

Red River Farm Network

December 16, 2013

Don Wick with Secretary of Agriculture Tom Vilsack

Note: This is an unofficial transcript of a *Red River Farm Network* interview.



Keith Good
FarmPolicy.com, Inc.
Champaign, IL
www.FarmPolicy.com

Mr. Don Wick: Just taking a look, first of all, at the schedule itself, it's pretty apparent that the full conference committee won't be meeting on the farm bill until we get into the new year. What are your thoughts on the timetable where we sit right now?

Sec. Vilsack: Well, Don, I've sort of likened it to I'm like a groom at the altar waiting for the bride to walk down the aisle. I think she's in the church, but I haven't seen her walk down the aisle yet. I'm hopeful that work that can be done by the conferee leadership this week can give us a clear signal that the major issues have been resolved between the conferees and that we're in a position to have very active work done on finalizing the farm bill the first part of January.

We need so much of what we can get from a new farm bill. I'm going to China this week. We are not in a position today to be aggressive in terms of trade promotion because those trade promotion programs that we operate at USDA are sort of stalled because we don't have authority without a farm bill. That's just one classic example of why it's important to get this farm bill done so that we can go back into the business of really promoting American agriculture and making sure that we're selling as much overseas as possible.

Mr. Wick: Has the Ag Committee leadership been communicating with you throughout the process?

Sec. Vilsack: They have, and we've had good ongoing conversation and communication, specifically with the leaders. Chairman Lucas and Chairwoman Stabenow, we've been in constant contact and our staffs have been in daily contact. We've attempted to provide technical information, advice, ideas and creative thoughts about how differences can be bridged, and both the House and the Senate conferee leadership have been receptive to ideas and thoughts that we

have, so the communication's been good. We just simply want them to pick up the pace and get this done.

Mr. Wick: What about the threat of permanent law? What happens as we get into the new year? Will permanent law be implemented?

Sec. Vilsack: Well, obviously if we are seeing signs that these negotiations are continuing in good faith and are geared towards getting resolution and getting a farm bill quickly in January, we won't have to worry about the imposition of permanent law. But if, for whatever reason, Congress decides that it can't or won't get a farm bill done, as it has in the past, and that becomes evident, then obviously as time goes on we will be compelled by law to institute permanent law.

It's not anything anybody wants us to do, and it's certainly not something that I want to have happen, but it is the law, and if we can't get a farm bill done then what could potentially happen is we go in the market, USDA, we begin buying up commodities at very highly inflated prices. That creates a scarcity in the grocery stores and higher prices for consumers. None of us want that, and the best way to avoid it, obviously, is for Congress to finish its working getting this farm bill done.

Mr. Wick: Passing the farm bill certainly is one aspect, but implementation is another. With this late date, how does that impact the implementation process for a new farm bill?

Sec. Vilsack: Well, the longer it goes the more difficult it will be for us to provide help and assistance and direction immediately for 2014. But I have instructed my team at USDA, under the leadership of the Deputy Secretary, to begin—already, even before the passage of a farm bill, we have a sense, a good idea of what likely could be in most of the titles, so we are already now beginning to make a list of rules and regulations that may have to be tweaked or changed or produced. We're going to prioritize them. We're going to have teams in place to begin implementation immediately, and we're going to know what work we have to do first, and in what order we have to do it. We're going to have timelines and there's going to be a great deal of accountability demanded of folks at USDA.

Now we're dealing with reduced staff because of tighter budgets and reduced budgets, but we are going to be better organized, and hopefully, as a result of that better organization, we'll still be able to get the assistance and the work done in a timely way. But obviously the longer Congress delays the more difficult it becomes to have a positive impact on 2014.

Mr. Wick: Reading the tea leaves from Ranking Member Collin Peterson, it seems like the dairy title would include some type of supply management. How do you see that being addressed as we move forward?

Sec. Vilsack: You know, dairy's really important. It's an important trade issue, if I might just point that out, as we move to China. We just got a dairy export certification from China which should include new opportunities for trade. New trade agreements that were being negotiated could potentially open up opportunities for dairy.

But at the end of the day it's a very volatile market. It's a market that, because of its volatility, we've lost far too many dairy producers in the last ten years, and there needs to be something done to stabilize pricing so that folks have a capacity to get through a tough year and have the ability to rebound.

Rep. Peterson has worked extremely hard to establish a program that would create greater stability, a broader price band, less volatility. He's also been conscious of the fact that any program of that kind needs to be fiscally responsible, and he's put in place safeguards that the budget doesn't get broken and it doesn't get over spent as a result.

That's raised some concerns on the part of the Speaker specifically, Speaker of the House John Boehner. And we've got to work through those concerns. That may be one of the last issues that ultimately gets resolved, but it will have to get resolved. We've got to improve the dairy situation. And I'm sure that Rep. Peterson is working on it every day.

Mr. Wick: No doubt. Mr. Secretary, what about, going back, will there be some help for some of those cattle producers that dealt with that October blizzard or the drought before that?

Sec. Vilsack: You know, Don, one of the biggest frustrations I have about the lack of action on the farm bill is the fact that we had a wonderful disaster assistance program for livestock producers that was effective and functioning in 2010, 2011, and because of the way in which the 2008 Farm Bill was structured, those programs expired. They were not resumed, they were not continued, they were not expanded by Congress.

And so we've gone through the most difficult drought we've seen in 80 years, we've gone through a snowstorm that was just absolutely devastating to producers, and I'm left with not much, if anything, I can do in a very meaningful way to help those folks through a very difficult time. And the reality is that many producers right now are very, very stressed. It would be nice to have a farm bill because that farm bill will restore those livestock programs. It will allow us to retroactively apply them to disasters that occurred in 2012 and 2013 and it might just save operations from having going out of business.

But again the delay, every day is more meaningful, if I can say, to those livestock producers than just about any other producer. We need the certainty of farm programs, for sure, for all producers, but these folks have really been hit hard. And it would be nice if we could, the first part of January, get this bill done so we could get those livestock programs back in business and provide them a little help,

maybe keep them in business and have them take advantage of what we're now seeing to be strong export market opportunities and good prices.

Mr. Wick: You mentioned the trip to China. Can you outline what's on the agenda for this particular trip?

Sec. Vilsack: This is an annual visit that we have with the Chinese under the banner of the Joint Commission on Commerce and Trade. I'm part of a three person leadership delegation. The Secretary of Commerce, Penny Pritzker, and the trade ambassador, Ambassador Froman, are basically the leads, and agriculture is part of these conversations.

I look forward to meeting with my Chinese counterparts to discuss a couple of issues that we've been discussing for quite some time—greater access to China's market for our beef producers, ways in which we can better synchronize our regulatory processes so that biotechnology and the new opportunities that it can create can benefit not just our producers, but also Chinese producers. We have an issue right now that's quite serious and of deep concern to me that the Chinese are taking an extraordinary amount of time to make regulatory decisions, and as a result there's uncertainty, particularly in the corn market, that we need to address. And there are issues involving fruit and vegetables that also, I think, are critical to get resolved so that markets are more accessible and more open.

These are always tough negotiations. The Chinese are not easy to negotiate with, but they are our number one customer right now, and have been for the last couple years, and they are a principal reason why we've experienced the five best years in agricultural trade in the history of the country and why we had a record last year, and hope to have a very, very good year this year.

Mr. Wick: You mentioned the biotech issue, and we all know that they've rejected a number of corn shipments from the U.S. because of an unapproved biotech trait. There's a lot of skepticism in the trade that that may be because the market price has changed considerably since when they originally made that purchase. Do you see that as—that skepticism, does that have any validity?

Sec. Vilsack: Well, I'll have a better understanding after I see folks eye-to-eye and they have to explain why the sudden change. The reality is that the agricultural event, the biotechnology event that's in question has been on the books, if you will, and before the regulators for almost two years. They've had plenty of time to basically okay this particular event. Argentina and Brazil have also been engaged in growing this and using this technology. It's been approved in the United States for some time. So this is not a new issue. It's not an issue that should catch anybody by surprise. But it is causing a lot of concern.

And that gets back to the whole important aspect of trade. One is that we have trading partners who understand the need to abide by science and the rules-based system that has been put in place. That's why the enforcement mechanism that the trade representative's office has is an important message to send for our

trading partners, that we have an agreement, we've got to comply with it. And then secondly, we've got to continue to be aggressive. We can't just simply rely on China. We have to go out and market to the rest of the world as well.

But to do that we have to have the marketing programs that are so critical to our trade agenda, and we can't have those unless we have a farm bill, because those programs have expired. So it just always gets back to the need for Congress to finish its job and for us to convey to the Chinese that we are going to be aggressive in marketing our products and that we're going to take full advantage of new technologies, and it's in their best interests to do so as well.

Mr. Wick: No doubt. Certainly the EPA has the comment period open for the change in the Renewable Fuel Standard. Is your department getting a lot of feedback from the ag community on this as well?

Sec. Vilsack: Well, obviously the ag community is split on this issue. Unfortunately, it doesn't speak with a single voice about this issue. Obviously commodity—grain and soybean producers feel very strongly about the RFS. The livestock producers feel less so.

My view about this is that in terms of what I can control—I cannot control a decision of a sister agency. We can obviously have input and have had input. But what I can control is taking a look at what one of the critical issues is, and that is that big oil has made it somewhat difficult for higher blends of ethanol to be available to consumers who could use higher blends in flexible fuel vehicles.

We have eight to ten million vehicles out on the road that could use up to E85, but the reality is that most of those owners of those cars, if they're in someplace other than the Midwest, would have a very hard, hard time finding E85 stations. So I think our challenge at USDA is to use our tools to try to encourage wider distribution of the dispensing systems, the gas pumps, that would make E85 and higher blends more readily available, because if you do that, the whole notion of the blend wall becomes a non-issue.

At the same time we're also taking a look at ways in which we can help this industry by working with the Defense Department to encourage the Defense Department, a huge purchaser of biofuel, or of fuel, rather, to purchase more biofuel. We recently announced a new opportunity with the Navy.

We're going to have an industry day on January 30th here at USDA to encourage, potentially, the sale of hundreds of millions of gallons of biofuel for jet and marine fuel use. It opens up a new market opportunity and it sort of collaborates with and coordinates with our efforts with the Navy and the Department of Energy to produce a new drop-in aviation and marine fuel. And that works with our farm to fleet and our farm to fly program with commercial aviation.

So we're looking for ways in which we can enhance market opportunities, we can enhance distribution, we can encourage car manufacturers to embrace the

component part that would make it easier for these cars to utilize higher blends, and then the issue with the blend wall becomes less of an issue. But right now, obviously, it's a concern that folks are expressing to EPA, and we'll see what they do.

Mr. Wick: Mr. Secretary, you've been very generous with your time. We wish you safe travels and a good Christmas season, too.

Sec. Vilsack: Likewise, Don, to you and your listeners.

[End of recording.]