



US DRY BEAN  

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Council

US DRY BEAN CONVENTION  
KEYSTONE, CO--JULY 2009

WASHINGTON REPORT

ROBERT H. SINDT  
GOVERNMENT AFFAIRS LAISION



**US DRY BEAN**  
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**Mission Statement:**

The USDABC exists to increase the consumption of U.S. dry beans worldwide

# Government Affairs Liaison

- Member of USDA Ag Tech Advisory Comm. for Grains, Feeds and Oilseeds
- Participate in commodity/ag coalitions for food aid, export promotion, Mexico/NAFTA, WTO, food safety, trade, research
- Set up industry/regulatory/other issue meetings with government/legislative officials
- Prepare comments on regulatory proposals and comments for industry officials/testify at regulatory, legislative hearings
- Monitor and address all regulatory, legislative and other government related issues impacting dry bean industry



# CHANGE IN WASHINGTON

- Obama Administration Appointees largely completed
- New USDA Secretary Tom Vilsack
- Deputy Secretary Kathleen Merrigan
- Farm and Foreign Ag UnderSec Jim Miller
  - DUS's Bud Philbrook, Michael Scuse
  - FSA Administrator Johathan Coppess
  - FSA Deputy Admin. Comm. Ops. Jim Monahan
  - FAS Administrator Michael Michener
- Marketing/Inspection Services Deputy UnderSec's John Farrell, Ann Wright
  - AMS Administrator Rayne Pegg
  - GIPSA Administrator Dudley Butler



# CHANGE ON CAPITOL HILL

- SENATE—Fillibuster proof Dem. majority of 60 (D) to 40(R)  
--Ag Committee Chair Harkin (D-IA), Ranking Chambliss (R-GA); Bean State Members—Conrad (D-ND), Baucus (D-MT), Stabenow (D-MI), Nelson (D-NE), Klobuchar (D-MN), Gillibrand (D-NY), Bennet (D-CO), Roberts (R-KS), Grassley (R-IA), Thune (R-SD), Johanns (R-NE); Ratio—12 (D): 8(R)
- HOUSE OF REPRESENTATIVES—expanded Democrat majority to 255 (D) to 178 (R)  
--Ag Committee Chair Peterson (D-MN), Ranking Lucas (R-OK); New Bean State Members--Markey (D-CO), Schauer (D-MI), Minnick (D-ID), Massa (D-NY), Roe (R-TN), Lummis (R-WY); Ratio: 28 (D)/18 (R); Members from Bean States 15 Dem., 6 Rep.



# Farm Bill Provisions of Interest to USDBC to Implement

- Planting Flexibility
  - F&V general planting restrictions are retained
  - Pilot program for 75,000 A of processing vegetables—starts in '09
- New large chickpea program established
- Permanent disaster program established
- Domestic Nutrition Programs
  - Commodity purchases for EFAP increase \$250M in FY '09 and beyond
  - \$200M/yr for Section 32 purchases of fruits, vegetables and nuts
- Specialty Crop Research and Marketing
  - State Specialty Crop block grant program with mandatory funding of \$49M in FY '09, and \$55M/yr thereafter
  - Specialty Crops Research Initiative—matching grants for mandatory \$230M five year program



# Ag Issues Committee Consideration

- Country of Origin Labeling
  - Beans not covered commodity under COOL laws
  - Customs laws still require origin labeling
  - Issues with processed products, those undergone substantial transformation (Customs), change in character (Tariff Act)
- Genetically Modified Beans
  - Should USDBC have a position?
  - Are GMO beans inevitable?
  - What would customer reaction—domestic and foreign—be?



# Climate Change-Cap and Trade

- House passed bill to address global warming; Senate consideration pending
  - Purpose to reduce greenhouse gas emissions through carbon sequestering
  - Would limit GHG emissions, require allowances to emit GHG to be traded through offset program
- Provisions added to address Ag concerns
  - exempts ag and forestry from emissions cap
  - establishes ag offset program administered by USDA
  - provides interim relief from indirect land use attribution in renewable fuels standard
- Bills cost impact on ag remains concern
  - increased energy cost: electricity-25-50%; fuel-35 cents/gal
  - increased fertilizer costs as high as \$60/A
  - varying commodity costs of production from \$5/A to \$150/A
- USDABC position to oppose unilateral US actions that place US dry bean growers and agriculture in general at a competitive disadvantage to global competitors



# Food Safety Initiatives

- Purpose is to fill perceived gaps in food safety regulations and authorities by providing enhanced inspection, recall, traceback and other tools
- President's Food Safety Working Group established—initial focus on controlling foodborne illness organisms and establishing traceback systems
- House committee passed bill contains:
  - \$500 per food facility annual fee
  - General exemption for livestock operations
  - FDA requirement to establish raw commodity standards applicable to all on farm activities
  - Broad recordkeeping and traceback requirements for farmers with on demand inspection from growing through sale of a commodity
  - Harsh penalties, even for unintentional violations
  - FDA quarantine authority far exceeding USDA authorities
  - Provisions deemed to violate existing trade agreements
- USDBC position is to insure food safety enhancements are science and risk based, are cost effective, not duplicative, maintain confidentiality of records



# Food Aid

- FY '09 total available funding of about \$2.9B may be record high—includes FY 08 & 09 supplementals, regular Title II, McGovern/Dole, BEHT and excess commodity sales while commodity, transportation costs down
- FY '09 supp. approp. contained \$700 M for Title II
- Still important market for beans
  - 30,920 MTs (\$16M value) in FY 06
  - 42,820 MTs (\$31M value) in FY 07
  - 49,110 MTs (\$53M value) in FY 08
  - 28,780 MTs (\$23M value) in FY 09 (YTD)



# Food Aid Issues

- Quality concerns remain
- Overseas Local and Regional Purchasing
  - USDA proceeding w/\$15M/year for 4 years pilot
  - USAID spending \$125M in disaster funds
- Still maintaining 16% maximum moisture level for food aid
- New USDA procurement policy terms all pulses as commingled commodities with lax domestic origin requirement—USDDB has formally requested tighter origin showing
- G8 commitment for \$20 billion global aid in next 3 years
- Future Obama Administration funding/program requests
  - Increase Title II to \$1.7B/year
  - Increase McGovern/Dole to \$200M/year
  - Requests \$300 million for LRP from disaster assistance accounts
- Proposes Lugar/Casey bill would greatly expand development programs
  - Concern that it not diminish Title II
  - Concern with changing Bumpers amendment to allow export competition



# North America Free Trade Agreement

- Mexico TRQ (74,400 MTs) and tariff (11.8%) eliminated-1/2008
- Dorgan amendment eliminated pilot trucking program
- Mexico retaliated with tariffs—beans not in first round
- Administration working to establish new program—Sec. LaHood now indicates will be fall before new program ready
- USDBC working with other interested groups to avoid more tariffs
- Mexico represents about 30% of US dry bean exports-80,000MTs in 2007
- US/Mexico continue Consultative Comm. on Ag.
- USDA officials maintain close contact with USDBC



# WTO and OTHER TRADE AGREEMENTS

- WTO—goal now to conclude Doha by 2010
- Bilateral Agreements
  - Pending are Columbia, Panama, Korea
- Working on compliance issues with CAFTA/DR
- Future of Trade/Trade Agreements under new Administration—still a ?
  - Ag negotiator at USTR not appointed yet
  - No major trade initiative announced
  - No focus or priority on trade/trade policy

