

news

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Senate begins immigration debate

Senate Majority Leader Bill Frist (R-Tenn.) plans to bring his own immigration reform bill to the Senate floor by March 27 if the Judiciary Committee has not approved a bill by then.

Frist's proposal is expected to strengthen enforcement of border protections but not include a guest worker program for agriculture. The American Farm Bureau Federation says that an enforcement-only bill will devastate U.S. agriculture, with up to a \$5 billion drop in net farm income and a third of fruit and vegetable production being lost to foreign competition.

As of press time, the committee members had not voted on a reform measure. They could vote, following a March 20-24 recess, on a bill introduced by Sens. Ted Kennedy (D-Mass.) and John McCain (R-Ariz.). If the committee passes the bill without the support of at least six Republicans, Frist could bypass the committee and bring his own bill to the floor instead. It would take at least 60 votes, a super majority, to overcome a filibuster and pass any amendment.



As much as one-third of U.S. fruit and vegetable production will be replaced by imports if Congress passes immigration enforcement legislation that does not also provide a guest worker program for agriculture, according to an AFBF economic analysis.

The Kennedy-McCain bill would allow illegal immigrants to obtain six-year work visas in the U.S. as long as

they first return to their home countries and apply for the visas. They
See Immigration, page 2

AFBF outlines 2007 farm spending priorities

As congressional lawmakers begin to shape the 2007 federal budget and seek input from various stakeholders, the American Farm Bureau Federation continues to urge policymakers to preserve the security provided by the 2002 farm bill.

Mandatory farm bill programs, such as commodity, crop insurance, export promotion, nutrition, forestry and those that fall under the energy title are of "enormous importance to farmers, ranchers, rural businesses, low-income Americans and our nation's children," AFBF said in a statement submitted to the House and Senate Agriculture Appropriations subcommittees.

The organization also voiced its concern that many farm bill conservation programs involving working lands, such as the Environmental Quality Incentives Program and Conservation Security Program, are not funded at optimum levels.

"As we move forward in this budget

process, Farm Bureau encourages Congress to find an appropriate balance for targeted land idling programs, such as the General and Continuous Conservation Reserve programs, with our current working lands conservation programs."

Also in the statement to lawmakers, AFBF identified three priority areas for discretionary funding, which is non-mandatory funding appropriated through annual spending bills. They are implementation of the national animal identification system (NAIS), farm export programs and programs that maintain the use of crop protection tools.

According to AFBF, the administration's proposal for \$33 million for USDA's Animal and Plant Health Inspection Service to move forward with NAIS implementation falls far short of industry estimates of \$100 million annually through 2009, when im-

See Farm spending, page 6

GIPSA beefs up oversight activities

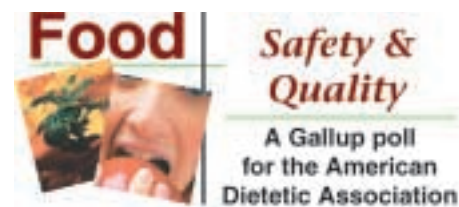
On the heels of a January 2006 report detailing lax investigative and oversight practices of U.S. meatpackers, the Senate Agriculture Committee gave officials from USDA's Grain Inspection, Packers and Stockyards Administration (GIPSA) 90 days to report progress in remedying the problems described in the report.

GIPSA is responsible for, among other things, management and oversight of packers and stockyards programs, including the investigation and prosecution of competition violations.

The investigation, requested by Sen. Tom Harkin (D-Ill.) and conducted by USDA inspector general Phyllis Fong, determined that GIPSA essentially thwarted investigations of anticompetitive behavior and did not establish proper controls for enforcing the Packers and Stockyards Act.

See GIPSA, page 3

Corner Post



Do you believe that foods produced using biotechnology pose a serious health hazard to consumers?



How much confidence do you have in the U.S. government to ensure the safety of the food supply?



VIEWPOINT

Cellulosic ethanol could be fuel of the (near) future

By Sen.
Larry Craig



The last time you drove or walked by a wheat field, did you realize you were passing by an oilfield of the future? It's true.

In his recent State of the Union address, President Bush spoke boldly about breaking the United States' addiction to oil. For a man from a Texas oil family, these were not words spoken lightly.

But leaders have spoken of breaking our dependence on oil and other fossil fuels for decades, with little effect, so you're not alone in wondering what is different now. The answer is: "Quite a bit."

After many years, ethanol is becoming increasingly viable as a renewable fuel with many benefits. But what is it? Ethanol is a colorless, flammable liquid that is made through the fermentation of organic materials. It can

be added to gasoline to reduce pollution, because it produces fewer greenhouse gases than standard gasoline.

The most popular form of ethanol in the United States is made from corn, but ethanol can also be made from wheat, sugar or other plant materials.

I was very excited to hear President Bush mention ethanol as such a high priority, because my own state of Idaho is poised to become a very important player in ethanol production. A Canadian-owned company called Iogen has done extensive market analysis and selected Idaho as the most desirable area in the world in which to build an ethanol production plant.

Iogen has pioneered a process to produce commercially what is called cellulosic ethanol from abundant crop-waste products like wheat straw or barley straw. Since Idaho is one of the nation's top producers of barley and wheat, a supply of straw is readily available.

Building the plant would truly be a win-win situation. Iogen's plant will provide jobs and produce ethanol,

which could be purchased at gas stations around the region. Since ethanol burns cleaner than gasoline, it will help improve our air quality. And of course, Idaho farmers will gain an important new source of income. Crop wastes, which were previously discarded or burned, will be a commodity that can be sold to help make farms and farmers more profitable and the environment cleaner.

To spur cellulosic ethanol production on a large commercial scale, I worked to include loan guarantees for development of this technology in the energy bill that Congress approved and the president signed last summer. No facility capable of commercial production of cellulosic ethanol exists because of the considerable amount of risk involved. However, Iogen has spent 25 years developing and fine-tuning its processes, and is ready to build a plant that will influence the marketplace considerably.

For too long, the federal government has talked about alternative fuels and breaking our dependence on oil, especially foreign sources of oil. Now, ad-

vances in technology have brought us to the brink of making one of these alternative fuels a reality.

Ethanol is not the answer all by itself, but it will play an important role in bringing the United States closer to energy independence. It is clean and abundant, and we can grow a new supply every year. So the next time you pass by a wheat or barley field, enjoy the view of the oilfields of the future.

Sen. Larry Craig (R-Idaho) chairs the Senate Veterans' Affairs Committee and is a member of the Appropriations; Energy and Natural Resources; and Special Aging committees. For more coverage of renewable fuels issues, see pages 4 and 5.

Correction

A photo in the March 6, 2006, issue of *Farm Bureau News* of candidates in the Young Farmer and Rancher collegiate Discussion Meet competition identified Leslie Pier-son as being from Florida. She is from Arizona.

Immigration reform debate heats up in the Senate

continued from page 1

could also apply for permanent residency if they meet certain criteria, such as paying taxes, learning English and paying a \$1,000 fine.

While the sponsors of the bill say that does not constitute amnesty for illegal immigrants, and the temporary visa program would actually provide an incentive for them to leave the U.S. so they could seek a legal avenue to return, other senators oppose any immigration reform other than locking down the border and tracking down and deporting illegal immigrants.

AFBF has been calling for an immigration bill that reforms the H-2a temporary worker program for agriculture and provides a mechanism for illegal immigrants to obtain temporary visas, along with strengthening border controls.

There are about 11 million illegal immigrants in the United States, of which 500,000 to 800,000 are working in agriculture. AFBF says many of these agricultural workers do jobs that most Americans are not willing to do at any price, and certainly not at a price that would allow U.S. farmers to compete against farmers in countries where labor costs less.

Some produce farmers in California are leaving their crops rotting on the ground because they can't find workers to harvest them. Jack Vessey, an Imperial County, Calif., vegetable grower, says he will lose as much as \$50,000 this harvest season because of the labor shortage. He said that some of the large fruit and vegetable processors are already looking at getting more of their produce from Mexico.

The proportion of agricultural labor that is done by hired workers versus farm operators and their family members is higher than it has ever been in the United States.

According to an analysis by AFBF economists, \$10 billion to \$14 billion of U.S. agricultural production would go away if there is no program that makes it easier for farmers to hire immigrant workers. Between \$5 billion and \$9 billion of that would be U.S.

fruit and vegetable production lost to foreign competition.

"That is exactly how much U.S. wealth we will ship to our competitors outside the U.S., as they grow and produce the food that will increasingly be stocked on America's grocery shelves," wrote AFBF President Bob Stallman last week to members of the Senate Judiciary Committee.

An existing agricultural worker program, H-2a, is decades old and does not meet the needs of American agriculture, he said.

In addition, said Stallman, an enforcement-only immigration bill will not address the problem of millions of illegal immigrants already in the United States. He said that AFBF would oppose any legislation that "would decimate U.S. agriculture under the guise of immigration reform."

In a speech to attendees of the AFBF convention last January, Frist said he would work to develop and pass legislation that strengthens current immigration laws while also recognizing the specific labor needs of the agriculture industry.

"Still, what we've seen so far indicates that we could be looking at an enforcement-only bill on the Senate floor the week of March 27," said Austin Perez, AFBF immigration and labor specialist.

"Enforcement at the border is important, but so is the need for a workable guest worker program," he added. "Farm Bureau members need to tell their senators how impor-

tant this issue is to U.S. agriculture, and that they are depending on the Senate to address the labor shortages agriculture faces."

The Senate's immigration debate is expected to take several days, if not weeks.

The House approved its version of immigration reform legislation last year, but that bill did not include an agricultural guest worker program.

"That is why we are now looking to the Senate to address agriculture's needs," explained Perez. "Otherwise, we'll still be eating lettuce and strawberries, but we'll be eating lettuce and strawberries from Mexico and South America instead of the U.S."



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WTO knocks down Mexico's HFCS tax

Marking the end of a nearly four-year battle between the United States and its neighbor to the south, the World Trade Organization on March 6 finalized its earlier ruling that Mexico's tax on high fructose corn syrup (HFCS), a corn-derived sweetener, violated global trade rules.

Mexican government officials said they will abide by the WTO decision, which cannot be appealed.

"The [WTO] Appellate Body has confirmed that Mexico's beverage tax is discriminatory and breaks WTO rules," said U.S. Trade Representative Rob Portman. "It is clear that Mexico must eliminate this tax and restore fairness for our U.S. corn growers and refiners."

In 2002, Mexico, at the time a top market for U.S. HFCS, slapped a 20 percent tax on soft drinks and other beverages made with any sweeter other

than sugar cane. The tax, put in place to protect the Mexican sugar industry, is also applied to syrups and other products that can be diluted to produce sweetened beverages, as well as to the distribution of such goods.

Prior to the tax, HFCS accounted for 99 percent of Mexico's sweetener imports, according to the office of the USTR. Soft drink bottlers were increasingly substituting HFCS as a cost-effective alternative to cane sugar, until the tax made using HFCS cost-prohibitive.

According to the Corn Refiners Association, the tax has resulted in annual losses of \$944 million in HFCS sales, equivalent to 168 million bushels of corn. CFA predicts that the WTO's ruling and the anticipated removal of the tax could result in a \$.10 per bushel jump in the price of corn in key U.S. corn-producing states.

In 2004, the WTO established a panel, at the request of the United States, to consider the United States' claim that Mexico's beverage tax is inconsistent with Mexico's WTO commitments. The panel, ruling in the United States' favor, determined that the Mexican tax was discriminatory and conflicted with WTO rules that require no less favorable treatment for imported products as compared to domestic products.

Once the panel report was circulated in fall 2005, it was turned over at the request of Mexican officials to the WTO's Appellate Body, which this month upheld the panel's findings, marking the close of the dispute process.

Ruben Aguilar, a spokesman for Mexican President Vicente Fox, said the executive branch will direct its Congress to remove the tax.

AFBF endorses U.S.-Peru trade pact

Earlier this month, the American Farm Bureau Federation's board of directors issued its support for the recently completed U.S.-Peru Trade Promotion Agreement, which will allow U.S. farmers to become competitive suppliers of farm goods to the South American nation's 28 million residents.

According to AFBF economic analysis, when the agreement is fully implemented in 2025, farm exports to Peru could exceed \$705 million annually.

Although a lack of infrastructure in Peru, along with domestic unrest, has historically deterred trade and investment in that country, Peru's economy is now considered one of the most vibrant in Latin America. The economy has grown more than 4 percent between 2002 and 2005.

This economic expansion is expected

to have a considerable impact on per capita income growth, which will in turn boost the demand for higher quality food and greater diet variety.

"With the PTPA in place, this could translate into significant gains for the American agricultural sector," said Chris Garza, AFBF trade specialist.

United States between 2000 and 2004. However, many of the U.S. farm imports from Peru are tropical products not produced in significant amounts in the United States, such as bananas, mangos, coffee, cocoa and spices, Garza noted.

While the PTPA allows additional Peruvian sugar into the U.S. market, an initial concern of the U.S. sugar industry, annual sugar imports are expected to be more than offset by U.S. exports.

The agreement will likely have little impact on imports from Peru, as Peruvian agricultural ex-

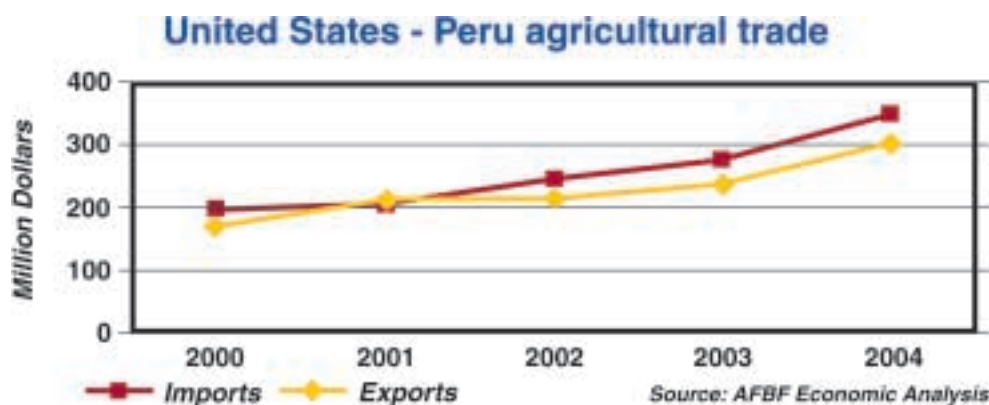
ports to the United State currently face little or no U.S. tariffs as a result of the Andean Trade Preference Act.

The agreement provides for the use of tariff-rate quotas, known as TRQs, by both countries as a means of transitioning to open markets for a variety of agricultural products. TRQs are two-tiered tariffs related to the volume or quantity of imports.

The United States will use TRQs to open its markets for cheese, condensed and evaporated milk, processed dairy products and sugar. Peru will use TRQs for products such as yellow corn, rice, refined soybean oil and milk powder.

Both countries will eliminate their TRQs and fully open their markets within 17 years. However, the U.S. TRQ on sugar will not be completely eliminated.

The U.S.-PTPA must be approved by Congress. President George W. Bush has notified lawmakers of his intention to sign the agreement.



Peru's relatively high tariff structure has long been an obstacle to market access for many sectors, including agriculture. The PTPA requires the eventual elimination of all tariffs on all U.S. farm exports to Peru.

"The agreement knocks down these tariff barriers, allowing the United States to compete with Peru's Latin American trading partners, many of which supply a large portion of the Peruvian food market as a result of other trade pacts," said Garza.

The United States is the fourth-largest supplier of the Peruvian agricultural market, with the most common U.S. exports being wheat, cotton, corn, soybean products and rice. U.S. farm exports to Peru have increased 44 percent since 2000, from \$170 million to \$302 million in 2004.

Peruvian exports to the United States have also been on the rise, with an annual average of \$255 million in farm goods from Peru imported to the

Stallman praises potential of FTA with South Korea

American Farm Bureau Federation President Bob Stallman last week told a panel from the Office of the United States Trade Representative that U.S. farmers and ranchers are pleased with the upcoming launch of free trade negotiations with South Korea. He cautioned, however, that to ensure U.S. growers realize the full benefits of the pact the "negotiations must provide real market access, eliminate non-trade barriers and must be comprehensive in scope."

GIPSA

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Fong's report said that GIPSA personnel were counting all activities, including sending routine information requests and performing onsite company reviews, as investigations because there was no policy better defining and categorizing those activities. In some cases, the investigation found, GIPSA regional offices had deliberately miscategorized activities to boost the number of investigations it reported.

Also according to Fong's report, records in the investigation tracking system were incomplete—information about the reasons for and the locations of investigations were missing—because there were no procedures for validating the accuracy and completeness of the information recorded.

Sen. Saxby Chambliss (R-Ga.), chairman of the Senate Agriculture Committee, told James Link, recently appointed to serve as GIPSA administrator, that the agency must act immediately to implement the inspector general's recommendations.

Link said GIPSA was already addressing some of the issues brought to light by the report.

"My first priority now is to correct the inadequacies that were going on," Link told the committee on March 9.

Among the changes under way are the implementation of a new policy defining investigations, the development of procedures to better log data from complaints and investigations and the establishment of an effective system to communicate expectations regarding investigative processes and specific investigations.

In addition to the implementation of the inspector general's recommendations, a bipartisan group of senators has introduced legislation requiring additional GIPSA reforms.

The Competitive and Fair Agricultural Markets Act of 2006 (S. 2307), introduced by Harkin and Sens. Mike Enzi (R-Wyo.) and Craig Thomas (R-Wyo.), would require USDA to establish an office of special counsel to investigate and prosecute violations related to competition, a responsibility that currently falls under GIPSA's jurisdiction.

The legislation would make further changes to the Packers and Stockyards Act, including bolstering USDA's authority to bring the poultry industry under the Packers and Stockyards Act and making it easier for producers to prove unfair packer actions without the additional burden of proving adverse effects on competition.

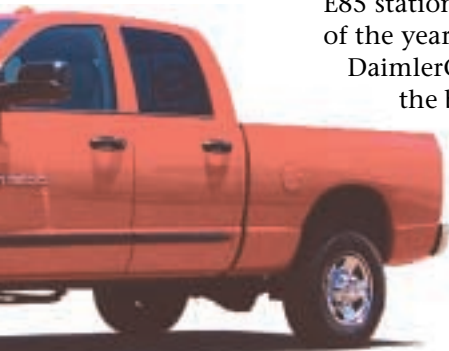
The American Farm Bureau Federation is reviewing the bill in light of competition and concentration concerns in the livestock market. The bill could set the framework for a competition title in the 2007 farm bill, according to Caroline Rydell, AFBF director of congressional relations.

The road ahead

The 'flex-fuel' vehicles

mpala, Tahoe and Sat-
Co. is offering five E85
aurus, the Crown Vic-
of its F-150 pickup
annual sales of 150,000

stic auto giants are
st the availability of



E85, which is sold at slightly more than 600 of the approximately 170,000 filling stations nationwide.

GM and Shell Oil Company have partnered for a pilot program to add E85 to at least six more Shell stations in Illinois to determine if the oil company should expand its E85 offerings.

Ford is teaming up with renewable energy company VeraSun Energy to build 30 additional E85 stations in Missouri and Illinois by the end of the year.

DaimlerChrysler, on the other hand, has gone the biodiesel route. Chrysler recently approved the use of B20, a blend of 20 percent biodiesel and 80 percent regular diesel, in its 2007 Dodge Ram diesel pickup trucks.

Chrysler also fills each of its 2006 and soon 2007 Jeep Liberty CRD diesel SUVs with B5, 5 percent biodiesel mixed with 95 percent regular

diesel, at the factory.

massive attention

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and grasses for two
George Douglas, a spokes-
department's National
atory, in Golden, Colo.
not be enough grain to
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However, he said, grain and biomass are not in competition. The goal should be using biomass alongside grain to produce more and more ethanol.

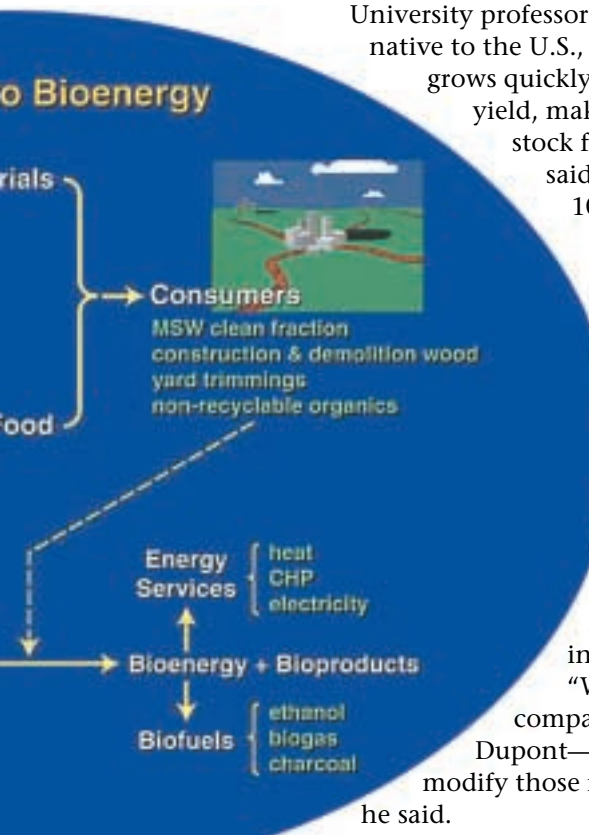
Switch grass has been a particular subject of research at Auburn University in Auburn, Ala. In fact, according to a National Public Radio report, it was Sen. Jeff Sessions (R-Ala.) who touted switch grass to an administration official and got it included in the president's address.

In that news report, David Bransby, an Auburn University professor, said that switch grass, native to the U.S., has a low fertilizer cost,

grows quickly and produces a high yield, making it an attractive feedstock for ethanol production. He said the plant produces five to 10 tons of material per acre, and 100 gallons of ethanol can be produced from one ton of switch grass.

All of the ethanol refineries in production or under construction today are designed to make ethanol from corn, the grain. They would have to be modified to begin making the fuel from biomass, according to the NREL's Douglas.

"We're working with several companies—ADM, Cargill and Dupont—on what it would take to modify those refineries to use biomass," he said.



Brazilian ethanol boom driven by political, public support

While President George W. Bush has set his sights on 2025 for ending the United States' dependence on foreign oil by significantly increasing the production and use of farm-grown fuels, Brazilians powered nearly half of their vehicles with ethanol last year.

Brazilian consumers can get ethanol at all of the country's 30,000 filling stations. In comparison, E85, a blend of 85 percent alcohol made from corn and 15 percent gasoline, is available at only 610 stations across the United States.

While Brazil trails slightly behind the United States in ethanol production, ethanol in Brazil, made primarily from sugarcane, has a lengthier history of government and public support than it does in the United States.

Responding to the global oil crisis in the 1970s, Brazil's then-military dictators began subsidizing the production of ethanol and required that it be available at all gas stations. While ethanol-only cars were popular in the 1980s, public interest waned somewhat in the early 1990s in conjunction with a drop in global oil prices.

Within the past three years, however, with oil prices climbing and a boom in production of flex-fuel cars that run on gasoline, ethanol or a blend of the two, ethanol use at Brazilian pumps has continued to increase. In July 2003, Volkswagen announced plans to have its entire Brazilian fleet converted from a conventional engine to a bi-fuel version by 2006.

Some analysts predict that within the next several years 90 percent of new car sales in Brazil will be flex-fuel cars, while others caution that a recent increase in ethanol prices could keep flex-fuel car sales at their current level.

Regardless, ethanol has proven to be such a viable, eco-friendly fossil fuel alternative that other countries, such as Japan and Sweden, are importing it from Brazil to help meet their Kyoto Protocol obligations to reduce carbon dioxide emissions. Brazil says its ethanol exports will likely double from \$600 million in 2005 to \$1.3 billion in 2010.

According to the U.S. Energy Department, it may take the United States 20 years or so to bring the cost of U.S. ethanol down to the current cost of Brazil's most efficient producers.

However, while Brazil has a few decades on the United States in terms of political and public support for ethanol, the U.S. biofuels industry is charging forward, bolstered by recent federal policy, support from the Bush

administration and the auto industry and public interest.

A core element of the Energy Policy Act of 2005 was a provision requiring that the nation's fuel supply be made up of 7.5 billion gallons of renewable fuels, mostly ethanol and biodiesel, by 2012. The renewable fuels standard will almost double the use of ethanol in the United States.

As ethanol is increasingly added to gasoline as a result of the elimination of the fuel additive MTBE, found to contaminate groundwater, the U.S. ethanol industry could be called on to boost daily production from the current 275,000 barrels to 405,000 barrels, according to the Energy Information Administration.

In response to requests from some in the oil refinery industry to reduce U.S. import tariffs on Brazilian ethanol, numerous U.S. policymakers have declared tariff reductions unnecessary because U.S. ethanol producers are prepared to meet the demand.

In addition, the newly formed 21st Century Agriculture Policy Project, chaired by former Sens. Bob Dole (R-Kan.) and Tom Daschle (D-S.D.), last week announced it will push for renewable energy incentives in the 2007 farm bill.

Another coalition, the 25 X '25 group, has brought together farm groups, labor unions, environmentalists and church organizations to work toward a goal of 25 percent of the energy used in the United States being farm-grown by 2025.

Fast Facts about renewable Fuels

Brazil compared to other countries

- Ethanol is sold at **ALL 30,000** of the filling stations in Brazil. The E85 ethanol-gasoline blend is available at only 610 of the approximately 170,000 stations in the U.S.
- It costs about **\$1 PER GALLON** to make ethanol in Brazil. The international price of gasoline is \$1.50.
- The United States imports about 60 percent of its oil. Brazil expects to become **ENERGY INDEPENDENT** this year.
- Ethanol accounts for **20 PERCENT** of Brazil's transport fuel market. The use of alternative fuels globally, outside of Brazil, is 1 percent.
- U.S. ethanol production in 2005 was 4.3 billion gallons. Brazil's production was only slightly less, at **4.2 BILLION GALLONS**.

CAPITAL UPDATE

This is the second in a series of articles on what the 2002 farm bill has achieved

The 2002 farm bill is the 'greenest' ever

By Mary Kay Thatcher

It's not easy, being green. It can take significant monetary investments to put conservation practices into place.

But farmers want to be green. No one has a greater interest in preserving their land—not only to ensure their future productivity but also to maintain the natural beauty that surrounds them.

As true conservationists, farmers and ranchers care deeply about the land and demonstrate every day that intensive production agriculture can produce an ample, safe food supply in a way that also protects land, air and water.

The current farm bill has more than paid off the investment U.S. taxpayers made back in 2002. And it's not just farmers who have benefited—the nation's natural resources have improved significantly as a result of the legislation, which increased federal cost-sharing to help farmers "be green."

As a result, farmers have delivered. Farmers continue to build a record of environmental stewardship, because their own livelihoods and future gen-

erations depend upon it. If incentives are offered for a desirable environmental outcome, farmers will overwhelm America with improved soil conservation, water quality, air quality and wildlife habitats.

Farm bill critics say the environment is threatened and believe that subsidies tied to the production of commodity crops contribute to poor environmental

stewardship by making it profitable to cultivate marginal soils. They want a farm

policy that links farm payments to environmental stewardship, rather than to the production of commodities. Their mantra is that agricultural reform would enhance the environment by reducing the amount of topsoil lost and fertilizers and pesticides used.

That glass-half-empty view, fortunately, isn't accurate. The nation's farmers and ranchers are excellent producers of traditional agricultural commodities. But they're just as good at producing a healthy environment.

Maybe the critics haven't really looked at the benefits of what farmers are doing already under the conserva-

tion programs of the farm bill. USDA administers 20 programs that directly or indirectly provide technical and financial assistance to producers and landowners who wish to practice conservation on agricultural lands. With each farm bill enacted since 1981, Congress has responded to the potential adverse effects of agricultural activities on the physical landscape by increasing the number, scope and, yes, funding of these programs.

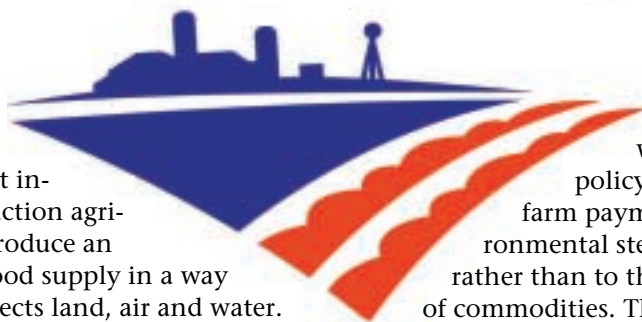
Critics of farm programs like to say that conservation program funding continues to be cut. While the funding levels often have not been to conservationists'—or farmers'—liking over the last few years, they haven't necessarily been kind to commodity programs, export programs, nutrition programs or crop insurance programs either. These have been tough times in terms of competition for federal budget dollars.

The reality is that, even in this competitive budget environment, conservation funding continues to increase each year. Farmers' and ranchers' contributions to the environment also continue on the upswing.

The reality is that the farm bill is working for the environment.

Mary Kay Thatcher is director of public policy for the American Farm Bureau Federation.

Farm Bill: An Investment That's Working



How Farmers Improve the Environment

Farmers are using the conservation programs in the farm bill to improve the environment. Here are a few examples:

- The value of the current Conservation Reserve Program improvements to wildlife viewing and pheasant hunting has been estimated at **\$704 MILLION** per year.
- Farmers, ranchers and other landowners have established **2.4 MILLION ACRES** of conservation buffers along **724,000 MILES** of streams to keep sediment and pesticides out of the nation's waterways.
- USDA says the CRP provides between **\$3.4 AND \$11.2 BILLION** in environmental benefits.
- The amount of acres enrolled in CRP is **TWICE AS LARGE** as the combined area of the National Wildlife Refuge system and all state-owned wildlife management areas in the lower 48 states.
- The Wetlands Reserve Program has made agriculture the single largest source of wetland restoration. USDA says farmers have helped protect and restore more than **130,000 ACRES** of wetlands from 1997 to 2002.



Checking out EPCOT

Mississippi Farm Bureau President David Waide was one of the AFBF board of directors members who recently got a look at Farm Bureau's Great American Farm exhibit at Walt Disney World's EPCOT Center. AFBF held the March 8-9 board meeting in Orlando, Fla., so that the board members could tour the exhibit and evaluate its effectiveness in educating the public about U.S. agriculture. Surveys of visitors before and after seeing the exhibit have shown that it is delivering a positive message about farmers. Farm Bureau has made several enhancements to the exhibit since beginning to sponsor it in 2003.

AFBF outlines 2007 farm spending priorities

continued from page 1
plementation is scheduled to be completed.

Without adequate federal funding, two-thirds of the cost of the NAIS implementation will fall on the shoulders of producers and others in the industry.

"Given the benefits of the NAIS to the general public and our overall national biosecurity, a larger portion of the cost must be borne by the government," AFBF wrote.

Creating and expanding overseas markets for U.S. agricultural and food products is also critical, according to AFBF, particularly in light of the projected \$15 billion downturn in net U.S. farm income in 2006.

Among the export development and expansion programs for which AFBF is urging full funding are the Market Access Program, Foreign Market Development Program, Emerging Markets Program, Export Enhancement Program and the Dairy Export Incentive Program. Also included are food aid and

the General Sales Manager credit guarantee and the Technical Assistance for Specialty Crops programs.

In addition, AFBF said, full funding for USDA services and agencies related to trade, such as plant and animal health monitoring, pest detection and control, APHIS' Biotech Regulatory Service and the Foreign Agricultural Service, is essential.

Finally, AFBF called on lawmakers to provide enough funding to allow USDA the resources needed to provide all necessary crop protection-related information to the Environmental Protection Agency to ensure crop protection tools are safe and remain available to farmers.

The Office of Pest Management Policy, Agricultural Research Service, Economic Research Service, and the Cooperative State Research, Education and Extension Service, as well as other programs related to food quality and crop protection regulation are among the crucial funding areas related to crop protection availability.

Indiana welcomes world's largest biodiesel plant

The state of Indiana and Louis Dreyfus Corp. on March 8 announced plans to build the world's largest biodiesel plant in Claypool, Ind., in the northern part of the state.

The facility will double U.S. biodiesel production. It will produce up to 250,000 gallons of the fuel per day, or more than 80 million gallons per year.

About 260,000 metric tons of soybean oil from the plant will be used for biodiesel production. It will

produce an additional 1 million tons of protein-rich soybean meal for livestock and poultry feed.

The company will build the facility in two phases, with a 50 billion bushels-per-year soybean crushing plant first, integrated with the biodiesel plant to be built in the second phase. Louis Dreyfus representatives said construction would begin in just a few weeks and be completed within 18 months.

They said the company has high expectations for biodiesel demand.

"The Claypool project represents a significant and timely investment in the expanding U.S. biofuels space," said Erik Anderson, CEO of Louis Dreyfus Commodities North America, speaking at the Second National Agriculture and Forestry Renewable Energy Summit in Washington, D.C. "We believe that biofuels will be a key and increasingly important driver in U.S. commodity markets."

When asked by a reporter why the

company was building the world's largest biodiesel plant in the U.S. instead of Europe, where biodiesel made from canola has been in demand for the last decade and more consumers burn the fuel, Anderson replied that the company sees the U.S. as an important growth market and wanted to "invest early." He said the Indiana plant is part of a larger expansion plan in the U.S.

The expansion of renewable fuels production in his state shows the potential for renewable fuels development nationwide, according to Indiana Gov. Mitch Daniels (R). There are already two biodiesel plants and five ethanol plants on the drawing board or under construction in the state, and one ethanol plant in operation.

"If Indiana can do this, think what America can do to work toward energy self-sufficiency. In just one year, we're growing from one alternative fuels plant to nine, with more to come," said Daniels, also while attending the energy summit. "We said our ag sector would be a big part of our economic comeback, and here's the proof."

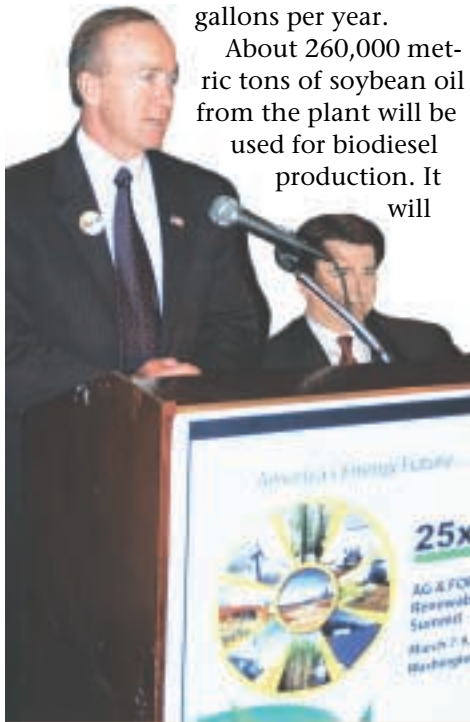
Anderson said Louis Dreyfus chose northern Indiana because of the quan-

tities of soybeans produced there and in neighboring states, access to transportation to feed markets in Indiana and the Southeast and the cooperation of Daniels and the state's Economic Development Corp.

The state offered the company about \$6 million in incentives, including more than \$5 million in tax credits, \$137,500 in infrastructure improvements and \$95,000 in training grants.

Louis Dreyfus is one of the world's largest grain and oilseed trading companies, with operations in more than 50 countries. It has major oilseeds processing, sugar refining and ethanol production facilities in South America.

It is also the company that, in 2002, sold the first-ever imports of Brazilian soy meal—some 180,000 metric tons—to Wilmington Bulk LLC, a consortium of U.S. hog and poultry producing companies. That deal raised the hackles of the American Farm Bureau Federation and other farm groups, which said that U.S. livestock producers should buy domestic soy meal. The groups blamed high transportation costs and the soaring value of the U.S. dollar for making U.S. soy meal less competitive. The dollar has since declined.



Indiana Gov. Mitch Daniels said the expansion of renewable fuels production in his state showed the potential for nationwide growth in the farm-grown fuels sector.

STATE FOCUS

Arizona ag leaders prepare to oppose November ballot measure

The Arizona Farm Bureau, as part of the Campaign for Arizona Farmers and Ranchers, earlier this month sponsored three speaker training sessions to prepare agricultural leaders to speak out in support of animal agriculture and against a proposed November ballot initiative that would prohibit sow gestation and farrowing crates. The training, called Operation Main Street, was designed to educate participants about what the activist groups promoting the measure are saying and to offer tools to address farmers' concerns in a proactive manner.



18, to meet with government ministers, technology company executives, soybean importers and education officials.

South Carolina FB gives members a regulatory helping hand

The South Carolina Farm Bureau has launched a fee-based service to help members write and implement state-regulated confined livestock plans, meet other regulatory requirements for all types of farms and develop lease agreements for farmland activities, such as hunting. According to SCFB, its new Environmental and Regulatory Assistance Department could save farmers thousands of dollars by ensuring compliance with state regulations.



also have prompted the Texas Farm Bureau to ask its members in other parts of the state to help. The Gray-Roberts County Farm Bureau office is accepting donations of all sorts, including hay, fence posts and wire, as well as personal items and monetary donations for families who have lost homes. People who want to help should call the Gray-Roberts County FB office at 806-665-8451.

Washington FB files property fairness initiative

The Washington Farm Bureau filed a ballot initiative in February that would require state and local governments to compensate landowners when regulations "damage the use or value" of private property. Initiative 933, the Property Fairness Initiative, would require state lawmakers and agencies to tell landowners why new regulations are necessary; identify the properties targeted for regulation; determine how much damage they will cause to the use and value of private property; and consider potential voluntary programs that could achieve the goal. WFB will need to gather 235,000 signatures by July 7 to place the initiative on the ballot in November. For further information, go to <http://www.propertyfairness.com/>.



Iowa FB president attends trade mission to India

Craig Lang, Iowa Farm Bureau president, last week journeyed to India as part of a trade delegation that included Iowa Gov. Tom Vilsack, first lady Christie Vilsack and state Rep. Swati Dandekar. The group traveled to New Delhi, Hyderabad and Mumbai, March 10-



Wildfires blaze in Texas

Strong winds and dry weather continued to fuel wildfires in the Texas panhandle last week, prompting officials to urge residents to evacuate. More than 840,000 acres have burned since March 12. The wildfires



Steckel joins AFBF public policy team

Anne Steckel has joined the staff of the American Farm Bureau Federation as director of congressional relations. She succeeds Troy Bredenkamp on the public policy team, where her responsibilities will include energy and transportation issues.



Steckel has nearly a decade of experience on Capitol Hill, most recently serving as legislative assistant to Sen. Dick Durbin (D-Ill.), Senate minority whip. She handled agricultural and trade issues for Durbin and was actively engaged in the ethanol-related provisions in the Energy Policy Act of 2005.

Earlier in her career, Steckel served as legislative director for former Rep. David Phelps (D-Ill.) and handled agricultural, environmental and transportation issues.

Steckel earned her bachelor's degree in social work from the University of Iowa. She is a native of Moline, Ill.

GRASSROOTS

Young farmers want children to follow in footsteps

For only the second time in 14 years, more than 95 percent of surveyed young farmers and ranchers said they hope their children follow in their footsteps. The survey was completed by members of Farm Bureau's Young Farmers and Ranchers attending the group's annual conference last month in Des Moines, Iowa.

"The survey results show that young producers in general are optimistic about the future of agriculture, otherwise they wouldn't see a place for their children in farming and ranching," said American Farm Bureau Federation President Bob Stallman.



Would like their children to be farmers
(In percentages)

| Year | Yes | No |
|------|-------|-------|
| 2006 | 95.14 | 4.86 |
| 2005 | 88.98 | 11.02 |
| 2004 | 89.29 | 10.71 |

A total of 95.1 percent out of 330 young farmers and ranchers, aged 18 to 35, responding to the survey would like to see their children earn a living on the farm. The only time this number was higher was in 1996, at 95.5 percent. Last year just 89 percent wanted their children to follow in their footsteps.

A few more of this year's respondents said they are better off today than last year and expect to be farmers or ranchers their entire lives. The comparisons between the two years is 91 percent to 90 percent for those feeling they are better off today than last year, and expect to be lifetime farmers—94 percent to 91 percent.

Overall optimism slumped slightly as 77 percent said they are more optimistic than five years ago, compared to 79 percent agreeing with the statement last year.

Young farmers and ranchers are facing the reality that they will probably have to farm with fewer government subsidies, and most say that is acceptable. More respondents, 79 percent, think farm income should come totally from the markets (domestic and international). This compares with only 67 percent in 2005, but it is more

in line with 2004 survey results of 82 percent who preferred not relying on the government for their income.

"Farm Bureau Young Farmers and Ranchers are entrepreneurs and are adapting with new strategies to earn a living," said Stallman.

The challenges facing these young farmers are consistent with where they see government needing to be involved. For the second year in a row, availability of land and facilities was a top challenge. A total of 21 percent listed it as a top concern this year. Concern about how to be profitable was listed second most often (18 percent), and urbanization and loss of farmland was third (12 percent).

The Farm Bureau YF&R group has adopted a position requesting that Congress provide tax breaks to help young farmers and ranchers get a foothold in farming. Reflecting that position, 15 percent of the respondents placed government assistance for beginning farmers as one of their three priorities for government action.

The two other government actions that should be priorities, according to the group, have been grabbing the attention of young and old farmers alike. They want an energy policy that includes a bigger role for renewable fuels (16 percent). They also want the



See themselves as lifelong farmers
(In percentages)

| Year | Yes | No |
|------|-------|------|
| 2006 | 93.59 | 6.41 |
| 2005 | 90.94 | 9.06 |
| 2004 | 93.66 | 6.34 |

government to strengthen private property rights (14 percent), which reflects a common sentiment in rural America for state legislators to outlaw use of eminent domain for economic development projects.

Of this year's group, 29 percent started farming on their own as a career decision while 15 percent married into farming, 12 percent inherited a portion of their farming operation and 44 percent started as partners in a family operation.

Results reflecting farming practices

being used during 2006 are similar in most aspects to 2005 farming practices.

The biggest difference from this year to last year in crop production practices is that 58 percent of this year's respondents will be planting biotech crop varieties compared with only 45 percent in 2005.



Intend to plant biotech crops this year
(In percentages)

| Year | Yes | No |
|------|-------|-------|
| 2006 | 57.84 | 42.16 |
| 2005 | 45.07 | 54.93 |
| 2004 | 40.25 | 59.75 |

Use of futures and options in marketing their crops and livestock was much higher with this year's group than last year's respondents—33 percent compared to 22 percent. This is not near an all-time high because in 2000 the survey shows 50 percent of the responding Farm Bureau young farmers and ranchers using futures and options.

The two other management tools used by at least 30 percent of this year's farmers were accounting services (38 percent) and crop advisers (34 percent).

Conservation tillage, soil/tissue analysis and crop rotation for 10 years running have topped the survey as one, two and three of the most commonly used conservation and environmental stewardship practices. This year the numbers were: conservation tillage (59 percent), soil/tissue analysis (46 percent) and crop rotation (41 percent). Most respondents each year note that they use more than one conservation practice.

Other high-ranking practices compared between 2006 and 2005 were: integrated pest management (28 percent to 22 percent) and participation in the Conservation Reserve Program (26 percent to 21 percent).

Responses on how they consider environmental and economic concerns in deciding their farming practices were similar this year compared to last year. The survey showed that both are of concern with an environmental emphasis (27 percent), both are of concern with an economic emphasis (63 percent), environmental concerns are paramount (3 percent) and economic concerns are paramount (7 percent).

Fewer husbands but more wives among the 2006 respondents are working off the farm compared to last year and 2004. The totals for this year show 8 percent of the husbands and 43 percent of the wives working off the farm. Both are working off the farm in 25 percent of married couples, according to the survey.

A primary reason for having at least

one spouse work off the farm is to obtain health insurance benefits. This year it was 47 percent and last year it was 43 percent that said health insurance was a factor.

Fewer farm couples from this year's group are supplementing their income with on-farm enterprises such as custom work or seed sales—60 percent this year compared to 67 percent last year.

Responses for the last three years indicate that technology availability and use in rural America is not changing drastically, but cellular telephone use has reached an all-time high at 92 percent.

Young farmers and ranchers using computers from 2004 to 2006 has fluctuated little—92 percent, 94 percent and 92 percent, respectively, and Internet access as a farming tool has changed slightly from 88 percent to 91 percent to 89 percent during the last three years.



Farm income supplemented by work off the farm
(In percentages)

| Year | Husband | Wife | Both |
|------|---------|-------|-------|
| 2006 | 8.22 | 43.49 | 25.00 |
| 2005 | 10.63 | 35.43 | 29.92 |
| 2004 | 13.02 | 37.46 | 19.68 |

Home satellite television use was 42 percent each of the last two years.

There were no significant changes in the way the farmers were using their computer Internet access. The Internet continues to be a source of general agricultural news (73 percent in both 2006 and 2005) and entertainment (64 percent and 63 percent during the last two years).

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