

news

March 3, 2003

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

Vol. 82, No. 5

In This Issue

The Ag Agenda: International trade prospects come to a crossroads

2

China still not up to par on WTO commitments

3

Leadership conference focuses on FB priority issues

4

Senators push for renewable fuels bill

Legislators are again working to rev up the use of renewable fuels, as a bipartisan group of senators recently introduced a bill that would nearly triple the nation's use of domestic renewable fuels made from such products as corn and soybeans.

The Farm Bureau-supported measure, introduced by Sens. Tom Daschle (D-S.D.), Richard Lugar (R-Ind.) and 12 additional legislators from both parties, is identical to the renewable fuels agreement that received the support of 69 senators and President Bush during the last session of Congress. The provision was included in a broad energy package that was never enacted.

"With the instability abroad and the sagging rural economy at home, the Fuel Security Act of 2003 is the right approach at the right time," Daschle said.

As with the previous provision, the legislation would require production of renewable fuels such as ethanol and biodiesel to reach 5 billion gallons per year by 2012. The bill also calls for the elimination of the federal oxygenate requirement under the reformulated gas program and a national phase-out of methyl tertiary butyl ether (MTBE), an oxygenate that has been found to pollute groundwater.

Troy Bredenkamp, American Farm Bureau Federation energy specialist, said he would like to see the renewable fuels legislation pass sooner than later. "When you look at the dynamics that are shaping up in the world and the

situation with the Middle East, it would be prudent to do everything we can to become less dependent on foreign energy sources," Bredenkamp said. "The renewable fuels component helps this country do that."

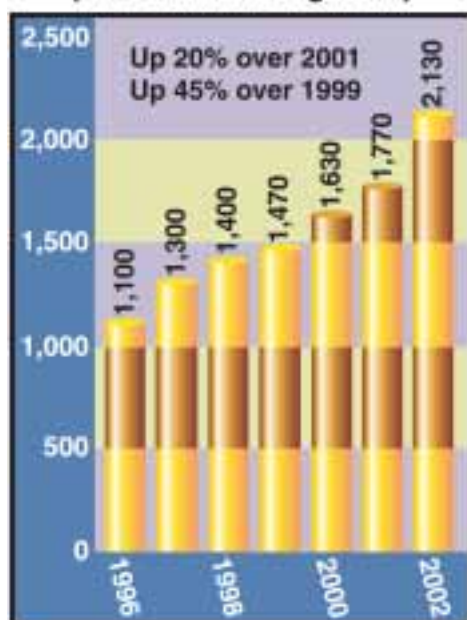


Snowed 'til the cows came home

Farm Bureau members from across the country blew into Hershey, Pa., along with 28 inches of snow for the 2003 American Farm Bureau Federation Young Farmers and Ranchers Leadership Conference. The conference, which ran Feb. 15-17, featured sessions based on the theme "Building Our Future on the Strengths of Our Past."

Corner Post

Historic U.S. fuel ethanol production (2002 - Millions of gallons)



Source: U.S. Energy Information Administration, Renewable Fuels Association

Budget contains other ag measures

The fiscal 2003 omnibus appropriations bill addressed a few other concerns of agriculture, on top of providing \$3.1 billion in assistance for farmers and ranchers affected by various weather disasters. President Bush signed the bill into law on Feb. 20.

From a study on the effects of packer ownership of livestock, to waiving the need for environmental reviews on certain timber sales, the bill addressed several other concerns of farmers and ranchers besides the need for disaster assistance.

The bill provides \$4.5 million to study the potential effects of a ban on packer ownership of livestock. While legislation was introduced last year and has already been introduced this year on banning packer ownership, some feel there is much that is not known about the impacts of a ban. American Farm Bureau Federation

policy opposes the movement of any legislation concerning packer ownership until a Farm Bureau study of the issue is done.

A Farm Bureau-supported provision in the omnibus bill would waive environmental review requirements, making it easier for timber companies to trim excess wood from national forests. The companies would be allowed to harvest timber to pay for their forest restoration work. According to Farm Bureau, forests are in need of fuel reduction to prevent wildfires such as those that blazed across the West last summer.

Farm Bureau also supported a provision to allow several permits to graze livestock on public forestland to be renewed even though the Forest Service has not completed environmental analyses required under the National Environmental Policy Act (NEPA).

AFBF raised concerns last summer that the Forest Service's inability to complete the analyses on time could put ranchers in danger of losing their grazing permits, and began working on short- and long-term solutions. In the short term, waiving the NEPA requirement for the permits to be renewed will ensure that ranchers with permits will not be left without access to forage for their livestock. In the long term, AFBF is working to secure improvements to the NEPA-review process to prevent the problem from reoccurring in the future.

A provision that has received a great deal of attention in the news media allows livestock producers to feed their animals non-organic feed and still market their products as organic if adequate supplies of organic feed aren't available. AFBF did not

See Budget, page 3

VIEWPOINT

International trade prospects come to a crossroads

The poet Robert Frost once penned a verse about two roads diverging in the woods and taking "the one less traveled by." That choice, he wrote, "made all the difference." Agriculture faces a similar crossroads in regard to international trade.

On one hand, there are some who emotionally argue that protectionism and closing down our borders is the road to take. They deny the reality that evolving technology in communication, transportation and other areas is truly making our world a smaller, more-connected place.

Then there are those who embrace the road to global opportunity. They look at the international marketplace with enthusiasm. They believe Americans, given a fair chance, can compete with any nation on quality, quantity and cost.

Farm Bureau is among those that believe in the potential advantages offered by the international trade of agricultural goods.

Like Robert Frost, sometimes it feels like we are on the road less traveled. We believe, however, that our path is truly the one that will make "all the difference" for America's farm and ranch families.

The road less traveled

Farm Bureau believes international trade agreements designed to reduce trade barriers and create fairer trade set

THE ag agenda



By
Bob Stallman
PRESIDENT
American
Farm Bureau
Federation®

the stage to move American agriculture forward.

As an average, we U.S. farmers earn 25 percent of our farm income from exports. U.S. agriculture depends on exports for more than one-third of all sales. During fiscal 2001, the United States exported \$52.7 billion in agricultural goods and imported \$39 billion, creating an agriculture trade surplus exceeding \$13 billion.

While global trade inequities still exist, those numbers prove America's farm and ranch families already depend on a healthy flow of international trade. Our goal is to make sure future trade agreements allow us to compete on a more level playing field.

In July 2002, the Bush administration unveiled a proposal that aims to increase market access by reducing tariffs, eliminate export subsidies and provide a fair method for limiting trade-

distorting domestic support levels. Compared to proposals from Europe and elsewhere, this is certainly a road "less traveled," but it is one Farm Bureau supports as vital since ongoing WTO agricultural negotiations will map out ag trade for years to come.

Full speed ahead

Farm Bureau believes a successful outcome from WTO negotiations represents U.S. agriculture's best opportunity to open new markets and address unfair trade practices that hurt our farmers and ranchers. The U.S. proposal pushes aggressively for real reform. The proposal recently submitted by the European Union, meanwhile, regurgitates old, protectionist trade formulas and retains inequities that exist between trading countries.

WTO members will try to take these diverse proposals and blend them into

"modalities" or targets for achieving the objectives of the negotiations. Expected to be finalized as early as the end of this month, these targets will establish the parameters for the final WTO agreement to be reached by January 2005.

Decisions made now could mean the difference between a thriving agricultural industry in the United States, and Americans depending more on imported food, frequently grown by lesser-trained foreign farmers under haphazard food safety and quality standards.

Although international trade holds great potential for U.S. agriculture, that does not mean that all trade agreements are good. For example, Farm Bureau continues to monitor free trade negotiations with Australia. We are pushing for the dismantling of a number of Australian trade barriers to U.S. agricultural exports before any agreement is signed.

Farm Bureau recognizes that any trade agreement entered into by the United States needs to offer more benefits than sacrifices for our producers.

The world marketplace is growing. Agriculture certainly has opportunity due to that growth, and Farm Bureau is working to give America's farmers and ranchers a fair shot in the action.

The road we choose in the coming days, months and years regarding trade agreements and negotiations will certainly make all the difference.

Renewable fuels will provide America a brighter future

By Sen.
Chuck Hagel



America's farmers are suffering. Agriculture producers face a crippling drought, unsteady markets and an uneasy economy.

Farming in the 21st century promises to be vastly different than farming in the last century. To succeed in this new era, agriculture producers must embrace innovation, exploit new technology and aggressively pursue opportunity. Investing in value-added products and expanding the use of renewable fuels does that.

Last week, I joined a bipartisan group of colleagues in introducing the Fuel Security Act of 2003 (S. 385). This legislation would modernize the nation's fuel system and expand the use of renewable fuels.

Renewable fuels are key to reducing the quantity of fossil fuel present in motor fuels. They are produced mostly from corn, sorghum and soybeans—crops grown in Nebraska and other farming states.

Today, less than 1 percent of Amer-

ica's transportation fuel comes from renewable sources. A Renewable Fuel Standard is the centerpiece of the bill I introduced with Senate Minority Leader Tom Daschle (D-S.D.), Sen. Richard Lugar (R-Ind.) and Sen. Tim Johnson (D-S.D.). This provision would gradually increase the nation's use of renewable fuel from around 1.7 billion gallons annually to 5 billion gallons annually by 2012.

Renewable fuels broaden markets for our country's agriculture producers.

The renewable fuels industry has expanded considerably to meet the growing demand. Nationwide, ethanol producers opened 12 new plants last year, with 10 additional plants now under construction. Sixteen of these new plants are farmer-owned cooperatives. Nebraska has six ethanol plants and one currently under construction.

Renewable fuels deepen our country's commitment to the environment.

It is cleaner to produce and burn renewable fuels than traditional fuels. In accordance with the recommendation of the Environmental Protection Agency's Blue Ribbon Panel on Oxygenates, the Fuel Security Act phases out MTBE, an oil-derived fuel additive, in favor of renewable additives. This

new bill would ensure that fuel-related environmental gains are preserved.

Renewable fuels strengthen the United States' energy policy.

Today, America imports nearly 60 percent of the crude oil it consumes. This amount is estimated to climb to 70 percent by 2020. Almost one-fourth of America's oil imports come from the Persian Gulf. Last year alone, the U.S. imported nearly half-a-million barrels of oil a day from Iraq. By expanding the use of renewable fuels, the United States can secure and stabilize its domestic energy supply. The Fuel Security Act would replace 66 billion gallons of foreign crude oil by

2012, reduce foreign oil purchases by \$34 billion, create more than 200,000 jobs nationwide and boost U.S. farm income by more than \$6 billion a year.

Our nation needs a broader, deeper and more diverse energy portfolio. We must forge a new energy policy that reflects new technologies and our abundant resources. Renewable fuels hold the promise of a cleaner environment, a more secure nation and more profitable agriculture producers.

Sen. Chuck Hagel (R-Neb.) is a member of the Senate Foreign Relations; Banking, Housing and Urban Affairs; and Select Intelligence committees.

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

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 Washington, D.C., and additional mailing offices. 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.

China still not up to par on WTO commitments

U.S. Trade Representative Robert Zoellick traveled to China last month to discuss how accession to the World Trade Organization in December 2001 has affected the country. "My overall sense is that in a year there's been good progress. There's no doubt there's more work to do, but I also come away with the sense of extraordinary opportunity," Zoellick said while

in Hong Kong on Feb. 19, the final day of his trip. In addition to Hong Kong, Zoellick visited Beijing, Chongqing and Shanghai during the four-day trip.

Prior to Zoellick's trip, Agriculture Secretary Ann Veneman commented on current trade issues with China. Upon China's recent announcement that it would require new tests for biotech products, Veneman said USDA is work-

ing to get reversed "redundant" food safety tests and an additional round of field trials that are "once again threatening to disrupt U.S. soybean exports." Veneman explained that problems regarding access in Chinese markets for U.S. biotech soybeans were supposed to have been resolved last summer.

Over 20 percent of all U.S. soybean exports go to China, a \$1 billion per year market. The market in China for soybeans has increased dramatically over the last few years, but slowed in 2002 due to confusion surrounding the country's biotech regulations.

Last year, China implemented burdensome regulations affecting U.S. soybean exports, which listed procedures for testing, labeling and obtaining import licenses for biotech products. The regulations effectively blocked soybean trade between the United States and China from January to March 2002. A provisional solution was presented last March in which China would issue temporary certificates, allowing U.S. soybean exports to China to resume. The two countries have yet to reach a permanent solution.

Veneman also brought up the problems the United States is having with China's implementation of tariff rate

quotas (TRQs) as negotiated under its WTO accession agreement. She said USDA and USTR are discussing various options to remedy the TRQ situation, which could include bringing a dispute-settlement case to the WTO.

Veneman added that USDA plans to send a technical team to China "in the near future" to address U.S. concerns involving China's misuse of sanitary and phytosanitary restrictions on meat and poultry imports.

The Office of the U.S. Trade Representative last December issued a progress report to Congress on China's WTO compliance. USTR reported that China had made progress in the year since joining the WTO, but still had a lot of work left to do in implementing its WTO commitments.

For example, the report found that China had made required tariff reductions for many agricultural goods, including beef, dairy products and citrus. But USTR reported that it found "a number of causes for serious concern" such as lack of transparency in new laws and regulations.

Agriculture was one of the top three areas that the report found "generated significant problems and warrant continued U.S. scrutiny."



Source: USDA Foreign Agriculture Service

Veneman: Crop insurance could be better

Agriculture Secretary Ann Veneman has announced "a major initiative" to increase participation in federally guaranteed crop insurance, increase coverage and strengthen financial oversight of the crop insurance industry.

Despite progress in getting more farmers signed up at higher levels of coverage since the program was reformed under the Agricultural Risk Protection Act of 2000, better risk management tools are still needed, according to Veneman.

"We already know we must develop better tools to serve the livestock industry, including forage and range coverage," Veneman said. "We also know that there are concerns with coverage in regions that are facing multi-year droughts, and we need to simplify and improve the effectiveness of products such as revenue and whole-farm insurance that will meet the needs of all agriculture."

The secretary said she had asked the Risk Management Agency, which administers the program, to identify underserved producers and develop new crop insurance products to "fill the gaps." She made her comments Feb. 20 at the Agriculture Department's annual Agricultural Outlook Forum.

To increase participation in 15 historically underserved states, RMA is spending \$18 million to reduce producers' premiums. The funding is available to producers purchasing poli-

cies after Feb. 20, 2003, with acreage reporting dates prior to Sept. 30, 2003, in the following states: Connecticut, Delaware, Maine, Maryland, Massachusetts, Nevada, New Hampshire, New Jersey, New York, Pennsylvania, Rhode Island, Utah, Vermont, West Virginia and Wyoming.

In addition, Veneman said the agency would review its financial oversight authorities to ensure a sound crop insurance delivery system.

The parent company of the nation's largest crop insurance provider, American Growers Insurance Co., posted \$131 million in losses toward the end of last year. As a result, the Nebraska Department of Insurance declared the company to be in "hazardous financial condition" and appointed a state supervisor to oversee the company's operations. As the reinsurer of the company's crop insurance policies, RMA has agreed to cover the payment of claims and servicing of last year's policies.

RMA will determine what regulatory actions it should take and pursue new legislation if necessary, Veneman said, to strengthen the agency's financial oversight authority. The department will work closely with the House and Senate Agriculture committees on the issue, she added.

Members of the Senate Agriculture Committee are keenly interested in the functioning of the program because of

the important role that crop insurance plays for producers, said a committee spokesman. The committee is prepared to schedule a hearing on any issues or proposals that are raised during the agency's review, he added.

The crop insurance program was last amended in 2000. Since then, participation in the program has grown, Veneman said.

"Today, nearly 80 percent of eligible acreage is covered, compared to only 69 percent in 1998," she said. "Moreover, over 50 percent of the insured acreage is now insured at 70 percent or higher level of coverage, compared with only 9 percent in 1998."

Still, back-to-back years of drought across a large percentage of the nation over the last two years have led to questions about whether the crop insurance program is adequate to protect all producers from widespread, prolonged disasters.

Drought and flooding around the country led Congress last month to appropriate \$3.1 billion in ad hoc disaster assistance for farmers and ranchers, despite record participation in the crop insurance program. Producers with crop insurance will receive payments based on a larger percentage of commodity prices than producers without crop insurance. Those without insurance will be required to get coverage for the next two years in order to receive the disaster aid.

Budget

continued from page 1

take a position on the provision.

Disaster assistance was AFBF's top priority in the development of the omnibus appropriations legislation. The bill provides \$2.1 billion for payments to producers who sustained losses greater than 35 percent in either 2001 or 2002, as well as \$365 million in assistance to livestock producers.

The bill provides other targeted assistance, including \$54 million for tobacco producers for losses associated with quota reductions, pests and diseases; \$50 million for losses to the cottonseed industry as a result of last year's hurricanes; \$120 million for sugar producers who incurred losses due to hurricanes and flooding; \$10 million to compensate for losses of irrigation water due to Mexico's non-compliance with a water treaty; \$2 million to compensate for losses caused by the Forest Service's misapplication of the pesticide Tebuthiuron; \$18 million to compensate citrus growers whose trees were removed to control citrus canker; and \$15 million to eradicate bovine tuberculosis in Texas. The bill also provides \$70 million to help USDA administer the disaster aid and the 2002 farm bill.

GRASSROOTS

Leadership conference focuses on FB priority issues

Farm Bureau people at all levels help shape the organization's policy objectives, said American Farm Bureau Federation President Bob Stallman in his opening address kicking off the 2003 AFBF National Leadership Conference, held Feb. 23-25 in Nashville, Tenn.

Over 700 Farm Bureau members were in attendance to learn more about AFBF priorities for the 108th Congress, the current political landscape in Washington, D.C., and what they can do to make their voices heard.

Charlie Cook, editor and publisher of *The Cook Political Report*, told participants "the country is split absolutely down the middle" politically. More party-line votes are occurring in the



Charlie Cook

House, and while the Republicans have the majority in the Senate, it isn't a conservative majority.

Looking forward to the 2004 presidential election, Cook said President Bush's job approval rating doesn't mean much at this time in the election cycle. "We have such short attention spans, so what happens in the last year out is what's important," he said. Cook predicted that the state of the economy and military action in Iraq would drive the outcome of the 2004 election.

Asserting that the "current federal budget process today is broken," Stephen Frerichs of AgVantage LLC explained to Farm Bureau members the fundamentals of federal budgeting. Frerichs blamed a lack of discipline by the administration for the current budget deficit, rather than other factors such as the war on terrorism, economic slowdown and tax cuts. Frerichs predicted that agriculture would be a part of budget reconciliation, from which the farm bill would not be exempt.

Staff from the AFBF Washington, D.C., office conducted four concurrent sessions on top Farm Bureau issues.

Teresa Howes, AFBF trade specialist, assessed the current trade climate for agriculture, saying the United States has been "left out in the cold on [free trade agreements]." She said the Euro-



Stephen Frerichs

pean Union is party to 32 FTAs, while the United States participates in three. FTAs must have a good outcome for agriculture, Howes said, because "we don't want a situation where we open markets but can't get our product in." She said Farm Bureau wants to keep the trade focus on the World Trade Organization negotiations and less so on FTAs because "it's a world market, and we're all on the same team."

Farmers lose money when barges and trucks full of their products sit idle, said Dave Salmonsens, AFBF transportation specialist, during the session on transportation and energy. Salmonsens told participants that the nation's transportation infrastructure must keep improving in order to remain efficient. A top priority during reauthorization of transportation legislation is to keep advocating for highway trust fund money to be spent only on highways, because "appropriators like to use the money elsewhere," Salmonsens said.

Troy Bredenkamp, AFBF energy specialist, said the energy bill process is being reworked now, and a stand-alone renewable fuels bill that has been introduced in the Senate is a "carbon copy" of last year's agreement. "We need to energize legislators and re-engage the grassroots effort to get renewable fuels legislation passed," Bredenkamp told conference attendees.

Ross Korves, AFBF chief economist, and AFBF tax specialist Pat Wolff presented attendees with Farm Bureau's tax priorities for 2003, which include eliminating the death tax, establishment of farm and ranch risk management (FARRM) accounts and capital gains tax reform. "A lot of bills are starting through the pipes—the question is if we have enough pressure to get them through," Wolff said.

Don Parrish, AFBF water quality specialist, spoke about controversial issues surrounding total maximum daily loads (TMDLs), wetlands and concentrated animal feeding operations (CAFOs) during the environmental issues session. Regarding wetlands, Parrish pointed to the 2001 Supreme Court ruling in *Solid Waste Agency of*

Northern Cook County v. U.S. Army Corps of Engineers (SWANCC) that found non-navigable, intrastate and isolated wetlands were no longer under federal jurisdiction. "This is the most significant opportunity we've had to rein in government regulations in the last 30 years," Parrish said.

"The regulatory arena offers the best chance to reform Endangered Species Act issues," said Rick Krause, AFBF endangered species regulatory specialist. Farmers and ranchers need to identify "horror stories" where ESA regulations affect real people and relay those stories to federal regulators, he said. Both Krause and Parrish urged participants to submit comments to the Environmental Protection Agency concerning these and other controversial proposals.

Meeting attendees had the opportunity to submit comments to EPA at the Cyber Café, a computer area complete with Internet access for use by Farm Bureau members.

The conference wrapped up with two panel sessions. The first explored the relationship between agriculture and corporate social responsibility. Panelist Bob Giblin, senior counselor for Morgan&Myers, said issues such as animal welfare are putting pressure on food companies, which is then transferred to farmers. "It's time to start telling companies that are de facto regulating you that they're putting you out of business," said panelist Steve Kopperud, a livestock industry consultant.

The second panel session focused on urban and rural hunger in America, and a new hunger-relief program being developed by Farm Bureau and America's Second Harvest, which is scheduled to kick off this June.

FBACT recognizes grassroots action

The American Farm Bureau Federation recently recognized outstanding grassroots efforts by members of its Agricultural Contact Team (FBACT) at its 2003 National Leadership Conference in Nashville, Tenn.

AFBF recognizes the contributions of grassroots lobbying at the national level by awarding a state Farm Bureau from each region with the "Traveling Trophy." This year's winners were Indiana, North Carolina,

Pennsylvania, and Utah. In recognition of the state's third consecutive Northeast region win, the Pennsylvania FBACT team also received a permanent trophy.

One FBACT member from each region won free Internet access for the duration of the 108th Congress. The winners include Jerome B. Schuetz of Fort Myers, Fla.; Deloris Lowe of Dunkirk, Ind.; Clifford Levan of Milton, Pa.; and Leland Hogan of Stockton, Utah.



Accepting traveling trophies from AFBF President Bob Stallman (center) were state presidents (left to right) Don Villwock, Indiana; Larry Wooten, North Carolina; Guy Donaldson, Pennsylvania; and Leland Hogan, Utah.

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