

news

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Congress proposes farm program cuts

Congress' efforts to wipe out the federal budget deficit have put funding for certain agriculture programs on the chopping block. The House Budget Committee last Thursday approved a fiscal 2004 budget that would cut \$470 billion from the federal budget over 10 years, including \$19.2 billion from farm programs, crop insurance and nutrition assistance.

The committee approved, 24-19, the resolution to cut agriculture spending \$874 million in fiscal 2004, \$5.7 billion by 2008 and \$19.2 billion by 2013. The measure would cut spending in other areas as well, including entitlement programs like Medicare. The full House could vote on the plan this week.

The Senate Budget Committee also approved a budget resolution last Thursday. The Senate version does not include cuts in mandatory spending for agriculture and entitlement programs, but it would reduce the limit on farm program payments from the current \$360,000 per year to \$300,000. The committee approved the measure by a vote of 12-11.

The American Farm Bureau Federation will oppose both measures unless

the ag funding cuts and stricter payment limits are removed.

AFBF and several other agriculture and conservation groups last week

wrote Senate Budget Committee Chairman Don Nickles (R-Okla.) to urge that the farm bill be funded fully.

See Energy bill, page 8



Hitting the Hill

Washington State Farm Bureau members visit with Rep. George Nethercutt (R-Wash.) during their recent trip to Washington, D.C. WSFB is one of several state Farm Bureaus visiting the nation's capital to discuss agricultural issues with federal officials and members of Congress.

High fuel prices hit farmers' pocketbooks

Each spring, farmers start dreaming—no matter how bad last year was, a bumper crop and good prices this year could make up for it. Better prices for corn, soybeans, cotton, cattle and hogs this year may contribute to the usual optimism. But, the soaring cost of fuel could bring a cold splash of reality.

It is estimated that energy costs account for 10 percent to 30 percent of a farm's operating costs, and those costs are going up. For some, that could be the difference between incurring a loss, breaking even or pulling in a profit.

Retail gasoline prices as of March 3 averaged \$1.69 per gallon across the United States. That's up about 57 cents from a year ago, and 24 cents from the start of this year. Diesel fuel is going for about \$1.75 a gallon, on average, up 58 cents from a year ago. In February, the price of crude oil reached \$38 per barrel, a 12-year high, and natural

gas prices reached record highs in regional markets.

The Energy Department says the rise in fuel prices is the result of reduced oil output from Venezuela due to a labor strike, colder than normal temperatures this winter in the Northeast and low world oil inventories. Tensions in the Middle East have also contributed to the higher crude oil prices. A war with Iraq could put another dent in oil production and add to crude oil price pressures.

Rep. Ray LaHood (R-Ill.) wants to ensure that price manipulation for profit isn't also part of the problem. He has called on the Federal Trade Commission to investigate the recent spike in prices for gasoline and natural gas.

"I do not want to see a repeat of what happened in my congressional district in the days immediately following the events of Sept. 11, 2001, when gas prices at a few stations rose to a prohibitive level due, in my opin-

ion, to a few bad apples profiteering on public fears," LaHood said. He added that inflated natural gas prices could also be a drag on the manufacturing and agriculture sectors of the economy.

The Energy Department predicts that oil inventories may reach five-year lows by spring and remain low through most of this year.

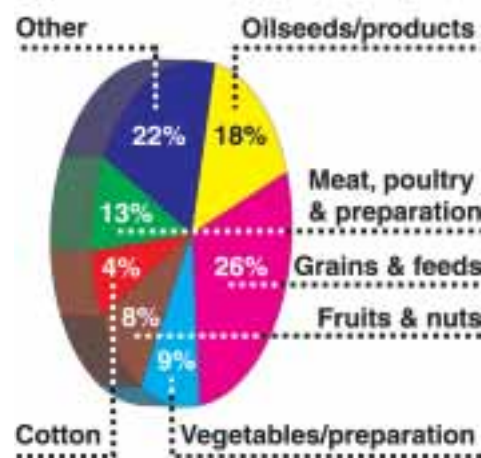
With gasoline prices so high, lawmakers on the House Transportation and Infrastructure Committee have abandoned earlier plans to increase gasoline taxes over the next six years to help pay for highway improvements and maintenance.

The impact of rising fuel prices on a farm's bottom line can be substantial. Fuel and oil costs make up about a quarter of the typical farm's energy bill, according to Terry Francl, American Farm Bureau Federation senior economist. Farmers also pay more for

See Fuel prices, page 6

Corner Post

Major U.S. agricultural exports



Source: USDA Economic Research Service

VIEWPOINT

Private efforts are right way to save the environment

By Rep.
Butch Otter



I recently attended the Safari Club International's annual meeting in Reno, where I met with sportsmen from throughout the nation and world who share my passion for the outdoors. I came away with a renewed appreciation for the critically important role of private individuals and organizations in protecting wildlife, habitat and our natural heritage.

If I could impress one idea upon environmental obstructionists, whose shrill refrains often dominate the national discussion of such issues, it would be this: We must never count on government to be the sole conservationist. The stakes are far too high. Only people who volunteer their time, money and energy to a cause have the ability to bring about long-term change and improvement. Only those who can personally count the cost of failure have adequate incentive to succeed.

Fortunately, there are thousands upon thousands of people all across America who come together of their

own free will to promote the values of conservation, without laws or lawsuits to drive their actions. They are the ones who understand that responsible use and careful management are the most effective ways to ensure the legacy of wild things and wild places. They are guided by purpose, not obligation, and they have done far more for the cause of environmental preservation around the world than any government ever has.

That's why I'm a life member of groups like the Safari Club and Ducks Unlimited. That's why I support and have faith in the work of The Nature Conservancy and many others dedicated to protecting a natural world that includes man in an integral role—husbanding resources simply because it is the right thing to do.

Interests pushing extreme positions constantly buffet our federal government and those of us in Congress. Their influence, or fear of it, has taken a devastating toll on our public and private lands over the years. Agencies are hamstrung by overcautious policies that actually prevent public land managers and private property owners from being good stewards. Decision-making languishes in the backwaters of federal bureaucracy. Common sense is abandoned for expedience or political correctness. It is the species and,

just as importantly, the places they live that suffer.

Here's an example. Dr. John Simpson did what he thought was the right thing when he found some property on his Custer County, Idaho, ranch becoming swampy, apparently because the Forest Service had removed beaver dams on a nearby side channel of the Salmon River. He got state permission to remove beaver dams on his own property, as well as an accumulation of junk left by previous owners, and dug a ditch to connect an old river channel to the side channel. Before long, native Chinook salmon, an endangered species, were spawning in the re-established streambed near a stretch of the river with no other suitable spawning habitat.

Did the government praise Simpson's efforts? Did it seek to make similar actions easier for him and other landowners? No. The Environmental Protection Agency said his improvements were an unauthorized discharge of dredged material that violated the Clean Water Act. It ordered him to return the property to its previous condition. Yes, the EPA wanted Simpson to destroy salmon habitat.

How is it, then, that those with the most to lose so often are vilified as unconcerned about the condition of our public range, forests and water-

sheds and their own private property? The truth is our farmers and ranchers, along with local soil and water conservation districts, irrigation districts and others, are on the frontlines of protecting the environment. They place a premium on sustainability. They know that what is best for the land ultimately is best for them as well. They have a personal stake, which is the best incentive of all.

How is it that hunters and anglers so often are cast only as takers, as consumptive users of the environment? The truth is, no individual or group is more concerned about wildlife species and the conditions in which they live than outdoor enthusiasts who enjoy hunting, fishing or simply visiting the backcountry. We get great personal satisfaction from our avocations, and we want more than anything to pass on an understanding and appreciation for what we love to our sons, daughters and grandchildren. We can't do that if the land is scarred and the water is fouled.

You and I have a personal stake, a private interest. That's more powerful and persuasive than any government program.

Rep. Butch Otter (R-Idaho) is a member of the House Energy and Commerce Committee.

CBS stirs up a hornet's nest in rural America

By Stewart Truelsen

The idea of remaking the old TV sitcom "The Beverly Hillbillies" stirred up a hornet's nest in rural America when CBS said it wanted this to be a reality show with real hillbillies.

Undoubtedly programmers thought they would have a hit on their hands if they could relocate a backwoods family to a Beverly Hills mansion for the rest of us to laugh at.

Casting was under way in Appalachia and the South when CBS encountered a firestorm of criticism. It's hard to recall much positive programming about rural America, with the exception of "On the Road" with the late Charles Kuralt. The announcement of "The Real Life Beverly Hillbillies" show reinforces what many rural Americans thought all along: "They think we are all hicks."

Granted, most people in rural America are a far cry from being like television executives. They don't wear \$2,000 suits to work and have someone polish their shoes while they sit behind mahogany desks. Rural folks get their shoes dirty and are proud to be salt of the earth people, like George Jones and Tammy Wynette sang about.

"No, we're not the jet set. We're the old Chevrolet set.

Television executives should set the corporate jet down in rural America and take a look around today.

There's no Riviera in Festus, Missouri, And you won't find Onassis in Mullenville, Kansas."

Country folks don't mind poking a little fun at themselves, but get tired of New York and Hollywood looking down their noses at them. One person outraged over the show is Sen. Zell Miller (D-Ga.). "What CBS and CEO Moonves propose to do with this cracker comedy is bigotry, pure and simple. They know that the only minority left in this country that you can make fun of and demean and humiliate ... are hillbillies in particular and rural people in general," said Miller on the Senate floor.

One of the reasons the Farm Bureau was formed many, many years ago was to gain equality and respect for rural Americans, and they've done a good job of it. In the first half of the last century, rural communities had a lot of catching up to do with the cities in building roads, utilities and schools.

natural resources for farming, forestry and mining." A major point of the report is that rural America is more diverse than ever and offers unique opportunities and challenges.

CBS could produce a documentary series about rural America or even hold televised "small town" meetings. There are many issues in rural America that affect all of us. If it's a reality show they want, then follow a farmer around for a season, or have a group of city dwellers try to tackle the hard work of farming or ranching. Now that would be a dose of reality.

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

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TRADE ROUNDUP

U.S., other countries disappointed with WTO proposal

The criticisms rolled in as soon as Stuart Harbinson, chairman of the World Trade Organization negotiations on agricultural trade, released his draft proposal on farm trade talks.

The United States said it "needs to be more ambitious." The European Union said it had hoped "to see a more balanced draft." Australia said the draft falls "far short" of an acceptable agreement.

Many WTO member countries expressed disappointment in Harbinson's report, which is to serve as a framework for ongoing agricultural trade talks focusing on three areas: market access, export subsidies and domestic support.

The first draft of the proposal was circulated among trade officials from key WTO member countries in mid-February. The full WTO membership reviewed the proposal later that month. Harbinson is expected to revise the report and issue another draft in March, perhaps this week. WTO members are facing a March 31 deadline for establishing a plan to reach agreement on agricultural trade.

U.S. Trade Representative Robert Zoellick said he was pleased that Harbinson addressed export subsidies in his report but would like to see full elimination occur more quickly. The U.S. proposal would eliminate export

subsidies in five years. Harbinson calls for elimination within nine years.

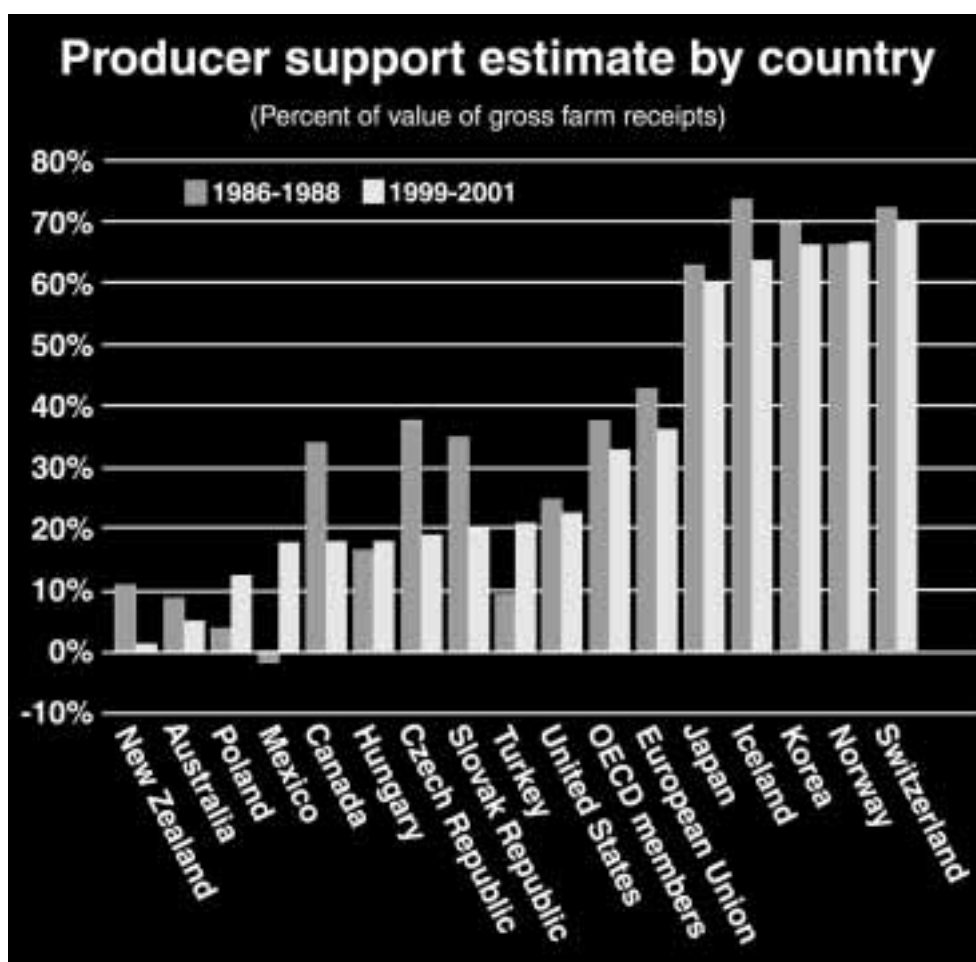
On domestic support, Zoellick said Harbinson's proposal needed to be strengthened significantly. Specifically, Zoellick criticized how the proposal would maintain domestic support disparities, which allow the EU to provide \$67 billion in domestic support to its farmers each year compared to \$19 billion for the United States.

And regarding market access, Harbinson proposed a 45 percent reduction on import tariffs. Zoellick said the proposal is a start, but the cuts need to be more ambitious.

"We recognize that the Harbinson paper is a first draft and that all countries must demonstrate some negotiating flexibility if an agreement is made," said the American Farm Bureau Federation in a March 7 letter to Zoellick. "However, the draft falls well short of key U.S. objectives for the Doha negotiations. Unless significant improvements are made, an agreement based on these modalities will be unacceptable."

As the March 31 deadline closes in, much work remains in finding common ground among WTO member countries.

The farm trade talks are considered vital to the success of the entire Doha round of trade negotiations, which is to be completed by January 2005.



Notes: For Czech Republic, Hungary, Poland and Slovak Republic: The figure in the first column refers to 1991-93. Austria, Finland and Sweden are included in the OECD totals for all years and in the EU from 1995.

Source: Agricultural Policies in OECD Countries, Monitoring and Evaluation 2002, OECD, Paris, 2002.

Talks stall, but ads keep focus on lumber dispute

The latest attempts to resolve the decades-old dispute over softwood lumber fizzled out late last month, as U.S.

and Canadian officials could not work out an agreement over the size of a possible export tax on Canadian lumber.

"We came to the conclusion that, for the time being, it was not possible to close the gap," said Canadian International Trade Minister Pierre Pettigrew. "We're taking a break. We'll see where that leads us." Pettigrew said that even though official talks are on hold at this time, informal talks between the two countries would continue.

While the talks may have stalled, the issue remains on the forefront for the U.S.-Canada Partnership for Growth, a group made up of individuals and organizations with "a common desire to secure and strengthen what is the largest trading relationship in the world." The group recently launched a new print and television advertising campaign that urges the United States to drop its 27 percent tax on imports of softwood lumber from Canada.

The campaign draws attention to the softwood lumber dispute by showing how "[the United States and Canada] depend on each other for critical goods and services of everyday life" and that the tax has strained the relationship between the two countries.

"The United States and Canada have a long history as partners in economic prosperity," the alliance said on its Web site. "In the midst of all the other issues vying for public attention these

days, most people have been unaware of the severe impact that this new tariff has been placing on this vital relationship."

The television ad has aired on CNN and other news stations, and the print ad has run in such publications as the *National Journal*. Both ads can be viewed on the organization's Web site.

The United States imposed duties of 27 percent on softwood lumber imports from Canada in response to what it believes are unfair trading practices. The U.S. government found that Canada provides subsidies to its softwood lumber industry, and that Canadian softwood lumber was being sold in the United States at less than fair value. In response to these findings, the United States imposed countervailing import duties of 19.3 percent and antidumping duties of up to 7.83 percent.

American Farm Bureau Federation policy supports renewal of the U.S.-Canada Softwood Lumber Agreement, which expired in 2001. In order to counter Canadian subsidization of its softwood lumber industry, the agreement capped the volume of tariff-free exports of softwood lumber from Canada.

On the Net: <http://www.partnershipfor growth.org>



Source: Foreign Agriculture Service

Ag exports up

The Agriculture Department reports that U.S. agricultural exports will grow to \$57 billion this year. Ag imports also will increase, to \$43 billion, but U.S. agriculture will continue to run a trade surplus.

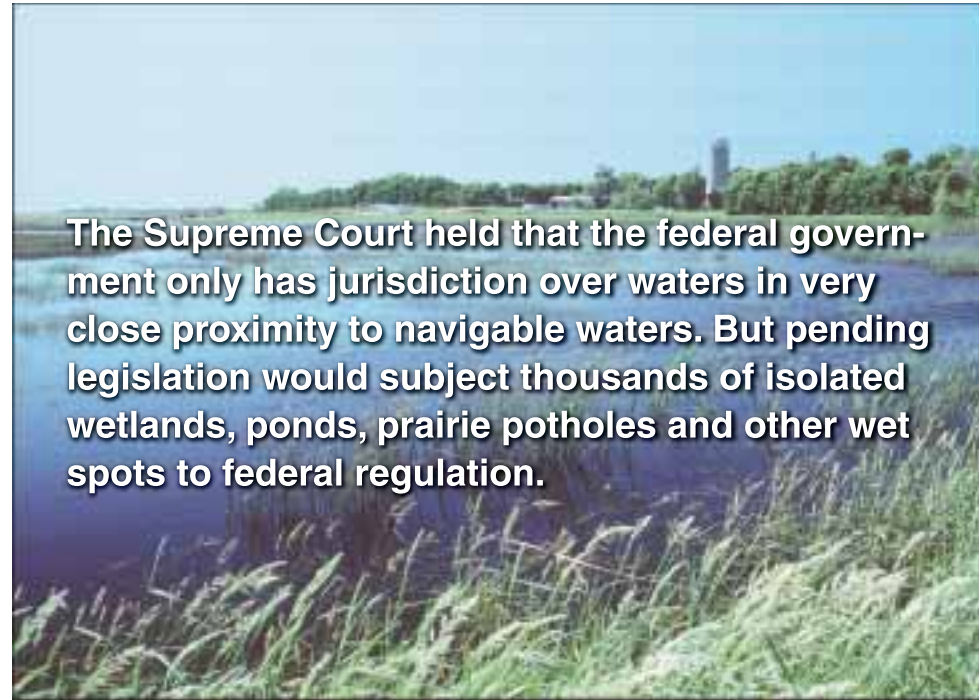
Environmental regulations

Debate continues on Clean Water Act definitions

Thirty years after its introduction, definitions on what bodies of water are regulated under the Clean Water Act (CWA) remain murky. Current debate centers on a Supreme Court ruling regarding wetlands.

In January 2001, the Supreme Court ruled that the U.S. Army Corps of Engineers (Corps) and Environmental Protection Agency (EPA) had exceeded their authority under CWA by claiming jurisdiction over isolated waters in *Solid Waste Agency of Northern Cook County v. Corps of Engineers* No. 99-1178 (SWANCC). The Court also held that mere hydrological connection is not enough to claim federal jurisdiction and emphasized that there must be a clear and compelling connection between traditional navigability and the wetlands or waters to be regulated.

In order to reverse the impact of the ruling, legislation (H.R. 962, S. 473) was introduced Feb. 27 in both the House and Senate that would greatly expand the authority of the Corps and



The Supreme Court held that the federal government only has jurisdiction over waters in very close proximity to navigable waters. But pending legislation would subject thousands of isolated wetlands, ponds, prairie potholes and other wet spots to federal regulation.

EPA by changing the definition of what waters can be regulated under CWA.

Farm Bureau opposes both bills and

will continue to monitor their status.

Meanwhile, the comment period on the Bush administration's advanced

notice of proposed rule-making (ANPR) has been extended to April 16. Farm Bureau and its members have the opportunity to participate in this policy debate. To ensure that non-navigable, intrastate, isolated wetlands are no longer considered jurisdictional wetlands, Farm Bureau members need to comment on the ANPR, which, along with future rule-making on the issue, will define the connection wetlands must have to navigable waters to remain under the Corps' permitting program.

Comments may be submitted by mail by sending four copies to: Water Docket, EPA, Mailcode 4101T, 1200 Pennsylvania Avenue, NW, Washington, DC 20460, Attention: Docket ID No. OW-2002-0050. Comments may also be submitted electronically by either accessing the EPA's Web site directly at <http://www.epa.gov/edocket> and following the online instructions or by e-mail to CWAwaters@epa.gov (Attention: Docket No. OW-2002-0050).

States may be targeting wrong waters for cleanup

If the process for modifying water quality standards were improved, a majority of states would target different bodies of water for cleanup than those already chosen, the General Accounting Office reported.

States identify their impaired waters through water quality standards, which are determined by designated uses and criteria. In a recent study, GAO found that 30 states would name

different waters for total maximum daily load (TMDL) development if the process of setting water quality standards were improved.

"These findings are critical," said Rep. John Duncan (R-Tenn.), chairman of the House Water Resources and Environment Subcommittee, in a Feb. 27 statement. "If, due to flawed water quality standards, states and EPA are targeting the wrong water bodies

for cleanup, billions of dollars for TMDL development and implementation will be wasted."

Rep. Duncan had requested GAO perform the study.

GAO was tasked with determining the extent to which states are changing designated uses (such as drinking water, recreation or aquatic life) when necessary and how much assistance they are getting from EPA in that capacity. GAO also had to determine the degree to which EPA is updating its criteria documents and helping states establish criteria that can be compared with monitoring data.

"Taken together, states' designated uses and water quality criteria, which comprise their water quality standards, determine how states identify their impaired waters," the report said. "If states are unable to correctly identify their impaired waters, they risk focusing their limited resources on the wrong water bodies and/or exposing their citizens to health and environmental risks."

Among many recommendations to EPA, GAO suggested the agency provide states with additional guidance regarding designated use changes and develop alternative, scientifically defensible monitoring strategies for states to use in determining whether water bodies meet water quality criteria.

GAO's findings bolster the American Farm Bureau Federation's opposition to the July 2000 TMDL standards,

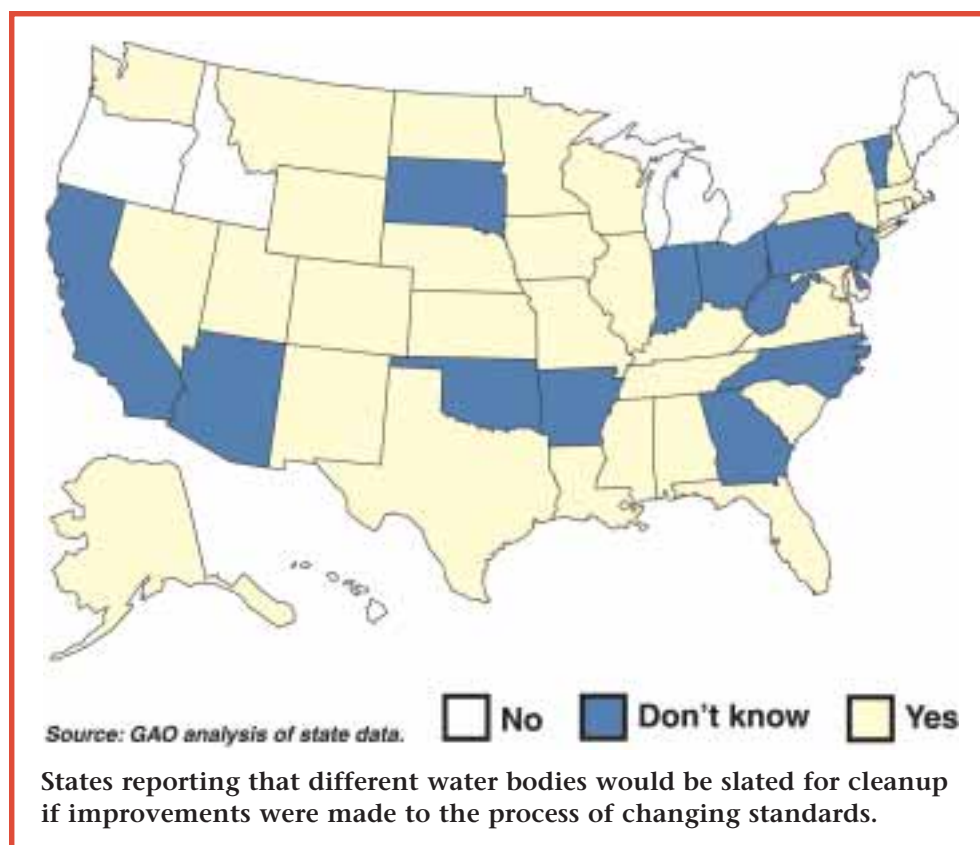
which AFBF believes were based on inaccurate data that would result in financially burdensome permitting requirements. Farm Bureau policy supports voluntary, incentive-based approaches toward water quality that are based on sound science and are locally designed and implemented.

EPA in January announced its withdrawal of the July 2000 rule that would have revised the TMDL program. The rule had never been implemented, but would have become effective April 30, 2003, if it had not been officially withdrawn.

EPA plans to propose a new regulation this year. In the meantime, the TMDL program continues to operate under regulations that were last revised in 1992.

The National Academy of Sciences issued a report in June 2001 that questioned the accuracy of water quality data and assessments that EPA used in the TMDL rule. The report noted that water quality standards provide the foundation for the entire TMDL program, and if the standards are flawed, all other facets of the TMDL process are affected.

GAO conducted a study in March 2000 that found that states did not have the necessary data to develop TMDL plans, especially for non-point sources. The report also found that states needed more assistance from EPA to implement effective monitoring programs.



Environmental regulations

FB supports streamlined ESA-pesticides program

The Environmental Protection Agency last week extended to March 25 the deadline for submitting comments on a Farm Bureau-supported program that would define the relationship between its pesticide registration program and the Endangered Species Act (ESA).

EPA has two goals for the Endangered Species Pesticide Program (ESPP): to provide the best protection for endangered species from the use of pesticides and to minimize the impact of the program on pesticide users.

EPA is working with the Fish and Wildlife Service, the National Marine Fisheries Service and the Agriculture Department to develop the program.

Farm Bureau recently submitted comments to EPA on development of the program, offering support for its

Benefits to the general public include less waste of taxpayer dollars on duplicative procedures.

implementation. "We commend the agencies for getting together to develop a program that will protect listed species under the Endangered Species Act while at the same time minimizing the impact on farmers and ranchers. We strongly support agency efforts in this regard," AFBF said.

AFBF listed the program's benefits for producers, registrants, the general public and listed species.

For producers and registrants, Farm

Bureau said the program would put in place a definitive process to ensure registered products comply with the Endangered Species Act. Benefits to the general public include less waste of taxpayer dollars on duplicative procedures because the processes will be streamlined among federal organizations, AFBF said. And listed species would benefit because assessments could be completed more quickly and newer products could be more easily

registered to replace older products, according to Farm Bureau.

EPA published an interim ESPP in 1989 and announced that a final program would be implemented two years later, but no program has been established to date.

AFBF said that failure to implement a final ESPP has left pesticide registrants and agriculture producers who use pesticides vulnerable to allegations that they are in violation of ESA regulations, prompting the act's "considerable civil and criminal penalty provisions." The lack of a final ESPP also "has opened the door for piecemeal imposition of program requirements as a result of judicial decisions, which is not consistent with the will of Congress," AFBF said.

Government outlines two key conservation programs

The Agriculture Department last month offered a glimpse of how it will run the popular Environmental Quality Incentives Program in the future and asked for the public's input on how to implement the new Conservation Security Program.

The long-awaited start of the rule-making process for the two programs will culminate in regulations that govern how farmers can get help to conserve soil and water on their land.

One aspect of the proposed EQIP rule that raises concern, according to the American Farm Bureau Federation, is a lengthy analysis of the environmental benefits gained per program dollar, based on the number of animal units on the farm. Although it is only an analysis, not a regulatory requirement, AFBF informed the department it would oppose "any attempt to reinstate size caps for determining program eligibility."

AFBF said the current system of allocating funds based on program priorities should be completely revised to reflect the program's new goal of helping farmers comply with environmental regulations. The 2002 farm bill did away with geographic priority areas, and instead focused the program on helping farmers and ranchers comply with environmental regulations.

"National allocations should be allocated by and targeted to regulatory requirements and the needs of farmers and ranchers," AFBF said.

The rule also proposes to retain a portion of EQIP funding each year to reward states that "demonstrate a higher level of performance" in addressing national priorities. Farm Bureau commented that the state incen-

tive should be eliminated, since it would penalize farmers for the failure of a state conservationist to achieve certain goals. In addition, AFBF pointed out that many environmental improvements may take years to demonstrate measurable benefits.

AFBF also called for contract approval at a more local level than the Agriculture Department proposed. The proposed rule would require any contract providing more than 50 percent cost-share to be approved by the state conservationist. Farm Bureau said the decision should be made at the local level, as it was under the old EQIP rules. The proposed rule would also require that the regional conservationist approve any contract providing more than \$100,000 in cost-share assistance. Farm Bureau said the state technical committee should establish criteria for approving contracts above \$100,000.

Farm Bureau also opposed language in the regulation that would authorize Natural Resources Conservation Service personnel to enter a farm as long as he or she has made "a reasonable effort" to contact the program participant prior to access. AFBF said it isn't enough to make an effort to contact the producer; NRCS personnel must have permission from producers before accessing their property.

AFBF also called on the agency to protect confidential information producers provide to technical service providers to avoid such information from being used by other agencies for regulatory or other purposes. "The farm bill specifically exempted such information from distribution to other government agencies and disclosure under the Freedom of Information Act," AFBF said.



Farm Bureau is filing comments on the Environmental Quality Incentives Program and Conservation Security Program.

Comments on the EQIP rule were due to USDA March 12.

For the new Conservation Security Program, the department has published an advance notice of proposed rule-making to solicit input on how to write the program's regulations. The notice includes 15 questions dealing with how to establish minimum requirements for the program's three tiers or enrollment categories, which parts of a farm's land would be eligible for enrollment, whether applicants should be required to have complete control of the land for the life of the CSP contract, how to measure results and other issues. The notice also includes an open invitation for "all other comments on general program implementation."

AFBF is drafting comments on the 15 questions and other issues.

Rosemarie Watkins, AFBF senior director of congressional relations, said

the philosophy of the program is very different from other conservation programs, in that it's targeted to producers, not resource concerns. The program's purpose is to reward farmers and ranchers "meeting the highest standards of conservation and environmental management on their operations," and create incentives for others to establish and maintain environmental improvements.

Although the department has yet to propose any specific rules, Watkins said Farm Bureau would like to see state technical committees, not national officials, making decisions on the program's goals and the requirements for the three tiers of program participation. Farm Bureau also wants to see a provision for "innovative practices," which the law allows, Watkins said.

One aspect of the program AFBF will review is how to determine payment levels. If they are based on rental rates, that could result in lower payments in some parts of the country than in others. "It needs to be fair across regions," Watkins said. "How those are calculated will be important."

Another top concern is what constitutes "an entire farm," an important consideration since farmers are required to apply a conservation practice over an entire farm to qualify for the top tier of program participation. If "entire farm" means every piece of land the farmer owns, controls or leases, it may not be feasible for many producers to participate in CSP due to the complexity of their land holdings, Watkins said. "If the definition is too broad, it's going to be very impractical," she said.

The advance notice is open for public comment until March 20.

CAPITAL UPDATE

Fuel prices

continued from page 1

energy through prices for inputs like fertilizers and pesticides.

"Fortunately, many farmers book purchases ahead of time, thus moderating some of the impact of the price increases," said Francl. Still, the higher cost of diesel fuel, gasoline and oil used on the farm will affect farmers' production cost, Francl said, and farmers "have virtually no ability to pass higher costs on to those who buy their crops and livestock. This means that the higher costs will come directly out of the farmer's pocket, or out of his or her bottom line."

The Agriculture Department has estimated net cash farm income at \$51 billion in 2003, up from \$46 billion in 2002. "However, that number could fall \$1 billion or \$2 billion if energy prices continue at the current level through the planting and growing season," said Francl.

CF Industries Inc., a major fertilizer manufacturer, has idled a plant in Louisiana because of the rise in natural gas prices. The company said it would return to full production levels when the gas markets normalize. It claimed the price of natural gas has increased more than 300 percent.

According to Francl, natural gas accounts for about 75 percent of the cost of making anhydrous ammonia, the feedstock for nearly all nitrogen fertilizer products. Natural gas is also used on the farm to dry grain, heat buildings and run irrigation pumps and other equipment.

Farmers squeezed by high energy prices

(Index: 1990-92=100)



Costs for fuel, fertilizer and electricity have boosted total prices paid by farmers, while prices farmers receive for their products have remained weak.

Note: Prices paid are for goods, services, interest taxes and wages; prices received are for all farm products.

Source: USDA

Health insurance rates prompt legislation

Finding affordable health care is a chore that continues to plague small business workers and the self-employed. Lawmakers on Capitol Hill are working to change that through legislation that would create association health plans (AHPs).

Sens. Jim Talent (R-Mo.), Olympia Snowe (R-Maine) and Christopher Bond (R-Mo.) on March 6 introduced the Small Business Health Fairness Act (S. 545). The Farm Bureau-supported legislation would increase access to quality health care through AHPs, which allow affiliated associations to cross state lines and together offer health insurance at a lower cost to their members.

"The No. 1 problem facing small business in this country today is the rising cost of health insurance premiums," Talent said. "Association Health Plans would help reduce the cost of health insurance to small businesses between 10 and 20 percent, they would help cover millions of uninsured Americans, and it would not cost the taxpayer a dime."

Rep. Ernie Fletcher (R-Ky.) on Feb. 11 introduced the House companion bill (H.R. 660) to S. 545. Fletcher's bill has been referred to the House Education and the Workforce Committee, which is chaired by Rep. John Boehner (R-Ohio), a supporter of AHPs.

"Health insurance premiums have been skyrocketing, and it is having an increasingly adverse impact on the ability of our members to provide coverage for themselves and their employees," said Steve Appel, Washington State Farm Bureau president, in a statement to the House Committee on Small Business. "AHPs represent a major step that if implemented correctly, can significantly improve the prospects for better insurance coverage for farmers, ranchers and millions of others across the nation."

Chris Garza, an AFBF congressional relations director, said that a number of state Farm Bureaus, including Washington, have offered health insurance coverage to their members but are limited to their respective states, resulting in higher premiums than what could

be offered through AHPs. The legislation that has been introduced would allow state Farm Bureaus to team up to provide health insurance, which would enlarge risk pools, at expected lower premiums while reducing administrative and filing requirements.

Farm Bureau believes that AHPs would allow such organizations as state Farm Bureaus to offer the same types of benefits to their members as large employers and labor unions, along with the same bargaining power and administrative efficiency those organizations enjoy.

AFBF is a member of the Coalition Supporting Access and Choice Through Association Health Plans, a group working to enact AHP legislation. The coalition has encountered opposition from some large insurance companies that argue AHPs would provide unfair competition. Garza said that AHPs would provide more choice in the health insurance marketplace and expand opportunities for insurance companies to serve farmers and ranchers.

FB NEWSWATCH

Government requests methyl bromide uses

The federal government has submitted a request to the United Nations to allow producers of certain U.S. crops to continue using methyl bromide until 2007. Under the Montreal Protocol, an international environmental agreement, the United States and 182 other countries are to eliminate their use of the widely used fumigant by 2005 due to concerns about the chemical's potential to deplete the earth's ozone layer. The U.S. Agriculture Department has spent more than \$146 million to develop effective alternatives to methyl bromide, but none has been found for certain uses, including food processing, commodity storage, and production of forest and orchard seedlings, turf and sod, tomatoes, peppers, strawberries, sweet potatoes, eggplants and others. The government has requested a two-year exemption for these "critical uses." The parties to the Montreal Protocol are to meet this November to review requests for critical use exemptions and decide which ones to authorize. The United States has, so far, fully complied with the methyl bromide phase-out requirement of the Montreal Protocol, which requires countries to cut their use of methyl bromide 50 percent from 1991 levels in 2002, 30 percent in 2003 and 2004, and 100 percent in 2005.

USDA: Bush's economic plan will help farmers

Agriculture Secretary Ann Veneman has pronounced President Bush's economic

growth plan beneficial to farm families. Based on an analysis of the plan by the Agriculture Department's chief economist, Veneman said tax changes in the plan would bring \$4 billion in savings for farmers in 2003. Key measures the president has proposed that, according to Veneman, would help farmers include accelerating the president's 2001 package of income tax reductions, ending double taxation of corporate dividends, reducing self-employment taxes, increasing the alternative minimum tax exemption and increasing the amount of certain business expenses a farmer or small business can write off as a tax deduction.

Commerce sets tariff on Canadian wheat

The Commerce Department has announced a preliminary decision to impose a 3.94 percent countervailing duty on U.S. imports of Canadian durum and hard red spring wheat because of the Canadian Wheat Board's practices. The U.S. International Trade Commission last November determined that those practices injure U.S. wheat producers. The North Dakota Wheat Commission and two durum growers groups last year requested antidumping and countervailing duty investigations of the CWB because, they say, the board receives unfair financing guarantees and transportation subsidies from the Canadian government that result in the dumping of Canadian wheat on the U.S. market. Commerce plans to make a final decision on the countervailing duties by July 14. Commerce is still

investigating the claim that Canadian wheat is dumped on the U.S. market at less than fair market value. A preliminary antidumping ruling is expected May 1. In addition, the Office of the U.S. Trade Representative has announced that the United States will request a World Trade Organization dispute settlement panel to examine whether the CWB's and the Canadian government's practices are out of step with Canada's trade commitments as a WTO member.

BLM to propose rule changes on grazing

The Bureau of Land Management has announced plans to revise the rules on livestock grazing on BLM-managed land. The agency said it will propose extending permits from three years to five years so it will be easier to rest the land during the life of the permit, creating a "reserve common allotment" program to provide forage for permit holders whose allotments are unusable due to weather disaster, allowing for joint ownership of range improvements between the permit holder and BLM so the cost of the improvements can be shared, streamlining the BLM appeals process and other changes. The American Farm Bureau Federation supports BLM's plan. The agency is holding public meetings in Billings, Mont.; Reno, Nev.; Albuquerque, N.M.; and Washington, D.C., and will prepare an environmental impact assessment of the changes. BLM will accept public comments on the proposal until May 2.

Ag Day is chance to highlight agriculture's importance

Many Americans who no longer live on the farm grew up on one and remember all too well having to roll out of bed early for milking, mucking out stalls and plowing fields. But there are many others who have not had first-hand experience with the hard work of farming.

National Agriculture Day, March 21, and the week surrounding it are an opportunity to remind the public and lawmakers around the country that farmers work hard to put food on Americans' tables, fiber on their backs and fuel in their tanks, and why that work is so important.

"In these uncertain times, Americans should find comfort in the fact they can rely on America's farm and ranch families to provide food security for our nation and much of the world," said American Farm Bureau Federation President Bob Stallman in a statement about National Ag Day and National Ag Week. "The dedication and hard work they invest is just part of the job for these producers ... a job, which more times than not, is 24 hours a day, seven days a week."

Every spring for the last 30 years,

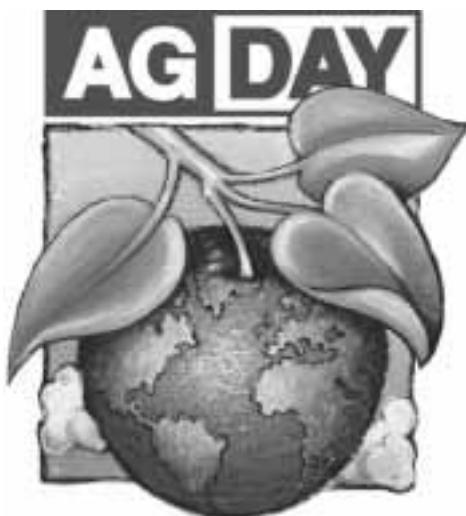
farmers have participated in Ag Day and Ag Week events to celebrate their industry and increase public awareness of the link between a strong agriculture sector and plentiful, affordable food.

It's also a good time to shed light on farmers' economic and regulatory challenges.

Several state Farm Bureaus are taking their Ag Day and Ag Week messages to their state capitals.

Maine Farm Bureau plans to set up booths in the rotunda of the capitol in Augusta, where Farm Bureau members will hand out Maine agricultural products and information about the state's agriculture industry.

"It is a chance to discuss bills and issues directly with legislators, as well," said Toni Morton, program and media relations director for Maine



Farm Bureau.

They have also invited young Farm Bureau members to serve as pages to the Legislature that day.

Rhode Island Farm Bureau also will set up informational displays about agriculture at the state capitol in Providence.

Nebraska Farm Bureau mailed

packets of information to county Farm Bureaus to help them get the word out about Ag Day. In addition to sample news releases and letters to the editor, the packets include messages that can be printed in church bulletins and on placemats.

"We have always had excellent use of the church bulletin insert," said Cheryl Stubbendieck, vice president of public relations for Nebraska Farm Bureau. "Some counties send it to all the churches in the county and get a very high percentage of use."

Nebraska Farm Bureau is also sponsoring an Agriculture Week banquet in Omaha and will be distributing a paper titled "Agriculture Under Siege," along with take-away goodies.

Minnesota Farm Bureau will have a "Day on the Hill" at the capitol in St. Paul, where members will hand out information and have a pro-agriculture rally.

The Washington State Farm Bureau Women's Committee is hosting a breakfast at the capitol in Olympia. They're going to set up a tent; serve cinnamon rolls, coffee and juice; and hand out bags filled with products grown in the state or made from Washington-grown commodities.

Ag Day and Ag Week are also a chance to highlight the technological advances that are taking place in agriculture, ensuring that production can continue to meet the demands of a growing world population without using up more of the Earth's resources.

The Web site www.agday.org focuses on modern farming techniques and helps portray today's agriculture as a sophisticated enterprise involving everything from satellite navigation technology and the latest genetic improvements to new uses that could enhance agricultural profitability and the range of industrial and consumer products derived from agricultural commodities.

Ag Day and Ag Week are organized by the Agriculture Council of America with support from agricultural groups and companies.

Texas alliance promotes export opportunities with Cuba

A strategic alliance formed by Texas businesses, organizations and individuals hopes to foster greater exposure to general information regarding export opportunities to Cuba.

The Texas Cuba Trade Alliance (TCTA) serves as a collective information hub for Texas farmers, ranchers and food processors wanting to export to Cuba. Initial partners include Texas Farm Bureau, Texas Cooperative Extension, TriDimension Strategies and U.S. Rice Producers.

"While federal law currently allows the export of food and agricultural products to Cuba, there is low recognition and awareness of these opportunities," said Glen Jones, director of research, education and policy development for the Texas Farm Bureau.

"The TCTA was created in part to provide networking opportunities within the community," said Dwight Roberts, president of the U.S. Rice Producers. "The trade alliance serves an educational function for those interested in learning more about the market and making successful sales contracts in Cuba."

A recent study by the Center for North American Studies at Texas A&M University estimated that potential food and agricultural exports from Texas to Cuba could reach \$57 million, generating another \$132 million in related business sales and 1,500 new jobs in the next three to five years.

Among the major Texas exports expected are rice, beef, chicken, softwood logs and lumber, fertilizers and wheat.

A TCTA Web site, www.tcta.us, features information on current news and trade policies. The site makes it easy for Texas farmers to get access to trade-related resources and information to understand trade issues better.

In addition to the Web site, TCTA plans to host workshops to educate Texans on the potential opportunities and general requirements for exporting food and agricultural products to Cuba.

From virtually nothing two and a half years ago, U.S. agricultural exports to Cuba are expected to reach \$230 million this year. That would put Cuba in the top 50 agricultural markets for U.S. farm products. Pedro Alvarez, the head of Cuba's agency that buys food imports, has indicated the U.S. share of Cuba's agricultural imports could reach \$1 billion by 2005.

The American Farm Bureau Federation supports lifting all restrictions on agricultural trade with Cuba and has sponsored or participated in several trade missions to the country. The most recent trip in mid-February included AFBF Vice President Steve Appel.

"Our 5 million members want to see normal trade relations with Cuba," Appel said. "The past is the past. It is time to step into the future."

MEMBERSHIP UPDATE



North Carolina: 431,068 member families; 1st state Farm Bureau in the nation and 1st in the South to report membership quota; 45 years of growth and an all-time high.

Georgia: 355,320 member families; 2nd state in the nation and 2nd in the South; 40 years of growth and an all-time high.

Colorado: 24,999 member families; 3rd state in the nation and 1st in the West; 30 years of growth and an all-time high.

Mississippi: 219,610 member families; 4th state in the nation and 3rd in the South; 44 years of growth and an all-time high.

GRASSROOTS

FB invites visitors to Innoventions at Epcot®

Farm Bureau announces it will be a new exhibitor at Innoventions at Epcot®, the ever-changing theme park of discovery at the Walt Disney

World® Resort in Lake Buena Vista, Fla.

Innoventions celebrates the breakthroughs in science and technology

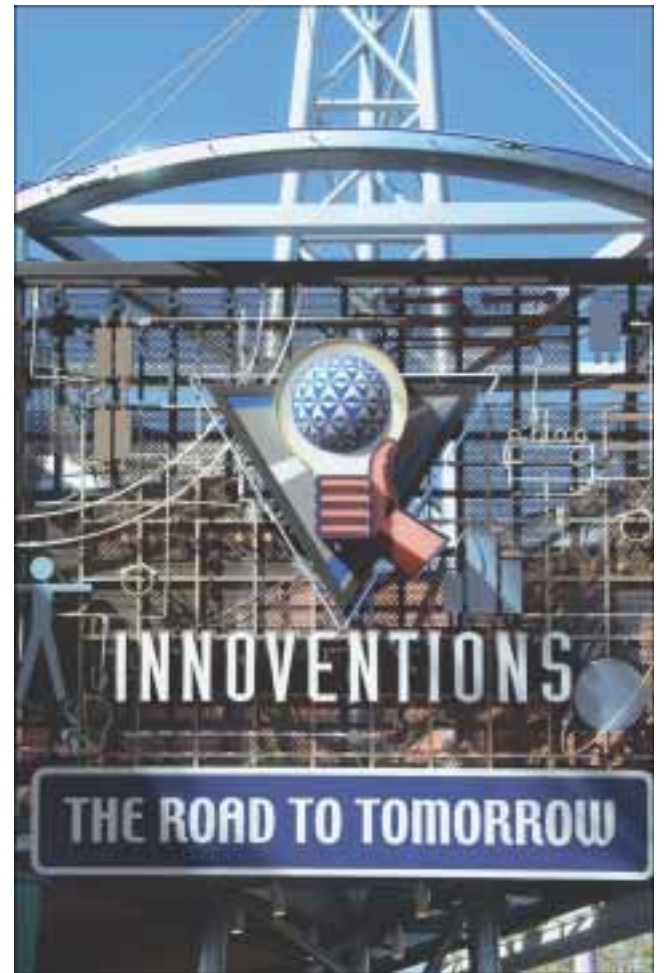
that will affect our lives today and in the near future through hands-on experiences that activate the imagination.

"Innoventions is a perfect venue for Farm Bureau to share information on the exciting advancements in agriculture science and how today's farm family is using these advancements on their farm," said American Farm Bureau Federation President Bob Stallman. "Farm Bureau has a strong commitment to enhance the profession of agriculture and the public's understanding of the important role the farm family plays."

Recently Monsanto Co. donated the "Beautiful Science" exhibit at Innoventions at Epcot® to Farm Bureau. The exhibit features a variety of activities that personalize issues like population growth, the potential for biotechnology to improve our environment and our health, and provides a hands-on experience with live insects and plants.

"Monsanto is proud to transfer the "Beautiful Science" exhibit to American Farm Bureau and is pleased that guests will continue to learn about the important role agriculture plays in all of our lives," said Kathryn Kissam, director, corporate marketing, Monsanto Co. "Innoventions has allowed us to be successful in providing guests an opportunity to discover plant biotechnology and understand how this science can help our environment."

Going forward, Farm Bureau will enhance the "Beautiful Science" exhibit by expanding the breadth of



The Farm Bureau exhibit is located at Innoventions at Epcot®, which celebrates the breakthroughs in science and technology that provide inspiration for a better tomorrow.



Farm Bureau members and AFBF President Bob Stallman share in discovering how biotechnology improves the farming process.



The exhibit provides guests with an interactive look at agricultural biotechnology and its impact on our lives.

agriculture stories, giving visitors a feel for what it is like to live and work on an innovative farm. Through modern interactive experiences, the exhibit will introduce a new look at the science and technologies used by today's farm family that help protect the environment while providing a safe and abundant supply of food, fiber and fuel.

Located in the heart of Epcot, Innoventions continuously transforms itself to represent the ever-changing world of technology.

Congress proposes farm program cuts

Continued from page 1

"The new farm law helps address problems faced by American farmers and ranchers and it provides important funds for our nation's conservation needs," the groups wrote.

The House resolution would get rid of the deficit in seven years via a 1 percent across-the-board cut in non-defense funding from 2003 levels. The Senate resolution would eliminate the deficit in 10 years through reductions in discretionary spending only.

The House resolution sets the amount of funds to be cut but leaves to the relevant authorizing committees the unhappy chore of deciding

which programs would be cut and by how much. House Agriculture Committee Chairman Bob Goodlatte (R-Va.) has not commented on the agriculture cuts.

The programs affected if the resolution becomes law include direct payments to farmers, the crop insurance program that is supposed to help farmers muddle through weather disasters like the ongoing drought in the West and several programs that provide meals for schoolchildren and nutrition assistance to the needy.

The budget resolutions in both houses are caught up in political disputes over how to pay for President

Bush's priorities, like tax cuts and potentially going to war against Iraq. Democrats in the Senate tried to cut the president's economic stimulus proposal in half, but failed to gain enough support. The tax cuts and farm program payment limits will be points of contention during full Senate debate.

Opposition to the House resolution also is strong. Congressional Democrats and some Republicans decry the resolution's cuts to Medicare and other popular entitlement programs. The resolution is likely to be amended during House debate and would still have to be reconciled with the Senate bill during a House-Senate conference.

NEWSPAPER HANDLING

FARM BUREAU NEWS