

news

May 3, 2004

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

Vol. 83, No. 9

In This Issue

The Ag Agenda: Gaining biotech acceptability one seed at a time

2

FB: Waterways upgrades long overdue

3

Farm Bureau exhibit at Disney World is taking shape

4

Epcot exhibit serves visitors ag education by the slice

5

EU enlargement has pros and cons for farmers

6

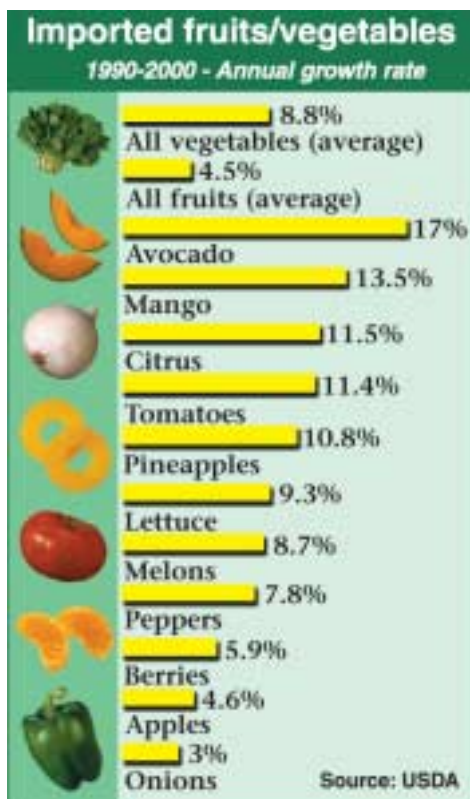
Farmers told they must adapt to changing economy

7

State Farm Bureau program coordinators meet

8

Corner Post



President announces wetlands initiative

President Bush, to celebrate Earth Day on April 22, announced that America has reversed the annual net loss of wetlands on farms, and the federal government would now set a new goal of increasing wetlands by 3 million acres over the next five years.

"We're nearing a longstanding goal of actually restoring as many acres of wetlands that are lost," he said. "The figures show that on agricultural lands, we've seen some gains for the first time, which leads me to believe we can do a better job in the nation if we focus our attention."

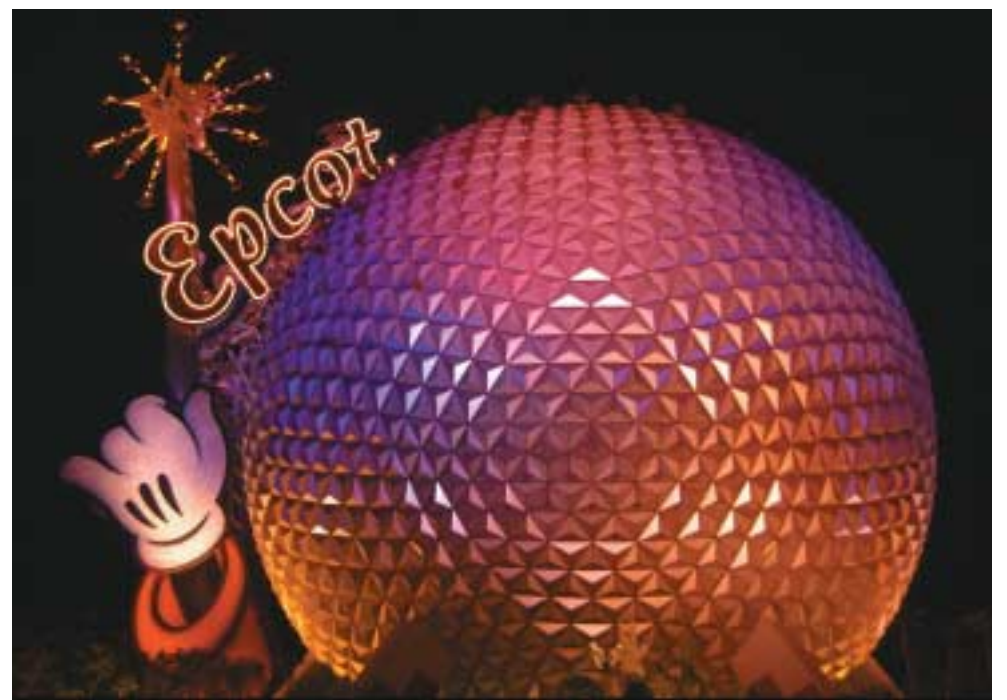
The president said the administration would move beyond the old policy of limiting the loss of wetlands to actually expanding wetland acres.

The first step toward the new goal will be restoration of at least 1 million acres of wetlands that don't exist now, through use of the Agriculture Department's Wetlands Reserve Program (WRP) and the Interior Department's North American Wetlands Conservation Act (NAWCA) grant program.

"There's a lot of things we can do through these programs," the president said. "We can set streams back on their natural courses, allowing wetlands to return. We can provide incentives to our farmers and ranchers to

stop cultivating areas that were once wetlands and make them wetlands again."

The second step will include improving the quality of another million acres
See Wetlands, page 3



Reaching out

Farm Bureau continues to improve its agricultural exhibit at Walt Disney World's Epcot Center, most recently inaugurating a new name, the Great American Farm, and a new interactive game. See stories on pages 4 and 5.

WTO rules against U.S. cotton program

A World Trade Organization dispute panel has ruled that the level of U.S. cotton subsidies exceeds WTO limits.

Brazil had challenged the U.S. farm payments, and several other countries joined the case against the United States. The final report of the decision won't be out until June 18, so details of the ruling are not yet available to the public.

Brazil and the United States have until May 10 to respond to the ruling. The United States probably will appeal, and the appeals process is expected to last six months or longer. That means any real impact in the form of retaliatory sanctions or a change in U.S. farm programs, if the ruling is upheld, won't come until at least the end of this year.

American Farm Bureau Federation President Bob Stallman will travel to Geneva, Switzerland, this week to meet with WTO officials on the status

of the global trade negotiations. The visit will also give him the chance to discuss the basis and impact of the cotton case.

Stallman has already responded to criticism of U.S. farm payments by *The New York Times*. The newspaper has often editorialized against the payments, blaming them for a worldwide cotton surplus, low prices and poor economic conditions for farmers in Burkina Faso and other poor cotton-producing countries. However, Stallman said there are plenty of other factors contributing to the global cotton supply and demand situation, such as a worldwide surge in cotton plantings and yields and increased demand for polyester and other fibers besides cotton. Stallman said U.S. cotton producers have actually decreased their cotton plantings in recent years.

Brazil's challenge came upon the

expiration of the so-called peace clause at the end of 2003. That provision protected WTO member countries from challenges to their support for their farmers under other articles of the WTO rules as long as the farm support programs complied with the WTO Agriculture Agreement.

Rosemarie Watkins, AFBF trade specialist, expressed confidence in the legality of the U.S. cotton program.

"Our government's position is that our programs are WTO legal," Watkins said. "We don't believe that our programs are out of compliance, so we would have to have more information and we would have to go through the appeals process."

The cotton ruling highlights once again the dispute between developed and developing countries in the WTO concerning rich countries' subsidy lev-

See Cotton program, page 8

VIEWPOINT

Gaining biotech acceptability one seed at a time

Spring is in the air and planting is under way. For some weeks now, farmers across the country have been sowing their fields, planting corn, rice and a number of other crops. It's a time for rejuvenation and renewal—for new beginnings.

It appears this year that more farmers than ever before will begin planting crops enhanced through biotechnology. According to the Agriculture Department, demand for biotechnology is growing—for the eighth consecutive year. This year, USDA estimates that 86 percent of soybeans planted by U.S. farmers will be enhanced with biotechnology, up 3 percent from last year. Seventy-six percent of U.S. cotton this year is enhanced through biotechnology, up from 73 percent last year. And biotech corn plantings are up 6 percent this year to 46 percent. The increase in biotech crops exceeds any increase in overall crops.

Biotechnology is the wave of the future, but it is also a big part of the present. Foods derived from biotechnology cover more than 50 percent of U.S. grocery store shelves. And as world population increases, many countries are leaning toward the benefits of biotechnology to feed their citizens safely.

Increasing global acceptability

I recently experienced that growing acceptance during a Farm Bureau visit



to promote biotechnology in China and Japan. As its population grows, China has become deeply concerned with how to feed its 1.3 billion citizens. The country already has started growing Bt cotton, reducing insecticide use by more than 60 percent. Building on that success, Chinese officials, researchers and academics now want to work with the United States to educate their citizens on the great advantages of importing and growing biotech crops.

In Japan, the Farm Bureau delegation encountered a much different type of consumer—one more concerned about food quality and environmental issues. Unfortunately, Japanese consumers do not understand biotechnology and have a real societal disconnect from their farmers and ranchers. They were wowed with the intricacy and transparency of the U.S. system and seemed bowled over by the fact that the aver-

age American consumes biotech foods on a daily basis with full confidence in the wholesomeness, safety and quality of their meals.

After visiting both countries, I am more assured that direct outreach efforts by American farmers will result in greater exports of biotech crops grown in the United States and greater acceptance of biotechnology overall.

On the domestic front

Educating other countries about biotech is important, but we also need to educate those here at home. Scare tactics and rhetoric based on misinformation are being passed off as credible evidence against biotechnology. What biotech opponents aren't telling consumers is that the U.S. production of biotech crops is monitored by three different government agencies, including the Food and Drug Administration, the Agriculture Department and the

Environmental Protection Agency. Unbiased scientific evaluation has shown biotechnology to be inherently safe for human consumption and the environment.

With biotechnology as a tool, we have the ability to grow crops that are resistant to insects, drought and flood. And with the emergence of pharmaceutical or pharma crops, we can advance health-related technologies. For example, Golden Rice, a commercialized vitamin A-enriched rice variety, guards against blindness. Further, researchers have developed bananas that produce a vaccine for hepatitis B and tomatoes that help fight cancer. All of these innovations, as well as many others, are more targeted toward the consumer and are less driven by in-field benefits for farmers.

As biotech crops have become more commonplace in America, I am glad to report that biotech companies are proving to be better stewards of our trust. Companies are doing a far better job of seeking farmer input and basing marketing and production decisions on what they learn from these discussions.

Working hand in hand through biotechnology, we are sowing the seeds for a promising future. This fascinating technology holds the promise for medical breakthroughs, enhancements in food quality and environmental safeguards. It is a time for rejuvenation and renewal—a time for new beginnings.

FB member beats Legal Services in court—twice

By Ken Boehm

For years, farmers have complained to Congress about frivolous lawsuits being filed against them by activist lawyers funded through the taxpayer-funded

Farm Bureau news

(ISSN 0197-5617)

Joseph S. Fields,
Public Relations Director
Don Lipton, Deputy Director
Lynne Finnerty, Editor
Terrence Nowlin, Assistant Editor
Phyllis Brown, Assistant Editor

Published semimonthly, except monthly in August and December, by the American Farm Bureau Federation, 600 Maryland Ave., SW, Suite 800, Washington, DC 20024.
Phone: 202-406-3600. E-mail: fbnews@fb.org.
Web site: <http://www.fb.org>.

Periodical postage paid at Washington, D.C., and additional mailing offices. Subscription rate for officers and board members of county and state Farm Bureaus—\$6, which is deducted from dues. For other subscribers—\$10.

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

Legal Services Corp. (LSC). The most common complaint is that these lawyers, who are supposed to be assisting the poor with meritorious legal problems, instead file frivolous lawsuits against farmers. Faced with large legal bills to defend against these lawsuits, many farmers are forced to settle even though they know the claims are all too often flimsy or false.

But some farmers have refused to be bullied by Legal Services lawyers and have taken them to court—and won. Just last year, LSC lawyers sued a 70-year-old farmer who stunned them by getting their flimsy case summarily dismissed from court and then beat them again in a unanimous three-judge opinion before a federal appeals court.

Russell Garber is a small Ohio vegetable farmer who hires seasonal labor each year to help with planting, weeding, harvesting and other farm chores. Hardworking and widely respected in his community, Garber is also a long-time member of the Farm Bureau. He has used the federal H-2A guest worker program to hire workers. He followed the rules of the program requiring that he first try to hire from the nearby area.

He personally interviewed workers in Texas but later hired three workers from Tennessee. The three were later fired after they continued to pull out vegetable plants while weeding, despite repeated instructions.

Texas Rural Legal Aid (TRLA), a program funded by LSC, filed suit in federal court in Texas on behalf of two Texas workers not hired and the three Tennessee workers. On advice of counsel, Garber offered a nominal settlement to the three Tennessee workers, which they accepted. Garber then learned that one of the workers who settled had a Mexican address. TRLA refused to provide any further information about this plaintiff.

TRLA claimed that Garber violated the Migrant and Seasonal Worker Protection Act. Garber argued that he was exempt from that law because he was a small family farmer. The court agreed. Indeed, the only federal circuit court authority on the issue was consistent with Garber's position.

TRLA then appealed the decision to the U.S. Court of Appeals for the Fifth Circuit. The three judges who heard the case on appeal unanimously affirmed the lower court's summary

judgment in Garber's favor in a strongly worded decision.

To date, Garber has had to spend more than \$105,000 in legal fees defending against a case so totally lacking in merit that it was dismissed on summary judgment. The fact that federal tax dollars subsidized this abusive litigation all the way to the U.S. Court of Appeals demonstrates a perennial complaint from farmers: that LSC-funded lawyers bring worthless cases hoping that farmers will settle to avoid the huge litigation costs.

While it was a travesty of justice that Russell Garber had to defend himself against lawyers who tried to sue him under a law that did not even apply to small family farmers, his two solid victories have embarrassed LSC publicly and cheered many in farming communities who were glad to see the legal bullies so thoroughly beaten.

Ken Boehm is chairman of the National Legal and Policy Center based in Falls Church, Va., which provides free help to farmers in cases where they believe Legal Services Corp. lawyers have violated LSC rules. His group's Web site is www.nlpc.org.

FB: Waterways upgrades long overdue

Farm Bureau recently called on Congress to pass legislation to provide more money for inland waterways improvements. An efficient river transportation system is critical to U.S. agriculture's global competitiveness, the American Farm Bureau Federation said in a statement submitted for a Senate hearing on the issue.

The Senate is considering the Water Resources Development Act (WRDA), and Farm Bureau wants to ensure the bill includes authorization for the Upper Mississippi/Illinois River project to lengthen locks and relieve congestion on the waterway.

More than 60 percent of U.S. grain exports move through locks on the upper Mississippi and Illinois Rivers. But the locks were constructed decades ago and aren't big enough to accommodate the size or volume of today's barge traffic. That results in delays

getting U.S. commodities to foreign markets, hampering U.S. export competitiveness.

The Army Corps of Engineers has been studying the need for upgrades to the inland waterways system for several years. Sen. Christopher Bond (R-Mo.) said at the recent congressional hearing that it's time to stop studying and start doing.

"The feasibility study of navigation and environmental improvements has been ongoing since 1993 and has cost over \$70 million," the senator said. "While our competitors invest to build, we study and study, and study."

Bond chairs the Senate subcommittee that held the hearing.

Each barge moves as much grain as 58 semi-trucks. Transporting commodities on the rivers makes the highways safer, according to AFBF, and towboats emit 35 percent to 60 per-

cent fewer pollutants than trains or trucks and use less fuel.

"Congress should consider the economic importance and environmental protection realized by an efficient and effective inland waterway system," the AFBF statement said.

The inland waterways system has been credited with making U.S. grain exports a good deal in foreign markets. However, South American countries are quickly making their own in-country transportation more efficient. Farm Bureau and other farm groups say upgrades to U.S. locks and dams are necessary if the United States is to keep up with the competition.

Studies conducted by several agriculture groups show that the United States will lose 30,000 jobs and almost 80 million bushels of grain exports if the locks and dams aren't modernized soon.

Anti-slaughter bill will burden farmers

The American Farm Bureau Federation is asking members of Congress to oppose anti-slaughter legislation that could leave some horse owners in a bind.

The American Horse Slaughter Prevention Act (H.R. 857), introduced by Rep. John Sweeney (R-N.Y.), will prohibit the slaughter of horses for human consumption, as well as the import, export, barter, transfer, receiving or distribution of related products.

AFBF is also asking 200 members of Congress who have co-sponsored the bill in the House to withdraw their names.

It is estimated that the bill will cost \$100 million annually for care for up to 55,000 horses confiscated from violators. The American Association of Equine Practitioners estimates that care of a horse, not including shelter, costs over \$1,800 per year.

Caroline Anderson Rydell, AFBF public policy specialist, said, "We're talking about a significant number of horses that are going to need sustenance. And who's going to do this?"

Deceased horses are also an expense. Disposal of horse carcasses in the United States can cost up to \$1,500, depending on state and local laws. There are environmental concerns about

horse carcass disposal, which can include burial, rendering, cremation, and landfill and compost disposal.

The legislation would also impose limits on euthanasia and would not, in all cases, allow horse owners to follow the advice of veterinary professionals.

The House Agriculture Committee leadership opposes the bill. The horse industry and American Horse Council have taken no active public stance.

Supporters of the legislation include People for the Ethical Treatment of Animals, the Doris Day Animal Welfare League, the Humane Society and the Thoroughbred Owners and Breeders Association.

FB expresses soybean rust concerns

In comments to the U.S. Department of Agriculture's Animal and Plant Health Inspection Service, the American Farm Bureau Federation voiced concerns about the risk of Asian soybean rust, a yield-reducing fungus, spreading to major soybean-producing areas of the United States.

"There has never been a case of soybean rust in the continental United States," said Dana Brooks, AFBF farm policy specialist. "But if it was introduced in the right part of the season at the right temperature, there could be a 10 to 80 percent yield loss in the United States."

Common procedures in other countries, which allow foreign debris to be mixed with seed, have raised the issue of the standards of soybean seed imported for planting in the United States.

USDA has said that fungicide applied to seed destroys the Asian soybean rust spore. However, seed can be contami-

nated by foreign untreated debris, including other parts of the soybean plant.

AFBF said in its comments that it is necessary to regulate the quality of incoming seed content because spores can form on any part of the soybean plant. Therefore, the USDA requirement that a seed shipment should be free of only "leaf debris" is inadequate.

Brooks said that up to 2 percent of foreign debris packaged with soybean seed is acceptable under the current standards. A possible solution is to test and treat seed entering the United States.

Soybean rust spores have been proven to survive for nearly 50 days in laboratory conditions, according to an Agricultural Research Service study. For this reason, AFBF recommends that all people, animals and items that have entered a soybean-producing region of a country with a history of Asian soybean rust should be disinfected before

being allowed into the United States, including the fumigation or destruction of clothing and shoes and other items that came into contact with soybean plants or soil.

While fungicides have been proven to eliminate the presence of Asian soybean rust in seeds, the chemicals are expensive. AFBF estimates that it costs 25 cents to a dollar, in extreme cases, to treat a bushel of soybeans.

AFBF is requesting federal funds for the development of a breed of soybeans resistant to the rust, and is encouraging research of rust spore viability and longevity.

Asian soybean rust is a disease that attacks leaves of the soybean plant, causing them to drop early and reducing soybean yield. The spores that cause the disease are easily transported over long distances through the air. The disease has spread through parts of Brazil, Paraguay, Bolivia and Argentina, with yield losses in Brazil as high as 75 percent.

Wetlands

continued from page 1

of existing wetlands through public-private efforts like the Interior Department's Partners for Fish and Wildlife program and the National Oceanic and Atmospheric Administration's Coastal Wetlands Planning, Protection and Restoration program.

The third step is to protect an additional million acres of wetlands that are at risk of depletion. The president said this last goal would be achieved through the use of grants for land protection and by encouraging farmers and other landowners to use conservation easements.

The president also focused on the need to remove invasive species that choke native vegetation and to improve dry land that waterfowl use for nesting near wetlands.

The president gave much of the credit for the progress made so far to cooperation between government, conservation groups and farmers and other landowners. Don Parrish, American Farm Bureau Federation senior director of regulatory relations, said farmers appreciate the recognition.

"We're not always recognized in what we do behind the scenes, to do good things for the environment," Parrish said. "And I've got to give this administration a lot of credit for stepping up to the plate and telling this country that we've had a net gain in wetlands."

The president said one of the most important aspects of the 2002 farm bill was the conservation title, which expanded funding for agricultural conservation programs. In addition, he said, his fiscal 2005 budget proposal would spend \$349 million on WRP and the NAWCA grant program. That's an increase of 50 percent since Bush first took office, according to the White House. "These monies will provide proper incentive for good conservation measures," the president said.

USDA, on April 22, released the results of its National Resource Inventory of non-federal lands in the lower 48 states, covering 1997 to 2002. The inventory found that agricultural land accounted for a net gain of about 26,000 wetland acres per year.

During the 1950s through much of the 1970s, an average of about 400,000 acres of wetlands were lost to agricultural uses every year, according to USDA. But thanks in part to federal conservation programs, farmers and ranchers produced an increase of 131,000 acres of wetlands from 1997 to 2002.



Farm Bureau exhibit at Disney World is taking shape

Visitors to Walt Disney World can now learn something about agriculture, thanks to Farm Bureau. The agriculture exhibit that Farm Bureau began sponsoring about a year ago has evolved from a focus on biotechnology to highlighting agriculture's overall importance.

When Monsanto donated the exhibit to Farm Bureau last year, it was named "Beautiful Science." Along with the physical changes Farm Bureau has made since then, the exhibit also has a new name, "The Great American Farm," to reflect the broader focus. Now, the exhibit aims to teach Disney World visitors where their food comes from, in addition to informing them about biotechnology's role in feeding a growing world population.

"We think it's important to explain the benefits of biotechnology, and the exhibit will continue to do that," said Marsha Purcell, managing director of the American Farm Bureau Foundation for Agriculture, which oversees the exhibit. "We also want to help people realize that the reason they have abundant, affordable food is because of the efficient, productive American farmer."

The Great American Farm is an interactive exhibit with activities that focus on different aspects of the "family farm story," according to Nancy Cullen, a consultant who helped tailor the exhibit for Farm Bureau.

"Guests can experience some of the advanced technologies that modern farmers use; they can 'meet' real farmers and discover some of the many different products that start down on the farm," said Cullen.

One of the first Farm Bureau enhancements to the exhibit was a "Smart Farm" mural to demonstrate how farmers are using satellite technology to conserve natural resources while producing food, fiber and fuel.

The foundation has also created a "wall of images" in one part of the exhibit. Alternating photos of farmers and farm families are projected onto the wall. State Farm Bureaus contributed many of the photos.

"Most people enjoy looking at photos," said Purcell. "And we think these photos depict the character of the farmer as hardworking and trustworthy. We wanted our guests to be able to put a 'face' on agriculture."

A new game called the Great American Pizza Game opened May 1, teaching visitors about where certain commodities are produced, such as beef and cotton from Texas and wheat and apples from Washington.

"The Great American Pizza Game: The Game That's Growing All Across the Nation" is a fast-paced, audience participation contest for up to 20 guests at a time. It is a lively game in which participants learn surprising things about the American farm, the American farmer and what it really takes to put food on the table.

The foundation is planning future enhancements if enough financing is available. One enhancement would involve placing tractor cabs equipped with computer screens in the center of the exhibit space. Children and other visitors could sit in the tractor seats and touch computer screens to play a game and activate interesting facts about agriculture, such as one bale of cotton is enough to make over 1,200 T-shirts.

Another proposed enhancement is a community-themed display that would allow guests to discover how

many different parts of our lives rely on agricultural products. A visit to a home, a market, a gas station, a baseball field and a school reveals surprising facts about everyday products that come from the farm.

The Great American Farm exhibit is located in Innoventions West, near the Epcot entrance. The foundation expects about a million people to go through the exhibit each year. About 9 million people a year visit Epcot.

Other exhibits at Epcot complement the Farm Bureau exhibit. A nearby exhibit titled Forests for our Future focuses on the pulp and paper industry's work to maintain sustainable forests. TAPPI, an association for the pulp and paper industry, sponsors the exhibit, which includes games and a station where visitors can make their own paper. And, food company Nestlé sponsors an exhibit called The Land, which focuses on technology, such as hydroponics and biotechnology, that helps farmers produce food using less land and chemicals. The exhibit includes a ride that takes visitors through greenhouses and forest and farm scenes.

Epcot is open to the public daily.



The Farm Bureau exhibit at Epcot includes several learning and activity stations that teach visitors about the benefits of biotechnology and the importance of agriculture.



"The Land" exhibit complements the Farm Bureau exhibit by also focusing on how new technology can help farmers produce more food while using fewer resources.



By watching video and pressing buttons at the activity stations, visitors enjoy a hands-on learning experience.



Another exhibit near the Farm Bureau exhibit teaches Epcot visitors that the pulp and paper industry works to take good care of the nation's forests, a renewable resource.





Epcot exhibit serves visitors ag education by the slice

A new attraction, a farm-oriented game show, was unveiled recently at the Farm Bureau exhibit at the Walt Disney World theme park in Lake Buena Vista, Fla. Farm Bureau hopes the "Great American Pizza Game" will teach the public something about agriculture while also entertaining them. The game show officially opened to the public May 1.

"We wanted to create something that would challenge the visitors and help them appreciate the role that farmers play in our economy," said Marsha Purcell, managing director of the American Farm Bureau Foundation for Agriculture (AFBFA). "The game helps them see that the ingredients for pizza or any other food come from the farm, not just from the grocery store."

The foundation oversaw the development of the game, now a major component of Farm Bureau's exhibit at Innoventions at Epcot, an area of the theme park devoted to science and technology. The Farm Bureau exhibit, titled The Great American Farm, is open to Epcot visitors every day.

Nancy Cullen is a consultant who has worked for the past year and a half

to tailor the exhibit to Farm Bureau's message that farmers are doing a good job of feeding a growing world population while also protecting the environment. She said the game show was tested successfully before several audiences at the Disneyland resort in Anaheim, Calif.

"We did four pilots in California, and we got a very positive reaction from the audiences," Cullen said. "People were laughing and having fun while they were learning, and that's just what we wanted to see."

The pizza-themed game begins with a Disney cast member explaining that everything that goes on or into a pizza is produced on U.S. farms. Visitors enter a small theater, where a cast member trained in running the game divides the group into a deep-dish team and a thin-crust team. The two teams compete by selecting states from a U.S. map on a large screen in front of them. Their goal is to pick two states that produce at least one agricultural item in common. If there's a match, say tomatoes in Florida and Arizona, or beef in North Dakota and Kansas, that team wins a topping for their "virtual pizza."

After each team takes a turn, the Disney staffer tells the audience a "pizza fun fact" about the commodities produced in the states the team just picked.

The game goes beyond typical pizza ingredients, including apples and other fruit, and even beyond food commodities, including trees from which the cardboard for the pizza box might be made, and cotton from which the napkin could be made.

The game ends with the cast member reminding the guests that the next time they eat a slice of pizza they should think of the hardworking people who produced, processed and prepared the ingredients for that pizza.

"People from different states can enjoy picking their home states, so the game capitalizes on that state pride while it also teaches them about what farmers produce in other parts of the country," Purcell explained. "And the matching involved in the game is something kids are used to and enjoy. So it appeals to all ages."

State Farm Bureau coordinators of agricultural education, training and other programs from around the coun-

try saw a preview of the game during their April 19-22 annual coordinators meeting in Orlando. They provided feedback to foundation staff after playing the game.

The coordinators approved of the pizza theme. "It's something most people can relate to," said one. Others also liked that the game included a few non-food crops.

Most of the exhibits at Innoventions at Epcot include some type of interactive game to make the subject more interesting and ensure the exhibit is something the entire family can enjoy. So, Purcell said, it made sense to incorporate a game into the Farm Bureau exhibit. The game also will keep visitors in the exhibit area longer.

"If they come out of the theater after playing the game and continue to look at the whole exhibit, maybe they will take away more information about farmers' contributions to the economy and the environment," Purcell said. "We hope it piques their interest in how exciting the agriculture industry is and how farmers and ranchers make a difference in our lives every day."



Visitors line up to play the "Great American Pizza Game," an exhibit feature that Farm Bureau hopes will help the public appreciate the role that agriculture plays in everyday life.



About 9 million people a year visit Epcot at Walt Disney World in Lake Buena Vista, Fla.



A couple of visitors to the Farm Bureau exhibit enjoy one of its many interactive learning stations.



A Disney "cast member" (right) explains some of the food products enjoyed on pizza and produced on American farms.



CAPITAL UPDATE

EU enlargement has pros and cons for farmers

The European Union grew to 25 members as 10 countries joined May 1, resulting in the EU's largest expansion in its history and raising a number of agricultural trade issues.

The Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia and Slovenia joined the EU last week. The countries now have decreased trade and investment barriers with each other, and in some cases, increased barriers to imports from the United States.

The import barriers will hurt the export of U.S. crops that have been genetically altered. The EU has not approved these "biotech events" since 1998. This failure to take action restricts U.S. exports to any of the EU nations, including the 10 new members, regardless of their prior U.S. trade relationship, according to Ron Gaskill, American Farm Bureau Federation director of regulatory relations.

"While the 10 accession countries have approved these newer biotech events, the challenge is the EU regulatory system. Countries cannot be grandfathered in," he said.

The U.S. Agriculture Department's Economic Research Service (ERS) has built a model to project the future impacts of EU expansion. The model shows a short-term increase of feed grains and beef production because of EU subsidies for those products, with smaller increases for other commodities.

However, the ERS said that long-

term effects have the potential to be great. There will be pressure for agricultural economies in the countries to restructure. Consumer demand will grow as a result of increased incomes in Central and Eastern European nations, which make up eight of the 10 new EU members.

"Probably the key to this whole enlargement is the fact that the EU will not increase the size of their budget on agriculture, even with the addition of new countries," said Bob Young, AFBF chief economist.

While it is projected that all farmers in the countries will see higher incomes due to farm payments from the EU, large farms are expected to see the most benefits because the payments are based on yield. Larger farms are more prepared to compete in the new market. "I think we're going to see a lot of farm consolidation in the next few years," Young said.

New member countries will also have to require farmers to comply with EU regulations on animal welfare, sanitation and veterinary standards. That will increase their costs of production.

The EU enlargement will certainly affect U.S. exports. While effects are predicted to be short term, losses are expected. The new member countries have been forced to adopt stricter EU import policies. For example, the EU bans all poultry carcasses treated with chlorine, a method widely used by U.S. processors. An April 27 *USA Today* report said that will cost U.S. farmers

\$50 million—about 3 percent of U.S. poultry exports.

Because U.S. exports to Europe are already restricted, the EU expansion won't have a huge impact on U.S. farmers. "I think the overall effect on the United States will be slightly nega-

tive, but not a big negative," Young said.

Gaskill said other markets will make up for lost exports to the EU. "We already lost most of the European market when the original EU was formed," he said.

The 2004 European Union enlargement will be the most ambitious ever



Study analyzes potential dairy policy changes

Five university economists, in a report to the American Farm Bureau Federation, recently analyzed several ways the government could try to stabilize dairy prices.

While they did not prescribe one specific solution to the volatility that often wreaks havoc on dairy producers, they did recommend that producers think "outside the box" of old or existing policies and try to imagine how their industry would look with a few specific changes.

"We hope that readers will challenge themselves to imagine their industry in light of these changes and to think about what kind of industry they would like to shape," the report's authors wrote.

The Milk Income Loss Contract (MILC) program currently benefits small dairy producers at the expense of large producers, the report said, because the program encourages excess milk production that depresses market prices, while most larger producers aren't eligible for MILC payments.

The payments make up 45 percent of the difference between market prices and a target price of \$16.94 per hun-

dredweight. However, farmers who produce more than 2.4 million pounds of milk per year are ineligible.

The report's authors considered two alterations Congress could make to the MILC program if it is extended beyond its current expiration date of Sept. 30, 2005.

First, raising or getting rid of the production cap while lowering the target price would extend the program's benefits to larger milk producers, the report said. A lower target price—the report suggested \$12 or less per hundredweight—would keep the program more in tune with a market-oriented approach and increase political support.

Second, the report said, serious consideration should be given to dropping the long-standing Commodity Credit Corp. (CCC) purchases from the federal dairy price support program. "The concept of a target price deficiency payment coupled with a CCC purchase program of surplus products is not consistent dairy policy," the report said.

The goal of price deficiency payments is to let the market clear surplus production at low market prices, while making payments to farmers based on

the difference between the market price and the target price. However, because the CCC buys surplus production, the markets don't have to. Eliminating the CCC purchases would lower the cost of the program, even if target prices were increased to as much as \$11 per hundredweight, the report said. The current target price under the federal dairy price support program is \$9.90 per hundredweight.

The Dairy Export Incentive Program (DEIP) could be enhanced by encouraging exporters to submit bids for products and countries that offer the greatest potential for long-term market development, according to the report. The DEIP pays exporters for selling dairy products at below cost so they can compete better with heavily subsidized products in other countries.

The program has played an important role in removing products from the U.S. market and from government surplus stocks; however, it is difficult for the program to achieve its real objective of overseas market development unless it demonstrates a commitment to serving the market over the long term, the report said. "This is more difficult if a

given product is only made available when it is in surplus," it added.

The report also addressed federal milk marketing orders, which set minimum prices for processors to pay for different classes of milk based on the milk's intended use. Prices for milk for butter production and for non-fat dry milk should be based on economic criteria, or the two classes could be combined, to eliminate concern that the prices are based more on political influence, the report said.

The report concluded that the Cooperatives Working Together (CWT) program that the National Milk Producers Federation (NMPF) implemented last year could increase prices for dairy producers in the short run; however, the program isn't sustainable because farmers who don't participate still benefit from improved prices. Producers who participate pay 5 cents per hundredweight to fund payments to producers who reduce their herds and their milk marketings.

The American Farm Bureau Foundation for Agriculture funded the study. Copies can be purchased at www.ag-foundation.org/projects.

Farmers told they must adapt to changing economy

By Chris Fennewald

Farmers and ranchers have heard speeches about change before. Some take heed, while others don't. For those still sitting on the fence in today's changing economy, two speakers at the Missouri Farm Bureau Commodity Conference held Feb. 23-24 in Jefferson City, Mo., may have spurred them to make a move.

Mark Drabenstott, an economist and director of the Center for the Study of Rural America, part of the Kansas City Federal Reserve, touched on the changing rural economy in his conference speech.

The other speaker, David Howell, is an Indiana farmer who has expanded his fruit and vegetable production at home and grain production in Brazil.

The conclusion of both was that farmers who want to continue growing soybeans or No. 2 yellow corn have two options: get bigger or do something else.

"Six out of every 10 rural places (farms) are having financial problems. They are lagging behind the national economy because the traditional economic engines are dissolving," said Drabenstott. He added that 90 percent of farm household income comes from non-farm sources.

Commodity consolidation in the agricultural industry is increasing and the opportunities for farmers are fewer and fewer. The consolidation is driven by economic globalization.

"If you are in the commodities business, you have to be the low-cost producer," Drabenstott said. "In a globalized economy, if you are not a low-cost producer, the market will tell you. People who get bigger drive their cost down and buy out the folks whose costs are too high."

This economic fact raises questions about rural communities. To keep people in rural areas, new opportunities in agriculture must be taken, he said, and many involve new technology. One promising area is pharmaceutical crops.

"We won't have every cornfield in Missouri planted in pharmaceutical corn, but one might imagine pockets of No. 2 yellow, and in those pockets a very high-value crop with processing facilities and possibly high-tech jobs," he said.

There are challenges to this idea, such as a U.S. Agriculture Department regulation requiring a one-mile setback of pharmaceutical corn from other cornfields.

"There aren't a whole lot of areas in Missouri in which you can do that, and unless we resolve these issues quickly and move to a set of production protocols that inspire confidence in consumers, food companies, regulators and anyone else, this could be an

opportunity that ends up on an island or desert," explained Drabenstott.

There is also potential in branding rural products and services. Drabenstott cited Cabela's, a large fishing and hunting equipment store that is also the No. 1 tourist attraction in Kansas.

"What if about 50 to 100 ranchers offered world-class pheasant and deer hunting on their ranches for Cabela's clients? What if they agreed to the same customer quality standards? What if they agreed to be a part of the Cabela's brand? That is a very interesting business proposition," said Drabenstott.

The problem is that neither Cabela's nor pharmaceutical companies want to negotiate or write 100 different contracts. They want one contract and quality control standard for all 100 farms or ranches.

"This is not easy," Drabenstott said. "Farmers need to partner with other businesses, universities, government. It is a very different way of doing business for farmers."

With this in mind, many rural areas are forming regional alliances that work to find a niche market. Drabenstott said a regional economic area may be a few counties or several states, but the idea is to find something they can be world-class at and market effectively. He cited country music and the Branson, Mo., area as an example.

Farmers like David and Mary Howell of Crossroads, Ind., want their family to stay in the food production business full time.

"As a family, we are committed to farming full time," David Howell told fellow farmers at the conference. "We have two generations on the ground and we want to make it possible for future generations to farm if they choose. We try to teach our children not to be tied to tradition and location."

The Howells realized the need for change in the mid-1970s after their swine farrowing house was destroyed by fire. Instead of rebuilding, they discontinued their farrow-to-finish hog enterprise and began raising fruits and vegetables. The operation grew into a 3,000-tree apple orchard and 500 acres of tomatoes sold on contract to the Red Gold Co., the country's largest private label packer. The fruit and vegetable enterprise now makes up 50 percent of the farm's revenue.

In 1998, the Howells' oldest son, Adam, went to Brazil with a friend from North Dakota to look for new farming opportunities. After working for a local farmer, he purchased 1,200 acres in the spring of 1999 for 30 sacks of soybean seed per hectare. A hectare equals 2.47 acres. After renting out the land for a couple of years, the Howells planted their first crop there in 2003.

"The Brazilians welcome American farmers," said Howell. "They welcome the large poultry, dairy and swine op-

erations. In the U.S., building large, new animal operations is increasingly difficult."

The row-crop farms are large in Brazil compared to the United States. A farm with 12,000 acres is considered small in Brazil. In 2002, Brazil and Argentina for the first time produced more soybeans than American farmers. Economists and farmers alike do not foresee a reverse in the trend.

The growing Brazilian market is one American farmers have been concerned about for several years. Like the Howells, some have decided to take part in the boom.

Howell said his family's experience in the fruit and vegetable business helped them adapt to change.

"To a degree, it got us away from the commodity board of trade business," he said. "It has made us better salesmen and has helped us understand consumers and what they want."

Unfortunately, he added, consumers in the United States want what economics simply won't allow in many cases: "they want it (farming) the way it was, they believe science is not the best solution, that big is bad and aesthetics are more important than farm-

ers are. I believe there is a hypocrisy. We want to eat it, but we don't want to see or smell it being produced."

Howell said problems in his state with zoning, urbanization, property taxes, government programs that translate payments into land, cash rent competition and environmental activists are all negatively affecting the U.S. farmer's ability to grow a commodity and compete in the global economy.

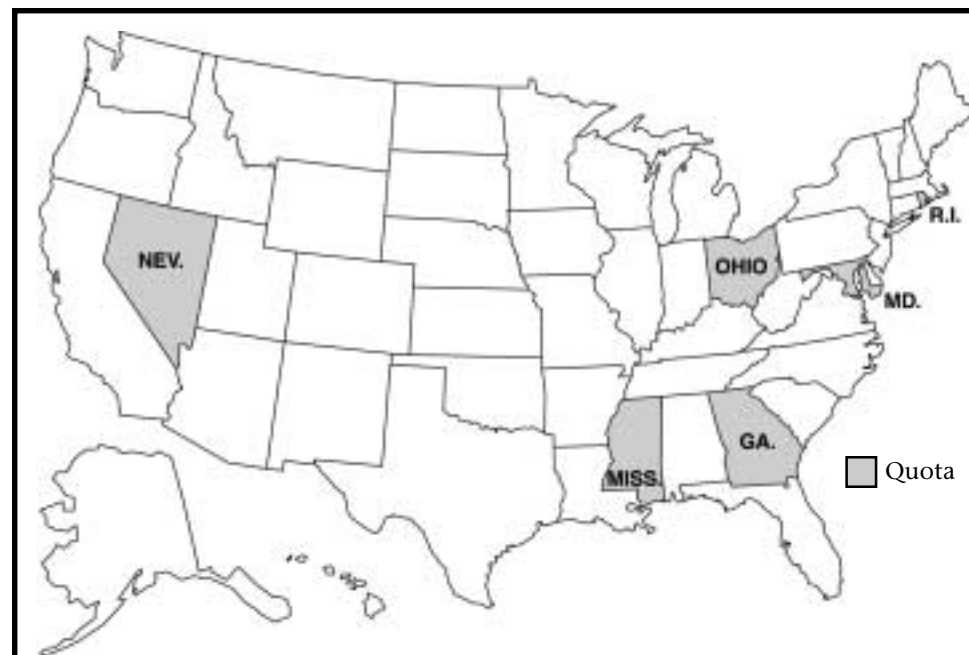
He boiled his situation down to "the three L's: the lack of land, the lack of labor and the threat of litigation." Hence, Brazil has become an attractive place for American farmers to build their operations.

"We are not really going to be a Brazilian operation. We are just making our U.S. operation international," he pointed out.

The Howells' farm is located in the Mato Grosso state, near a town of 40,000 people. Fifteen years ago the town was just a truck stop on a paved road. They hope to raise enough capital to expand the farm quickly to take advantage of today's opportunity.

Chris Fennewald is editor of Show Me Missouri Farm Bureau.

MEMBERSHIP UPDATE



Mississippi: 225,000 member families; 1st state Farm Bureau in the nation and 1st in the South to report membership quota; 45 years of growth and an all-time high.

Georgia: 384,494 member families; 2nd state in the nation and 2nd in the South; 41 years of growth and an all-time high.

Nevada: 11,036 member families; 3rd state in the nation and the 1st in the West; 4 years of growth and an all-time high.

Ohio: 220,533 member families; 4th state in the nation and 1st in the Midwest; 37 years of growth and an all-time high.

Maryland: 14,747 member families; 5th state in the nation and 1st in the Northeast; 4 years of growth.

Rhode Island: 3,420 member families; 6th state in the nation and 2nd in the Northeast; 43 years of growth and an all-time high.

GRASSROOTS

State Farm Bureau program coordinators meet



State Farm Bureau coordinators of agricultural education, Young Farmer & Rancher, Women's Committee, training, membership and other programs met April 19-22 at Walt Disney World to hear the latest information on their programs and tour the Farm Bureau exhibit at Epcot center. The meeting was the largest and most successful gathering of joint program coordinators in many years.



Teams of participants in the Joint Program Coordinators Conference took part in a problem-solving exercise called "The Great Creative Egg Drop." Their challenge was to construct a device that would prevent an egg from cracking even when dropped from a height of eight feet. Their only tools: a few drinking straws and a yard of masking tape. Still, several teams succeeded.

Farm Bureau makes donations to help injured teen

The head of a Tennessee Farm Bureau program is making life a little easier for the family of a severely injured teen by organizing several thousand dollars in donations to a May 1 auction for the teen's benefit.

Bryan Wright, head of TNFB's Value Plus program, solicited the donations to benefit Chad Hunter, a sophomore at Gordonsville High School, who has

been in a coma since his vehicle struck a bluff on Feb. 14.

"His mother had to take an extended leave of absence," Wright said. "The family needed some help."

Wright said he was asked to be part of a committee to help raise money for the benefit and went to the most obvious place to seek donations: his work.

Wright went through partners of Value Plus, which teams together with companies offering products and services at special rates for its members, and found two companies willing to provide donations. Grainger, a tool manufacturer, and Farm Bureau Connection, a telephone service provider, collaborated in providing the DeWalt, Milwaukee and Makita tools and acces-

sories that Wright hopes will bring about \$4,000 to aid the family.

But Wright doesn't claim too much credit. "Really, everybody in the Smith County area has been donating items to this," he said. The Gordonsville and Smith County, Tenn., community hosted the auction, as well as a fish fry, to raise money for Hunter's family.

Cotton program

continued from page 1

els. Several developing countries are demanding that richer countries agree to reduce their domestic support for agriculture in the current round of WTO negotiations, and they oppose any extension of the peace clause. However, the developing countries have not offered to lower their own tariffs, something the United States says is necessary for a true negotiation to occur. Failure to resolve the disagreement resulted in the breakdown of a meeting of WTO countries' trade ministers in Cancun, Mexico, last fall.

While many developing countries cannot afford to pay subsidies to their farmers, their governments benefit from tariff revenue and their farmers benefit from the impact the tariffs have on their competitiveness. The average U.S. tariff on agricultural imports is just 12 percent, compared to 62 percent globally.

FB NEWSMAKERS

Cary Blake has joined the **Arizona** Farm Bureau Federation staff as **communications manager**, responsible for writing and layout of publications, developing news releases and media and public outreach. Blake comes to AZFB from the Indiana Farm Bureau, where he spent eight years as visual media producer and manager of electronic communications. Previously, Blake worked for 17 years for the Michigan Farm Bureau as senior coordinator of broadcast services. Blake earned a bachelor's degree in communications from Mississippi State University.

The **Ohio** Farm Bureau Federation has named Tiffany Pattison as the new organization director for Morgan, Muskingum, Perry and Washington counties. She will serve as a liaison between the state Farm Bureau office and Farm Bureau members in the four-county region. Pattison earned a bachelor's degree in agricultural business with a minor in equine science from Murray State University in Kentucky. She grew up on her family's quarter horse farm in Ohio. **Tracee Swank** will be the new **organiza-**

tion director for Lucas, Ottawa and Wood counties in Ohio. Swank is former Lucas County Farm Bureau president and government affairs chair, she has served on the state policy development committee and has held several positions with The Andersons Inc., a grain distribution business and home and garden retailer based in Ohio. Swank earned a bachelor's degree from the University of Toledo and is pursuing a master's degree in public administration.

The **Nebraska** Farm Bureau Federation has promoted **Jay Ferris** to the new position of **director of grassroots programs**. Ferris had served as the Central District director of member services since joining the Nebraska Farm Bureau staff in March 1999. In his new role, Ferris will help identify, train and assist county Farm Bureau leaders and members in participating in the political process. **Roger Berry** has joined Nebraska Farm Bureau to succeed Ferris in the Central District **director of member services** position. Berry is a U.S. Air Force veteran, and he earned an associate's degree in electron-

ics from Southeast Community College in Milford, Neb. He farmed from 1990 to 2002, and has worked for a farm implement dealer for the last year. He has also served as Frontier County Farm Bureau president.

NEWSPAPER HANDLING

FARM BUREAU NEWS