

news

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House votes to kill estate tax for good

The House last Wednesday voted 264-163 in favor of eliminating the estate tax permanently. Estate tax repeal legislation faces an uncertain future in the Senate.

American Farm Bureau Federation President Bob Stallman wrote members of Congress shortly before the House vote, citing the heavy toll of estate taxes on family-owned farms and urging Congress to support the Death Tax Permanency Act of 2003 (H.R. 8).

"The impact of death taxes, with rates as high as 49 percent, is so severe that its imposition can destroy farm businesses," he said. "When this happens farms and ranches can be lost, surviving family members can be displaced, employees can lose their jobs and rural communities can lose their economic base."

Passage of the bill came soon after the House defeated, 188-239, a substitute amendment offered by Rep. Earl Pomeroy (D-N.D.) to increase the estate tax exemption to \$3 million per person beginning Jan. 1, 2004, rather than repealing the tax outright. AFBF opposed the Pomeroy amendment.

"An increase in the estate tax exemption is not the answer," Stallman said. "Only repeal can erase the burden and uncertainties of estate tax planning."

The next hurdle for AFBF and other

proponents of estate tax repeal is getting at least the 60 votes needed to pass similar legislation in the Senate, where support for repeal is not as strong as in the House. The House also passed per-

manent estate tax repeal legislation last year, but the Senate failed to do so.

Under current law, the estate tax is being phased out over the next six years, but it will return in full in 2011.



Rock on

New York Farm Bureau field staff gather around "the rock" in Broome County, N.Y., which commemorates the founding of the first county Farm Bureau. The group attended the recent Northeast Regional Directors meeting.

Appropriators lower ag spending

The House Agriculture Appropriations subcommittee last week passed its recommendation for fiscal 2004 agriculture spending, cutting the discretionary spending level by \$393 million from this year and prohibiting the Agriculture Department from using 2004 funds to implement the farm bill's country-of-origin labeling (COOL) provision for meat.

"Blocking COOL funding for meat weakens the entire labeling implementation program for all commodities," said Caroline Anderson Rydell, American Farm Bureau Federation livestock specialist. Currently, COOL is voluntary for meat, seafood, peanuts and fresh fruits and vegetables, but is scheduled to become mandatory after Sept. 30, 2004.

Subcommittee Chairman Henry Bonilla (R-Texas) said the move pro-

vides lawmakers and USDA "ample time" to review the COOL program and concerns surrounding it. The vote does not affect labels for seafood, peanuts and fresh produce.

The bill, passed by voice vote, contains \$17.005 billion in fiscal 2004 discretionary spending, compared to \$17.398 billion for fiscal 2003 and President Bush's budget request of \$17.141 billion. Mandatory spending for fiscal 2004 totals \$60.488 billion, which is the same as the president's request, compared to the fiscal 2003 mandatory level of \$56.705 billion.

The bill also blocked funding for some mandatory farm bill programs, such as the Conservation Security Program and the renewable energy program. Additionally, the recommendation limits funding for the Environ-

mental Quality Incentives Program (EQIP) to \$975 million. EQIP was authorized at \$1 billion.

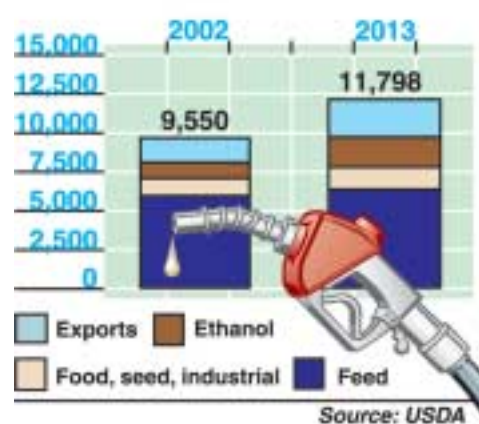
"Farm Bureau was a strong supporter of these programs in the farm bill and we are concerned about cuts in funding," said Rosemarie Watkins, AFBF conservation programs specialist. "We will work to have funding for these programs reinstated during the final appropriations process."

The bill increases funding to \$850 million for conservation operations activities, which is an increase of \$30.4 million. But the bill did not address how to pay for technical assistance funding for the Conservation Reserve Program and the Wetlands Reserve Program.

The full House Appropriations Committee must approve the allocations, which total more than \$764 billion.

Corner Post

U.S. corn utilization under a reformulated fuels standard
(Million bushels)



VIEWPOINT

It's time to embrace the new era of biotechnology

By Rep.
Nick Smith



Biotechnology is one of the most promising sectors of the economy. It's revolutionizing medicine, with at least 95 biotech drugs already approved in the United States and 371 more under development, including medications for cancer, heart disease, diabetes and many other conditions.

It will produce higher quality foods that can provide both nourishment and immunization for billions of hungry people around the world.

Unfortunately, biotechnology has come under attack from some in the European Union and elsewhere who hope to avoid competition in this area.

The speaker of the House, the administrator of the U.S. Agency for International Development and leading scientists testified at a congressional hearing June 12 on the safety and potential of plant biotechnology.

In the summer of 1999, the journal *Nature* published a study suggesting that pollen from genetically modified corn could harm monarch butterfly populations. The study sparked a worldwide controversy. While follow-up studies have since proven such pollen presents no danger to monarchs, the foundations of fear had been set.

In response, the House Science Subcommittee on Research, which I chair, met with leading scientists across the

country and followed with a series of hearings investigating the potential benefits and safety concerns associated with plant biotechnology. Our findings, compiled in a comprehensive report titled "Seeds of Opportunity," showed that crops developed through biotech were just as safe as those developed through conventional means.

Three years since we released the report, its findings still hold true and are now backed by an even larger body of scientific evidence. Also, America's three-pronged safety review of biotech products, conducted by the Agriculture Department, the Food and Drug Administration and the Environmental Protection Agency, comes as close to guaranteeing safety for people and the environment as you can get. That's why House Speaker Dennis Hastert and members of Congress joined with the Bush administration on May 12 to announce that the United States would file a World Trade Organization challenge to the European Union's import ban on genetically modified (GM) crops.

Consider Africa. President Bush rightly charged that the EU's ban is an unjust burden on the world's poorest continent. With approximately 180 million undernourished people, and perennial low yields brought on by drought, insects and other disasters, Africa stands to benefit tremendously from GM crops.

Yet, the EU exploits Africa's dependency on the EU as a trading partner to stall acceptance of GM crops. For example, starving Zambia rejected 23,000 metric tons of emergency U.S. food aid

because Europe could respond by rejecting Zambia's future corn exports.

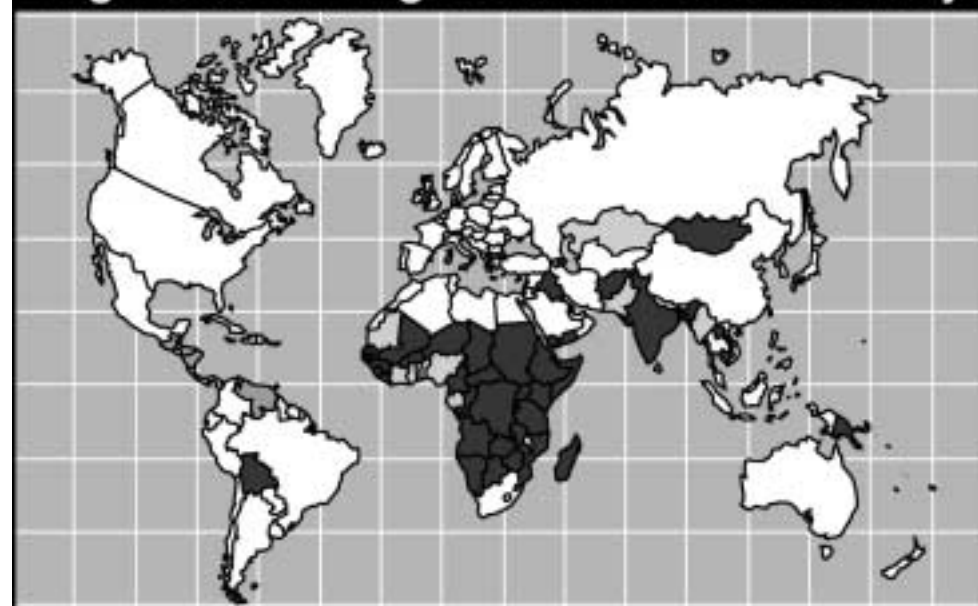
There is some evidence that EU pressure is impeding even research into new crop varieties that could feed Africa. The Research Subcommittee documented these barriers to plant biotechnology research and development in Africa in more detail at the June 12 hearing.

Sound science should drive trade and regulatory decisions associated

with transgenic food crops, not protectionism masquerading behind a thin veil of unfounded fears. The U.S. challenge moves us one step closer to removing the unfair barriers that hurt American farmers and deny the people of Africa a wonderful tool for combating hunger.

Rep. Nick Smith (R-Mich.) is a member of the Agriculture; International Relations; and Science committees.

High rates of hunger and childhood mortality



- Countries where more than 20% of the population are undernourished and 75 or more out of every 1,000 children die before the age of five.
- Countries where more than 20% of the population are undernourished and the under-five mortality rate is less than 75 per 1,000 children.
- Countries where less than 20% of the population are undernourished and 75 or more out of every 1,000 children die before the age of five.
- Countries that do not fall into the above categories.

Source: FAO, 2000

Science and agriculture are keys to quality of life

By Lynne Finnerty

Agriculture has always been a part of man's search for ways to cure sickness and heal wounds. Centuries before a person could head to the neighborhood pharmacy, there were folk remedies involving plant- and soil-based poultices.

Agriculture, hand-in-hand with science, continued to play a role in medicine in the early 20th century when

penicillin was discovered. In the early 1940s, English researchers who had discovered the miracle mold's germ-killing potential knew that it could help many people, if only enough of it could be produced. The researchers turned to an agricultural research center in Peoria, Ill., which used corn plants as a growth medium.

The rest, as they say, is history. The discovery led to the mass-production of penicillin and to the develop-

ment of other antibiotics. Without them, perhaps you wouldn't be here today.

The role of science and agriculture in the production of important medicines continues today. Because of developments in biotechnology, proteins, vaccines and drugs can be produced in animals, corn and tobacco plants, and fruits and vegetables. They can be produced more quickly and less expensively than through chemical production and they can be administered more easily. Some medications don't need special handling, such as refrigeration, potentially making them available to more populations in remote parts of the world.

But these new medicines and miracle drugs could be at risk because there are vocal and, regrettably, misinformed activists who oppose biotechnology.

Imagine that it's 1941 and you have a nasty case of pneumonia. You're waiting rather anxiously to see if your body is going to beat the bacteria or if the bacteria is going to beat you, when

your doctor tells you there's a new drug, an antibiotic, that could almost guarantee you will get well. Relieved, you instruct your doctor to get the stuff posthaste.

There's just one problem, your doctor says. It seems there is a group of people who, although they have no scientific proof to back up their claims, believe that the new drug is harmful to your health or the environment. Thanks to their efforts, the antibiotic you desperately need isn't available at any price. That's basically what is happening today with biotechnology.

With antibiotics, we have the benefit of hindsight. We know, more than 70 years after the first discovery of penicillin, how important that discovery was for health and society. But will we learn from history?

Science and agriculture have produced the quality of life that we take for granted today. We should continue to put our faith in science and agriculture to improve our lives and our world.

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New Zealand official touts trade reform

Graham Fraser is a traveling salesman, of sorts, for global trade reform. Holding the title of agricultural trade envoy for New Zealand, which scrapped its farm subsidies and tariffs 19 years ago, the dairy farmer's job is to travel around the world to tell other countries, in essence, "Come on in, the water's fine."

While it was a difficult adjustment at first, Fraser said, New Zealand's reforms have since brought a new vibrancy to the country's agriculture, which accounts for 16 percent of gross domestic product. Most farmers would not want to go back to the old days, he said. Now, New Zealand is urging other countries to take the dive as well.

"Our agriculture is not subsidized and there are no tariffs, so it's an open economy," Fraser said. "So, therefore, we have a vital interest in having a market-based international market for agricultural products. So we have a strong advocacy for that."

New Zealand is indeed one of the most vocal proponents of reform in the World Trade Organization agriculture negotiations and has put forward a negotiating proposal that is slightly more ambitious but very similar to the U.S. proposal. Fraser visited Washington recently in an effort to maintain momentum in those negotiations, which are supposed to be completed by January 2005 but have stagnated over the last few months.

Fraser said he is concerned that the negotiations are currently not progressing, but he is optimistic that progress can be made by September. That's when trade ministers meet in Cancun to agree on modalities, or specific methods of achieving the goals to which they agreed when they started the negotiations on reducing agricul-



Graham Fraser, agricultural trade envoy for New Zealand, visited Washington recently to boost support for global trade liberalization.

tural trade-distorting subsidies, tariffs and other trade barriers.

"These are strange things, these trade talks," he said. "They stumble along and they appear to be going nowhere, and then suddenly there's a sudden move forward. Now, our most optimistic expectation would be there would be one of these moves forward at Cancun."

Fraser said he expects the European Union's current internal negotiations on reforming its Common Agricultural Policy (CAP), the system of EU subsidies that consume about half of the EU's annual budget, to be crucial in moving the Doha negotiations forward.

Fraser acknowledged that the United States and New Zealand have proposed similar outcomes for the WTO agriculture negotiations and are mostly like-minded on reducing trade distortion.

"We're not a thousand miles from each other in terms of position," he said. "You know, we're a Cairns Group

member, and we have probably the most ambitious proposal on the table. But we are extremely pleased to see the ambition that is in the U.S. proposal."

The 17-member Cairns Group has proposed that developed countries cut tariffs over five years, with a 50 percent down payment at the start of the phase-out period; increase tariff-rate quotas (TRQs) by 20 percent of consumption; and eliminate trade-distorting domestic support in five years. In addition, developed countries would cap certain non-trade-distorting domestic support; eliminate export subsidies in four years, with a 50 percent down payment; and adopt tighter rules on the use of export credits.

The United States has proposed bringing all agricultural tariffs down to 15 percent over five years, increasing TRQs by 20 percent, reducing trade-distorting domestic support to 5 percent of total agricultural production over five years, eliminating export subsidies over five years, establishing tighter rules on export credits and disciplining state trading enterprises such as the Australian and Canadian wheat boards.

While the U.S. and New Zealand proposals would reduce the highest subsidies and tariffs the most, and do so relatively soon, the European Union and Japan have proposed simple percentage reductions with less aggressive timelines.

Fraser said it has been refreshing to meet with farmers in the United States and Canada and hear that they are in favor of trade reform.

"They have different views as to how that should be applied," he said, "but the general thesis is to acknowledge that farmers are better placed when they have markets that are less distorted into which they can sell products."

U.S., Chile sign free trade agreement

At a ceremony in Miami, Fla., the United States and Chile on June 6 signed a free trade agreement (FTA) that would allow three-quarters of U.S. farm goods to enter Chile duty-free within four years, with duties on all U.S. products to be phased out within 12 years.

"American farmers, workers, consumers and businesses will benefit from improved access to the Chilean market, and this FTA will provide momentum to the ongoing negotiations in the Free Trade Area of the Americas and the global trade talks," said U.S. Trade Representative Robert Zoellick, who signed the agreement along with Chilean Foreign Minister Soledad Alvear.

The Bush administration will now work with Congress to develop legislation to implement the FTA, which will be followed by House and Senate consideration.

The American Farm Bureau Federation fully supports the U.S.-Chile FTA. AFBF had withheld its support of the FTA over an unresolved sanitary and phytosanitary (SPS) issue involving poultry. But an agreement reached among the U.S. poultry industry, the Office of the United States Trade Representative and the Chilean government would establish a two-year halt in poultry trade in order for the U.S. and Chilean governments to work on an acceptable Chilean SPS inspection system.

Farm Bureau lists priorities for U.S. trade talks

The American Farm Bureau Federation last week reaffirmed its support for trade negotiations and detailed the priorities it believes must be part of any agreement that truly opens agricultural trade.

In testimony before the House Agriculture Committee, AFBF President Bob Stallman said the current round of World Trade Organization negotiations is agriculture's best opportunity to address a number of trade problems. However, Stallman said that AFBF does not support the proposal that Stuart Harbinson, chairman of the WTO agriculture committee, crafted to forge a compromise between different countries' proposals and move the negotiations forward.

"The AFBF board spent a substantial amount of time at their board meeting a few weeks ago discussing the Harbinson proposal," Stallman said. "The

board voted unanimously that the Farm Bureau position is that having no WTO agreement would be better than accepting a poor agreement—and that the current Harbinson proposal is a poor agreement for American agriculture."

Stallman called the Harbinson proposal "woefully inadequate" in achieving harmonization in domestic subsidy levels and said it would have little market opening impact because it is not aggressive enough in reducing disparities in countries' tariff levels. He said it would also allow countries to shield their more sensitive products from deeper tariff cuts.

In addition, Stallman testified that the "markedly lower levels of commitment and longer phase-in periods" for developing countries in Harbinson's proposal would produce "a real lack of reform." He noted that the majority of

WTO member countries are developing countries.

Stallman also called for better criteria to determine whether a country is developing or developed in a certain product sector.

"Some developing countries are actually highly developed and competitive in certain products and it makes no sense for those countries to receive special treatment in such commodities," Stallman explained. "A good example would be soybean production in Brazil."

Stallman said that Farm Bureau is encouraged by the provisions in Harbinson's proposal that would eliminate export subsidies, force state trading enterprises to operate in a more competitive and transparent manner, continue to use decoupling from production as the criterion for classifying domestic support as non-trade-distorting and leave the current sanitary and

phytosanitary agreement intact rather than expanding it and giving countries more means of protecting their agricultural markets.

Stallman also outlined Farm Bureau's priorities for U.S. negotiations on regional and bilateral free trade agreements (FTAs) such as the Free Trade Area of the Americas.

"While we believe these FTAs are important in promoting and creating new trade relationships, our top priority is the current negotiations of the WTO," Stallman said. "We believe that any FTA currently in negotiation or planned for the future should meet the same goals and objectives that have been set out by the United States in the WTO negotiations."

He also urged the administration to include benefits for agriculture as part of its strategy in seeking future FTA partners.

ENDANGERED SPECIES ACT REFORM

Habitat litigation cripples efforts to protect species

Two little words are responsible for a mountain of litigation under the Endangered Species Act. Requiring “critical habitat” designations has resulted in numerous lawsuits against the feds from distinctly different interests, including private landowners, developers and environmental groups.

Critical habitat is defined in the Endangered Species Act as an area occupied by a threatened or endangered species where physical or geographic features that are essential to the conservation of the species exist. Critical habitat also encompasses the area not currently occupied by the species but is itself essential to the conservation of the species.

Before 1997, the designation of critical habitat had not been a priority of the Interior Department, resulting in fewer designations as ESA listings continued to rise. The Interior Department’s Fish and Wildlife Service usually found most critical habitat designations to be “not prudent,” so species were listed without critical habitat. But in 1997, a court ruled that the “not prudent” standard violated the ESA,

opening the floodgates of litigation.

“Imagine an emergency room where lawsuits force the doctors to treat sprained ankles while patients with heart attacks expire in the waiting room and you’ve got a good picture of our endangered species program right now,” said Craig Manson, Interior Department assistant secretary who oversees the FWS and enforces the ESA program.

“The flood of litigation over critical habitat designation is preventing the Fish and Wildlife Service from protecting new species and reducing its ability to recover plants and animals already listed as threatened or endangered,” Manson said.

FWS reports that by July 28 it will have exhausted its fiscal 2003 funds used to designate critical habitat under court orders and settlements. The fiscal year ends Sept. 30.

Congress appropriated \$6 million for fiscal 2003 to designate critical habitat for species that had already been listed, which is almost two-thirds of FWS’ budget for its endangered species listing program. But the Service last

month estimated that it would need approximately \$8 million for fiscal 2003 in order to comply with all of the court orders and settlements for species that are already listed.

Designating critical habitat is expensive and time-consuming. Before a critical habitat designation can be finalized, the FWS must prepare maps of the species’ habitats, allow time for public comment and complete economic analyses of the critical habitat designation. FWS reports that the average cost of designating critical habitat is \$400,000.

The ESA requires that critical habitat determinations be based on physical and biological features essential to the species’ conservation. The features are often unknown and deadlines do not allow enough time for research, FWS reports, so decisions are often made on incomplete data.

“This in turn leads to sometimes successful lawsuits challenging the designations on the grounds that they were not properly done,” FWS said last month in a fact sheet on critical habitat. “The result is a never-ending cycle

of litigation in which one lawsuit orders the service to designate critical habitat despite the lack of adequate information and of time or resources to acquire it; a second lawsuit orders the designation to be redone due to (often predictable) defects in the initial designation; and on and on into the foreseeable future.”

Rick Krause, American Farm Bureau Federation director of regulatory relations, said the process of designating critical habitat “has to be changed somehow.”

Krause said the designation is burdensome for farmers and ranchers and other private landowners and can result in significant economic impacts. The value of their land may decline as a result of the designation, they may be restricted in how they might use their land, or they may be subjected to costs and obligations if they modify their land, he said.

“But most significantly,” Krause said, “critical habitat and the ESA can provide disincentives for landowners who are trying to do good things for the environment.”

Members of Congress launch ESA reform effort

In the hope of reforming the Endangered Species Act (ESA), Rep. Greg Walden (R-Ore.) earlier this year introduced the Sound Science for Endangered Species Act Planning Act of 2003 (H.R. 1662).

The American Farm Bureau Federation-supported bill would require scientific peer review as a prerequisite for most ESA-related actions and set minimum standards for the scientific data needed to proceed with those actions.

Walden said he introduced his bill partly because of the federal government’s decision in April 2001 to withhold irrigation water from 1,400 farmers and ranchers in the Klamath Basin in order to protect endangered fish. The National Academy of Sciences later reported that there was “no sound scientific basis” for the government’s action.

The peer review that would be needed under Walden’s bill is akin to

getting a second opinion from a doctor before proceeding with an amputation, Walden said.

“Under the ESA today, they just cut you off at the knees,” he said.

Sen. Craig Thomas (R-Wyo.) also has introduced ESA reform legislation. The Endangered Species Listing and Delisting Process Reform Act of 2001 (S. 347) would require that decisions to list species as endangered or threatened are supported by scientific data.

The bill would also require the federal government to hold at least two hearings in each state in which the species proposed for listing is located, including at least one hearing in an affected rural area.

In addition, the Thomas bill would require prompt action by the government to change a species’ status when the criteria of a recovery plan have been met. Since the ESA was enacted, less than 20 species have been delisted.



ALABAMA STURGEON

Favorite hangout: The sturgeon is a slender, yellow, freshwater fish that used to be widespread in the Mobile River basin in Alabama and Mississippi.

Status: Endangered since May 2000.

Claim to fame: Environmental groups have sued to halt several timber sales in the South in order to protect the sturgeon’s habitat.



ATLANTIC SALMON

Favorite hangout: Used to be found in several Northeastern rivers, but now is mostly found in Maine rivers.

Status: Endangered since November 2000.

Claim to fame: Environmental groups say that escaped, farm-raised salmon of European and other origins are interbreeding with wild salmon, threatening the wild population.



AMERICAN BALD EAGLE

Favorite hangout: Anywhere in the good ole USA—after all, the bald eagle is the nation’s symbol of courage, strength and freedom.

Status: Threatened since March 1967.

Claim to fame: In the 1960s, it was believed that eagles’ consumption of DDT and other pesticides in fish, their main food source, caused the eagles’ eggs to thin, leading to nesting failures. Since then, the number of nesting pairs found in the continental United States has risen from 417 in 1963 to nearly 6,000 today. The government has proposed “delisting” the bald eagle but has not yet done so.

ENDANGERED SPECIES ACT REFORM

Industry database to address species concerns

A task force of pesticide manufacturers is developing a database that they and other chemical companies could use to prove their pesticide products will not harm endangered species as long as the pesticides are used properly. The companies could use the data to support their applications to the Environmental Protection Agency for pesticide registrations.

EPA approves pesticide registrations under the Federal Insecticide, Fungicide and Rodenticide Act (FIFRA). Both FIFRA and the Endangered Species Act require EPA to regulate pesticide registrations in a way that will not cause adverse effects on the environment while allowing farmers to continue producing agricultural commodities.

EPA asked the agrochemicals industry to come up with a system of data on the presence of endangered species around the country and the impact of certain chemicals on those species or their habitat. Fourteen companies responded and formed the FIFRA

Endangered Species Task Force (FESTF) to develop the system.

It is hoped that the data, called the Information Management System (IMS), will help speed approvals for pesticide uses because EPA, other agencies and industry will approve the data in advance of its use.

"By getting all of the agencies on the same page in saying that this data is accurate and it's what EPA will use when considering pesticide registration applications, time will be spent reviewing the applications instead of questioning the credibility of the data," said Rick Krause, American Farm Bureau Federation director of regulatory relations and regulatory counsel.

In addition, he said, the IMS would help lead to more accurate, science-based decisions on pesticide registrations, ensuring that the pesticide uses farmers need are more likely to be approved.

"It should lead to expeditious registrations using sound science," Krause said. "It will accurately put restrictions

where they need to be, but not where they aren't needed."

Agrochemical companies could use information from the IMS to show precisely where endangered species exist and where they don't. Combined with information they already have on how their products would affect those species and their habitat, the companies could develop their pesticide registration applications in a way that is more likely to be approved.

The IMS data would pinpoint where and when endangered species inhabit certain areas, even to the level of a small section of a county. That level of accuracy would enhance the information that could be made available to end users about how and when to use a pesticide product so as not to harm species. At the same time, such detailed information would reduce the burden on users outside the areas where endangered species exist.

"EPA has been involved in approving pesticide registrations for decades, so it already has information on chem-

ical properties," said Krause. "What the agency does not have is information on where the species actually are. This information system will satisfy that requirement."

The task force is expected to complete the IMS sometime in 2005.

Under the Endangered Species Act, EPA is supposed to consult with the Fish and Wildlife Service and the National Marine Fisheries Service whenever a pesticide registration could affect endangered species. But an environmental group in Washington state sued EPA last year, claiming that the agency was not fulfilling its responsibility under the ESA. The U.S. District Court for the Western District of Washington agreed with the environmental group.

As a result of that ruling, EPA is developing Endangered Species Protection Program regulations to better integrate its pesticide regulation activities under FIFRA with the wildlife agencies' species protection activities under ESA. The development of the IMS would help satisfy part of the consultation requirement.

One little bird causes big problems in Arizona

A seasonal guest took up residence in temporary housing along the shores of Roosevelt Lake in central Arizona, causing an uproar with a \$20 million price tag.

Roosevelt Lake, created by the Roosevelt Dam, is used for water storage for the people of central Arizona. Under normal hydrological conditions, the reservoir would be too full to support the type of habitat the endangered Southwestern willow flycatcher needs. But due to record drought conditions last summer, the water level dropped,

exposing salt cedar trees along the shoreline where the migratory birds have nested. As water levels decline, the flycatchers move their nests closer to the water.

To maintain the lake's usual higher water levels, the Salt River Project (SRP), the major water supplier for Arizona's central valley, wanted to allow Roosevelt Lake to rise when the area gets more rain. But the federal agency in charge of the Endangered Species Act put the brakes on that plan.

The Interior Department's Fish and Wildlife Service told SRP that it could not allow the reservoir to fill back up with storm water because it would flood the bird's habitat. SRP agreed to create an alternative habitat to accommodate the southwest willow flycatcher. FWS gave approval to SRP to go ahead and create the habitat, which has cost SRP approximately \$20 million to implement.

Joe Sigg, director of government relations for the Arizona Farm Bureau Federation, said the flycatcher situation

clearly shows that it's time for meaningful ESA reform.

"At some point the pendulum must swing back in the direction of reasonableness and common sense," he said.

The southwest willow flycatcher—found in Arizona, New Mexico, western Texas, southwestern Colorado and southern areas in California, Nevada and Utah—was listed as an endangered species in 1995. The bird migrates to Central America for the winter months and returns to the states in the spring.



BLACK-TAILED PRAIRIE DOG

Favorite hangout: Underground burrows in several western and midwestern states. The prairie dog is actually a small ground squirrel, not a dog.

Status: A candidate for listing as threatened since February 2000. The government said at that time that the species warrants listing, but there are other species awaiting listing that are in greater need of protection.

Claim to fame: Pet black-footed prairie dogs have recently been blamed for an outbreak of monkeypox in the Midwest. Many farmers and ranchers try to rid their land of prairie dogs because they burrow through the soil and eat crops.



GRAY WOLF

Favorite hangout: Any place where there are tasty animals to eat, but most gray wolves live in the western part of the country.

Status: Endangered in part of the Southwest, threatened elsewhere, since April of this year. Before then, the gray wolf was endangered throughout the United States.

Claim to fame: The government in 1998 began reintroducing gray wolves in parts of the West. The action brought howls from livestock producers, who were prohibited from killing the wolves even when the wolves preyed on livestock.



SPOTTED OWL

Favorite hangout: The northern spotted owl inhabits forests in the Pacific Northwest. The Mexican spotted owl inhabits forests in Colorado, Utah, Texas, New Mexico and Arizona.

Status: The northern spotted owl has been listed as threatened since June 1990. The Mexican spotted owl has been listed as threatened since April 1993.

Claim to fame: Environmental groups have sued the government to halt timber sales and force changes to forest management plans, claiming that harvesting timber, particularly from old-growth forests, destroys the owls' habitat.

CAPITAL UPDATE

FB: Farmers need reform of guest worker program

Sixty-six Republican congressmen called attention to the urgent need for agricultural guest worker reform by signing on to a letter sent to House Republican leadership earlier this month. The letter, spearheaded by the American Farm Bureau Federation, called for support of comprehensive legislation to fix the H-2A program.

By reducing "the pressure of illegal economic migration into the United States," reforming the H-2A agricultural guest worker program would strengthen national security, the letter said.

The 50-year-old H-2A program grants temporary visas for farm workers to come to the United States and work on farms. Farmers must prove they have tried to recruit workers locally for seasonal work, but have been unable to fill their labor needs.

Before the terrorist attack of Sept. 11, 2001, legislation that would make it easier for farmers to hire guest workers legally, as well as give workers the

chance to earn legal permanent resident status by continuing to work in agriculture, appeared headed for President Bush's desk.

Since then, efforts to get immigration reform legislation moving again have stalled due to increased overall skepticism of U.S. immigration policies. But farmers and ranchers continue to need affordable, lower-skilled workers to harvest labor-intensive crops, which now represent 43 percent of farm receipts from all crops, according to AFBF. The letter said that because the agricultural guest worker program is "unaffordable, litigious and cumbersome," less than 2 percent of the nation's seasonal workforce is provided through the program.

Austin Perez, AFBF labor specialist, reported that several senators and congressmen, including House Agriculture Committee Chairman Bob Goodlatte (R-Va.) and Rep. Charles Stenholm (D-Texas), the committee's ranking member, are crafting legislation to reform

guest worker programs including H-2A.

And Rep. Virgil Goode (R-Va.) has introduced a Farm Bureau-supported bill (H.R. 1606) to replace the adverse effect wage rate with the prevailing wage standard. The adverse effect wage rate averages by state the wages that more-skilled farm workers receive with those of less-skilled farm workers, therefore inflating the wage for the less-skilled farm workers. Farm Bureau policy supports allowing employers to pay H-2A workers no less than the average wage for workers in a particular commodity and occupation in a geographic region.

"Every one of these bills has elements of reform that AFBF supports," Perez said. "They all advance the debate and raise the profile of the issue, and that helps."

Because the H-2A program requires free housing and transportation, as well as inflated wages, AFBF believes it is too expensive for farmers to participate. Farm Bureau also believes that

the process is too slow to help farmers react to weather and markets and exposes farmers who question the validity of workers' visas to the risk of being sued for discrimination. Perez said that AFBF has been working for years to streamline the "slow, cumbersome and bureaucratic application process" and limit the "excessive and mounting litigation" associated with H-2A.

In addition, the letter said that key to a successful transition to a workable H-2A program is a short-term opportunity for farm workers to earn legal status by coming forward to be identified and ensuring the U.S. government that they are not otherwise excludable from the United States.

"We urge your support of enactment of bipartisan legislation this year that promotes a safe food supply produced in the U.S. by a legal workforce," the letter concluded. "It helps farmers, ranchers and farm workers, and is part of a comprehensive approach to controlling our borders."

FB endorses tobacco quota buyout bill

The American Farm Bureau Federation and all seven of the largest tobacco production state Farm Bureaus have endorsed a bill to end the tobacco quota program.

The Tobacco Equity Elimination Act of 2003 (H.R. 245), introduced by Rep. Ernie Fletcher (R-Ky.), would abolish the current federal price support and quota programs for both burley and flue-cured tobacco. It would replace the old programs with a new program of price supports based on the cost of production, a five-year quota buyout plan, transition payments for active tobacco producers, production licenses for those who wish to continue producing tobacco and economic development assistance to help tobacco-dependent communities make the transition to "non-tobacco economies."

To maintain a production license under the new program, producers would have to have a 100 percent in-

terest in growing the crop and would have to produce a crop two out of three years. Any forfeited licenses would go into a county pool for redistribution within the county, with preference given to young and beginning farmers.

A bipartisan group of 13 members of Congress from tobacco-producing states have co-sponsored Fletcher's bill. Several other groups have also endorsed the bill, including the Campaign for Tobacco-Free Kids, the American Cancer Society and the American Lung Association.

AFBF President Bob Stallman at the end of May wrote Rep. Bob Goodlatte (R-Va.), House Agriculture Committee chairman, urging support for the Fletcher bill.

"AFBF believes that H.R. 245 equitably compensates tobacco quota owners and growers while protecting them in the future with a strong safety net," Stallman wrote.

Stallman said that while most farmers have faced tough times over the last few years, tobacco farmers have also struggled through massive industry changes. Last year, three state Farm Bureau presidents testified at an Agriculture Committee hearing that, due to changes in the industry, many producers would like to get out of the tobacco business. But, most quota owners cannot afford to relinquish the equity they have built up in the quotas unless they receive compensation from the government.

"Billion dollar lawsuits, decline in tobacco consumption and a surge in the use of imported tobacco have placed a significant strain on the federal tobacco program," Stallman said in his recent letter to Goodlatte. "Tobacco growers are working to diversify their operations to stay profitable, but need federal interaction to remove the equity they have accrued via the federal tobacco program. It is also important that an adequate safety net be implemented following a buyout."

The five-year buyout plan under Fletcher's bill would pay current tobacco quota owners \$8 per pound in exchange for relinquishing their quota, and pay all growers who forfeit their rights to produce tobacco \$4 per pound. Payments would be made in five equal annual installments from 2003 through 2007, using July 1, 2002, as the eligibility date for quota holders and 1998 as the base year for determining quota pounds.

The buyout would likely be funded at about \$18 billion over five years through the Commodity Credit Corp.

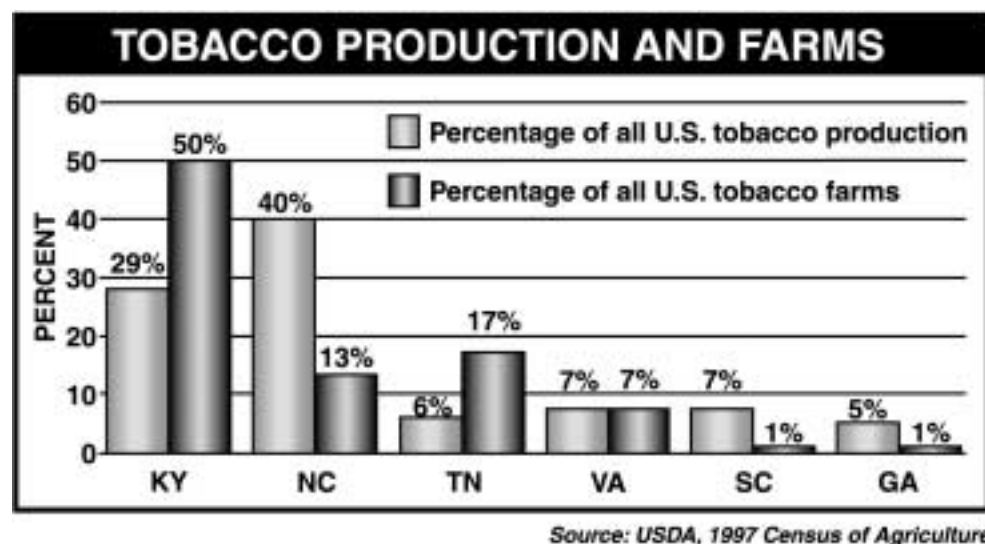
House passes health care bill

The House on June 19 passed legislation to help farmers and ranchers, as well as other small business workers and the self-employed, have access to affordable health care through association health plans (AHPs).

The Small Business Health Fairness Act (H.R. 660), which passed 262-162, would permit small businesses to join together across state lines and be subject to federal regulation by the Labor Department rather than regulation by various state health insurance mandates.

"Many farmers and ranchers find it difficult to obtain low-cost group health insurance coverage," said American Farm Bureau Federation President Bob Stallman in a recent letter to members of the House Committee on Education and the Workforce. "Association health plans would allow state Farm Bureaus to enter into cooperative arrangements to make available to their members more affordable group health insurance coverage."

A number of state Farm Bureaus have offered health insurance coverage to their members but are limited to providing policies within their respective states. This results in higher premiums than what could be offered through AHPs, said Chris Garza, AFBF congressional relations director. Garza said that by allowing AHPs, many state Farm Bureaus could provide health insurance coverage at lower costs.



Altria, Farm Bureau select first-ever PAL candidates

A group of 10 outstanding, young agricultural leaders were recently selected as the first participants in the Partners in Agricultural Leadership (PAL) honors program.

PAL, facilitated by Altria Corporate Services Inc., through its Shared SolutionsSM Agricultural Initiative program and the American Farm Bureau Federation's Young Farmers & Ranchers (YF&R) Committee, is designed to strengthen participants' leadership skills and put their abilities to work for the benefit of agriculture.

Candidates, who must be partici-

pants in the YF&R program, were selected via a rigorous application process and reviewed by a committee.

Selected to participate in the 2003 program are Marshall Bennett Jr., Valdosta, Ga.; Matt Lohr, Broadway, Va.; Carrie Bolt, Anderson, S.C.; David Nixon, Abbeville, S.C.; Lauren Clemmons, Supply, N.C.; Kerry Gibson, Ogden, Utah; Thad Willis, Big Sandy, Mont.; Bryan Boll, Crookston,



Minn.; Kirk Thom- sen, Sidney, Mich.; and Amanda Heis- ner, Mineral Point, Wis.

During a six- month period, PAL participants will receive advanced leadership training in a variety of areas, such as working with media, crisis communication, public policy development, and global and emerging issues in agriculture.

Altria worked with AFBF to develop the PAL program after AFBF identified a need for trained spokespersons and

advanced leadership training that would capitalize on the enthusiasm of its YF&R program participants. The partnership was formed through the Shared Solutions Agricultural Initiative of the Altria family of companies.

Shared SolutionsSM works with farmers and ranchers to address issues common to agriculture and ag-based consumer products companies, like those in the principal operating companies of Altria Group Inc.: Kraft Foods Inc., Philip Morris International Inc. and Philip Morris USA Inc.

Farm Bureau members save money through paint discount program

Through Farm Bureau's newest member benefit, members across the nation can receive up to a 35 percent discount through the "Paint America" venture, which features a partnership agreement between Diamond Vogel Paints, Kelly-Moore Paint Co., Dunn-Edwards Paints and M.A.B. Paints.

The Diamond Vogel Paints discount is up to 24 percent. Kelly-Moore Paint Co., Dunn-Edward Paints and M.A.B. Paints discounts are up to 35 percent.

In Georgia and Tennessee, Farm Bureau members can save up to 35 percent at Duron Paints & Wallcoverings stores.

The stores featured in the program offer specialized coatings for virtually every application, including farms/out-buildings, water tanks/water treatment, plant maintenance/floors, concrete waterproofing, coatings for galvanized surfaces and for all ferrous and non-ferrous metals, and more.

For more information, visit [www.](http://www.paintamerica.com)

[paintamerica.com](http://www.paintamerica.com). For store locations, call Dunn-Edwards Paints at 888-DE-PAINT; Kelly-Moore Paints at 888-MR-PAINT; Diamond Vogel Paints at 800-627-2468; M.A.B. Paints at 800-MAB-1899; or Duron Paints & Wallcoverings at 800-866-6606.



FB NEWSMAKERS

Judy Bartlett has been promoted to **director of public affairs** for the **Idaho** Farm Bureau Federation. Bartlett previously owned a natural resources and agriculture consulting business; served as a substitute in the Idaho Senate on the Agriculture, Resources and Tax committees; and worked as the natural resources director for former Rep. Helen Chenoweth (R-Idaho). Bartlett and her husband, Paul, own a ranch in Midvale.

Robert E. Young II has accepted the position of **chief economist** for the **American** Farm Bureau Federation and will start on Sept. 1. As chief economist for AFBF, Young will direct the organization's economic analysis team, which conducts and coordinates economic research to support Farm Bureau public policy positions on topics such as farm policy, agricultural trade, regulatory costs, labor and taxation. Young previously served as co-director for the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri. He received his Ph.D. in agricultural economics from the University of Missouri-Columbia. Young will succeed Ross Korves, who currently serves as AFBF's chief economist. Korves has announced his intention to remain on staff in AFBF's suburban Chicago office, where he will serve as senior economist, after AFBF consolidates its office in Washington, D.C., on Sept. 1.

Doug Long, former news anchor and assistant news director for Macon's WGXA Fox 24, has joined the staff of the **Georgia** Farm Bureau Federation as **anchor and producer** of the organization's weekly news program "The Georgia Farm Monitor." The half-hour show covers agriculture in Georgia and the United States and is broadcast on 17 stations across the state and nationally on the RFD-TV network. A native of Salt Lake City, Long graduated from Brigham Young University with a degree in broadcast communication and journalism.

Chad Vorthmann has been named **director of information and media services** for the **Colorado** Farm Bureau. In his new position, Vorthmann will be the editor of the Colorado Farm Bureau News and be responsible for the organization's news releases, Web site and other information programs. He previously worked as the associate director of technical services for the National Cattle-men's Beef Association and director of beef quality assurances for the Nebraska Cattlemen. He has a bachelor's degree in agricultural journalism from the University of Nebraska at Lincoln.

Lena Jo McCoy has joined the **Arizona** Farm Bureau Federation staff as **member relations manager**. McCoy will be responsible for delivering Farm Bureau programs to the county level and serving

as a liaison between the county Farm Bureaus and the state office. She previously worked as associate director for veal marketing for the National Cattle-men's Beef Association. McCoy holds a bachelor's degree in agricultural journalism from Colorado State University.

Jeff Harper has been named **commodity director and assistant director of public affairs** for the **Kentucky** Farm Bureau Federation. Harper will manage the organization's commodity programs, serving as liaison with other agricultural producer and industry associations on matters of interest to Kentucky agriculture. He will supervise a variety of activities designed to promote and advance profitable farming enterprises, including market information programs, research efforts, farm marketing promotions and special events. He will also assist the public affairs director and serve on the organization's lobbying team. Harper comes to Farm Bureau following two years as coordinator of the National Tobacco Growers Settlement Trust. He also coordinated a grant program targeting assistance to participants in the Kentucky Aquaculture Production System program. Both programs are part of the Governor's Office of Agricultural Policy. Harper served 12 years as executive staff adviser in the Kentucky Revenue Cabinet. He is a native of Mercer County and he attended the University of Kentucky.

California FB wins ESA lawsuit

A federal judge on June 13 ruled in favor of the California Farm Bureau Federation's lawsuit requesting that the U.S. Fish and Wildlife Service (FWS) begin conducting five-year reviews of the status of delta smelt. The delta smelt is a small fish that has been listed as threatened under the Endangered Species Act since 1993.

CFBF filed the lawsuit to address FWS' failure to review the fish's status. Five-year reviews are mandatory under Section 4 of the ESA, according to CFBF.

"We filed the lawsuit to ensure the agency upholds its legal requirements under the Endangered Species Act for monitoring the status of delta smelt," said Ronda Azebedo Lucas, CFBF attorney, in a CFBF news release. "Our lawsuit was focused on the government's legal requirement to use the best available science when making decisions that affect species."

CFBF said in its news release that its objective in bringing the lawsuit was not to compel FWS to delist the delta smelt, but to ensure the agency is following the letter of the ESA law, including conducting scientific reviews of species' status. However, CFBF also said that FWS and the California Department of Fish and Game have said the numbers of delta smelt have reached all of the population goals set in 1996 for the species' recovery.

Lucas said that a review using "new science that has evolved since the species was listed" could improve the chances that the fish could be delisted.

For more information on the Endangered Species Act, see pages 4 and 5.

GRASSROOTS

Farm tour provides glimpse into Virginia's countryside

Staffers from the House Agriculture Committee recently got a chance to get outside the Beltway and discover the diversity of Virginia agriculture.

The Virginia Farm Bureau Federation arranged a tour of five agricultural operations sprinkled throughout the district of Rep. Bob Goodlatte (R-Va.), the committee's chairman. Virginia's sixth district stretches across the western side of the state from Roanoke to north of Harrisonburg.

The first stop was Shenville Creamery and Garden Market in Timberville, a dairy and garden operation owned by Leon and Ida Heatwole. The opera-

tion features such products as flavored milk, yogurt and butter, as well as a variety of fresh produce. Leon told tour participants that the dairy's specialty is its glass-bottled milk, which is non-homogenized and from cows that have not been treated with growth hormones.

The group sampled some of Shenville's farm-fresh ice cream before boarding the bus and heading to the Blue Ridge Farm near Bridgewater. Owner Ernie Reeves told tour participants about the marketing of Blue Ridge Premium Beef, a high-quality, dry-aged product that he and four

other families produce on their respective farms.

Blue Ridge beef was on the menu for lunch, which was followed by a lesson on the Rockingham County farm economy from Goodlatte and John Johnson, the deputy administrator for farm programs at the Agriculture Department's Farm Service Agency. Rockingham County ranks first in farm income in Virginia, in large part due to a "very significant" poultry industry, Johnson said. He explained how the county has many more farms than DeKalb County in Illinois and Lubbock County in Texas, but Rockingham farms are concentrated on fewer acres and are much less dependent on federal subsidies than the other counties.

The next stop was near Weyers Cave to drop in on sheep producer Leo Tammi. As Tammi's Great Pyrenees herded sheep toward tour participants so they could get a closer look, Tammi jokingly said he teaches visitors that "wool comes from grass" and his sheep convert grass into money. Tammi spoke about his constant battle to protect his sheep from predators such as coyotes, feral dogs and black vultures. He said that in addition to low market prices, predators are the top reason people get out of the sheep business.

The group then toured a Cargill turkey processing plant in Dayton, which primarily markets its products under the Shady Brook Farms label.

Before heading back to Washington, D.C., the group made a stop at Shen-



Rep. Bob Goodlatte (R-Va.) provides a post-lunch briefing on his district's farm sector.



Sheep producer Leo Tammi takes questions from tour participants about his battle with predators.

andoah Vineyards in Edinburg, where winemaker Rick Burroughs walked participants through the winemaking process. The oldest winery in the Shenandoah Valley, Burroughs said the operation bottles about 5,000 cases of wine per year. The group tasted a variety of Shenandoah Vineyards wines, ranging from a chardonnay aged in oak to a fruit-flavored table wine.

Staff members from the American Farm Bureau Federation and the Virginia Farm Bureau Federation joined the House Agriculture Committee staffers in participating in the farm tour.

Consumers paying slightly less at the supermarket

The American Farm Bureau Federation's latest Marketbasket Survey showed a 2-cent decrease in the total cost of 16 basic food items as compared to the first quarter of this year.

The \$36.04 average paid by volunteer shoppers for the items is only 2 cents higher than the 2002 first quarter average.

The survey, however, showed significant drops in the average total cost in the second and third quarters of 2002 prior to prices rebounding in the last three quarters.

AFBF conducts the informal, quarterly price survey to track the affordability of food at the retail level. A total of 85 volunteer shoppers in 28 states participated in this latest survey, conducted in mid-May.

"Even though food prices have been relatively volatile over the past 18 months, the trend is still for moderate increases in the cost to consumers. In fact, over the past 12 months, these retail food prices have increased less than 2.5 percent on average," said John Skorburg, AFBF senior economist. "This is certainly good news for the

local shopper, and food remains a good deal for U.S. consumers overall."

Of the 16 items surveyed, eight decreased, seven increased and one was unchanged in average price compared to the 2003 first quarter survey.

Following a 10-cent increase on the first quarter survey, white bread posted the largest decrease in the second quarter by falling 18 cents to \$1.14 per 20-ounce loaf. With a decrease of 17 cents to \$3.04 per pound, sirloin tip roast marked the second largest decrease in average price. Eggs also saw a decrease in the double digits, falling 12 cents compared to the first quarter survey to \$1.10 per dozen.

Other items that decreased in price include:

- Red Delicious apples, down 6 cents to 99 cents per pound;
- Whole milk, down 5 cents to \$2.76 per gallon;
- All-purpose flour, down 3 cents to \$1.50 per 5-pound bag;
- Vegetable oil, down 2 cents to \$2.23 per 32-ounce bottle; and
- Corn oil, down a penny to \$2.40 per 32-ounce bottle.

Two pork products posted healthy increases of 13 cents each compared to the first quarter survey results. Bacon came in at \$3.03 per pound, while pork chops averaged \$3.23 per pound, according to the survey. After falling sharply in the first quarter, oat cereal rebounded with an 11-cent increase to \$2.89 per 10-ounce box.

Meanwhile, two other meat products also remained strong with 9-cent increases each. Ground chuck rose to \$2.19 per pound, while whole fryers were \$1.14 per pound.

"With the war mostly behind us and the U.S. economy starting to strengthen, demand for meat and pork products also appears to be on the rise. Consumers typically 'trade-up' into these products, when less economic uncertainty becomes apparent," Skorburg said. "Although the finding of BSE (bovine spongiform encephalopathy) in Canada will have a short-term impact on Canadian imports and exports of meat, the strong food safety system in the United States should keep our sales of such meats growing."

Remaining items showing increases

were Russet potatoes, up 4 cents to \$1.93 per 5-pound bag, and cheddar cheese, up 3 cents to \$3.33 per pound.

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