

**WEEKLY UPDATE**  
**SUSTAINABLE AGRICULTURE COALITION**  
**April 9-13, 2007**

**ACTION NEEDED**

**1. SENATE ALERT**

**What: Support a Competition Title in the 2007 Farm Bill!** The Senate and House will each hold hearings next week on competition provisions in the next farm bill. The increased attention garnered by these events presents an important opportunity to contact your Senators and ask them to co-sponsor the **Competitive and Fair Agricultural Markets Act (S. 622)** and **Prohibition on Packer Ownership of Livestock Act (S. 305)**, two of several key pieces of legislation that should form the basis for a comprehensive Competition Title in the Farm Bill.

The Competitive and Fair Agricultural Markets Act (S. 622) was introduced by Senators Harkin (D-IA), Baucus (D-MT), Enzi (R-WY), Thomas (R-WY), Dorgan (D-ND), McCaskill (D-MO), and Feingold (D-WI) earlier this year and includes standards for production and marketing contract fairness and measures to improve enforcement and access to legal remedies regarding the prohibitions against unfair practices and pricing in the livestock and poultry sectors.

The Prohibition on Packer Ownership of Livestock Act (S.305) introduced by Senators Grassley (R-IA), Harkin (D-IA), Enzi (R-WY), Dorgan (D-ND), and McCaskill (D-MO) places a ban on direct ownership and control of livestock by major large-scale meat packers.

**Who:** Top strategic targets are the Agriculture Committee members from PA, MN, MI, CO, OH, and SD, but calls to other Senators and states are encouraged. Note: if one or both of your Senators has already co-sponsored the bills – see the list above in the Background section – there is no need to call unless you would like to call to thank them.

**Where:** Contact Aimee <[awitteman@sustainableagriculturecoalition.org](mailto:awitteman@sustainableagriculturecoalition.org)> for a copy of the action alert, or go to the SAC Farm Bill Action Center at: [www.sustainableagriculturecoalition.org](http://www.sustainableagriculturecoalition.org).

**2. HOUSE ALERT**

**What: Build Support for a Beginning Farmer and Rancher Initiative!** Introduction of a Beginning Farmer and Rancher Initiative by Representative Stephanie Herseth-Sandlin (D-SD) is expected sometime in the next few weeks. To show that beginning farmer legislation has wide support, we encourage you to call your Representative and ask them to co-sponsor the Beginning Farmer Initiative bill. The Beginning Farmer and Rancher Initiative includes several provisions addressing the unique needs of the next generation of farmers and ranchers, including adequate access to training, technical assistance, land, credit, and markets.

**Who:** Representatives on the Agriculture Committee are first priority, but calls to non-Ag Committee members are also encouraged.

**Where:** An action alert with background and call-in information is posted on SAC's Farm Bill Action Center: [www.sustainableagriculturecoalition.org](http://www.sustainableagriculturecoalition.org). You can also contact Aimee for an emailed copy: [awitteman@sustainableagriculturecoalition.org](mailto:awitteman@sustainableagriculturecoalition.org)

**Note on both action items:** please let Aimee know when you send out these alerts and if you hear back from your members so that we can track action taken. As always, you are encouraged to use the SAC action alert for raw material to develop your own or you can forward them as is.

**3. SAC “Farm Bill Action Center” Up and Running:** SAC’s website has a new domain name *and* a new feature on its homepage. Our new domain is: [www.sustainableagriculturecoalition.org](http://www.sustainableagriculturecoalition.org) (don’t worry if you use the old domain name, it will take you to the new site) and front and center is the “Farm Bill Action Center.” The new Action Center is intended to support our members and allies by providing a central location for farm bill information and advocacy tools to advance our policy goals.

Among other content, you will find: this week’s current action alert, current and archived weekly updates, a legislative tracking template that includes the bill number, summary, status, and background on particular pieces of legislation that are major farm bill priorities of SAC. The Farm Bill Action Center also includes a calendar of events featuring activities of SAC member organizations and links to those members’ action alerts and newsletters. Finally, it has an advocacy toolkit including tips on framing messages, conducting a visit with a Member, and writing an effective Op-ed. In short, the “Farm Bill Action Center” offers resources to become more informed about the farm bill and particular sustainable agriculture policies, as well as the tools needed to translate that understanding into action.

## **THIS WEEK**

**USDA Drafting Its Farm Bill Proposal:** On Tuesday, Agriculture Secretary Mike Johanns announced that USDA is in the process of drafting actual legislative language for all of the farm bill proposals they made earlier this year. Many of those proposals were broadly stated, so it will be interesting to see what new level of detail is provided in the actual legislative language. Johanns said they would be starting with the conservation provisions (which had earlier been requested by the Senate Agriculture Committee) and then the rural development title, with all titles finished by mid-May. You have to go back five and six farm bills ago to find the last time an Administration went to the trouble of actually providing suggested legislative language to the Hill for its full farm bill proposal.

**Conservation Markets Farm Bill Proposal:** At a meeting with a panel of investors in New York on Thursday, USDA Undersecretary for Natural Resources and Environment Mark Rey announced the administration's intent to push in the upcoming Farm Bill for the establishment of a board charged with setting standards for markets trading carbon, water quality, air emissions, or wetlands credits. The Board would consist of the federal agencies that have regulatory oversight of natural resources, such as the Environmental Protection Agency, the U.S. Army Corps of Engineers, the Department of Energy, and USDA, with the private sector playing an advisory role. The administration believes that by establishing assigned values in the market place for conservation and environmental benefits produced on U.S. farms, the private sector will become engaged in conservation efforts, bringing additional monies that will help with USDA's fiscal inability to meet the current demand for conservation.

A spokeswoman for the Senate Agriculture Committee Chairman Tom Harkin (D-Iowa) said he is willing to look at the details of the proposal and agrees that there is a need for some standards to a market for ecosystems services such as carbon sequestration projects and carbon credits, but was also quick to point out that market-based incentives "should not take the place of critical investments in agriculture conservation made by the federal government."

## **NEXT/COMING WEEKS**

**SAC Groups Well Represented at Farm Bill Hearings:** The House comes back to Washington this week, and the Agriculture Committee has a full slate of hearings. On Tuesday, the Livestock, Dairy, and

Poultry Subcommittee will hold a hearing on livestock industry market structure and competition issues at which John Crabtree from SAC member group the Center for Rural Affairs will testify, as will a witness representing the Campaign for Contract Ag Reform (CCAR), of which SAC is a member. On Wednesday, the Horticulture and Organic Subcommittee will hold a hearing on organics at which Mark Lipson from SAC member group the Organic Farming Research Foundation will testify. On Thursday, the Conservation, Energy, Credit, and Research Subcommittee will hold a hearing on the conservation title at which Loni Kemp from SAC member group The Minnesota Project will testify.

Over in the Senate, the Agriculture Committee will hold the first of three hearings on “Agricultural Producers Economic Challenges” on Wednesday, with a focus on livestock and competition issues. Both CCAR and Farmers Legal Action Group (FLAG) will have witnesses on the competition panel. The other two in this series of hearings will deal with specialty crops and then the major commodities.

**Appropriations Timeline Coming into Focus:** The House and Senate Budget Committees will conference their respective budget resolutions this coming week. Once completed and approved, the leadership of the Appropriations Committees will carve up the discretionary funding pie into slices for each of the 12 subcommittees. If everything stays on track, the Agriculture Subcommittee is talking about marking up the 2008 agricultural spending bill as early as the second week of May. Senate subcommittee markups are expected to start in June. The Democrat leadership is hoping to complete all 12 bills in regular order by early fall, something that has not happened since 1994.

**Farm Bills Galore:** With the window of time prior to the beginning of farm bill markups in the Agriculture Committees beginning to narrow, we expect lots of farm bill proposals to be introduced in the coming weeks. Among others, some of the bills that may be introduced are:

- \* Sen. Stabenow (D-MI) with the “CREATE 21” bill to reorganize and merge USDA research agencies;
- \* Sens. Stabenow and Craig (R-ID) with a specialty crops farm bill agenda bill;
- \* Reps. DeLauro (D-CT) and Gilchrest (R-MD) with a full scale farm bill proposal generally being referred to as the “northeast marker bill”;
- \* Rep. Blumenauer (D-OR) with a local and community foods bill;
- \* Sen. Klobuchar (D-MN) with a CSP energy bill;
- \* Rep. Baca (D-CA) with a minority farmer bill;
- \* Sens. Leahy (D-VT) and Harkin (D-IA) with an organic bill;
- \* Sen. Harkin and Rep. Herseth-Sandlin (D-SD) with the beginning farmer initiative; and
- \* Sens. Grassley and Dorgan with their commodity payment limitation reform proposal.

We of course will report in future editions on any such bills that do actually get launched. Stay tuned!

## USDA NEWS

**Interest Assistance Saved for Beginning Farmers:** On Monday, USDA’s Farm Service Agency issued a final rule addressing changes to the guaranteed operating loan interest assist (IA) program, also known as subsidized guaranteed operating loans. The program provides a 4 percent interest rate break to qualified borrowers. SAC commented on the June 2005 proposed rule and SAC’s comments have been incorporated in the final rule. The final rule can be read online at [Interest Assist Final Rule](#).

The proposed rule limited eligibility to the program to farmers with debt-to-asset ratios over 50 percent. The final rule amends this proposal to exclude beginning farmers and ranchers from this high debt to asset ratio restriction. The proposed rule reduced the number of years farmers are eligible for interest assistance from 10 years to 5 years. The final rule allows beginning farmers and ranchers to receive a second 5-year period of eligibility if their cash flow requires the subsidy. The final rule retains a

proposed rule provision to reduce the amount of debt an applicant can get the interest rate break on from \$900,000 to \$400,000, a proposal SAC supported. This will permit FSA to assist more young, beginning and small farmers and ranchers. The rule also continues a waiver of the guaranteed loan fee for beginning farmer down payment loan guarantees.

It is rare in the rulemaking process for all of our public comment period recommendations to be accepted, and we applaud FSA for its consideration and acceptance of those recommendations.

**VAPG Grant Application Process Starts Monday with 30 Day Turnaround:** Although its official release date is Monday, April 16, the much-anticipated Value-Added Producer Grant (VAPG) Notice of Solicitation of Applications (NOSA) is now available online at [VAPG NOSA Fed Reg Notice](#).

Due to delays in the FY 07 budget process, the NOSA has been released much later than usual, and the window for application turnaround is significantly shorter this year; with a deadline of May 16, applicants will only have 30 days to write and submit their proposal. USDA's Rural Business Cooperative Service has important guidance on eligibility criteria and the application process online at [www.rurdev.usda.gov/rbs/coops/vadg.htm](http://www.rurdev.usda.gov/rbs/coops/vadg.htm).

Created in the 2002 Farm Bill, the VAPG program provides planning or working capital grants to independent producers, agriculture producer groups, farmer and rancher cooperatives, and producer-controlled business ventures for projects promoting the production and marketing of value-added agricultural products and the creation of farm-based renewable energy. Planning grants are eligible for up to \$100,000, and working capital grants for a maximum of \$300,000. Matching funds at least equal to the grant requested are required, and must be documented as available either cash or in-kind upon application submission. To be considered "value-added," products must possess incremental value based on a change on the product's physical state, a differentiated means of production, or product segregation. To meet the one-year project completion requirement, all applications must request funds for a time period beginning October 1, 2007 and ending November 30, 2008.

This popular program is one of the few USDA initiatives providing direct assistance to producers for the adoption of sustainable agricultural production and marketing activities that ensure greater farmer retention of the food dollar and the creation of local economic opportunity. SAC has been actively engaged in the development and implementation of the VAPG program since its inception, and reauthorization of VAPG in the upcoming Farm Bill continues to be one of our top priorities. Check our website midweek for more information about this year's NOSA, and to learn more about VAPG grant opportunities and success stories.

**Specialty Crop Block Grants Available:** USDA's Agriculture Marketing Service this week announced the availability of \$6.9 million in grants through the Specialty Crop Block Grant Program. Grants are made available to all State Departments of Agriculture that submit an approved application to USDA for projects designed to enhance the competitiveness of specialty crops, which are defined as "fruits and vegetables, dried fruit, tree nuts, and nursery crops (excluding floriculture)." Eligible projects include research, marketing, trade enhancement, food safety, education, "buy local" programs, reduced cost distribution systems, and environmental conservation. The amount of grants awarded to individual State Departments is calculated using a base of \$100,000 with additional funds determined on the basis of the value of each state's specialty crop production in proportion to the national value of the specialty crop market. For more information, visit <http://www.ams.usda.gov/fv/fv0715.htm>.

**CRP Reports:** On Thursday, USDA's Farm Service Agency released two reports on the Conservation Reserve Program (CRP). One is the CRP Annual Report, loaded with summary statistics on the program and available at [www.fsa.usda.gov/Internet/FSA\\_File/06rpt.pdf](http://www.fsa.usda.gov/Internet/FSA_File/06rpt.pdf). Unlike earlier annual reports, the new

one includes a summary of CRP benefits, including figures on CRP's reduction of soil erosion, carbon sequestration, enhancement of water quality, wetland protection, and expansion of wildlife habitat.

The second report was conducted by the Food and Agriculture Policy Research Institute and is titled "Estimating Water Quality, Air Quality and Soil Carbon Benefits of the Conservation Reserve Program." It is available at [www.fsa.usda.gov/Internet/FSA\\_File/606586\\_hr.pdf](http://www.fsa.usda.gov/Internet/FSA_File/606586_hr.pdf). Among the findings: in states east of the Mississippi, conservation buffer practices stop the loss of 3.1 tons of soil, 8.1 pounds of nitrogen and 1.4 pounds of phosphorus per acre of cropland each year; and, nationwide, CRP land averages a net increase of 1,400 pounds of total organic carbon per acre each year.

## **EPA NEWS**

**Winter Manure Spreading Study:** EPA's Office of Research and Development and USDA's Agricultural Research Service announced this week that they are conducting a study on several small watershed plots in Ohio to examine the effects on water quality of manure spreading in winter. An EPA quality assurance plan for the study noted that land application of manure and process wastewater is among the most documented sources of wet-weather water pollution causing degradation of streams, rivers, and lakes. This is hardly news to SAC and numerous other organizations which for years have called for clear restrictions on winter application of AFO/CAFO manure on snow and ice, something that neither EPA nor USDA has required in nutrient management plans or Clean Water Act regulations for CAFOs. More information about the study is posted at [www.epa.gov/region5/agriculture/spotlight.htm](http://www.epa.gov/region5/agriculture/spotlight.htm).

**EPA Raises Threshold for Emissions at Ethanol Plants:** In an effort to encourage more ethanol production, the EPA released a rule on Thursday that increases the amount of pollution ethanol fuel production plants may emit before they have to comply with Clean Air Act requirements to install pollution controls. The agency rejected arguments by clean-air advocates and state and local air pollution officials that the amount of nitrogen oxide, sulfur dioxide and other pollutants emitted by ethanol plants requires more stringent regulation. The National Corn Growers Association pushed for the change.

The rule will allow corn milling fuel production facilities to be treated the same as facilities that use corn to produce alcohol for food. Corn milling facilities that produce ethanol have been treated as chemical processing plants, which under EPA regulations are classified as major sources if their emissions are greater than 100 tons per year, while plants that produce food-grade alcohol are not treated as chemical processing plants, and their major source threshold is 250 tons per year.

EPA argues that ethanol, whether used for food or fuel, is produced through similar processes and therefore should be regulated in a similar way. Criticism of the rule has focused on the EPA siding with industry protection, rather than environmental protection. Lending more support to this criticism, the new rule also removes the requirement at certain facilities to include fugitive emissions as part of their emissions thresholds. Fugitive emissions are emissions that are not captured by emissions controls and may result from equipment leaks, evaporative processes, or windblown disturbances.

**Renewable Fuels Final Rule:** Also on Thursday, the EPA issued a final rule to boost the use of renewable fuels for gasoline. Under the Renewable Fuels Standard plan, refiners will be required to use at least 4.7 billion gallons of renewable fuel in gasoline in 2007 and 7.5 billion gallons by 2012, or 3 billion more gallons of renewable fuels used in 2006. The rule goes into effect in September.

## **DULY NOTED**

**Senate in Process of Passing Increased Ethanol Mandate:** A bill recently introduced by Senators Jeff Bingaman (D-NM) and Pete Domenici (R-NM) is rapidly making its way through to passage in the

Senate. The legislation would require the use of 18 billion gallons of biofuels by 2016 and 36 billion gallons by 2022, with the majority of that large 2022 amount supposedly coming from sources other than corn. Unlike the President's proposal to require 35 billion gallons by 2017, the Senate bill does not count liquefied coal in its total. The Bingaman bill lacks any sustainability criteria to protect the environment and is opposed by most national environmental organizations. It is nonetheless expected to pass easily. Consideration is currently being given to a major sustainability amendment to be introduced during floor debate on the bill.

Also expected in coming months is a Senate energy tax bill to extend ethanol and biodiesel tax subsidies. That tax bill could conceivably dovetail with consideration of the Farm Bill. The budget resolution's \$15-20 billion "reserve fund" for the farm bill can only be drawn on by the Agriculture Committee if offsetting tax revenue or spending cuts are made available, and there is talk of some of those offsets including tax loophole closings and revenue raisers that would come via the Finance Committee.

***Foreign Affairs Carries Biofuels Article:*** The May/June issue of the *Foreign Affairs* journal carries an article by University of Minnesota's C. Ford Runge and Benjamin Senauer provocatively entitled "How Biofuels Could Starve the Poor." The article notes that the ethanol rage is increasing the price of food staples around the world, and calls on the US to pursue a comprehensive energy conservation program instead of mandates and subsidies for biofuels, to promote solar and wind power, and to invest in research on fuels derived from cellulose. The article is available at [How Biofuels Could Starve the Poor](#).