

Moving American Agriculture Forward

*Remarks by Bruce I. Knight, Under Secretary for
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National Association of State Departments of Agriculture
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Thank you, Commissioner Courter. I appreciate your inviting me to join you here in Norfolk for your annual meeting.

Some of you I know from my time as Chief of NRCS—and others I'm looking forward to meeting and working with for the first time.

Today I've come in a different role. The move to the Marketing and Regulatory Programs mission area has actually been a natural transition for me. There is a strong link between conservation and safeguarding the environment and the health of the animals, plants and humans who share the land. All of these concerns are interrelated and interdependent.

As a farmer and rancher from South Dakota, I also understand the vital importance of fair, open and orderly markets and the value of encouraging trade, promoting fairness and reducing barriers.

Transparency and Accountability

One thing that won't change with my move to MRP is my commitment to transparency and to working in partnership with states and producers. I will continue to focus on being accountable to the taxpayers and to our customers.

The bottom line is results. And we intend to deliver—on time and within budget. As I did at NRCS, I will emphasize streamlining processes, eliminating unnecessary tasks and increasing efficiency to get the job done.

We'll also be looking at building incentives into our agreements. This worked well at NRCS. Those states that deliver the most, those that use funds most effectively will be eligible for additional money. With that said, I would welcome your ideas on how to make that workable and achievable.

Voluntary NAIS

Obviously, the biggest issue facing us right now is animal identification. It goes without saying that getting our voluntary National Animal Identification System fully operational is one of my top priorities.

I understand there's been some back and forth about this system. Is NAIS really voluntary? Or will it ultimately become mandatory?

I want to clear up any confusion right now, once and for all. **At the federal level, NAIS is a voluntary system.** And it's going to remain voluntary. That's the final word.

What we need to say to producers is this: It's up to you. You can choose to register your premises. You can choose to identify individual animals or groups. You can choose to facilitate tracking. You can be part of the system. You can be partially or fully involved. Or not.

It's your choice. Of course, if you're producing for the market—and we all are—the market will have something to say about your choice.

Choosing NOT to participate may limit your options when it comes time to sell your herd or your flock or your breeding stock. Choosing NOT to participate may opt you out of the export market. Choosing NOT to participate may mean—at some point—you'll have to hunt harder and go further to find buyers or slaughterhouses willing to accept undocumented livestock or poultry—especially as NAIS becomes fully operational.

But for producers, being part of NAIS is a business decision. And a voluntary system means each producer can make the decision that's right for his or her business.

It doesn't cost anything to register your premises. However, there will be costs involved in tagging animals, and farmers and ranchers and others along the production chain will have to bear part of those costs. Ultimately I expect these expenses will simply be part of the cost of doing business for those who make their livelihood in the livestock or poultry business.

Clearly, I think it's to everyone's advantage to participate—at least at the premises level—including hobby farmers and those who keep a few horses or a backyard

flock. The message for them is: Please, register your premises and let your state know you're there. Then, if there's an outbreak, we can find you quickly and easily. It's to your advantage to do this.

However, I think we should also admit that there are priorities for registering premises. In your state, if you decide you want to push hard to get commercial-size operations registered first, I respect and support that decision.

Some states may also choose to make participation mandatory. If you do, that's okay. That's your call, not mine.

I don't need to tell NASDA that state partnership is critical in making this voluntary system effective. You know that.

We are counting on you to reach out to farmers to promote the benefits of NAIS, to encourage them to participate and to register their premises. Many of you will also maintain animal tracking databases.

Premises Registration

Premises registration is the foundation for NAIS. Knowing where to find producers to notify them when problems arise is fundamental to the success of NAIS. Secretary Johanns has set a goal of having 25 percent of all premises registered by January 31, 2007—and the remainder by January 2009. Today we have some 307,000 premises registered—out of somewhere between 1.4 million and 2.1 million.

First, I want to say thank you for all that you've done to encourage premises registration in your state. And the second thing I want to say is: Don't stop now! We need to continue to emphasize the benefits of this voluntary program so that producers can see the value for the industry and the value for their own operations.

Producers also need to understand that tracking specific animals or groups is fast becoming essential to our ability to compete in the international marketplace. A number of countries, including Australia and Canada, are aggressively marketing their identification capabilities to give their exports a competitive edge. We want to be on the same footing so that our producers share that advantage.

Both USDA and state departments of agriculture have invested a great deal of time, effort and funds to get NAIS up and running, and we should have all the parts

in place early next year. But even as we're getting tags approved and linking databases, we need to keep pressing forward on premises registration.

Confidentiality

A number of producers have raised concerns about confidentiality. I've received letters, some of which have come from you all on this issue. NAIS has been set up specifically to protect private business information, including names and addresses of producers.

That's why Secretary Johanns has directed that information about animal movements be held in private and state databases. He said specifically, "Animal movement information registered in the private animal tracking database is private. It should not be a USDA record. That information cannot be released by USDA because we don't own it, and we don't control it, nor should we."

That means other federal agencies can't get the information, activist groups can't get it and individuals can't get it. As the Secretary made clear, this information is simply not available from the NAIS.

We need to lay this concern to rest. And we're finalizing a comprehensive document that spells out this out and provides clarity to questions about confidentiality. That document will help you—and us—respond to these and other questions.

Further, I want you to know that when issues come to my desk for decision, I will evaluate each and every question on the basis of whether it is likely to make NAIS more successful and whether it serves to preserve confidentiality and minimize costs.

I'm sure you'll keep these considerations in mind as you make similar decisions at the state level. And, to the extent that you have FOIA laws comparable to the federal statute, you'll want to ensure that you collect only as much information as needed and that vital business information remains in private hands to enhance confidentiality.

I know we still have work to do. But NAIS is a voluntary system that makes sense and that's going to make a difference when an outbreak occurs and we're able to locate animals in 48 hours instead of days or weeks—or not at all! I appreciate your continued partnership to make this voluntary program work.

Avian Influenza

I want to touch briefly on several other issues—let's start with avian influenza. As you know, USDA held a press conference in mid-August to discuss finding low-pathogenic H5N1 avian influenza strains in wild mute swans in Michigan. Since then, we've found similar low-pathogenic strains in wild ducks in both Maryland and Pennsylvania. We do not believe these viruses in wild bird populations represent a risk to human health.

While we need to make this information available to the public, we want to exercise caution in the way we share these findings to keep from unnecessarily alarming consumers or adversely affecting the export market. We've provided the information about the samples we've taken, even though there's little reason for concern, because of our commitment to transparency in the testing process.

I would encourage each of you also, as testing information becomes available in your states, to share it. But if the findings show low-pathogenicity virus—garden variety avian influenza—then I hope you will handle this in a measured fashion that puts the issue in the proper perspective.

LLRICE 601

Another issue that we've been following closely is LibertyLink Rice 601. This is the genetically engineered strain that Bayer CropScience found earlier this year in the commercial market—even though it had not been deregulated. As you know, USDA deregulated two similar rice lines in 1999, and we announced a month ago on August 18 that there were no human health, food safety or environmental concerns associated with this rice.

Secretary Johanns has been personally involved in this issue since Bayer notified USDA about LLRICE 601. We have teams in three different agencies working on this matter, plus ag attaches at our embassies abroad working hard to keep the markets open.

GIPSA has verified two analytical methods to detect this rice strain and has been officially sampling rice shipments. APHIS is working on the regulatory side—publishing a proposal to de-regulate this strain and, along with the Office of the Investigator General, is conducting a vigorous investigation on how this strain moved from test fields into production. Depending on the results of the investigation, Bayer may need to take corrective action and pay civil penalties.

Chronic Wasting Disease

On September 8, we announced that we're delaying implementation of the chronic wasting disease final rule. Originally this rule, designed to help eliminate the disease from farmed and captive deer, elk and moose, was scheduled to take effect October 19.

We're going to review several petitions from states for reconsideration of several requirements of the rule. So we're delaying implementation. We'll publish a *Federal Register* notice shortly to share the details of the petitions and seek public comment.

Specialty Crop Block Grant Program

Turning to another issue, I'll just note that the final rule for the Specialty Crop Block Grant Program was published in the September 11 *Federal Register*. We'll be looking grant applications from you for projects that enhance the competitiveness of fruits, vegetables, tree nuts, dried fruits and nursery crops.

In addition, on September 8, Secretary Johanns awarded 20 grants totaling \$900,000 to establish and encourage farmers' markets and roadside stands under the new Farmers Market Promotion Program.

2007 Farm Bill

Let's talk for a few minutes about the farm bill and farm policy. I understand the next farm bill is a primary focus for this meeting.

To be honest, there are those who'd just like to see the current farm bill extended. That's what some farmers told us during the 52 listening sessions we held last year on a new farm bill.

But other producers are looking for something different. They are ready for change.

I think Secretary Johanns makes a strong case that the expiration of the 2002 farm bill next year offers us an excellent opportunity to reform U.S. farm policy. And we need to take advantage of that.

The Secretary has said we need a farm policy that is equitable, predictable and beyond challenge in the world trade community. Under our current policy, five crops, which account for 21 percent of our cash receipts in agriculture, receive 93 percent of our subsidy payments. So those who grow soybeans, rice, wheat, cotton or corn receive support—including highly sophisticated commercial farms that take in more than half the support dollars.

But the 60 percent of farmers who don't raise program crops are left out. Yet the value of specialty crops now equals the value of program crops. You don't have to know anything about farm policy to see the inequity here. At the same time, specialty crop producers are telling us that where they'd like help is with research, sanitary/phytosanitary issues and market promotion—investments that will foster their success in the marketplace.

Of course, the other problem with our program support system is the international market. If the Doha talks are re-started, we're committed to reducing trade-distorting domestic support in U.S. agriculture by 53 percent. We can't make substantial reductions like that without reforming our current farm programs.

I might add that before we put the U.S. proposal on the table for the Doha round, we checked with Congress and producer groups—and got their support. That's because at \$68 billion, exports represent about one-quarter of farm cash receipts. The international marketplace is critical to our producers.

However, even if we are unable to move forward on the Doha negotiations, we still face challenges under current WTO rules. Brazil has indicated it plans to challenge our marketing loan program and our countercyclical payments programs that are common to all five program crops. Further, Uruguay has expressed concern about rice, and several African countries continue to raise concerns about cotton.

Secretary Johanns has said we have two choices:

1. We can allow the future of American agriculture to be driven by WTO litigation that dismantles programs piece by piece, **OR**
2. We can grab hold of these issues and craft farm policy with vision and foresight that provides a true safety net for our farmers that's broader than subsidies.

Federal investment in agriculture is wise. It's worthwhile policy. But how we invest is enormously important. We need to have a farm policy that's pro-trade and pro-growth. And the policy must be fiscally responsible.

Conclusion

This is an exciting time to be part of American agriculture. I'm looking forward to working with NASDA and individual state departments of agriculture in my new capacity. I hope you will share your thoughts and recommendations with me as we work in partnership to serve America's farmers and ranchers.