

AgriTalk

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Mike Adams with Secretary of Agriculture Tom Vilsack

Note: This is an unofficial transcript of an *AgriTalk* interview.



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Mr. Adams: Welcome back. We're happy to have with us for his first visit of 2015, first of what we hope will be many visits throughout this year, Ag Secretary Tom Vilsack. Mr. Secretary, thanks for joining us. Happy New Year.

Sec. Vilsack: Mike, happy New Year, and happy New Year to all of your listeners.

Mr. Adams: Well, we look forward to another busy year. [Let's start off] with a decision you made at the end of 2014, and that was to halt your plans for a second beef checkoff. Why did you come to that decision?

Sec. Vilsack: Well, Mike, it was fairly obvious that the industry was not interested in having a second checkoff, and obviously the only reason we proposed it was because I believe, and I think most in the industry believe, that we need additional resources for promotion and research in the beef industry. This is an industry that faces some interesting challenges at home, and some great opportunities abroad, and there is an opportunity, I think, with increasing the checkoff and increasing investment in the checkoff, to do more research and more promotion and more marketing.

But the industry made the decision that they were not interested in a second checkoff, and they have been unable to reach consensus on how to increase the existing checkoff, so when the writing is on the wall, you basically have to pay attention to the attitude of the folks you're trying to serve. And it's an unfortunate circumstance. My hope is that the industry will take an opportunity now to reach consensus, to figure out a way to strengthen the beef checkoff program.

Mr. Adams: Did you feel betrayed or abandoned in any way? I mean, you were kind of responding to what was happening, or not happening, on the beef checkoff, made the move, and then it seems like you didn't get any support once you'd made that move.

Sec. Vilsack: Well, that happens. No, I... I would say that if I have a feeling, it's just I'm puzzled by this because it seems as if there is a possibility of getting upwards of 80 million additional dollars into promotion and research at a time when it's sorely needed. And what's preventing it is the conversation that takes place in a lot...in agriculture many, many times between large producers and small producers about precisely how resources are allocated and how resources are spent. And, you know, the reality is that they both have opportunities here.

We will obviously want to continue promoting export markets. That's a key component to future health and wellbeing and stability in agriculture and in pricing. But we also have to recognize that the smaller producers may not be able to compete very effectively in that export market or in that large-scale commercial market, so we're trying to develop alternative markets for them, which are more local and more regional, more direct to consumer opportunities. That, too, requires research. That, too, requires promotion and marketing.

So it seems to me that the industry ought to be focused on creating the best of the opportunities outside the United States and making sure that you use the checkoff to build consensus and a cooperative spirit among beef producers, and hopefully that'll happen in 2015.

Mr. Adams: Talking with USDA Secretary Tom Vilsack. Along the lines of beef, not exports, but actually imports certainly in the news. The question is should you allow beef imports from countries like Argentina and Uruguay. Concerns over disease coming into this country. Tell us your thinking on this and why you think it's safe to allow beef in from those countries.

Sec. Vilsack: Well, first of all, it's not...the decision that's been made is a science-based decision, Mike, and if we basically go out around the world and talk about a science-based and rules-based system, we have to live by the same set of standards that we're asking others to live by. And we obviously have done a risk assessment of certain parts of those countries, not the total country, but certain areas of the country. We've approached it on a regional basis. And there are some areas that have little or no risk. And we have additional provisions and additional safeguards in terms of opportunities in the future.

Now, this is not yet a done deal because there's still an equivalency determination that has to be made by our food safety inspecting system. But if there is an equivalency determination, which is to say that the processes are equal to or better than what the U.S. does, and if it comes from an area where we've already done a risk assessment and find little or no risk, and that there are protections, then the science and the international rules basically say we have to open up our market opportunities, and then that allows us to go to other countries who are creating barriers to our beef products and be able to articulate and say very clearly we live by these rules and we think that—and we live by the science, and we think everyone should live by the rules and the science so that you have a much more objective system, rather than a subjective one.

And so I want to reassure people that we recognize the seriousness of this, which is why you do a risk assessment, which is why it's taken over a decade to get to this place, and why we have additional safeguards in place in terms of inspection and in terms of equivalency determinations before anything actually, in fact, happens.

Mr. Adams: Speaking of trading rules, of course the U.S. appealing the WTO ruling on country of origin [labeling]. Can you give us your thoughts on how you see this proceeding now, moving forward?

Sec. Vilsack: Well, I think it's important for people to understand that the Department of Agriculture is in a very difficult spot here. The United States Congress has directed us to create a labeling system that basically allows us to distinguish meat products that have been processed and produced and raised in the United States from those that have not. And the reality is the WTO, that we belong to, has essentially said if you require a segregation of animals so that you're able to comply with that labeling requirement, that creates a disadvantage and an unreasonable disadvantage, competitive disadvantage, for Mexican and Canadian producers. And so they have ruled that we, at this point in time, are in violation of WTO regulations.

Now, we're appealing that, and there's an opportunity, obviously, for us to make the case to an appeals board that the decisions that have been made up to this point are incorrect. If we win the appeal, then we can continue to proceed as in the past. If we lose the appeal, we have determined here at USDA that the only other recourse would be for Congress to change the law, either by repealing the law or by providing some sort of more generic label that would distinguish between products that are produced in North America.

Mr. Adams: So you feel at USDA you've done all you can do on this, it's up to Congress to make the changes now?

Sec. Vilsack: Right, Mike. We've tried twice to figure out a way to sort of walk the line between what Congress has directed us to do, which says we want a U.S. label, we want a product that has been raised, slaughtered and processed in the U.S., we want consumers to know that that's in fact happened.

But when you require that, you, by the very nature of that, require some segregation at the processing line and the production lines, if you will, between those animals that were raised, born and/or raised in Canada and Mexico from those that have been born, raised and slaughtered in the U.S. It requires a segregation. As soon as we require segregation, WTO comes in and says you can't do that. So we're placed in an impossible circumstance here. So one of two things has to happen: either we have to win the appeal or Congress has to change the law.

Mr. Adams: Let's talk a little bit about farm bill implementation. You made your first priority the livestock disaster portion of it. Some eyes have been opened and

some questions have been raised about the amount of money going through that program. How do you feel about that, and how do you see farm bill implementation as it continues on here early this year?

Sec. Vilsack: Well, I think people have to recognize that, indeed, farm bill implementation was, I think, the centerpiece of a year of action and innovation and partnership at USDA last year, starting with disaster assistance. Nearly 500,000 payments have been made, \$4.3 billion.

People have to recognize that this is not a one-year disaster payment system. This is a disaster program that has to make up for lost time. We had disasters in 2011, 2012, 2013 that basically make up those 500,000 payments and the \$4.3 billion. That's why you have a disaster program. You not only provide help and assistance to producers that have gone through a tough time, but you also [end up] having to come up with a separate disaster bill to which would be attached a whole series of unrelated activities that would cost taxpayers significantly more.

I'm proud of the work that we've done at USDA. We got the Dairy Margin Protection program up, and based on the most recent numbers that I've seen, nearly 50% of producers have signed in, and participating in that program either in 2014 or '15, which I think is a good signup, given prices as they were and are.

People are looking forward to the March 31 deadline for ARC and PLC signup. Our foundation is up and going, and Secretary Glickman has assured me that they're going to be active in 2015 with research opportunities. We're keying up to make announcements on our regional conservation partnership program. We're very pleased with the progress that's been made there. We're going to see, I think, significant leverage of dollars and additional conservation work to build on the record of conservation activities we've seen.

And we had a record year in trade. Glad to see trade promotion programs back in full swing. Every dollar we spend, Mike, on trade promotion generates \$35 of trade activity, so we obviously want to continue that.

Mr. Adams: Real quick, about a minute to go, your thoughts on the potential trade with Cuba.

Sec. Vilsack: It's a positive. Look, we do \$400 million worth of trade today with Cuba in agriculture in poultry and some of the bulk commodities. There's no question that the President's action removing barriers will make it a lot easier to do trade with Cuba. It's 90 miles away from our shores. It's a tremendous opportunity for American agriculture.

And frankly, it's a gateway to convincing the Cuban people that there's a better way to do things. I think when they see the great diversity, the affordability, the quality of what we raise agriculturally and then begin to see, potentially, other American made products be able to be available, they're going to start asking the question how can this possibly be, what can we do in our country to make Cuba

more like America. And I think that, long-term, is going to be better for the Cubans, and certainly better for us.

Mr. Adams: All right, so you're staying on in the job, you're sticking it out, right? No plans to leave?

Sec. Vilsack: [*Laughs.*] Well, every day is a gift, and I'm really focused on the present. I want to make sure that we continue to do the good work at USDA. You know, we're looking, Mike, at a longer-term as well in terms of USDA. We're focused, obviously, on the present, but there are some future challenges for agriculture in terms of water availability, and soil health, and climate, and beginning farmers and land tenure, and these are all issues that I think require some study, so we're going to be very active in 2015.

Mr. Adams: And we look forward to talking with you about those and many other issues often this year. Thank you, Mr. Secretary.

Sec. Vilsack: All right, Mike. Take care.

Mr. Adams: Take care. Secretary of Agriculture Tom Vilsack joining us on *AgriTalk*.

[*End of recording.*]