

# news

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## In This Issue

- .....  
*Farmers want to give country-of-origin labeling a try* ..... **2**
- .....  
*President wants to hurry Australia FTA* ..... **3**
- .....  
*Special regulating biotechnology section: Regulations will affect global market for biotech* ..... **4**
- .....  
*Special regulating biotechnology section: Foundation supports biotechnology education* ..... **5**
- .....  
*Alliance promotes animal welfare from ag angle* ..... **6**
- .....  
*NHFB members receive land steward award* ..... **7**
- .....  
*Conference focuses on issues in action* ..... **8**

## Senate takes up energy, renewable fuels

The Senate began consideration of comprehensive energy legislation (S. 14) on May 6, and an amendment, introduced May 8, to increase the nation's use of renewable fuels such as ethanol and biodiesel.

The amendment to establish a renewable fuels standard (RFS) is sponsored by Senate Majority Leader Bill Frist (R-Tenn.) and Senate Minority Leader Tom Daschle (D-S.D.), with numerous co-sponsors. "The RFS has the bipartisan support to pull the other energy provisions along," said Troy Bredenkamp, American Farm Bureau Federation energy specialist. "It is the glue to hold the rest of the energy bill together during debate for the weeks to come."

The Senate RFS calls for the U.S. fuel supply to consist of 2.6 billion gallons of renewable fuel by 2005, steadily increasing each year until use reaches 5 billion gallons in 2012. The Senate provision has a more aggressive implementation schedule than the RFS in the House-passed omnibus energy bill, which increases use to 5 billion gallons by 2015.

The amendment is based on the Reliable Fuels Act (S. 791), which was recently approved by the Senate Environment and Public Works Committee.

Senators opposed to an RFS are

expected to offer numerous secondary amendments, reportedly totaling 100, in an attempt to get some states exempted from the RFS if it was to pass.

Meanwhile, the Congressional Budget Office on May 7 released a report estimating that implementation of the Sen-

ate energy bill would cost \$52.6 billion over the next 10 years, with \$40.3 billion of the cost being incurred over the first five years. The Congressional Budget Office estimate assumed that the necessary funds would be appropriated for all of the authorizations in the bill.



### Talking policy

AFBF President Bob Stallman discussed agricultural competition and other issues at the May 6-8 public policy conference in Washington. He also told the state Farm Bureau policy staff that they play an important role in advancing Farm Bureau's policies.

## Farm Bureau endorses tax relief

The American Farm Bureau Federation has endorsed a House bill that would reduce capital gains taxes and increase tax deductions for farmers and small businesses.

The full House was expected to pass the bill on May 9, after the House Ways and Means Committee approved it May 7.

The bill would reduce current capital gains tax rates of 20 percent and 10 percent, depending on income, to 15 percent and 5 percent. Farm Bureau supports elimination of capital gains taxes as well as reductions until the tax can be fully repealed.

"To remain efficient and profitable, farmers and ranchers must adapt their businesses to produce the goods wanted by American and overseas consumers," wrote AFBF President Bob Stallman to the full House last week.

"Taxes imposed when buildings, breeding livestock and farmland are sold hamper the effort to adapt and upgrade operations."

Stallman said capital gains taxes also threaten the transfer of farmland to beginning farmers.

"Nearly one-fourth of farmers and ranchers are above the age of 65," he said. "Because capital gains taxes increase the price of farm assets, the tax makes it harder for beginning or expanding farmers to purchase land and increases the likelihood that farmland will be sold for non-farm use."

The House bill also increases from \$25,000 to \$100,000 the deduction that small businesses can take on their annual taxes for the cost of buying equipment.

It also would allow businesses, including farmers, to depreciate half the

cost of equipment in the year of purchase.

"Increasing the amount that farmers and ranchers and other small businesses can expense will assist agricultural producers and help stimulate the agriculture economy," Stallman wrote. "Allowing additional first-year depreciation of 50 percent will also benefit agricultural producers."

Other provisions in the bill to increase the child tax credit and the standard deduction for married couples filing taxes jointly "will provide significant tax benefits to all taxpayers, including farm and ranch families," he said.

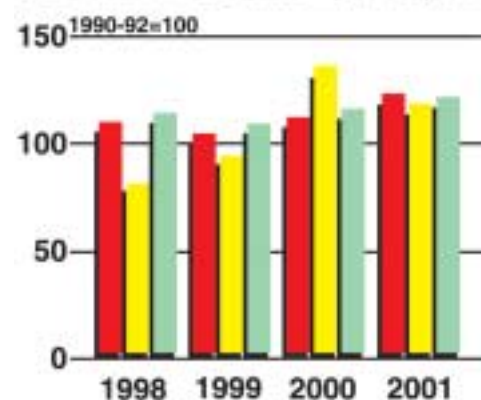
The bill would also accelerate the income tax cuts Congress approved two years ago. Rate reductions scheduled for 2006 would take place this

**See Tax relief, page 7**

## Corner Post

### FARM INPUT PRICE INDICES

■ Fertilizer ■ Fuels ■ All inputs



Source: USDA Economic Research Service

## VIEWPOINT

# Farmers want to give country-of-origin labeling a try

By Bob Stallman

If given a choice between a respected brand product and a lesser-known product for about the same price, most consumers choose the product that has earned their trust. For example, the choice between Crest or Colgate toothpaste and a brand consumers haven't seen before is, for most people, easily made.

Many farmers have long wanted to bring that same kind of brand loyalty to meat, vegetables and other perishable agricultural products produced in the United States. They are confident that if consumers are given the information they need to choose U.S. agricultural products, they will do so. That is why Farm Bureau members, representing the majority of the nation's livestock producers, strongly supported establishing a country-of-origin labeling program in the 2002 farm bill.

Since then, the Agriculture Department has issued guidelines for the vol-

*Farmers are confident that if consumers are given the information they need to choose ag products of U.S. origin, they will do so.*

untary program, and has started developing regulations for the mandatory program that begins Sept. 30, 2004.

As the program has gotten under way, questions have been raised about the complexity and costs of country-of-origin labeling, or COOL. Will there be benefits for U.S. farmers and ranchers, food processors and retailers? Along the way, a few misconceptions have taken root.

Some worry that COOL violates the United States' commitments as a member of the World Trade Organization. A properly implemented COOL, however, does not violate any trade laws. While WTO rules do not allow the labeling of imported products only, or a distinction between "imported" versus "exported," the rules do allow labeling

products with their countries of origin.

Another myth is that producers, processors and retailers of all meat products will be required to comply with COOL. In fact, the majority of processed food items are excluded. The Agriculture Department defines a processed food product as one that has been "materially changed." That certainly includes such items as corned beef brisket and fresh sausage. And it may include such popular ready-to-cook items as prepared beef kabobs and seasoned pork tenderloin.

Some have said that farmers and ranchers will now have to provide a signed affidavit with each load of livestock sold to a processor, stating that there is a third-party, verified audit trail identifying the livestock's origins.

In fact, the law does not require legal affidavits. Some processors are calling for affidavits, but self-verification is sufficient to prove where livestock were born and raised for COOL purposes.

Finally, some have said that COOL won't make any difference in consumers' purchasing decisions. But, according to several surveys, consumers not only support receiving information on the origins of meats and other products, they have also indicated that they would pay more for products labeled as guaranteed born and raised in the United States. Of course, saying something on a survey and actually doing it are two different things. The only way to know for sure whether COOL will benefit America's farmers and ranchers is to try it, and a large number of them have said they're willing to do so.

Rather than putting the brakes on before the program gets started in earnest, we need to put this thing on the road and see how she runs.

# Arctic oil development will help farmers, environment

By Sen. Lisa Murkowski



As Congress continues to debate whether to permit some limited oil development on Alaska's Arctic coastal plain, we must ask whether America is doing everything it can to protect its energy security in the future.

As a new senator from Alaska, I may shock some by acknowledging some hard truths. First, this nation needs to do a far better job of energy conservation and needs to develop alternative energy technologies to wean us from fossil fuels. Developing hydrogen-powered vehicles, for example, can be instrumental for us to foster energy independence in the future.

Secondly, opening a tiny portion of the Arctic National Wildlife Refuge (ANWR) by itself will not solve all our energy woes, as it will take time to develop the area's potential. But ignoring the huge energy potential of ANWR equates to hoping that foreign sources will supply all the fuel that farmers need to plant and harvest crops at reasonable prices into the distant future. It also ignores the limitations of the refining process for crude oil and the growth in demand for diesel fuel, plastics and the other items made from oil.

Given the laws of supply and demand, an extra million barrels of oil production a day can push world oil

prices down. And given the tight profit margins that farmers face today, savings of even a nickel a gallon for fuel can make a big difference in a farm's balance sheet by year's end.

The truth, according to the Energy Information Agency, is that there's a 50-50 chance the Arctic coastal plain holds about 10 billion barrels of economically recoverable oil, enough to produce about 1 million barrels a day for 30 years. Rather than some inconsequential amount, such a find would be the largest oil field discovered in the world in the past three decades and would equal nearly one-fifth of America's likely domestic production by 2010.

Equally important, at current prices, it represents \$15 billion a year that we won't have to spend on buying oil overseas, such as from former Iraqi dictator Saddam Hussein. The area also may hold up to 10 trillion cubic feet of natural gas-gas that could be pumped to the Midwest and West, helping reduce the cost of fertilizer.

Producing more energy at home would strengthen our economy by producing jobs and tax revenues here. It would foster our national security in the mid-term by lessening the potential for America to be subject to blackmail from foreign oil boycotts.

Opening ANWR would not be acceptable if it would harm the environment of my state. But the truth is it won't.

Safeguards in congressional legislation will guarantee that no more than 2,000 acres of the 40 million acres of coastal plain in Alaska will be touched. Directional drilling underground al-

lows oil wells to be placed up to seven miles apart, preventing disturbance to the animals that breed and graze in between. New procedures on seismic work prevent ocean noise when bow-head whales are passing.

Some worry about the impacts on calving caribou. But Alaska's experience at the nearby Prudhoe Bay oil field, where the caribou herd has grown sixfold, shows that caribou can not only tolerate, but flourish in oil fields. That is especially the case since restrictions will prevent any drilling noise during the two months when the caribou might be present. Farmers understand that, with care, development can occur that will not harm the land or wildlife.

Developing oil domestically is actually good for the global environment, since it reduces the importation of oil by foreign-flagged, single-hulled tankers, requiring the oil industry to meet America's stringent environmental safeguards. Alaska's beauty certainly is not threatened, as 102 million acres of

Alaska remain protected—an area the size of Kansas, Nebraska and South and North Dakota combined.

The truth is that America needs both to conserve and produce more energy. If we can, as some have argued, reduce our foreign reliance on oil by 1 million barrels per day by increased conservation, and increase production by adding a million barrels from ANWR, the 2 million barrels resulting from this two-pronged approach would substantially improve U.S. energy policy. The government predicts that U.S. oil production will continue its steady decline unless we act now. By 2015 America will be producing just 30 percent of the oil we consume daily.

We've wasted a quarter century on this debate. Let's help ourselves by developing our own oil reserves now.

*Sen. Lisa Murkowski (R-Alaska) is a member of the Senate Energy and Natural Resources; Environment and Public Works; Indian Affairs; and Veterans' Affairs committees.*

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# President wants to hurry Australia FTA

President Bush has announced that he would like to complete a free trade agreement with Australia by the end of this year, much earlier than the administration's original goal of wrapping up a deal by the middle of next year.

The administration sees geopolitical benefits to an FTA with Australia. The president has expressed appreciation to Australian government leaders for that country's support of the U.S.-led war in Iraq. And Australia's pro-liberalization position in the World Trade Organization negotiations is closely aligned with U.S. proposals. However, the American Farm Bureau Federation says it's difficult to see what benefits an FTA with Australia would hold for U.S. farmers and ranchers if it were not linked to the timing for conclusion of WTO negotiations on agriculture.

The Bush administration sees the relationship between a possible FTA and ongoing global trade negotiations in the WTO as "competitive and complementary," according to Allen Johnson, agricultural trade negotiator with the Office of the U.S. Trade Representative. He spoke last week to Farm Bureau staff from around the country, gathered in Washington for the annual AFBF public policy conference.

"Australia is second to none in terms of fighting in the WTO for the same kinds of things we're working for," Johnson said. "It's not accidental that the schedule for an Australia FTA coincides with that for the WTO negotiations. We see them as complementary."

As a member of the Cairns group of countries, Australia has proposed that



Allen Johnson, U.S. agricultural trade negotiator, told Farm Bureau staff that U.S.-Australia free trade negotiations are "competitive and complementary" with ongoing World Trade Organization talks.

the next WTO agreement eliminate all countries' trade-distorting domestic support and export subsidies, increase tariff-rate quotas and tighten disciplines on export credits—goals that U.S. negotiators share.

Johnson said that, by joining together, coalitions of like-minded countries can put pressure on other WTO members to make concessions. The negotiations are currently stalled, due mainly to the recalcitrance of the European Union.

"However, Australia is a small, relatively saturated market," explained Teresa Howes, AFBF trade specialist. "Plus, given the number of Australian

SPS (sanitary and phytosanitary) restrictions on imports of U.S. agricultural products and the amount of time it would take to eliminate them, there is no reason to expedite the negotiations from an agriculture standpoint."

AFBF has urged U.S. negotiators to insist that Australia eliminate or significantly reduce unjustified plant and animal health protection measures that restrict imports of U.S. pork, fruit, nuts, corn, poultry and feed grains.

Howes said that an Australia FTA might bring some growth in exports of U.S. oilseeds and oilseed products. "And maybe corn and pork. Australia already out-competes us in many markets on a number of commodities, including beef, dairy, sugar, citrus, wheat, cotton, rice, sheep and wool. We could probably expect to see increased pressure to import if we have to open our market further as part of a FTA, without at the same expanding access to third-country markets via a substantial outcome for agriculture in the WTO negotiations. That is why AFBF believes that linking the timing of an agreement with Australia with the timing for conclusion of the WTO negotiations is key to achieving an acceptable outcome for agriculture in a FTA with Australia."

Johnson said the administration is concerned about SPS issues.

"We have some obvious concerns about SPS and other things," he said. "A U.S.-Australia FTA is going to face a lot of interest in Congress if we continue to have these kinds of problems." He did not indicate how U.S. negotiators would attempt to resolve the trade barriers.

## U.S. poultry plant inspections on track, Russia says

After completing bilateral discussions with Agriculture Secretary Ann Veneman, Russian Agriculture Minister Alexei Gordeyev on May 2 said Russia will complete inspections of U.S. poultry plants, as required by an earlier trade agreement, by July 1.

Gordeyev said he is confident that the U.S. poultry industry will comply with the "quality and consumer-safety requirements" of Russian law, adding that the "majority" of the plants meet Russian standards for importing poultry.

"The Russian Ministry of Agriculture and USDA teams are now inspecting all U.S. poultry plants," Veneman said. "We anticipate these inspections and determinations can be completed by July 1 and without disruption of trade."

The United States exported \$660 million in poultry to Russia before the trade dispute began.

"It looks like right now with the resolution of the vet inspection issues that our exports will increase somewhat," said Teresa Howes, American Farm Bureau Federation trade specialist. "But we are not going to get back to \$660 million worth of poultry exports unless those quota restrictions are eliminated."

Russia set new quotas on poultry imports on May 1, after implementing quotas on beef and pork on April 1. The poultry quota is 553,000 tons for May through December.

Veneman and Gordeyev commented on the poultry situation after signing a Memorandum of Understanding (MOU) on cooperation in agriculture.

The MOU lays the groundwork for cooperative activities in areas including agricultural investment; veterinary and phytosanitary activities; animal and plant genetics and biotechnology; joint agricultural research, Extension and education; agricultural policy and rural development; and sustainable agriculture development.

The two countries also formed three working groups to facilitate and review cooperation under the MOU, which will be co-chaired by representatives from USDA and the Russian Ministry of Agriculture. The groups plan to meet regularly throughout the year. Veneman and Gordeyev will also meet annually to review progress.

Veneman expressed hope that the increased cooperation would benefit farmers in both countries.

# Mexico seeks trade protection

Mexican President Vicente Fox recently signed an accord with Mexican agriculture officials that calls for the

government to start negotiations with the United States and Canada to restrict trade through side agreements to

the North American Free Trade Agreement (NAFTA), a move that Farm Bureau opposes.

In order to relieve its struggling farm sector, Mexico is seeking protection for its farmers through side agreements to NAFTA, which would call for voluntary export quotas for U.S.-produced dried beans and white corn to Mexico.

Mexican farmers have sought government protection since nearly all tariffs on farm products were lifted under NAFTA on Jan. 1. White corn and dried beans, staples of the Mexican diet, are still protected by tariffs under NAFTA.

In addition to corn and beans, the only remaining products still protected by tariffs include sugar, powdered milk and some orange juice.

Teresa Howes, American Farm Bureau Federation trade specialist, said side agreements to previously negotiated trade pacts set a dangerous precedent and the United States and Mexico should fully implement NAFTA.





## Regulations will affect global market for biotech



*"We want people to understand that U.S. consumers have consumed these products for years without any problem."*

**F**arm Bureau is working to get the European Union to lift its ban on new biotech products.

But the American Farm Bureau Federation is also active in other parts of the world to increase consumer acceptance and ensure market access for agricultural products of biotechnology.

AFBF has worked with several government agencies, members of Congress, the food industry and, impor-

tantly, the White House to maintain markets both internationally and domestically.

"There is so much going on concerning biotechnology, and several domestic and foreign entities are involved," said Rosemarie Watkins, AFBF senior director of congressional relations. "Farm Bureau believes the White House has an important role in coordinating all of the things that are being discussed and considered, so we are in regular contact with White House officials. We're working with a number of federal departments and agencies, and we're a part of industry coalitions like the Agricultural Biotechnology Planning Committee and the Ag Biotech Forum. We really have a grasp on everything that's going on with this issue."

Another industry coalition, the Food Industry Codex Coalition, helps Farm Bureau monitor international biotechnology issues in particular. Coalition partners share information about how the actions of the Codex Alimentarius Commission could affect the ability to trade in biotech foods. The Codex is a United Nations body working to develop global food safety rules.

One effort under way in the Codex is coming up with a standard definition of biotechnology and a standard food safety risk assessment for all countries to use in regulating biotech.

The Codex is also working on global labeling and tracing regulations.

"How detailed does a label need to be in terms of identifying whether products are genetically engi-

neered? How does a tracing process have to be used at each step of the production chain? Those are the questions we have about what the Codex is doing," Ron Gaskill, AFBF director of regulatory relations, explained.

In addition, AFBF is watching the actions of both the International Plant Protection Convention (IPPC) and the Convention on Biodiversity, and meeting with U.S. representatives to IPPC meetings. The United States has not ratified the Convention on Biodiversity, but State Department officials attend the meetings, and AFBF meets with those officials regularly to monitor the convention's activities.

"The actions of both of these bodies could influence the movement of biotech products," Gaskill said.

In addition to monitoring international regulations and treaties, AFBF is working to enhance consumer perceptions about biotechnology. AFBF received a grant from the Agriculture Department's Foreign Agricultural Service to enable AFBF volunteer leaders to visit countries that are important markets for biotechnology products, but where acceptance is less than in the United States.

"Through a dialogue with foreign media, consumers and industry and government leaders, we will assure them that agricultural products of biotechnology are safe for humans, animals and the environment," said Gaskill. "We want people to understand that U.S. consumers have consumed these products for years without any problems."

## FB: Trade agreements should include biotech

**T**he American Farm Bureau Federation is leading a coalition of organizations in urging the Office of the U.S. Trade Representative to include biotech commitments in future free trade agreements (FTAs).

FTAs offer excellent opportunities to expand foreign understanding and acceptance of U.S. regulations and standards, particularly with respect to agricultural biotechnology, Farm Bureau wrote in a letter to U.S. Trade Representative Robert Zoellick. AFBF is soliciting signatures by other agriculture groups as well.

The letter outlines three basic principles that "should be advanced in all bilateral and regional free trade negotiations."

First, product approvals should be based on objective risk analyses instead of political considerations, and approval standards should be consistent with the requirements of the World Trade Organization (WTO) agreement on sanitary and phytosanitary (SPS) measures, the letter said.

SPS measures are regulations that countries enforce to ensure the health and safety of their food supply. WTO rules require that such measures be based on science and applied only to the extent necessary to protect human, animal or plant health.

Second, the letter calls for FTA language requiring that product labels for health and safety purposes

also be science-based and based on a "truthful and not misleading" standard. The proposed FTA language would also require labeling regimes to be consistent with WTO rules on technical barriers to trade.

Third, patents must be made available for agricultural biotechnology products and those patents must be protected and enforceable according to the WTO agreement on intellectual property rights, the letter said.

While specific FTA language concerning regulation of biotechnology has not been developed, the letter states that Farm Bureau and the other groups are prepared to work with USTR to help with that process and with actual FTA negotiations.

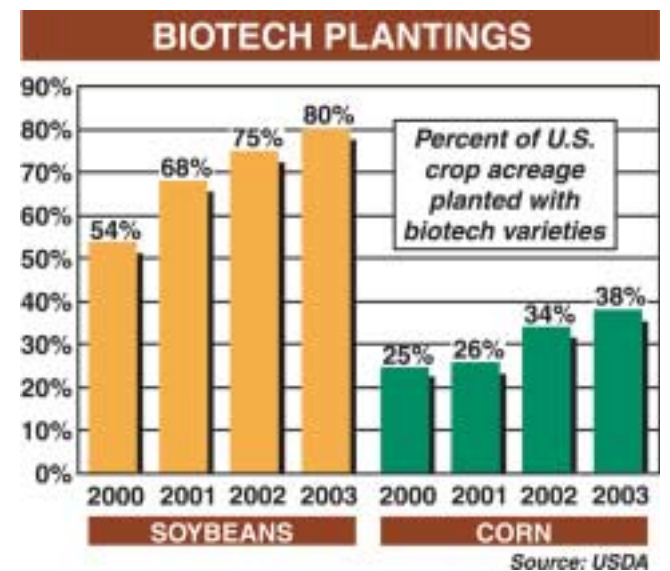
"Countries that have adopted clear science-based regulatory systems for approvals and labeling of biotech products are generally those with the highest level of consumer acceptance of the technology," the letter concluded. "We believe that raising these issues with foreign governments in the context of free trade negotiations will expand the number of countries adopting such systems...."

The United States is already a party to a handful of FTAs, including the North American Free Trade Agreement, the WTO-accession agreement reached with China and the U.S.-Jordan FTA. None of the existing agreements include commitments on accep-

tance of biotechnology.

The United States is currently negotiating or completing FTAs with several Central American countries, Morocco, Singapore, Australia and Chile, as well as a Free Trade Agreement of the Americas.

*Farm Bureau believes linking biotech and free trade negotiations will expand access.*





## Foundation supports biotechnology education

**W**ith a mission to initiate and finance agricultural research and education, the American Farm Bureau Foundation for Agriculture (AFBFA) has focused on biotechnology in a variety of ways.

One of the most recent and exciting is Farm Bureau's agricultural exhibit at Innoventions at Epcot®, the ever-changing theme park of discovery at the Walt Disney World® Resort in Lake Buena Vista, Fla. This exhibit provides a perfect opportunity to increase the public's understanding of today's agriculture. The Innoventions exhibit shares information on advancements in agricultural science, specifically biotechnology, and how today's farm and ranch families are putting them to use.

While the exhibit offers hands-on learning, a new educational video for students in grades 7-12 provides a lively, fast-paced look at biotechnology in daily life. AFBFA created the video, called "Bringing Biotechnology to Life," with a consumer education grant received through the Shared Solutions<sup>SM</sup> Agricultural Initiative of the Altria family of companies.

AFBFA also continues its work with the "Breakthroughs in Biotechnology" training workshops through the assistance of a separate grant from the Shared Solutions<sup>SM</sup> program in 2002 that allowed for a second round of training. More than 200 Farm Bureau staff members and volunteers from 34 states were trained to participate in the 2002 project. Through a grant received in 2001, more than 300

Farm Bureau staff members and volunteers from 25 states were trained.

Breakthroughs in Biotechnology is a consumer education project that draws on Farm Bureau's nationwide network of volunteers to share information on biotechnology with organizations in their communities. The presentation focuses on the wide range of benefits that science-based biotech tools are offering in the areas of agriculture, medicine and the environment.

The project is achieving its goal of reaching community leaders across the nation with messages about how biotechnology is improving their everyday lives. So far, Farm Bureau volunteers from 19 states have delivered more than 140 Breakthroughs in Biotechnology presentations, reaching nearly 6,000 community members.

In addition to the educational efforts under way, AFBFA recently funded a two-year research project on the legal, economic, environmental and policy implications of biotechnology. The project was concluded in November 2002 by researcher Thomas Hoban, a professor at North Carolina State University. The report can be purchased at [www.fbstore.com/fbafbareports.asp](http://www.fbstore.com/fbafbareports.asp).

The first part of the report looks at the results of two focus groups conducted at the American Farm Bureau Federation convention held in Houston, Texas, in 2000. The report includes a 15-page summary plus 47 pages of transcripts from the focus group sessions.

AFBFA is committed to continuing its educational



and research efforts regarding biotechnology.

"Biotechnology has and will continue to have a profound impact not only on America's farm and ranch families but everyone," said Marsha Purcell, AFBFA managing director. "AFBFA hopes our projects continue to offer consumers, youth and others a positive perspective on the many benefits biotechnology has for our world."

*"AFBFA hopes our projects continue to offer consumers, youth and others a positive perspective on the many benefits biotechnology has for our world."*

## Farm Bureau wants Americans confident in biotech

*"We have to protect consumer confidence in the food supply."*

**T**he majority of Americans support the use of biotechnology and the American Farm Bureau Federation is working on several fronts to maintain U.S. consumers' comfort level.

A survey completed last month by the International

Food Information Council found that 62 percent of Americans believe that biotechnology will benefit them or their families in the next five years. And in a consumer survey conducted last year for AFBF and Altria Corporate Services Inc., 64 percent of participants approved of using biotechnology in farming when it improved nutrition, and 63 percent approved when biotechnology increased food production.

To maintain positive consumer attitudes about biotechnology, the federal government needs to ensure continued coordination of its regulatory activities, and it must have sufficient resources to prevent problems that can undermine consumer confidence, according to Rosemarie Watkins, AFBF senior director of congressional relations.

One way consumers form their opinions is through news stories about snafus in regulating biotechnology. Last year, the government ordered pharmaceuticals company ProdiGene to destroy 500,000 bushels of soybeans because the company had failed to monitor the field fully, which led to stalks of biotech corn being mixed with the soybeans. Although none of the soybeans entered the food supply, the incident brought bad publicity for biotechnology. However, Watkins said that the incident actually showed that the regulatory system works.

"The soybeans were caught as part of an APHIS

(Animal and Plant Health Inspection Service) inspection," Watkins said. "We support APHIS' efforts, and we support an increase in APHIS funding to ensure continued adequate inspection."

Watkins also said the fact that few such incidents have occurred over several years is a pretty good record, considering the prevalence of biotech crops in America's farm fields. But such problems, however infrequent, must be avoided if at all possible or consumers both in the United States and abroad could become wary.

Farm Bureau has asked EPA, the Agriculture Department and the Food and Drug Administration to prevent any regulatory gaps.

While biotech crops have matured into a well-regulated industry, how consumers will respond to products of animal biotechnology is an unknown. Farm Bureau is monitoring developments in this arena and has begun discussions with government agencies to ensure there will be adequate regulation of the industry.

"The areas of biotechnology and pharmaceutical and industrial crops are developing very quickly," Watkins said. "These are exciting developments for agriculture, but we have to make sure it doesn't get ahead of where we are in the regulatory arena. We have to protect consumer confidence in the food supply."

HOW DO CONSUMERS AND FARMERS RESPOND WHEN ASKED ABOUT THE ACCEPTABILITY OF FARMING METHODS?						
When are these methods acceptable?						
	Always acceptable		Sometimes acceptable		Never acceptable	
	C%	F%	C%	F%	C%	F%
Biotechnology to improve taste	10	17	40	61	34	19
Biotechnology to improve nutrition	20	29	44	60	20	9
Biotechnology to increase food production	18	28	45	61	20	9

## CAPITAL UPDATE

## Alliance promotes animal welfare from ag angle

Animal welfare groups are very vocal in claiming that livestock producers treat their animals poorly. Livestock producers need a similarly strong voice to promote that they use practices that provide for the well-being of their animals.

Producers must speak with one voice in promoting their practices and refuting false claims. The Animal Agriculture Alliance serves as that voice.

"For too long, the animal agriculture industry has taken for granted that consumers trust producers, and for the most part, they do," said Kay Johnson, Animal Agriculture Alliance vice president. "But as activists become more vocal and their campaigns become more elaborate and outrageous, we find ourselves on the defensive, needing to get our story out."

Established in 2001, the Animal

Agriculture Alliance includes individuals, companies and organizations who want to educate consumers on the role animal agriculture plays in providing a safe, abundant food supply in the United States and throughout the world.

The alliance, created to replace the Animal Industry Foundation, supports and promotes animal agriculture practices that provide for farm animal well-being through sound science and public information. It serves as the central resource for commodity-specific information on animal welfare.

The alliance seeks to educate both adults and children on the subject of animal agriculture by conducting public opinion polling, providing learning materials for teachers and participating in conferences and workshops. As a resource to the industry, the alliance

works with producer groups to ensure their production guidelines reflect proven scientific standards.

Under pressure from the People for the Ethical Treatment of Animals (PETA), fast-food chain KFC is the latest company to adopt guidelines governing the treatment of livestock. The new standards, adopted by KFC earlier this month, address the breeding, hatching and raising of poultry at the farm level.

PETA in January started a campaign to persuade KFC to implement PETA-certified animal welfare practices. Despite adoption of new standards, the organization reports that KFC's new guidelines still do not go far enough. PETA has also campaigned against other fast-food chains, including McDonald's and Burger King.

Caroline Anderson Rydell, American

Farm Bureau Federation livestock specialist, said that it is important to remember that organizations like PETA are not out to improve animal agriculture practices, but to eliminate food production from animals all together.

"From an economic standpoint, most livestock producers realize that animal profitability is directly tied to the well-being of the animals they raise," Rydell said. "Therefore, producers go to great lengths to take care of their animals."

The Animal Agriculture Alliance will hold its second annual stakeholders summit, themed "Challenges to the U.S. Animal Protein Business: Domestic and International Responses, Risks and Repositioning," May 12-14, in Arlington, Va. The summit will focus on current issues involving animal agriculture.

## Committees pass healthy forests legislation

In response to the continuing threat of destructive wildfires in America's forests, the House Resources Committee recently passed the Healthy Forests Restoration Act of 2003.

"The imminent threat of catastrophic fires in our national forests has forced the Bush administration and this committee into action," said Rep. Richard Pombo (R-Calif.), chairman of the committee. "Given the devastating effects of these wildfires, it would be irresponsible to leave outdated regulations in place and have bureaucracy to blame for the loss of another million acres, another home or another human life."

The American Farm Bureau Federation supports the legislation, which would assist the Forest Service and Bureau of Land Management in streamlining the National Environmental

Policy Act phase of proposed forest thinning and fuels reduction projects without hampering the public participation process.

According to the Interior Department, wildfire burned more than 7.2 million acres last year, which is more than twice the 10-year average. The department reported that 190 million acres of public land and surrounding communities are currently at increased risk of extreme fires. "Everyone agrees that something has to be done to address the [wildfire] situation and to prevent another season like we had last year," said Rick Krause, AFBF environmental regulation specialist.

In a joint statement released April 30, Agriculture Secretary Ann Veneman and Interior Secretary Gale Norton voiced their support of the Healthy Forests Restoration Act.

"Moving the bill forward will help carry out President Bush's vision to improve forest and rangeland health through the Healthy Forests Initiative," the statement said. "Today's committee action should be applauded by all Americans who treasure our forests and public lands and want to reduce the risk of wildland fires."

The House Agriculture Committee also on April 30 held a hearing on the Healthy Forests Initiative.

"The committee is committed to promoting the utilization of the sound science at our disposal to create healthy, sustainable forests," said Bob Goodlatte (R-Va.), committee chairman. "Our national forests must be managed properly or we run the risk of more seasons of increasingly catastrophic wildfires. The Healthy Forests Initiative identifies real solutions to

some of the problems facing our forests and the communities surrounding them."

The catastrophic fire season of 2002 prompted President Bush to introduce the Healthy Forests Initiative last August. The initiative would implement more active forest and rangeland management by establishing a framework for protecting communities and the environment through local collaboration on forest thinning, planned burns and forest restoration projects.

The House Agriculture Committee has also given its stamp of approval to the Healthy Forests Restoration Act, passing the bill out of committee by voice vote on May 8.

The Healthy Forests Restoration Act could be debated on the House floor as early as the week of May 13.

### FB NEWSWATCH

#### USDA announces bioenergy sign-up

Producers of bioenergy—fuels like ethanol and biodiesel that are made from agricultural commodities—can sign up between May 7 and June 6 for payments from the Agriculture Department. In order to increase purchases of agricultural commodities and expand production of ethanol and biodiesel, the Bioenergy Program reimburses bioenergy producers for part of the cost of commodities used in their energy production. Agriculture Secretary Ann Veneman announced the sign-up and a few changes to the program May 7. The program was

reauthorized in the 2002 farm bill. USDA will announce the sign-up results and payment amounts upon completion of the sign-up. More information is available in the May 7 Federal Register and by e-mailing [bioenergyprogram@wdc.usda.gov](mailto:bioenergyprogram@wdc.usda.gov).

#### Report details unfounded trade barriers

A report issued May 6 lists several non-science-based trade barriers affecting U.S. exports of beef, poultry, walnuts, cherries, apples, wine and genetically modified foods, as well as several non-agricultural products. The report by the National Foreign Trade Council, a U.S. industry group that promotes an open,

rules-based trading system, analyzes the trade barriers and calls on industry and government officials in the United States and other countries to enter into a dialogue on how to eliminate the barriers and reduce their impact both on developed and developing countries. The report is available at [www.nftc.org](http://www.nftc.org).

#### Interior announces new water supply initiative

Interior Secretary Gale Norton on May 2 announced the Water 2025 initiative to help communities in Western states predict and resolve water supply conflicts. Norton cited water conflicts involving the Klamath and Rio Grande River basins, where the interests of farmers,

growing cities, tribes and people concerned about endangered animals and fish have clashed. Those conflicts "demonstrate the consequences of failing to strategically address the problem of competing demands for a finite water supply," Norton said. The department aims to increase collaboration between federal agencies and state and local governments; help stretch water supplies by improving conservation and monitoring of water resources, modernizing aging water supply structures and using water treatment technologies such as desalination; and remove legal and regulatory barriers to using or storing excess water capacity when it is available.

# NHFB members receive land steward award

New Hampshire Farm Bureau members John and Lorraine Merrill of Stratham, N.H., have received the 2003 Steward of the Land award from the American Farmland Trust.

The Merrills received the award and \$10,000 in recognition of their leadership in protecting farmland from development and their commitment to sound environmental stewardship. The Rockingham County Farm Bureau members were chosen out of 117 applicants from 41 states for their life-long commitment to environmental

stewardship, public education, policy activism and farmland protection.

"For decades, the Merrills have been devoted to protecting not just their farmland, but water, wildlife habitat and natural resources on the farm," said Ralph Grossi, president of AFT. "They truly are stewards of the land and a great inspiration to farmers across the nation."

The Merrills' operation, Stuart Farm, is a 200-cow dairy farm that John and Lorraine run in partnership with their son, Nathan, and daughter-in-law,

Judy. They were early pioneers in rotational grazing and other conservation practices, and their family was among the first in the state to permanently protect their farm with an agricultural easement in 1981.

"It was wall-to-wall dairy farms when we first moved here," said Lorraine, who noted that there used to be more cows than people in the town. The farm moved to its current location in 1961 after construction of an interstate highway forced the family out of northern Massachusetts. To-

day, Stuart Farm is the only dairy farm remaining in Stratham.

"The award means a lot to us," said Lorraine. "It is in recognition of not just our work but the work of so many hard-working farm families in New Hampshire. Everything we have done has been done with others."

The Steward of the Land award was created in 1997 in honor of farmer and conservationist Peggy McGrath Rockefeller, a founding board member of AFT, who cared deeply about conserving farm and ranch land.



John Merrill (right) and his wife, Lorraine (second from right), were early pioneers of rotational grazing and other conservation practices. Son, Nathan (left), and daughter-in-law, Judy (second from left), help run the dairy farm.



The Merrills' dairy farm, the only one left in Stratham, N.H., was chosen out of 117 candidates for the Steward of the Land award. The award has been given to a model farm every year since 1997.

# FB endorses tax relief

*continued from page 1*

year, under the bill. The current top tax rate of 39.6 percent is scheduled to drop to 35 percent in 2006.

The bill would cost \$550 billion, an amount that the House is allowed under the budget resolution Congress passed last month.

The Senate is considering a very different tax relief package. It does not include a capital gains tax cut, and it would increase small business expensing to \$75,000, less than in the House bill. Because reducing capital gains taxes is a Farm Bureau priority, AFBF favors the House bill.

"Farm Bureau has a list of tax cuts that we would like to see happen, and decreasing or eliminating capital gains taxes is one of those priorities," said Pat Wolff, AFBF senior director of congressional relations. "When both of these bills are passed and it comes time for Congress to work out the differences between them, we will fight for keeping the capital gains provision in the final tax relief package. We think that is one of the most important things Congress could do to help not only the national economy, but par-

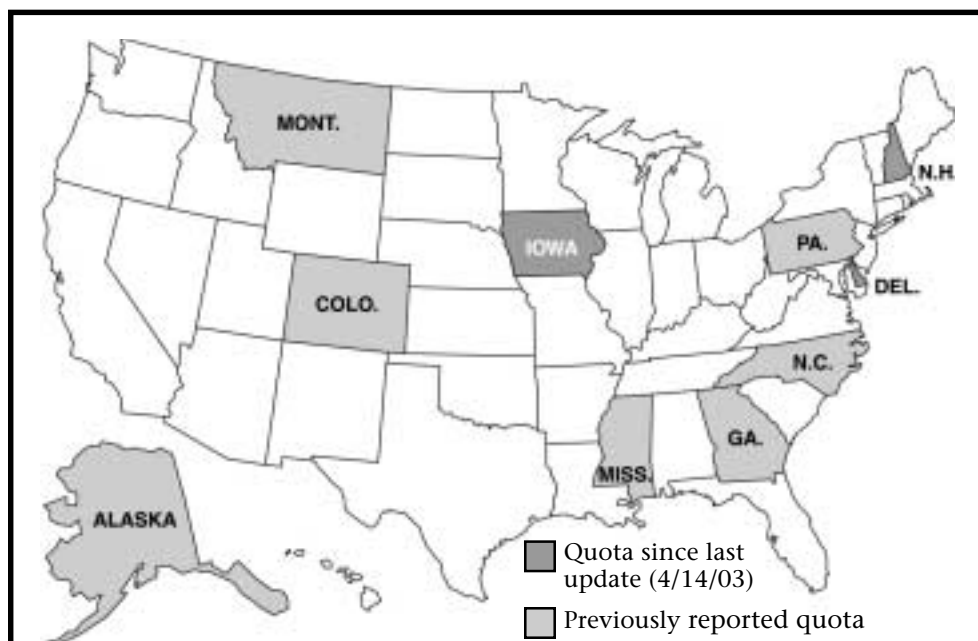
ticularly the farm economy because farming is such a capital-intensive industry."

When farm assets are sold, farm owners must pay capital gains taxes on the amount those assets have increased in value while they owned them. On average, farmers and ranchers own their land for 30 years, during which it can increase in value five to six times, AFBF estimates.

The Senate bill would cost \$433 billion, significantly more than the \$350 billion allowed for the Senate package in the budget resolution. The Senate is expected to vote on its bill sometime this week. House and Senate conferees will have to resolve the difference in the figures, and provisions in the House bill could be removed during the conference in order to reduce the cost of the final bill.

Congress is trying to complete the tax relief package by Memorial Day. President Bush originally proposed a \$726 billion package in January. The president has often said that a "bold economic recovery plan" is needed to help turn the economy around and increase job opportunities.

## MEMBERSHIP UPDATE.....



- Delaware:** 4,532 member families; 8th state Farm Bureau in the nation and 2nd in the Northeast to report membership quota; 40 years of growth and an all-time high.
- Iowa:** 152,616 member families; 9th state in the nation and 1st in the Midwest; 2 years of growth.
- New Hampshire:** 5,526 member families; 10th in the nation and 3rd in the Northeast; 4 years of growth and an all-time high.

## GRASSROOTS

# Conference focuses on issues in action

State Farm Bureau staff gathered in Washington, D.C., May 6-8, for the annual American Farm Bureau Federation public policy conference. At the same time, Congress was debating energy legislation, forest management reforms and tax cuts, and the administration was in the middle of collecting comments on mandatory country-of-origin labeling (COOL).

The conference began with three presentations on COOL. Although AFBF policy continues to support the COOL law, the speakers presented different sides of the issue.

Randall Jones of the Agriculture Department's Agricultural Marketing Service gave an overview of the law and the department's current thinking on how to write regulations for the mandatory phase of the program, which begins Sept. 30, 2004.

Wendy Umberger, Colorado State University economics professor, reviewed the results of a study by the university showing that consumers were willing to pay a premium for steak and hamburger labeled "U.S. Certified."

Deborah White of the Food Marketing Institute, which represents food retailers, struck a note of caution

about the "true purpose" and "unintended consequences" of mandatory labeling.

Sen. James Inhofe (R-Okla.), chairman of the Senate Environment and Public Works Committee, spoke to the group about energy policy.

"We need fossil fuels, renewable fuels, everything. We're going to explore all the opportunities we have," he said.

He also spoke about Endangered Species Act reform, the need to eliminate the estate tax and President Bush's Healthy Forests Initiative that would make it easier to thin forests and reduce wildfire risk. Inhofe said he was working to incorporate sound science, cost-benefit analysis and a new attitude in the committee's proceedings.

AFBF President Bob Stallman and Don Lipton, AFBF associate director of public relations, spoke about the organization's issues management effort. AFBF launched the effort last year to better anticipate and handle communications challenges on agricultural issues.

The group also heard from Allen Johnson, chief agricultural trade negotiator for the U.S. Trade Representa-

tive, about several trade issues, and from Stephen Frerichs of AgVantage LLC about how the federal budget process works.

Three state Farm Bureau staff members spoke about the value of multiple state visits to Washington each year, and how they nominate participants and organize their trips. They also spoke about the importance of visiting the district offices of members of Congress.

Finally, AFBF public policy staff armed the group with information on the current status of transportation, energy, taxes and immigration reform legislation in preparation for the group's visits to their congressional delegations.

AFBF President Bob Stallman also spoke to the group about their important role in advancing Farm Bureau's positions.

"I thought it was a great conference," said Joel Rotz, director of national legislative programs for the Pennsylvania Farm Bureau. "In particular, I appreciated the COOL panel and getting different perspectives on that issue. It gave us some things to think about and take back to our leaders."

## FB NEWSMAKERS

**Allen Lauterbach**, former *American Farm Bureau Federation* general counsel, **died** April 16 at the age of 86. Lauterbach joined the AFBF staff in 1945, and served as general counsel from 1954 until his retirement in January 1982. He was the recipient of the AFBF Distinguished Service Award in 1988.

**Florida Farm Bureau President Carl B. Loop Jr.** on May 2 was presented with the **Distinguished Alumnus award** by the University of Florida during the Spring Semester Commencement Ceremony for the College of Agriculture and Life Sciences. A Jacksonville nursery owner, Loop has served as the state Farm Bureau's leader for two decades.

**Doug Foxx** has been named **organization director** for the **Ohio Farm Bureau Federation** in Allen, Auglaize, Mercer and Shelby counties. As organization director, Foxx will act as liaison between the county Farm Bureaus and OFBF. He will assist the county groups as they develop and implement programs to strengthen the organization and enhance its ability to serve its members. Foxx is a native of Wayne County and holds a bachelor's degree in agricultural education from Ohio State University.

**Tracee Bentley** has been named **director of national affairs** for the **Colorado Farm Bureau**. Bentley has worked for Sen. Ben Nighthorse Campbell (R-Colo.), Rep. Scott McInnis (R-Colo.) and the Colorado House Majority Communications Office. Her family produces alfalfa, barley and potatoes on a farm in the San Luis Valley of southern Colorado. Bentley is currently working on a master's degree in communication at Colorado State University.

### Farm Bureau Farmers and Ranchers Strengthening America's Economy

**The American Farm Bureau Federation is America's largest and most influential organization of farmers and ranchers.**

**Our grassroots structure ensures that active farmers and ranchers are the people who propose and determine the goals of Farm Bureaus at the county, state and national levels.**

**They are the foundation of agriculture's future.**

**Fueling America's Future**

**Farming is More Than Food**

**Beyond safe, abundant, affordable food America's farm and ranch families provide environmentally-friendly and renewable fuels & other products that make life better.**

**THE MESSAGE** This display will help Farm Bureau convey the message that farmers and ranchers produce more than food and that value-added products are important to farmers and ranchers as well as the American people. The display is appropriate for use in offices, at meetings and in schools.

**QUALITY** Every effort is once again being made to deliver a quality, durable and flexible display. It is printed on vinyl with fade-resistant inks. There is no need to laminate this display.

**SIZE** Three sizes are available: (1) two side panels of 20" x 42" and two center panels of 28" x 42"; (2) two side panels of 20" x 36" and two center panels of 24" x 36"; or (3) two side panels of 20" x 36" and two center panels of 28" x 36". In addition, the top panel of 48" x 10" can be cropped to eight inches in height.

**COST** The displays are offered for \$50 each, with a 10 percent quantity discount on purchases of 10 or more ordered at one time. Costs can therefore be reduced by surveying statewide needs and consolidating orders.

**ORDERING** There is a limited supply. Orders will be taken throughout the year as long as supplies last, but we suggest placing orders as soon as possible.

When ordering the 2003 display, please indicate the date of the event and the size of the display needed.

For more information or to place an order, contact Gail Przybek by phone at 847-685-8850, by fax at 847-685-8950 or by e-mail at [gailp@fb.org](mailto:gailp@fb.org).

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