

WEEKLY UPDATE
SUSTAINABLE AGRICULTURE COALITION
July 9-13, 2007

ACTION NEEDED

RIGHT NOW! SUPPORT AMENDMENTS DURING FULL COMMITTEE MARKUP THIS WEEK! On July 17 - 19 the full House Agriculture Committee will mark up and vote on the draft farm bill proposal introduced by House Agriculture Committee Chairman Collin Peterson (D-MN) last Friday, July 6th (for a more complete analysis of that bill, see last week's *Special Edition Weekly Update* [here](#)).

(Note: Revised versions of each of the farm bill titles have been placed on the House Agriculture Committee website Friday night. We are reviewing them now.)

While several important priorities of SAC are included in Peterson's main farm bill proposal, huge problems remain. Most glaringly, Peterson's proposal slashes billions of dollars from the Conservation Security Program and stops new enrollments for the next four years (2008-2011), while failing to cap large commodity production subsidies. Despite some positive strides taken in other sections of the bill, on the whole it lacks substantial commitment to innovative programs necessary to support family farms, local food systems, and organic production.

Next week's full committee markup is our chance to help pass amendments that will restore and increase funding for the Conservation Security Program, organic research, organic conversion, and farmers markets. While outreach to members of the House Agriculture Committee is needed through next Thursday, **calls and faxes are especially important all day Monday and Tuesday morning.**

A full action alert is attached. You can also download an alert at SAC's Farm Bill Action Center: www.sustainableagriculturecoalition.org

Last Call on Making Reservations for SAC Summer Meeting: The SAC summer meeting is August 5-7 at the Pere Marquette Lodge and Conference Center at Pere Marquette State Park in Grafton, Illinois. Please see the attached agenda and registration form. A block of rooms is reserved at the lodge through Wednesday, July 18th (the Lodge kindly gave us an extension), so **make your reservations now**. You can reach the Lodge at: (618) 786-2331. If you have questions about making travel or lodging arrangements or about the agenda, contact Tazuer Smith at the SAC office: tsmith@sustainableagriculturecoalition.org

THIS WEEK

Nice to Report Some Wins! - Agricultural Appropriations Bill Mark Up: On Thursday, the House Subcommittee on Agricultural Appropriations marked up an FY2008 Ag Appropriations bill. We have some very good news to share. Thank you to everyone around the country who has participated in the appropriations campaign this year -- it is paying off!

While we did not achieve our goal of increasing funding for the Sustainable Agriculture Research and Education (SARE) program to \$20 million for this its 20th year, the SARE funding level was increased by nearly \$2 million, to \$18.2 million, or nearly back up to the \$18.5 million total it had at its peak level to date in FY 03. After several years of downward drift, it is noteworthy indeed for the program to be climbing upwards again.

We now need to redouble our efforts to get the Senate Subcommittee to reach the \$20 million level when it meets to work on its version of the bill. The date for Senate action has not been announced, but we

expect it could be anytime in the next three weeks. Contact Margaret Krome (mkrome@sbcglobal.net) if you can help with Senate messaging. Victory is within our grasp if we act right now!

Also moving upwards is the ATTRA program, with the House Subcommittee granting it a small increase from its \$2.5 million in recent years to \$2.74 million. After the debacle with ATTRA funding in FY 07 this is especially pleasing. We will now try to get the Senate bill to go all the way to \$3 million. Another budget winner was the National Organic Program, moving up from \$2.1 million to \$3.2 million. Programs that were level funded include the Farmers Market Promotion Program (\$1 million) and the Organic Transitions Research Program (\$1.9 million). By next week, after full committee markup of the ag spending bill, we should have the full complement of funding results from the bill to report. Stay tuned!

More good news on the farm bill conservation program spending front – there are no artificial caps placed on the Conservation Security Program, Wetlands Reserve Program, or Farmland Protection Program in the House Subcommittee bill. We are told the only farm bill conservation program to take a hit was the Environmental Quality Incentives Program, and it was capped at roughly the same amount as last year – just over \$1 billion. This marks the first year in a long time without caps on the full array of farm bill conservation programs and particularly severe caps on the CSP. The Senate Subcommittee has never capped the CSP, so the House action is very good news indeed, marking the first time since the program began that we are not likely be fighting a survival fight for CSP in the appropriations process.

Subcommittee Chairwoman Rosa DeLauro (D-CT) opened the markup by highlighting the bill's five percent increase over the President's proposed funding levels, for a total of \$18.8 million. As if often the case, the biggest winner in terms of increased funding was the Supplemental Nutrition Program for Women, Infants, and Children (WIC), which received a \$415 million increase. WIC represents nearly a third of the funding in the annual ag spending bill, and its increase for FY 08 represents 40 percent of the total additional funding made available to the bill as a whole. A variety of food safety programs at USDA and FDA also received large increases. Rural broadband funding doubled to nearly \$18 million.

Chairwoman DeLauro also made it very clear that implementation of Mandatory Country of Origin Labeling (COOL), which had been stymied by the appropriations bill for the last several years with the committee under Republican control, would now move forward. She provided a down payment of \$2 million out of the \$8 million USDA estimates implementation will cost, and laid down a series of benchmarks for USDA to meet in preparing for full implementation by October of 2008. However, the battle over COOL is expected to continue into full committee markup and probably onto the House floor.

DC Fly-In: On Tuesday and Wednesday this week, 30 farmers from across the country were in D.C. to discuss farm bill priorities with Senate and House Agriculture Committee members. The event was sponsored by the National Campaign for Sustainable Agriculture, with significant contribution and participation by the Organic Farming Research Foundation, Land Stewardship Project, Michael Fields Agriculture Institute, National Family Farm Coalition, Community Food Security Coalition, and Sustainable Agriculture Coalition. Several of the farmer participants also met with members of the Agriculture Appropriations Subcommittees to discuss FY'08 appropriations priorities. In addition, Margaret Krome of the Michael Fields Institute led a group of farmers through annual farmer meetings with USDA and OMB. This year, farmers discussed ATTRA with Ben Anderson, Acting Administrator of Business and Cooperative Programs in the Rural Development Agency of USDA, as well as FY'09 budget priorities with staff examiners at the Office of Management and Budget.

All in all, the farmer fly-in was a big success and proved to be quite timely with full committee markup of FY'08 agriculture appropriations on Thursday and full House Agriculture Committee markup of the Farm

Bill next week. We are especially grateful to the farmers who took the time to fly to D.C. during their busiest time of year!

Prelude to House Farm Bill Markup: With House Agriculture Committee markup only days away, the situation on the bill remains very fluid. New versions of most of the titles went up on the committee website Friday night, and discussions on myriad amendments are continuing through the weekend. Perhaps the biggest news of the week was new efforts on commodity program payment limitations. A trial balloon was launched in the past couple of days for a payment reform package that might work its way through the Committee. The initial offering, however, was not reform at all, but actually counter-reform, but by Friday parts of that proposal had been ditched.

At a press conference call Friday, Chairman Peterson (D-MN) told the press corps he is under orders from House Speaker Nancy Pelosi's office to include stricter limits on farm subsidies. Such limits, or any other sign of reform to commodity programs, were missing in action from the draft bill put forward last weekend, and are not part of the revised titles that went up last night. But we expect there will be a proposal on the table by sometime on Monday.

It is widely rumored that in addition to payment limitation reform per se, the ultimate Peterson proposal may also include a prohibition on receiving payments for persons with high Adjusted Gross Incomes. Rather than the current \$2.5 million AGI test or the \$200,000 AGI test proposed by Secretary Johanns, the rumor is Peterson will have a \$900,000 AGI threshold. Time will tell. Expect it to be difficult for Committee members to have a hard time explaining on the floor of the House how someone with very high six digit gross income (after subtracting out farm expenses) should qualify for public subsidies.

Peterson also made it plain in his press conference that the final version of the mark that gets introduced before markup next week will include major cuts to the fees that crop insurance companies collect from the taxpayer. This is one of the major spending offsets he needs to fund other priorities in the bill.

Chairman Peterson also brought up the possibility that the energy title of the farm bill might be taken out of the bill and transferred over to the energy bill that the House is considering. Alternatively, he believes the Ag Committee should be allowed to use \$2.6 billion (over 5 years) from a House-passed energy tax bill to pay for Energy Title programs within the farm bill.

The Chair also told the press he and Speaker Pelosi were meeting with Ways and Means Committee Chairman Charlie Rangel (D-NY) on Friday to talk about potential tax offsets for the farm bill, including the \$6 billion in food stamp improvements that are sitting in the reserve bill waiting to be liberated with offsets from somewhere.

In the usually very bipartisan Agriculture Committee, another new direction from this past week has been a more fiercely partisan atmosphere taking hold, with Republicans led by Ranking Member Bob Goodlatte (R-VA) suggesting the two-bill strategy of the Chairman is untenable and blaming the Democratic leadership for the mess. Goodlatte and others have been suggesting that the best option is to work for a year or longer extension of the current farm bill. Whether they remain on that line next week during markup remains to be seen, but if so, it could be a very contentious markup.

Also today, USDA Secretary Mike Johanns sent Chairman Peterson a letter trashing the Chairman's draft bill. Johanns said the bill "lacks real reform and actually takes a step backward" and then proceeded to rip the bill for raising commodity target prices and loan rates. He also criticized the reserve bill, saying if it were to be adopted with real dollars it would exceed the Administration's proposal by billions of dollars. Of course, the reserve bill holds much of the funding for conservation, energy, food stamps,

specialty crops and research, which Johanns says he supports. The rest of his letter was a litany of why the Administration's farm bill proposal is superior.

Amendments in the Hopper: With the important caveat that the situation is very fluid, here is the quick rundown on some of the House farm bill amendments we are expecting to be offered during full Committee markup that we are supporting.

- **Conservation Security Program Funding** -- Rep. Kirsten Gillibrand (D-NY) will offer an amendment to restore enough funding to the Conservation Security Program that it would be able to restart much sooner than the 2012 date in the Peterson mark. Details are still being worked out.
- **Conservation Security Program Language** -- Rep. Tim Walz (D-MN) is likely to offer an amendment to ensure that sustainable and organic farming system approaches to conservation are recognized with CSP.
- **Farmers Market Promotion Program Language and Funding** -- Rep. Steve Kagen (D-WI) and Kirsten Gillibrand (D-NY) will offer two amendments, one to amend the FMPP language in the base bill to ensure that all forms of direct marketing qualify for funding, and one to amend the reserve bill to try to increase the funding from the \$5 million rising to \$10 million in mandatory CCC funding in the base bill to \$25 million a year.
- **Organic Conservation** -- Rep. Kirsten Gillibrand (D-NY) will offer two amendments for organic conversion assistance. The first will authorize the new program in the base bill, but without any mandatory funding. The second will attempt to fund the program, via the reserve bill for now, at \$50 million in mandatory funding over the life of the farm bill.
- **Organic Research** -- Rep. Steve Kagen (D-WI) and perhaps Rep. Dennis Cardoza (D-CA) will introduce two amendments on organic research. The first would attempt to provide annual mandatory funding for the Organic Farming Research and Extension Initiative, via the reserve bill. The second would express the sense of Congress that USDA's Agricultural Research Service should commit a fair share of its resources to organic farming research, at least in proportion to organics share of the market.
- **Community Food Grants** -- Rep. Nancy Boyda (D-KS) is likely to offer an amendment, either to the base bill or the reserve bill, to try to turn the current base bill's \$30 million a year discretionary authorization for the program into mandatory dollars.
- **Payment Limit Reform** -- We are watching the payment limit reform situation very closely, and potentially have members waiting in the wings with possible amendments, depending on the outcome of the deliberations of what will go into the Chairman's mark or the Chairman's amendment by Tuesday morning.

We will also be opposing an amendment, expected to come from either Ranking Member Goodlatte or Rep. Robin Hayes (R-NC) to strike the provision (introduced as an amendment during Subcommittee markup by Rep. Leonard Boswell, D-IA) that bans mandatory arbitration clauses from production contracts. The repeal of mandatory arbitration is the one and only provision in the House bill dealing with fair competition in the agricultural market place.

Senate Ag Committee Chairman on Farm Bill: On Tuesday, Senate Chairman Tom Harkin (D-IA) held a press conference at which he said the Senate Agriculture Committee most likely not take up the Senate version of the farm bill until after the congressional August recess. He noted that Senate floor

time in July was shrinking and that he had not yet received from the Congressional Budget Office all the scores he wanted on his proposals. Senator Harkin also plans to release a six- or seven-year farm bill in order to have more funding available in the overall budget for the bill. He also noted that he could achieve savings for offsets by cuts to the crop insurance program that could provide \$800 million to \$1 billion over five years, adding that he was still not sure where to find the additional funding for the \$20 billion of reserve funding needed to meet funding over the farm bill's 5-year budget baseline. Nonetheless, in the past week, discussions between the Agriculture Committee and the Finance Committee have really picked up as they explore options for how a farm tax bill and the farm bill might be melded together in a common strategy that could possibly marry the two bills on the Senate floor.

Agriculture Competition Enhancement Act of 2007 Introduced: On Wednesday, Senators Chuck Grassley (R-IA), Herb Kohl (D-WI) and John Thune (R-SD) introduced the Agriculture Competition Enhancement Act of 2007 (S.1759). The bill would create an Agriculture Competition Task Force to assist the Justice Department and Federal Trade Commission in drafting agriculture antitrust guidelines, examine competition problems, and coordinate activities to address anti-competitive practices. The Task Force would be made up of representatives of the agriculture industry, state departments of agriculture, state attorneys general, farmers, ranchers and independent producers, as well as agriculture law and economics experts, the Department of Agriculture, the Justice Department and the Federal Trade Commission. The bill would also require the Justice Department and the Federal Trade Commission to conduct a post-merger review of certain agribusiness mergers (mergers that submitted second requests for information) five years after they've been approved.

National Academy of Sciences Colloquium on Biofuels and Water: On Thursday, SAC staffer Martha Noble attended a *Colloquium on Water Implications of Biofuels Production in the United States*, organized by the National Academy of Sciences Water Science and Technology Board. The Colloquium covered the impacts current biofuel production, mostly corn ethanol, and future production on both water quantity and water quality. The Colloquium is part of an effort that will culminate with the release of report later this year. The group preparing the report is chaired by Jerry Schnoor, Co-Director of the Center for Global and Regional Environmental Research at the University of Iowa. Members of the group include, among others, Craig Cox - Executive Director of the Soil and Water Conservation Society, Dennis Keeney - Senior Fellow with the Institute for Agriculture and Trade Policy, and David Tilman - Regents' Professor and McKnight Presidential Chair in Ecology at the University of Minnesota.

EPA NEWS

EPA to Form Federal Advisory Committee on Agricultural Issues: On Thursday, after a meeting with 20 agricultural organizations on challenges facing the agricultural industry, EPA Administrator Stephen Johnson announced that EPA is establishing a 20-member federal advisory committee on agricultural issues which will advise Johnson on regulations and policy covering air and water pollution, water quantity issues, pesticide issues, energy, waste disposal, homeland and biological security, biotechnology, nanotechnology and worker protection. Groups invited to the meeting included Groups represented at the meeting included among others: American Farm Bureau Federation, American Farmland Trust, American Soybean Association, National Association of Conservation Districts, National Corn Growers Association, National Council of Farmer Cooperatives, National Cattlemen's Beef Association, Renewable Fuels Association, and National Corn Growers Association

WTO NEWS

Brazil Starts New Case Against the US: Even as US farmers and policymakers await the pending second half decision by a WTO panel on the Brazil cotton case against the US, Brazil this Wednesday filed for a new dispute consultation with the US over all commodity subsidies. In the recently collapsed

Doha Round talks on a new trade treaty, Brazil was pushing the US to accept an \$11 or \$12 billion a year cap on commodity subsidies, while the US held out for a \$17 or \$18 billion a year cap. The new filing claims the US has already violated its Uruguay Round limit of \$19 billion a year in trade-distorting subsidies as well as violating rules on export credit subsidies. Canada filed a very similar claim against the US this past January. The US and Brazil now have 60 days to try to settle its differences (which will not happen) before Brazil can ask for a WTO dispute resolution panel to be established to hear the case.

DULY NOTED

July 2007 Issue of *Agricultural Research Magazine* Focuses on Sustainable Agriculture: Check out the July 2007 issue of USDA's Agricultural Research Service magazine which is posted on the web at <http://www.ars.usda.gov/is/AR/archive/jul07/>. The issue focuses on sustainable agriculture topics. The article on corn features the ARS initiative on Breeding High-Quality Corn for Sustainable, Low-Input Farming Systems, whose collaborators include Iowa State University's Corn Breeding Project in Ames; SAC member - the Michael Fields Agricultural Institute; and MSAWG member - the Practical Farmers of Iowa.

Environmental Defense Report on Freshman Districts: Environmental Defense has released a report entitled *Freshman Economics: Subsidy Reform Would Help More Farmers in Freshman Districts* -- see www.environmentaldefense.org/documents/6595_Freshman%20Economics_web%207.10.07.pdf. The report examines for each of 55 freshman House member districts the effects of shifting \$10 billion, \$15 billion, or \$20 billion from commodity direct payments to farm bill conservation programs. The results: in 36 districts farmers overall would gain farm bill funding; in 12 districts there would be no net gain; and in 7 districts farm bill funding would decrease.