



California Association of Wheat Growers

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## Newsletter

June 18, 2010

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House Subcommittee Holds Farm Bill Hearings This Week, Next

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The House Agriculture Committee's Subcommittee on General Farm Commodities and Risk Management met Thursday to hear from a key USDA official on the status of 2008 Farm Bill programs and request information for the upcoming rewrite of federal farm policy.

Under Secretary for Farm and Foreign Agricultural Services Jim Miller testified at the hearing with Farm Service Agency Administrator Jonathan Coppess and Risk Management Agency Administrator Bill Murphy on hand to handle questions within their work areas.

Members on the Subcommittee asked multiple questions about how USDA is dealing with the low protein, high basis and lack of storage dramatically affecting some wheat producers' cash flows in hard red winter wheat states.

Coppess indicated the SURE disaster assistance program could provide some coverage for losses assumed at the local level due to quality factors. NAWG staff is working with him and other officials to gain more information about this possibility and about any crop insurance coverage that could encompass these losses.

FSA also announced this week that a distress loan program will also be available for some wheat producers in affected states. These 90-day loans will allow producers to pledge their crop as

collateral and store the wheat anywhere, including on the ground, that is not accessible to animals or water flow that could seriously affect its quality or quantity. Producers interested in this option should contact their local FSA office for eligibility information and details.

Also at the hearing, Miller answered questions about the effect on the 2012 Farm Bill baseline of a new Standard Reinsurance Agreement, the contract between USDA and crop insurance providers. The final draft of that agreement was issued last week and stands to take at least \$4 billion out of the farm policy baseline, though the exact impact on the baseline remains unclear.

Additionally, Miller addressed USDA information technology infrastructure and his desire to simplify the administration of some farm programs, particularly new programs ACRE and SURE.

Copess also reported that USDA would soon issue information about the next sign-up period for the Conservation Reserve Program (CRP), though that sign-up period will not go into effect for a number of months.

The Subcommittee is scheduled to hold its next hearing on Thursday, June 24, to hear from producer representatives about their experiences with the 2008 Farm Bill. NAWG Second Vice President Erik Younggren, a wheat producer from Hallock, Minn., is scheduled to testify.

For more information about the House Agriculture Committee's schedule and written testimony from this week's hearing, please visit <http://agriculture.house.gov>.

The Senate Agriculture Committee is scheduled to hold its first hearing related to the 2012 Farm Bill on June 30, though the witness list has not yet been issued.



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The California Agriculture Communications Coalition is busily preparing for the mid-July launch of www.KnowACaliforniaFarmer.com and you can get in on the action!

Prior to the scheduled July 19 launch, the CACC needs your help in adding videos, photos and blogs that tell positive stories about real farmers to the website. Your direct involvement is encouraged!

Please join us for a one-hour webinar on how to post content to the new website. After the session, you will be emailed your username and password, giving you access to the Communications Toolbox, which will be live and ready for posting!

CACC Communications Toolbox - Website Content Posting

June 23, 2010

9:00 a.m. - 10:00 a.m. (followed by a Q&A session)

LEARN TO HOW:

Set up a YouTube Account

Post videos to YouTube

Post videos, photos and blogs to

www.KnowACaliforniaFarmer.com

HOW TO REGISTER:

By Monday, June 21, please use the following link to register for the CACC Communications Toolbox Website Content Posting webinar:

<https://student.gototraining.com/80ft9/register/7998370175134751744>

After registering for the webinar, you will receive a confirmation email with your login.

USDA: Agreement with Brazil Staves Off Retaliation Until 2012

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Brazil and the United States have agreed to a framework for resolution of their long-running World Trade Organization dispute over cotton programs and the GSM-102 export credit guarantee program. The framework will essentially put retaliation on hold until 2012 - the year Congress is set to pass a new farm bill, which provides the legislative underpinning for both programs. This week's announcement follows an earlier agreement reached in April that staved off retaliation and extended negotiations for 60 days.

In a press release, Agriculture Secretary Tom Vilsack described the agreement as "a way forward as we work with Congress toward a new farm bill in 2012".

The agreement will also avoid counter measures set to go into effect on June 21 that could have cost American farmers and businesses more than \$800 million this year. That tally could have included more than \$560 million in countermeasures against U.S. exports - and a scheduled 30 percent tariff on milling wheat - and possible counter measures on intellectual property rights.

According to USDA, the U.S. and Brazil agreed to meet quarterly to discuss the successor legislation to the 2008 Farm Bill as it relates to trade-distorting cotton subsidies and the operation of GSM-102. Few additional details were released as to the substance of the talks.

As part of the April agreement, the U.S. has established a technical assistance fund for the Brazilian cotton industry worth about \$147 million a year until the next farm bill is passed, a final resolution is reached, or Brazil imposes counter measures. The U.S. also made some changes to the GSM-102 program, including adding new fee rates for the program.

## **Tax Extenders Bill Getting Pared Back, Still Hostage of Senate Budget Wrangling**

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The House-passed tax extenders bill - now dubbed a "jobs bill" by Democrat leadership based on several "emergency spending programs" - remains a hostage of Senate budget wrangling. The Senate tried to put back into the bill, which includes dozens of expired federal tax credits and other incentives, including biodiesel and renewable diesel credits supported by agriculture and extensions of federal unemployment benefits and health insurance, some of the programs House Speaker Nancy Pelosi (D, CA) agreed at the 11th hour to carve out of her bill several because there were no offsets or cuts in other programs to pay for the package. Currently, the Senate bill contributes nearly \$80 billion to the deficit - mainly through a 19-month extension of a Medicare doctors' payment schedule - and the package failed this week to get the 60 votes needed to proceed. Sen. Max Baucus (D, MT), chair of the tax-writing Senate Finance Committee, immediately offered a substitute carving back the Medicare doctors payment to a six month extension, and modifies the offset used to pay for a good chunk of the tax extensions. A GOP substitute will also be offered by Sen. John Thune (R, SD), but because it freezes federal worker salaries and calls for a 5% cut in non-defense spending, it's expected to fail. Senate Majority Leader Harry Reid (D, NV) continues to push for completion of the bill this week, but the significant changes in the bill means it will be returned to the House for concurrence once the Senate acts.

USDA Halts Release of New UGRSA Contract Pending Meeting Over Industry Concerns

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The U.S. Department of Agriculture's Farm Service Agency (FSA) has put on hold, at least temporarily, plans to issue a new, vastly curtailed version of the Uniform Grain and Rice Storage Agreement (UGRSA) contract until it can meet with the NGFA and USA Rice Federation later this month to address concerns voiced by the warehouse industry. FSA's delay was precipitated, in part, by serious concerns over the planned changes expressed by the NGFA and the California rice industry. The NGFA's Country Elevator Committee reviewed and thoroughly discussed USDA's planned changes during its June 8-9 meeting in Washington. In a subsequent June 14 letter to FSA Administrator Jonathan Coppess, the NGFA registered alarm that the streamlined UGRSA contract - by broadening UGRSA eligibility to non-traditional entities that would be subject to the new, minimal standards - would risk "adversely affecting the grain warehouse industry's reputation for integrity" and "undermining producer protection in several significant states."

The NGFA also faulted FSA for developing the changes without providing opportunity for input

from the NGFA or other organizations whose members operate facilities covered by the UGRSA, as well as for not adequately analyzing the potential impact on federal and state warehouse programs. Under USDA's planned changes, a UGRSA contract no longer would be required for warehouses that are federal- or state-licensed as a precondition for offering warehouse-stored marketing assistance loans to producers, although those facilities' existing UGRSA warehouse codes would be retained.

## **USDA to Issue CRP Report June 18; General Sign-Up Likely in August**

U.S. Department of Agriculture officials said yesterday (June 17) that a final version of its environmental impact statement concerning the future of the Conservation Reserve Program (CRP) is scheduled to be published June 18, with the first general CRP sign-up in several years scheduled to begin starting in mid to late-August. USDA's statements came in response to questions from Rep. Jerry Moran, R-Kan., during a hearing conducted by the House Agriculture Committee's General Farm Commodities and Risk Management Subcommittee that focused primarily on the operation of the Average Crop Revenue Election (ACRE) Program as a tool for providing farm income supports in the 2012 farm bill.

In response to Moran's question, USDA Farm Service Agency (FSA) Administrator Jonathan Coppess said the scheduled announcement of the final version of the CRP environmental impact statement - to be published by the Environmental Protection Agency in the June 18 [Federal Register](#) - will initiate a 30-day "no-action" period. Once that expires, he said, USDA will publish a final rule within a couple of weeks implementing changes to the CRP mandated under the 2008 farm law, including its determinations on whether and how to enroll additional acres to reach the 32-million-acre maximum allowed.

In a draft environmental impact assessment issued in February, FSA presented three policy options, two of which called for enrolling 32 million acres in the CRP. A third alternative, which was supported by the NGFA in comments submitted to the agency, would have reduced the size of the CRP to 24 million acres.

All three options included recommendations concerning what portion of the acres should be set aside for continuous enrollments, which are reserved for the most fragile acres and those offering the most environmental benefits for water quality. Secretary of Agriculture Tom Vilsack has issued repeated statements indicating that USDA intends to enroll in the CRP the maximum number of acres allowed by Congress. The NGFA had argued that reducing the size of the CRP - and reallocating some of its financial expenditures to conservation programs that benefit working farmlands, such as the Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP), as well as targeted CRP enrollments of the most environmentally sensitive lands - would achieve greater conservation benefits than idling under the CRP vast tracts of tillable land that can be farmed in environmentally sustainable ways.

## **I Love Farmers; They Feed my Soul**

"I Love Farmers" is a nonprofit group of young agriculture students and farmers dedicated to their involvement in the next generation of farming and agricultural business. They have given farming a fresh and exciting look and are engaged in social media

communication and overall promotion of the importance of farmers.

To make donations and or find out more about their mission check out their website at:

[ilovefarmers.org](http://ilovefarmers.org)