



# TRANSCRIPT

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**Transcript of remarks from tele-news conference with  
Agriculture Secretary Ann M. Veneman,  
Under Secretary for Farm and Foreign Agriculture Services J.B. Penn  
And Jerry Bange, Chairman, World Outlook Board  
Washington D.C.  
August 13, 2004**

**MODERATOR:** "Good morning from Washington. I'm Larry Quinn speaking to you from the Broadcast Center of the U.S. Department of Agriculture. Welcome to today's news conference on current agricultural issues. Reporters, if you want to ask a question during our question and answer period today, simply press "1" on your telephone touchpad. That puts you in the lineup to ask a question.

"Now it is my pleasure to introduce Secretary of Agriculture Ann M. Veneman. Good morning, Madam Secretary."

**SEC. VENEMAN:** "Good morning, Larry. And good morning to all of you who are joining us today for this radio discussion.

"First I'd like two just say that we were saddened to hear of Gordon Carlson's recent passing. He was a long-time ag journalist and among those who were well respected in the ag journalism community.

"I am pleased today to again be joined by J.B. Penn, our Under Secretary for Farm and Foreign Agricultural Services. And also we're pleased today to have with us Jerry Bange, who's the chairman of the World Agricultural Outlook Board. And we thought it would be appropriate to have him here today to help answer questions about yesterday's crop reports.

"The last few weeks have been very busy for us. We've been travelling to several states and meeting with farmers and ranchers. Next week I will represent the Bush Administration at the inauguration of the new president of the Dominican Republic, and then later in the week I will be in Oregon and California.

"During my travels I've also appreciated the opportunity to meet with several farm broadcasters around the country. In my discussions with farmers they have repeated a number of themes. Farmers are very supportive of trade, and they want us to continue to aggressively open markets for their products. And I will discuss trade a bit more in a few moments.

"Also, I hear a lot from farmers about the strong support for alternative uses of agriculture products such as ethanol. And producers want to see, as we do, Congress finally pass the Energy Bill that will stimulate these alternative uses and increase our country's energy independence.

"When we last spoke to you on a radio bridge I discussed many reasons for optimism in

much of rural America. The U.S. farm economy is historically strong with record net cash farm income last year for '03. We have record export projections for this year, and we saw record equity for producers last year.

"That optimism is underscored in the crop report that was issued by USDA yesterday. The report reveals that most yields are high and the crops will be large. We are projecting a number of new production records, most notably including a corn crop of more than 10.9 billion bushels with a record yield of 148.9 bushels per acre which is four bushels above the trend, and a plant count and ear count at all-time records, and a record rice crop at 221.6 million hundredweight.

"And we're projecting near-records for other crops including a soybean crop of nearly 2.9 billion bushels, which is the second highest crop in history-- and a 20.2 million bale cotton crop, which is also the second highest.

"Several of these estimates surpassed earlier forecasts confirming that growing conditions for the 2004 crops continue to be very promising. These numbers clearly emphasize a point we have consistently made-- we can produce huge amounts of products efficiently, but we must have outlets for our abundance.

"In fact, we export the product of about one in every three of the acres that are farmed in this country. I often ask farmers when I'm out in the country to imagine what American agriculture would look like if one-third of our product sat unsold or unshipped. That is why we have embarked on the most aggressive trade agenda in our country's history.

"The President is personally committed to the importance of trade, and he rarely mentions trade without mentioning agriculture, and vice versa. The long-term prospects for U.S. farmers and ranchers clearly are bolstered by the recent WTO Doha Framework Agreement reached in Geneva at the end of July.

"The agreement serves as a blueprint and a road-map to guide the negotiations to a conclusion. More importantly, this historic agreement sets the stage to level the playing field and open vast new opportunities for U.S. agricultural products around the world.

"I am pleased that the Framework Agreement closely follows the broad outlines of the ambitious and comprehensive proposal the United States tabled in July of 2002.

"At that time we called for a balanced package, one in which reductions in domestic supports would be balanced with greater market access. We called for harmonization of supports and a more level playing field to eliminate the large disparities in allowed subsidy levels permitted to the European Union and Japan but not the United States. And we demanded significant advances in market access to make sure that our agricultural products would have the same opportunity to compete in new and existing markets that we give to foreign products.

"While the details must yet be negotiated, and we do not want to minimize the work that lies ahead, the Framework Agreement provides ample opportunity for a final agreement to have all of these characteristics.

"And as we move forward in negotiating the specifics for the framework, we will work with all of our trading partners to achieve more open markets for all products.

"We are determined not to miss this once-in-a-generation opportunity at fundamental multilateral trade reform. Our goal is to build on this framework and deliver a result that will make life better for people in this country and all around the world.

"Clearly the benefits of trade and the increase in prosperity of incomes in our country and around the world are plain to see. The future of American agriculture and trade go hand in hand, and it is a future that we continue to work toward on behalf of our farmers, ranchers and consumers.

"On another topic, I want to remind producers that the current nominations period for county committee elections will close on September 3rd. We have been conducting aggressive outreach to encourage participation in the election process.

"County committees play an important role in the local implementation and oversight of several of our programs. And it is important that they represent the diverse needs of farmers.

"Finally, we are keeping a close eye on Hurricane Charlie and are working closely with emergency managers to assist with any necessary recovery efforts. Commodities produced in the area of projected landfalls near the West Coast of Florida include citrus, vegetable and nursery crops. Although the exact track of the storm is uncertain, the storm will likely pass over or near major production areas for cotton, cattle and hogs and pigs.

"Some of the resources and programs USDA is prepared to provide include loans for farmers after a disaster declaration, the Noninsured Crop Disaster Program, and also we provide commodities for relief organizations, emergency Food Stamps, and other assistance for families that may be impacted by the storm.

"Once again, thank you all for joining us today. And we will now be happy to take your questions. Thank you."

**ANNOUNCER:** "As we prepare to take questions from the reporters, we remind you that if you'd like to ask a question please press "1" on your telephone touchpad.

"Our first question today comes from Daniel Goldstein from Bloomberg News. Go ahead, Daniel."

**QUESTION:** "Thank you, Larry.

"Madam Secretary, Senator John Kerry said on his website under his farming agenda -- it said that he would fight for a ban on vertical integrations between packers and producers, saying that the Bush Administration, and specifically the USDA, hasn't done enough to fight what he called "discriminatory pricing." How can you respond to that?"

**SEC. VENEMAN:** "Well, I can tell you that when I first began here at USDA when the Bush Administration first came in, one of the things that we were in the process of doing was, for example, implementing the livestock price reporting. I think that we have done a good job of implementing that. It's given us much more information about livestock prices and very current information.

"In addition, we have had a very aggressive program in GIPSA to look at the integration issues, and we continue to have constant monitoring of the situation with regard to what's going on in GIPSA. We also work closely with the Justice Department and the Farm Bill provides continued analysis that we are doing in that regard.

"So I think we've been very aggressive in looking at the structure of agriculture. And I know this was an issue that was actually debated in the context of the Farm Bill. The Congress didn't pass anything specific with regard to this. But we have carried out the laws that we have on the books as aggressively as possible."

**ANNOUNCER:** "Our next question will come from Bill Tomson from Oster Dow Jones. Bill, go ahead."

**QUESTION:** "Hello. It's Bill Tomson with Dow Jones."

"I suppose this question is for Dr. Penn. Will you be traveling to Japan later this month? And do you still believe that Japan will lift its beef ban, the ban on U.S. beef by the end of the summer?"

**SEC. J.B. PENN:** "Bill, thanks for the question. As you know, we started a process with the Japanese back in April, which we were to have a series of technical working group meetings; and then that was to lead into a report that would be evaluated by policy officials. That process is still right on track, and I still plan to have consultations with my counterparts in Japan."

"But we haven't set an exact date. As you know, there are lots of discussions that are being held by various entities in the Japanese government, and they're still evaluating the report from the working group, and we want them to have ample time to do all of that before we meet."

**ANNOUNCER:** "Our next question comes from Matt Kay from the Burns Bureau. Go ahead, Matt."

**QUESTION:** "Thank you very much."

"Either for the Secretary or the Under Secretary, a follow-up on the last question. And that is, based on the latest comments from Japan's Farm Minister hinting that maybe it will take more time to conclude these talks, is the situation worse now or better than it was when you started these negotiations in terms of completing them in a timely fashion?"

"And secondly, on the animal ID program, where are we on that now? And how much of a total investment do you see before that's up and running?"

**SEC. VENEMAN:** "Well, let me just say a word about also what's going on in Japan. First of all, I think it's very critical that people here understand that Japan is working through this process, as are we on an interagency basis. And so there have sometimes been comments by one ministry or another, primarily the Ag Ministry, that I don't think really reflect the inter-agency process that's going on."

"And so I know there have been some comments, but as Dr. Penn said he is working very closely with his counterparts in Japan; and we are working through the process that was laid out in April. And we feel that the technical discussions have gone very well and are leading to good policy discussions."

"On animal ID, as you know last week we announced some initial grants, primarily to states and tribes and other organizations, to begin to implement this national identification program."

"This is the first tranche of such grants. We have put \$33 million in the budget for additional grants for this purpose in next year's budget. We hope that that will pass through the Congress. And we anticipate that we will begin to assign premise IDs sometime by the end of the summer, maybe later by the end of the August. And so we think that the program is progressing. It's going to take some time to implement on a nationwide basis, but we're going to --as you know, many of the livestock in this country already have some sort of identification."

And the first steps are really to take those animals that have identification and put those into the national system. And this will be a gradual process by which we will bring animals in and ultimately we would anticipate that we would have a full-scale animal identification system in this country which will help us track diseases very quickly and that will help protect our livestock in this country from diseases."

**ANNOUNCER:** "Our next question comes from Ira Dreyfuss from Associated Press. Ira, go ahead, please."

**QUESTION:** "Well, as always, I'd like to get two in. Are there any specifics that you guys have lined up right now to deal with the possibility that Charlie's going to come up the Coast, especially through Georgia and South Carolina, North Carolina?"

"The other is, what is the U.S. response to the suit that was filed under NAFTA by the Canadian Cattle Group? Do they even have standing to file? And has the U.S. government issued a formal response to it?"

**SEC. VENEMAN:** "If I might just, let me answer the first one, I mean the second one first. And with regard to the Canadian case, we just saw press reports of that today. We have not, as far as I know, seen any of the actual documents that have been filed.

"I know that USTR will be looking closely at this as will the State Department.

"But I don't think that at this point we have any more details than what we've seen in press reports, which I'm sure you've seen as well.

"So again, we'll be, when we get the documents we'll have our lawyers along with USTR lawyers and state lawyers looking at all of this to determine what the grounds are for this action that they filed under NAFTA.

"As I mentioned at the end of my remarks, we are concerned about Hurricane Charlie. We're watching it very closely. We have pictures of the path of the hurricane which now looks like after it touches down in Florida it will go up the East Coast hitting parts of Georgia, South Carolina, North Carolina, Virginia and probably all the way up into New York. And we are aware of certainly in Florida there are vegetable crops, citrus, greenhouse that may be impacted. As you go further up, poultry and hog houses, cotton, peanuts, corn, soybeans, tobacco could all be impacted.

"This goes through the normal disaster process. A FEMA team will be formed. Those will include USDA representatives to help farmers. It will also include USDA representatives that help with people who are impacted who need for example emergency food, Food Stamps and so forth.

"We're continuing to monitor this storm. That's part of what we do when these kinds of situations are upon us. And we will be having USDA people involved with necessary relief measures as expeditiously as possibly and as effectively as possible."

**ANNOUNCER:** "Our next question comes from Jackie Thacker (sp) from Farm Progress. Jackie, go ahead, please."

**QUESTION:** "Hello. Thank you. Again, this is Jackie Thacker from Farm Progress.

"My question is, is there any idea of when the rule might be released for the Canadian border? I've heard some talk that it might be the end of August or sometime in August."

**SEC. VENEMAN:** "Well, as you know this rule has had kind of a long history. We first proposed it last fall. It was scheduled to have a comment period that closed on January 5. We allowed that comment period to end, but in the intervening time as you know we had the find of BSE in this country.

"As a result, we reopened the rule for additional comment in the spring. We have now been in the process of reviewing all of the comments. They were much more numerous than we had originally anticipated. And we are looking at the entire risk analysis that has to go along with such a rule. And so at this point it is impossible to say how long this rulemaking might take.

"We had initially thought that we could have a rule out much sooner. But because of the number of comments and the complexity of the comments that we received questioning the risk - and you know some of what we don't know in terms of prevalence, for example, we are trying to now ascertain with our surveillance program. And we're getting good results from that. But I think it will take us longer than August in order to get this rule out."

**ANNOUNCER:** "Our next question is from Richard Cowan from Reuters, and standing by should be Keith Merckx.

"Richard, go ahead, please."

**QUESTION:** "Yeah. Thank you.

"Back on Japan beef trade, Japanese officials have said it would be impossible to have trade resuming quickly after any deal is reached, that it could take several months. Have they told you anything different, or are you still thinking as I think Dr. Penn said yesterday that if there's a deal by late summer or early fall trade could resume on that same timetable?"

**DR. PENN:** "Rick, this is JB. As I said earlier, this is a process. And we have to work through the process. And as Secretary Veneman noted, there are lots of comments by lots of officials, but it's still my understanding that we are on track and working through our process. We have said all along that we hope to conclude this process by the end of summer and that it is our expectation that once we reach agreement on the requirements for trade, resuming that trade, would actually resume in a relatively short period after that.

"So I don't think anything has changed from what I've been saying all along as we've tried to work through this process."

**ANNOUNCER:** "Our next question comes from Keith Merckx of Texas State Network. And standing by should be Sally Schuff.

"Go ahead, Keith."

**QUESTION:** "Thank you, Larry.

"As mentioned by the Secretary, the numbers yesterday show we're looking at a large cotton crop this year, perhaps the largest ever in Texas. On one hand that's great news. On the other, supply and demand dictate that prices will fall. There are budget issues, trade issues, legislators that would like to seriously curtail support for cotton growers.

"With all that in mind, I guess I would ask Chairman Bange what's the outlook for cotton growers in Texas and around the nation?"

**CHAIRMAN GERALD A. BANGE:** "Well, you know, we do not forecast cotton prices; but suffice it to say that clearly cotton prices will be substantially lower than they are this year. We are looking, as you indicated, at a record cotton crop of 20.2 million bales. As the Secretary mentioned a moment ago, that's just short of a previous record.

"We are looking at good exports. We're looking at exports at 12 million bales. That would be down from the 13.8 million bales that we exported in 2003, 2004. But I would also mention too that we did increase our estimate of mill use yesterday, and we went up 100,000 bales on that up to 5.9, primarily because the textile imports have been coming in a little bit slower than expected.

"I would mention that this is all happening in the context of large crops worldwide as you know. We're still looking at a very, very large crop coming out of China. They're looking at about 30 million bales of Chinese production, so we're seeing large crops worldwide. And of course that makes it a little bit more difficult for the U.S.

"Nevertheless, we are still looking at a pretty strong export picture here of 12 million bales."

**ANNOUNCER:** "Our next question comes from Sally Schuff of Feedstuffs, and standing by should be Lori Struve from Brownfield Network.

"Sally, go ahead, please."

**QUESTION:** "Thank you, Larry.

"Madam Secretary, my question concerns again the Canadian border. USDA in conjunction with Mexico and Canada had appealed to OIE early on in this BSE situation for some clarification on risk reach. Can you tell us where that is and how that might impact the rule on reopening the border?"

**SEC. VENEMAN:** "Well, we have worked as you say closely together with Mexico and Canada in the OIE. We've worked with a number of other countries as well. And this is, for those of you who don't know the initials OIE, this is the international standard setting body for animal health. It's based in Paris. And it's been very helpful, particularly with a disease like BSE, to help to bring together the latest science, because as you know this is a disease that is relatively new. And the science that we have keeps evolving.

"But the OIE, we have worked closely with Canada and with Mexico in going to the OIE together and saying, give us some guidance on how this kind of risk should be evaluated.

"And the meetings have been ongoing in that regard. We had meetings this spring in the OIE, the regular spring meetings. There was a lot of discussion with OIE. And we've continued to consult very closely with the OIE folks in terms of the kinds of work that is coming within the body of projects that they have on their plate.

"But again, as to your question about it impacting the rule, we are undergoing a risk assessment. It doesn't have a direct effect on the rule, but we want to follow OIE guidelines because it's an important guideline of science with regard to this disease. We are going through a process of sound science as we look at this rule and as we conduct discussions within OIE science is what's guiding us."

**ANNOUNCER:** "Our next question will come from Lori Struve from Brownfield Network. And standing by should be Jeff Nalley. Lori, go ahead with your question, please."

**QUESTION:** "Yes, thank you. Actually my original question has already been asked and answered. But I'm wondering what you're hearing back from the animal ID hearings that are being held around the country right now, and what in particular is standing out from the comments being heard?"

**SEC. VENEMAN:** "Well, I think that they're being very well-received. I think Bill Hawks has done at least probably 10 or 12 of these so far and has more scheduled. He's doing some this week as we speak. And his response has been very positive in terms of -- I think one of the most important things that's coming out of these hearings is an opportunity for dialog and understanding about how this process will work.

"Obviously, producers are concerned about things like confidentiality. And we're concerned about that as well. We're working very closely with the Congress in terms of changes that will have to be made in the law. And our lawyers are very involved in that.

"We're trying to work with people that are knowledgeable about technology. We're working to try to get a system of identifying premises so that there can be a common definition of premises that can be used throughout the country.

"So there are a number of issues. And I think these hearings have been very helpful in allowing people to discuss concerns and discuss how the operation of this implementation will work.

"It's going to take some time, there's no question; but I think we're off to a good start. And we're pleased that we're going to be able to assign premise numbers hopefully by the end of the month."

**ANNOUNCER:** "And our final question today will come from Jeff Nalley, Cromwell Ag Radio Network.

"Jeff, go ahead, please."

**QUESTION:** "Thank you, Madam Secretary, Larry, Mr. Penn and Mr. Bange. Thanks for sharing time with us.

"The question might have been answered. I had to step away to do markets, but I'll ask this.

"Mr. Penn, when we were talking about working in the negotiations with the Japanese it was clear that we wanted those negotiations to take place on a scientific level. I think I remember the Japanese saying they wanted a scientific answer, a scientific base for these negotiations.

"Now as this element is becoming more politicized or becoming more known in Japan, do you still feel like the opening of that market will be based more on science and the facts, or the political attributes of the consumers accepting the science?"

**SEC. PENN:** "I think, Jeff, you had it exactly right in the first part of your question. The reason that we engaged in this process with the Japanese is to try to develop the science and to help improve understanding on both our parts as to what's involved with this disease. This is a disease about which we're still learning lots. We're still learning about the amelioration measures that need to be taken, how they help reduce risk.



"So the working group discussions that we had with the Japanese were to focus on a relatively small number of questions, all related to BSE. We have worked through a lot of those and amazingly we have come to a much better understanding on both sides.

"So what remains now is to work out details that reflect the scientific basis that we have been able to establish on both our parts.

"So I think the ultimate result is going to be as we have wanted all along, and that is that it be based on science-- because we are setting precedents here and how we resolve this trade matter will I think be important in determining how beef is traded globally for a long time to come."

**ANNOUNCER:** "Secretary Veneman, any closing comments?"

**SEC. VENEMAN:** "Well, thank you, Larry; and thanks to all of you who have joined us today. And I would just like to echo what Dr. Penn just said about the importance of science. We have a very strong value system here at USDA that our decisions are based on good science, whether it's in all of the actions we've taken with regard to BSE, dealing with pests and diseases, dealing with food safety. And science has been our guide and will continue to be because it is so important that our decisions be based on science and the best available science that we have.

"I think, we wanted the opportunity today to talk about some of the current issues. The crop report obviously is a significant one because of so many records being broken this year and last. The trade issues are important, and I think the job that Ambassador Zoellick did along with the USTR team and the people that were there from USDA including Dr. Penn in Geneva is just very important because we would have lost potentially this opportunity for a long time had we not at least gotten a framework for continuing discussions to open up more markets for our farmers and ranchers.

"I also had the opportunity yesterday to be in Ohio, and I thought I would just briefly note that we had the opportunity to participate in the dedication of a little park to commemorate the founding of 4-H. And 4-H has just been such a critical youth organization for now more than 100 years and continues to be the largest youth organization in the country.

"And I'm very proud of what USDA has done to support 4-H, FFA and other youth opportunities. It is part of the initiative that we announced about two and a half years ago in Leaders of Tomorrow. Agriculture in this country is a tremendous opportunity for young people to be involved in, and so we feel very proud that we can support organizations like 4-H and FFA to build the leaders of tomorrow for this great industry."

**ANNOUNCER:** "Secretary of Agriculture, Ann M. Veneman.

"I'm Larry Quinn bidding you a good day from Washington."