

Even if a bill did make it to the president's desk, it probably would be vetoed. President Bush on May 20 announced his Initiative for a New Cuba and said, "The United States will continue to enforce economic sanctions on Cuba, and the ban on travel to Cuba, until Cuba's government proves that it is committed to real reform."

The president announced new U.S. actions such as a scholarship program for Cuban citizens to study in the United States, easing of restrictions on humanitarian assistance by U.S. groups in Cuba and a willingness to negotiate direct mail service between the two countries. But he vowed to oppose legislation lifting travel and financing

restrictions until the Cuban government holds "certifiably free and fair" elections and "begins to adopt meaningful market-based reforms."

Former President Carter traveled to Cuba the week of May 12, marking the first visit by a U.S. sitting or former president to Cuba since the U.S. embargo began.

In a historic speech to the Cuban people, Carter said, "Our two nations have been trapped in a destructive state of belligerence for 42 years, and it is time for us to change our relationship.... Because the United States is the most powerful nation, we should take the first step."

He said the first step, he hoped, would be for Congress to "soon act to permit unrestricted travel between the United States and Cuba, establish open trading relationships and repeal the embargo."

Cuba has purchased \$31.5 million in U.S. agricultural products so far this year. Those purchases followed \$4.3 million in purchases at the end of last year, the first Cuban purchases of U.S. commodities since the embargo began. The exports were allowed by a law Congress passed in 2000 that exempts food and medicine sales from the embargo. However, travel and financing restrictions still in place continue to keep a lid on U.S. exports to Cuba.

International labeling rules could affect U.S. products

The 13th session of the Codex Alimentarius Committee on Food Labeling took place May 6-10 in Halifax, Nova Scotia. The proposed international food labeling guidelines discussed at the meeting could restrict U.S. exports or affect demand for U.S. food products in foreign countries.

Topping the agenda was a discussion paper put forward by the European Union to require that labels on processed foods list the originating countries of all the ingredients.

Ron Gaskill, an American Farm Bureau Federation director of regulatory relations, attended the meeting as part of an International Chamber of Commerce delegation. He said that the EU proposal did not get sufficient support to become a new Codex standard. That's good news, for now, for U.S. agriculture.

"We'd like to see it dispensed with completely, rather than still in the process to come up again at next year's meeting and in bilateral and multilateral negotiations throughout the year," Gaskill said. "But at least it's not going to impact U.S. producers in the immediate future."

Gaskill said the EU's country-of-origin labeling proposal for processed foods would be onerous, would result

in labels that read like long legal disclaimers and wouldn't help consumers.

"The proposal would increase the length of labels considerably," Gaskill said. "Just taking it from the consumer's perspective, there would be no value to the labels because, to cover their bases, companies will have to list all possible countries that all ingredients could have come from. That's going to result in labels that are too big for their containers, and it's not going to give consumers any useful information."

To illustrate the point, the International Frozen Foods Association distributed two sample labels for a frozen meat lasagna product. The ingredient label with country of origin specified was twice as long as the label prepared according to current regulations.

"That really opened the eyes of a lot of the delegates, especially the developing countries, which don't have the regulatory infrastructure to verify the information or enforce that type of requirement," Gaskill said. "We hope that developing countries, which account for 120 of the 166 U.N. member countries, will be a large block of opposition to the EU's paper."

Another EU proposal concerning labeling of food would define products of biotechnology as genetically modified or engineered. Gaskill said many consumers would view the label as a warning sign.

"Regardless of how you write it, regardless of what it says, it's going to be a warning sign. And our concern ultimately is that it will restrict access to those markets because consumers are going to be concerned about these labels," Gaskill said, "even though the labels do nothing to protect consumer health."

AFBF opposes any requirement that foods be labeled as containing biotech products. As the EU proposal goes through the Codex process, AFBF is pushing for language that will not be as misleading to the public. Gaskill said that terms like "genetically modified" give the foods a bad image in some countries and among certain types of consumers, which is just what the anti-biotech groups want. But regardless of what language the proposal would have the labels include, Gaskill said AFBF would continue to oppose any such labeling requirement so long as there is no compromise to human health.

Both EU proposals are at the third

step in an eight-step process. At step three, the document has been presented and debated perhaps a couple of times, but there is enough disagreement that the proposal will need to be further studied, debated and revised. Gaskill said that countries will negotiate over the next year on these and other Codex Committee issues. A country proposal must receive consensus approval to become a Codex standard for all countries.

Gaskill said Codex Alimentarius standards will inevitably affect U.S. market access in other countries, so it's important that the U.S. government and agriculture organizations pay attention to what is being proposed in that forum.

"There is another proposal in the Codex Committee on Food Labeling concerning production, labeling and marketing of organic foods. And there is a proposal in the Codex ad hoc intergovernmental task force on animal feeding that would tell U.S. farmers and ranchers how to manage their on-farm feeding operations," Gaskill added. "We're very concerned about that. Farm Bureau is developing a strategy to deal with all these proposals and prevent the negative impact they would have on U.S. farmers."

Energy Alternatives

The ABCs of renewable

FB conference explores energy alternatives

While Congress irons out language for the country's first comprehensive, national energy policy, America's farm and ranch families continue their long-held focus on energy issues. Since energy plays a significant role in any agricultural operation, American agriculture places a strong priority on finding alternative energy sources that reduce dependence on foreign oil, provide environmental benefits and help the bottom line.

The American Farm Bureau Federation recently hosted a conference to

explore potential energy alternatives. Titled "The Economics of Energy Production from Manure, Wind and Biomass," the conference brought together more than 30 people representing state Farm Bureaus, government, utilities, academia and others involved in energy production.

"We're here to share ideas and provide information," said Ross Korves, AFBF chief economist. "Several of these ideas have been around for years ... [but] are things changing? What new and fresh ideas are out there?"

State Farm Bureau representatives from Iowa, North Carolina, New York,

North Dakota, South Dakota, California, Ohio, Kansas, Michigan, Mississippi, Indiana and Texas shared a variety of efforts already under way in their states. Projects range from producer-owned ethanol and biodiesel projects, to wind projects, to other biomass projects.

Participants agreed that agriculture's future role in renewable fuels will depend largely on public interest, support and goals.

While many questions remain, all also agreed that agriculture has a major stake in the debate, both as consumers and potential producers of energy.



Manure digestion offers one alternative

One technology discussed extensively during the conference was the use of manure digesters. Through anaerobic digestion, manure (primarily dairy and swine) can be collected and processed to produce methane gas that is converted to electricity. The electricity can then be used on the farm or sold back to a local utility.

In addition, other benefits that result through digestion include odor reduction and some reduction in pollution potential. Following the digestion process, the manure, which retains essentially the same quantity, has very little change in nutrient content so can still be utilized as fertilizer.

"Digesters work. However, they do not eliminate pollution potential and they require a high degree of management. You need to look at the whole system and not just the digester alone," said Jeff Lorimor, assistant director in the Agricultural and Biosystems Engineering Department at Iowa State University. "Another question to ask is, 'What's it worth and will the public pay us?' for odor control and producing methane."

"If it doesn't make sense economically, it's not going to fly," said Jeff

Kapell, associate principal with SJH & Co., Inc.

Kapell's company focuses on a Danish bio-gas technology that utilizes a proprietary anaerobic digester to produce methane. Kapell said two keys to the profitability of a producer investing in a proven manure digestion process, like the Danish digesters, are open access to non-recourse funding and high electricity rates for selling excess energy generated back to the grid.

One producer who has found success using manure digestion is dairy farmer Bob Foster. Foster Brothers Farms, a Vermont dairy farm, has been using an anaerobic digester for 20 years. During that time, the Fosters have encountered a wide range of challenges but have found the addition of the digester to have been worth it.

Along with the digester, the Fosters have added a composting and marketing business, Vermont Natural Ag Products, Inc., to their operation. With its flagship product "Moo Doo," the business has secured a successful market for its line of organic composts and soil amendments.

Foster said the mission of the business is twofold: to support the independent grower's and garden center's demand for soil products by providing high-quality materials backed by qual-

ity service, and to encourage the composting of agricultural byproducts in the region through the use of efficient and economical technologies, which results in environmental stewardship and economic benefit to the composter and community.

While Foster has found success with the interesting diversification on his dairy operation, he acknowledges that it may not be right for everyone.

"Each system is unique to the human and physical resources available," Foster said. "Thinking outside the box is healthy, but use of time-tested equipment and materials is appropriate and often necessary. [And] remember, marketing takes a completely different mind set than production."

Illustrating Foster's point that each situation is unique is California dairy farmer George Longfellow Jr., who after a careful review of his situation decided against installing a digester. Longfellow agrees that manure digestion has potential but doesn't believe it fits his current circumstances.

"Our biggest stumbling block in California, I think, is the utility companies," Longfellow said. "The idea [to use a manure digester] is fairly simple, but there's a lot in the details. So I'm going to wait and see before I put in a digester system."

Poultry wants to value in

With the success of (from corn) and the of biodiesel (mainly other biomass conversion projects are gaining interest.

One new technology is burning poultry litter, benefit of managing energy.

With the high country enterprises in country, Jim Wimberly Foundation for Organic Management, said manure litter has become a commodity.

"[In many poultry we just don't have are out of land to spread," Wimberly said. "The is under the gun in phosphorous, but we need phosphorous is a valuable resource."

According to Wimberly, burning process, phosphorous reduced to an ash product, the phosphorous residue is much easier to transport. The technology is being in Europe and an effort to open a plant in Michigan. Wimberly said the major concern is profitability.

"Even with the value available now, it is still under current economic deployment requires," Wimberly said.

Wimberly, however, is optimistic that a combination of public sector support will allow this technology to be used in the United States.

"Keep tuned to this issue. It will be on the radar screen. I hope it can move beyond any other good options."



Alternative energy production

Industry to create litter

ethanol mainly
emerging acceptance
from soybeans),
ersion to fuel proj-
rest.
gy being considered
tter for the dual
the litter and creat-
centration of poul-
tain areas of the
rly, president of the
nic Resources Man-
ging the resulting
challenge.
-growing areas]
ny more acres. We
read litter on,"
e poultry industry
egard to phos-
d to remember
uable resource."
berly, through a
ultry litter can be
oduct that retains
ource but makes
nsport, blend with
ers and market.
eing used in plants
ort is under way
innesota. Wimb-
challenge is
rious incentives
till not feasible un-
c conditions. Thus,
s subsidization,"
er, remains optimis-
on of private and
t can be created to
y to be used in the
s ... this is going to
en," Wimberly said.
forward. I don't see
ons."

Energy answer may be blowing in wind

Another renewable energy source creating renewed interest is wind. According to Joe Richardson, energy project consultant with the North Dakota Farm Bureau, wind power potential is great, especially for North Dakota.

"We're keen for rural economic projects that benefit the farmers and communities out there [in North Dakota]," Richardson said. "Wind probably carries the most potential for us."

As a result, people in North and South Dakota are teaming up to promote a major wind project in their states. "Harnessing Dakota Wind," an initiative of the South Dakota and North Dakota Farm Bureaus scheduled for launch in September, will sponsor

research, public information and education and technical assistance to enhance the development of agriculture-related energy production and to ensure that farmers and rural communities are equitable partners and beneficiaries.

According to Richardson, the first step anyone interested in wind power should take is collecting at least one year of data on the local wind resource, with three years of data being best. Richardson recommends using a monitoring tower that collects wind data at three different heights, up to 50 meters.

"Do the science on profiling your land," Richardson said. "We call it fishing the sky. There may be nothing

up there but you need the tower to find out for sure."

Once data shows wind power exists, the next step is to determine if the land is appropriate for turbines and to explore other factors such as profitability. Another influencing factor is whether the electricity produced can be transmitted to the areas where it is needed. Also, wind is variable in power output. Rather than a problem, Richardson sees this as an opportunity.

"It's obvious that we have to put clusters of projects together," Richardson said. "And then ship power out to where it needs to go."



Renewable energy faces challenges

Major challenges facing renewable energy projects are transmitting the electricity generated to areas in the country where it is needed most and getting public support to encourage renewable energy development and make it profitable.

Jay Morrison, senior regulatory counsel for the National Rural Electric Cooperative Association, admitted that while co-ops are interested in distributed generation and renewable generation, getting energy onto the grid is difficult at best.

"Don't presume that just because you build generation, you can deliver it to market. It's almost impossible to build transmission [lines] these days," Morrison said. "We're trying to find ways to lower the cost for inter-connection. However, try to find out as much information as you can before you invest. If you talk to the utility first, you can save a lot of time and money."

Morrison outlined four main questions to ask before deciding if a project is worthy of investment.

- Do you have a buyer for your power?
- Can you deliver your power?
- What is your power worth to your buyer?

- What are the costs of doing business?

"Treat generation like any other business and do your due diligence before investing," Morrison said. "Figure out creative ways to structure the deal to benefit everybody involved."

Despite the challenges, prospects for renewable energy appear good at this time but questions remain, such as how long and to what extent will the public support renewable energy development?

Burt English, professor of agricultural economics at the University of Tennessee, has been working with converting biomass to fuels since the mid-1970s. English pointed out that renewables accounted for about 8 percent of the total energy used in the United States in 2000. Of that amount, biomass contributes 44 percent; hydroelectric, 49 percent; geothermal, 5 percent; and wind and solar each contribute 1 percent.

"Legislation is kind of painting a rosy picture for renewable fuels today," English said. "But remember, legislation can change."

Both the Senate energy bill passed on April 25 and the new farm bill signed into law this month contain

new incentives and standards to promote renewable energy.

According to English, the three keys to sustained national interest in bio-based technologies are energy security, greenhouse gas reduction and rural development.

"Each one plays a major role in how the government provides incentives," English said.

Since biomass conversion is currently costly and not always efficient, incentives are needed to make projects successful.

Roger Conway, director of the Agriculture Department's Office of Energy Policy and New Uses, highlighted several incentives currently available. Along with existing USDA programs and initiatives, Conway reviewed various new incentives contained in the new farm bill and pending energy legislation.

"You've picked a good time to ask about what federal help is out there," Conway said. "I think this is the beginning of the [Agriculture] Department having a new focus on developing [energy from] agricultural commodities."



FOR THE RECORD

Roll Call

vote

vote

vote

vote

vote

vote

vote

Senate votes on farm, trade policy

May 8, 2002

Vote 1—The Senate passed, 64-35, the final farm bill. Farm Bureau favored a “yea” (Y) vote.

May 14, 2002

Vote 2—The Senate rejected, 38-61, a motion to table an amendment offered by Sens. Mark Dayton (D-Minn.) and Larry Craig (R-Idaho) to the trade package (H.R. 3009). The amendment would exempt certain provisions of new trade agreements from trade promotion authority. Farm Bureau favored a “yea” (Y) vote.

May 23, 2002

Vote 3—The Senate passed, 66-30, the substitute amendment to H.R. 3009 that contains presidential trade promotion authority. Farm Bureau favored a “yea” (Y) vote.

Legend: Y — yea, n — nay, ? — not voting

Name Party Vote1 2 3

Alabama

Shelby (R) Y n ?
Sessions (R) Y n n

Alaska

Stevens (R) Y Y Y
Murkowski (R) Y Y Y

Arizona

McCain (R) n Y Y
Kyl (R) n Y Y

Arkansas

Hutchinson (R) Y Y Y
Lincoln (D) Y Y Y

California

Feinstein (D) Y n Y
Boxer (D) Y n n

Colorado

Campbell (R) Y n n
Allard (R) Y Y Y

Connecticut

Dodd (D) Y n n
Lieberman (D) Y Y Y

Delaware

Biden (D) Y n Y
Carper (D) n n Y

Florida

Graham (D) n n Y
Nelson (D) n n Y

Georgia

Cleland (D) Y n Y
Miller (D) Y Y Y

Name Party Vote1 2 3

Hawaii

Inouye (D) Y n ?
Akaka (D) Y n n

Idaho

Craig (R) Y n Y
Crapo (R) Y n Y

Illinois

Durbin (D) Y n n
Fitzgerald (R) Y Y Y

Indiana

Lugar (R) n Y Y
Bayh (D) Y n Y

Iowa

Grassley (R) n Y Y
Harkin (D) Y n Y

Kansas

Brownback (R) n Y ?
Roberts (R) n Y Y

Kentucky

McConnell (R) n Y Y
Bunning (R) n n Y

Louisiana

Breaux (D) Y Y Y
Landrieu (D) Y Y Y

Maine

Snowe (R) Y n Y
Collins (R) n n Y

Maryland

Sarbanes (D) Y n n
Mikulski (D) Y n n

Name Party Vote1 2 3

Massachusetts

Kennedy (D) Y n n
Kerry (D) Y n Y

Michigan

Levin (D) Y n n
Stabenow (D) Y n n

Minnesota

Wellstone (D) Y n n
Dayton (D) Y n Y

Mississippi

Cochran (R) Y Y Y
Lott (R) Y Y Y

Missouri

Bond (R) Y Y Y
Carnahan (D) Y n n

Montana

Baucus (D) Y Y Y
Burns (R) Y n Y

Nebraska

Hagel (R) n Y Y
Nelson (D) Y n Y

Nevada

Reid (D) Y n n
Ensign (R) n Y n

New Hampshire

Smith (R) n n Y
Gregg (R) n Y n

New Jersey

Torricelli (D) Y n n
Corzine (D) n n n

Name Party Vote1 2 3

New Mexico

Domenici (R) n Y Y
Bingaman (D) n n Y

New York

Schumer (D) Y n n
Clinton (D) Y n n

North Carolina

Helms (R) ? ? ?
Edwards (D) Y n Y

North Dakota

Conrad (D) Y n n
Dorgan (D) Y n n

Ohio

DeWine (R) n Y Y
Voinovich (R) n Y Y

Oklahoma

Nickles (R) n Y Y
Inhofe (R) Y Y Y

Oregon

Wyden (D) Y n Y
Smith (R) Y n Y

Pennsylvania

Specter (R) n n Y
Santorum (R) n Y Y

Rhode Island

Reed (D) n n n
Chafee (R) n Y Y

South Carolina

Thurmond (R) Y n n
Hollings (D) Y n n

Name Party Vote1 2 3

South Dakota

Daschle (D) Y n Y
Johnson (D) Y n n

Tennessee

Thompson (R) n Y Y
Frist (R) Y Y Y

Texas

Gramm (R) n Y Y
Hutchison (R) Y Y Y

Utah

Hatch (R) n Y Y
Bennett (R) n Y Y

Vermont

Leahy (D) Y n n
Jeffords (I) Y n Y

Virginia

Warner (R) n n Y
Allen (R) n n Y

Washington

Murray (D) Y n Y
Cantwell (D) Y n Y

West Virginia

Byrd (D) Y n n
Rockefeller (D) Y n n

Wisconsin

Kohl (D) Y n Y
Feingold (D) n n n

Wyoming

Thomas (R) n Y Y
Enzi (R) n n Y

CAPITAL UPDATE

Concern rises over potential for low hog prices this fall

Forecasters are predicting the possibility of severely low prices and lack of slaughter capacity for hogs this fall. With hopes of avoiding another situa-

tion like that of the fall of 1998, the American Farm Bureau Federation took up the issue with the Agriculture Department to get out ahead of the potential problem.

During the fall of 1998, actual hog numbers were much higher than anticipated, which caused the entire hog processing industry to be strained beyond capacity. As a result, some producers made less than 8 cents per pound on their hogs. In a May 14 letter to Agriculture Secretary Ann Veneman, AFBF compared data from 1998 to estimates for this fall that “leads [AFBF] to believe that a repeat of the 1998 disaster in hog prices is possible.”

That’s because total slaughter capacity in 2002 is similar to the fall of 1998, assuming no further packing plant closures, Farm Bureau said. Further, the total number of hogs expected to be slaughtered this fall is only slightly less than in 1998, when capacity was severely strained.

Forecasters predict that over 2 million head per week will be slaughtered in 11 of the 13 weeks in the 2002 fall quarter, straining plant and freezer capacity, as well as labor availability and costs. “The only economic incentive for packers to push plant and labor capacity to these extremes is to ensure that the profit per head is very large,” said Joe Miller, an AFBF livestock specialist. “This can only be accomplished by greatly re-

AFBF urges USDA to take steps now to avoid price drop.

ducing the amount paid to the producer.”

By the end of 1998, cold storage space filled up and packers were forced to reduce production. AFBF’s analysis shows the same scenario could play out this fall, as current pork stocks are the third highest they’ve been in the last 40 years, beef stocks are currently at their highest level since April 1979 and poultry stocks are the second highest on record.

“It’s not like corn you can store in a bin for eight months. Since these are live animals, there is extremely limited storage time available at the producer level,” Miller said. “Any limits on the processing end accentuate the problems faced by the producer.”

AFBF met with USDA Undersecretary Bill Hawks and Donna Reifschneider, administrator of the Grain Inspection, Packers and Stockyards Administration, to discuss ways to avoid sharp price drops and overcapacity this fall. Proposed solutions from the meeting include USDA-implemented programs to free up freezer space this fall, such as buying meat stocks for school lunch and export programs.

Farm Bureau also recommended that

USDA should ensure that environmental laws do not hamper plant capacity, make sure employees are available to keep plants operating, consider guaranteed loan programs to help purchase closed plants or open new ones, and ensure proper competition through GIPSA.

Separately, AFBF looked at Canadian hog imports and how they affect U.S. capacity problems. Data show that while Canadian imports are up 67 percent since 1996, the majority being imported in 2002 are feeder pigs instead of slaughter hogs. The situation was reversed in 1998. Miller said this indicates that the Canadian supply should not impact slaughter capacity as much as it did in 1998.

The recent price drop in hog futures can be attributed to many factors, but Farm Bureau’s analysis found that a large portion of the drop can be blamed on the Russian ban on U.S. poultry products. Russia banned U.S. poultry imports on March 10. Although Russia announced on March 31 that it would lift the ban, it continues to block imports of U.S. poultry.

The halt in poultry exports to Russia overloaded the U.S. meat supply system, causing prices of all meats to decline and freezer stocks to soar. Since mid-March, lean hog futures have fallen over \$18 per hundredweight, and Miller said at least \$6-\$8 of the drop can be directly attributed to the ban.

Death tax

continued from page 1

“There’s been a lot of flak over last year’s passage of the tax relief act. It was OK with a surplus budget, but now we hear the country can’t afford it,” Wolff said. “The needs of farmers are steady no matter what the federal budget is doing.”

AFBF supports permanent repeal of the death tax so America’s farmers and ranchers can invest in their operations rather than spend their money on estate planning, which is not always effective in protecting farm businesses from the tax. Because businesses evolve and grow, farmers and ranchers who do plan for their deaths can never be sure that their estate tax plan will protect their business when they die.

Further, the death tax does little to raise revenue for the government. According to U.S. budget figures, annual death tax revenues make up less than 2 percent of total federal receipts.

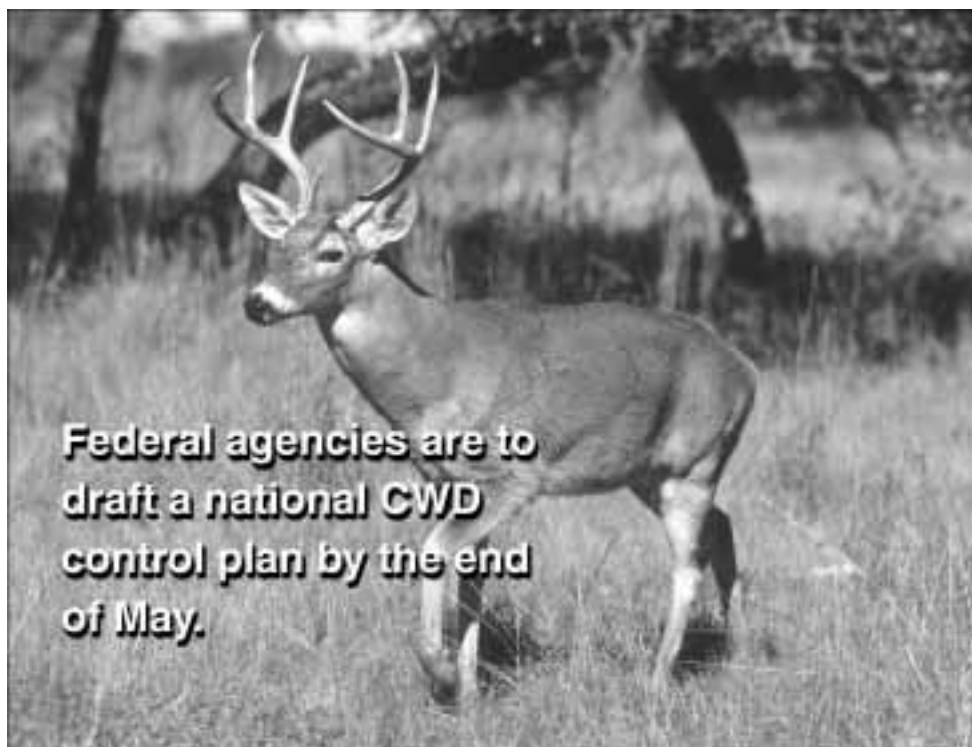
Chronic wasting disease continues to plague deer, elk

A deadly disease is plaguing wildlife in a number of Western and Midwestern states, and state and federal lawmakers are trying to contain it.

Chronic wasting disease, a brain disease that affects elk, mule deer and white-tailed deer, has been discovered in eight states to date. Wild deer and elk with CWD have been found in Colorado and Wyoming, and wild deer with CWD have been found in Nebraska and Wisconsin. States that have or have had captive elk herds with the disease include South Dakota, Nebraska, Colorado, Kansas, Oklahoma and Montana.

Rep. Scott McInnis (R-Colo.), chairman of the House Resources forests and forest health subcommittee, at a May 16 hearing instructed the Agriculture Department and other involved federal agencies to draft a plan, by the end of this month, to help the states control CWD. USDA and the Interior Department have formed a joint working group to help the states respond to the disease.

USDA's Animal and Plant Health Inspection Service, in conjunction with the states and industry groups, is developing a nationwide program to eliminate the disease from farmed elk. APHIS is preparing proposed regulations that would require all captive elk be enrolled in the program before interstate movement occurs.



President Bush's 2003 budget would provide \$7.2 million to establish a CWD certification and control program.

Wisconsin Gov. Scott McCallum on May 18 signed a bill that appropriates \$4 million and allows the state's Department of Natural Resources to regulate the feeding of wild animals for purposes other than hunting, allows the DNR to designate CWD eradication zones and allows the state

Department of Agriculture to test captive herds.

The Wisconsin Farm Bureau Federation supports the efforts of the DNR to eradicate the deer herd, and supports a ban on recreational feeding to prevent the deer from congregating, which aids in the spread of CWD.

Wisconsin has already spent approximately \$600,000 trying to contain CWD after the first diseased animal was found there on Feb. 28. Since

then, state officials have found CWD in 14 deer. The state plans to kill some 15,000 white-tailed deer to stop the spread of the disease.

CWD had not been present east of the Mississippi until the finding in Wisconsin.

McCallum delivered testimony at the May 16 House Resources subcommittee hearing, urging the panel to fund research into the possibility of CWD being transferred to farm livestock, other wildlife or humans. McCallum added that deer hunting is a \$1 billion industry in Wisconsin, and that his state has more than 1,000 deer and elk farms that provide venison to restaurants.

Due to the increasing concern about CWD in Nebraska, the state has imposed restrictions on the movement of domesticated elk and deer. The restrictions require imported animals to originate from herds participating in Nebraska's monitoring program for 60 days prior to movement. Three herds have tested positive for CWD since it was first diagnosed in 2000.

CWD is related to scrapie and bovine spongiform encephalopathy, also known as mad cow disease. There is no scientific evidence that CWD is linked to disease in humans or domestic animals other than deer and elk. The disease was first discovered 35 years ago in northern Colorado.

PHOTO BY SCOTT BAUER, USDA AGRICULTURAL RESEARCH SERVICE

Connecticut farmers find strength in industry clusters

People involved in Connecticut agriculture are joining together under a new state government initiative to help key industries, called clusters, create a successful business environment. In the process, the state hopes to boost its economy.

The idea of working together to solve common problems isn't new. But, more often, businesses within an industry compete with one another for advantages in the marketplace. Even if it isn't a dog-eat-dog environment, businesses are usually busy dealing with their own problems and cultivating business opportunities.

Connecticut's new economic development strategy brings state government resources to the clusters and gives businesses an incentive to put their heads together.

The Connecticut Agricultural Business (CAB) cluster was launched just last March with \$100,000 from the state's Economic and Community Development office, to help agricultural businesses come up with better ways to handle their waste and market their products. Another \$100,000 is to come from members of the cluster bringing the total program funding to \$200,000 this year.

The Connecticut Farm Bureau Asso-

ciation was instrumental in getting the CAB cluster formed and is playing a key role in overseeing it, including handling the finances.

"Connecticut Farm Bureau is excited about taking part in this economic initiative," said Randolph Blackmer Jr., CFBA president. "The formation of the CAB recognizes Connecticut agriculture as an industry that is just as important as tourism, high tech and manufacturing. And it's going to help us do some of the things we have to do to keep agriculture going in this state. Our future depends on our industry's best and brightest coming together to share ideas and foster success for all Connecticut farmers and agriculture businesses."

CFBA's slogan is "A small state that is big on agriculture," and Agriculture Department figures back up that claim. Connecticut agriculture leads New England in farm income, according to the National Agricultural Statistics Service. And the Economic Research Service reported last year that, between 1990 and 1996, the state's average annual agricultural productivity growth was 2.7 percent, the highest in the Northeast, including New York and Pennsylvania.

In addition to the state's top agricul-

ture industry—greenhouse and nursery products—farmers in the state produce dairy products, maple syrup and oysters. More than 50,000 people in the state are employed in agriculture.

The state's "green industry," florists and greenhouse growers who produce nursery and landscape plants, plays a big part in Connecticut's agricultural success, but it also generates a great deal of waste product. Every spring, greenhouses have to be unwrapped of their plastic coverings, resulting in miles of waste plastic.

"Greenhouse growers in the state use 6 million pounds of ag plastics each year," said Erica Fearn, executive director of CFBA. "Getting the plastic off their houses is labor intensive, and it's hard to dispose of all that plastic. We're looking at ways to automate the process to make it easier, and even creating a co-op that could recycle the plastic."

That could not only solve the problems of how to get the work done and handle the waste, it could also add value to the waste.

Fearn said the cluster is working with utility companies in the region to help farmers earn extra money by converting biomass into energy that could be sold to the utility companies.

And Fearn said the cluster is looking at creating a marketing program.

"Marketing and handling waste were the two biggest state priorities for the CAB cluster," Fearn said, "so that's where we're starting."

The agriculture cluster is one of eight, including aerospace manufacturing, biotechnology, maritime trades, metal manufacturing, plastics, computer technology and tourism. The results of the state's experiment with clusters will be part of a follow-up study by the father of the business clusters concept, Michael Porter, a professor at the Harvard Business School.

In an article for the November-December 1998 issue of Harvard Business Review, Porter defined clusters as interconnected businesses and institutions in a particular field that are located in the same geographic area.

"Being part of a cluster allows companies to operate more productively in sourcing inputs; accessing information, technology and needed institutions; coordinating with related companies; and measuring and motivating improvement," he said.

That's professor talk for saying businesses can find strength in clusters. Connecticut farmers hope that will lead to results they can take to the bank.

GRASSROOTS

Farm Bureau brings high tech to rural businesses

A joint venture between American Agricultural Communications Systems, a subsidiary of American Farm Bureau, Inc., and Spacenet, Inc., a subsidiary of Gilat Satellite Networks, Ltd., will bring cost-effective, broadband Internet service to rural small businesses.

The venture, called Connexstar, will give the small businesses the capacity to connect up to 13 personal computers from a single Internet connection. In addition, it will bring advanced features and technology to rural businesses, providing them with more consistent and reliable performance than they could get with dial-up connections or even other satellite or DSL (digital subscriber line) services.

"Connexstar not only offers the most cost-effective broadband Internet service for rural businesses, but it also provides an alternative to frame relay applications," said Casey Wojciechowski, general manager of AFBI. "We feel this new venture will be a great benefit to rural businesses."

Businesses are increasingly using frame relay technology so their com-



Farm Bureau and Spacenet officials sign the agreement to create a new computer networking system for rural small businesses. Pictured (left to right) are Charles Bailey, Spacenet; Casey Wojciechowski and Dick Harris of AFBI; and Mark Rasmussen of Spacenet.

puters at multiple locations can communicate with each other.

Businesses use the Internet to market their products and services worldwide.

But small businesses in rural areas still find themselves on the sidelines because of lacking infrastructure, Connexstar, which AFBI is already making

available to rural businesses, provides broadband connectivity anywhere in the United States and will make the latest technology more accessible.

The service also supports a wide variety of business applications such as credit card authorizations, music and video content delivery, and e-mail. Following a one-time installation and equipment fee, monthly cost for the service starts at less than \$100 per site.

For more information about Connexstar, contact Wojciechowski at 847-685-8871 or caseyw@fbinc.com.

American Agricultural Communications Systems is a subsidiary of AFBI, which is a wholly-owned affiliate of the American Farm Bureau Federation. Other AFBF affiliates include American Agricultural Insurance Company and American Farm Bureau Insurance Services, Inc., American Agricultural Marketing Association and the AFB Foundation for Agriculture.

AFB, Inc., also provides the Farm Bureau ACRES service, an Internet and satellite based system that provides agricultural marketing, news and weather information to Farm Bureau members.

State Farm Bureau helps family of Sept. 11 victim

By Chris Coon

Members of the agriculture community who participated in the New Mexico Farm and Ranch Volunteer

Relief Fund have helped ensure that the children of one of the Sept. 11 victims will have the money to go to college.

At a special ceremony in April, it was

announced to the Marchand family that more than \$34,000 had been raised and put into an education account for the three children in the family. The money came mainly from a livestock auction organized by Louis Oliver, a New Mexico Farm and Livestock Bureau state board member, and held last November at the Deming Livestock Auction Barn about 60 miles west of Las Cruces. Additional contributions have come in since the auction.

Father and former Alamogordo police officer Al Marchand was a flight attendant aboard United Airlines flight 175, which crashed into the World Trade Center. Left behind are his wife, Becky, and their three sons, Dakota, Joshua and Trae.

At the November auction, area agricultural producers bid on donated animals and raised more than \$25,000 that day. Not one cent of the money was

spent on administrative costs, according to Oliver.

"It's truly amazing how folks pitched in," Oliver said. "We raised more than \$25,000 in the hour or so of the auction and money just kept coming in for weeks after that. I guess it shows that when a barn burns down out here in the country ... the neighbors are always there to help rebuild it."

At the ceremony, the Marchand family, regional media and an ensemble of farmers and ranchers listened to a message from Rocky Jones, captain of the New York Fire Department's Engine 4. Jones, who is stationed a mere 10 blocks from the World Trade Center, happened to be on vacation in southern New Mexico with her husband when the Sept. 11 attacks took place. She soon learned that 14 firefighters out of her crew of 18 had perished in the attack.

"The four survivors are doing well and the families of the missing have been a source of inspiration for us," Jones said. "We were nervous because we did not know what to say to them, but they made us feel better because, despite being sad and heartbroken, they are doing OK."

"Sometimes when you are in New York and in the middle of this, you don't realize the whole country is involved. But when you see something like the fund-raiser auction it helps you remember that the whole country is behind you. To get through it, you take one little baby step at a time. The

Marchands are really the story of 3,000 families."

Jones praised the agriculture community for coming to the aid of the Marchands.

"Agriculture is a tough way to make a living but still came through in a big way for the Marchands," Jones said. "If you have a little and give a little, that is more commendable than someone who has a lot and gives more."

The education account continues to grow from recent donations. For information about the effort, call Oliver at 505-536-9511.

Chris Coon is managing editor of New Mexico Farm and Ranch Magazine, a publication of the New Mexico Farm and Livestock Bureau.



PHOTO BY CHRIS COON

New Mexico farmers, ranchers and good samaritans present a donation to the family of Al Marchand, who died aboard one of the airliners that crashed into the World Trade Center.