

MINUTES

TRADE FARM BILL WORKING GROUP

February 16, 2017

The Kentucky Farm Bureau Trade Farm Bill Working Group met on February 16, 2017 at the Kentucky Exposition Center, Louisville, Kentucky.

Attending the meeting were: Commissioner Ryan Quarles, Keith Rogers, John McCauley, Angela Blank, Tim Hughes, Kentucky Department of Agriculture; Eddie Melton, KFB 1st Vice President; Fritz Giesecke, KFB 2nd Vice President; Jamie Guffey, KY Poultry Federation; Bonnie Jolly, KY Pork Producers Association; Laura Knoth, KY Corn Growers Association and KY Small Grain Growers Association; Larry Thomas, KY Soybean Association; Katy Ross, KY Horse Council; Chauncey Morris, KY Thoroughbred Association; Kevin Jeffries, KY Association of Conservation Districts; Tony Brannon, Murray State University; Linda Brown, Western KY University; Dr. Will Snell, University of Kentucky; Warren Beeler and Steve Doan, Governor's Office of Agricultural Policy; and Joe Cain and Ed McQueen, Kentucky Farm Bureau Federation.

The meeting was called to order at 3:00 p.m. EST by Commissioner Ryan Quarles, Chair, who welcomed the attendees. He told the group how important international trade is to Kentucky and that KDA will be hiring an international trade intern with SUSTA grant funds to help KDA be more proactive in trade issues affecting Kentucky agriculture. Commissioner Quarles thanked Kentucky Farm Bureau and other ag groups for starting the Farm Bill discussion to develop consensus on the issues so that it can be clearly communicated to our Members of Congress.

Mr. McCauley, KDA, reviewed the programs that are included in Title III (Trade) of the 2014 Farm Bill. A summary document was distributed to attendees (attached). It was noted that some of these programs are not currently active. There was additional discussion about the Market Access Program (MAP) and the Foreign Market Development Program (FMDP) with consensus that these two programs are very important.

Mr. Keith Rogers, KDA, mentioned that international trade also requires a reliable river transportation system and the infrastructure supporting it. (Infrastructure is not a part of the Farm Bill legislation)

Commissioner Quarles and Mr. Rogers discussed programs and funding available through Southern U.S. Trade Association (SUSTA). KDA staff recently visited SUSTA headquarters to learn more about their programs with the goal of getting more SUSTA funds into Kentucky.

The group discussed the Export Credit Guarantee Program – how it works and the amount of annual funding available.

The group agreed that our priorities within the Trade Title should be: MAP, FMDP and Export Credit Guarantee Program. It was noted that MAP and FMDP work together.

Mr. Melton shared that AFBF would like to see the Under Secretary for Trade and Foreign Agricultural Affairs position be filled soon and the position be retained in the next Farm Bill. This position was established by the 2014 Farm Bill, but USDA Secretary Vilsack never filled it. The Under Secretary for Farm and Foreign Agricultural Service apparently handled those duties along with his own. Commissioner Quarles noted that this position is important as it would have a direct connection to the U.S. Trade Representative.

The next step is to develop a 1-2 page white paper covering the priorities identified today. Commissioner Quarles and his staff will draft this and circulate it by email to the Trade Working Group for feedback. If necessary, a conference call will be held to finalize the white paper which will be submitted to the larger KFB Farm Bill Working Group.

There being no further business, the meeting was adjourned.

Recorded by: Ed McQueen
Kentucky Farm Bureau

2014 Farm Bill/Title III (Trade)

Just a quick overview, the Agricultural Act of 2014, or what we call the 2014 Farm Bill has 12 titles (which are the different sections) in the Farm Bill. The various titles cover Commodities, Conservation, Trade, Nutrition, Credit, Rural Development, Research, Extension & Related Matters, Forestry, Energy, Specialty Crops & Horticulture, Crop Insurance, and Miscellaneous, which covers Beginning Farmers, Veterans, Outreach, Labor Safety and Workforce Development, and Livestock Health. The cost of the 2014 Farm Bill over its five (5) year life is approximately \$489 billion dollars. Today, I am going to cover highlights of Title III, which is the Trade title. Title III makes up less than ½ percent of the entire Farm Bill. The highest percentage of the Farm Bill covers Nutrition, Crop Insurance, Conservation, and Commodities, which make up 99 percent of the 2014 Farm Bill.

Title III is home to programs focused in international food aid and agricultural exports. The reforms of the 2014 Farm Bill deal with improving food aid quality, complying with WTO trade issues and avoiding disruptions in small foreign markets. There are nine separate programs that fall under Title III. They are as follows:

Food for Peace Act: This program consists of four titles that authorizes foreign food assistance. This program covers **Economic Assistance & Food Security** which allows developing countries and private entities to receive long-term, low-interest loans for their purchase of U.S. Agricultural Products to support specific projects. The **Emergency & Private Assistance**, allows for the donation of U.S. agricultural commodities to meet emergency and non-emergency food needs. The Food for Peace Act of 1966 created the basic structure of these programs along with Title III but have been inactive since 2002.

Food for Progress Program: Provides commodities to support countries that have made commitments to expand free enterprise and strengthen their agricultural economies. This program is administered by USDA's Foreign Agricultural Service. The Commodity Credit Corporation carries out the sale and export of U.S agricultural commodities on a credit or grant basis. This program was created under the Food for Progress Act of 1985.

McGovern-Dole International Food for Education and Child Nutrition Program: This makes U.S. agricultural commodities as well as financial and technical assistance available to carry out food for education and child nutrition programs in foreign countries. This program is administered by USDA's Foreign Agricultural Service. This program is to receive such funds as necessary and was created in the 2002 Farm Bill.

Local and Regional Procurement Program (LRP): The purpose of this program is for local and regional procurement of commodities for food for vulnerable populations. This program is also administered by USDA's Foreign Agricultural Service. \$80 million is to be appropriated annually through Federal FY2018. This was created as a pilot program in the 2008 Farm Bill.

Export Credit Guarantee Program: This guarantees that credit be made available to finance commercial export sales of agricultural commodities. The Secretary of Agriculture is called

upon to implement this program to meet such terms as agreed upon between the United States and Brazil in the WTO cotton case. 45.5 billion is to be made available annually until federal FY 2018. Administered also by FAS.

Market Access Program (MAP): Provides funding for export market development for U.S. agricultural commodities (generic & branded) by eligible trade organizations, as well as market development for organically-produced products. This is considered a WTO “Green Box” program. This program is administered by FAS and funding is appropriated at \$200 million annually through federal FY 2008. This program was created in the 1996 farm Bill.

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Foreign Market Development Program (FMDDP): This authorizes the USDA to establish and carry out a program to maintain and develop foreign agricultural markets for bulk generic U.S. agricultural commodities and products. This program as well is administered by FAS. 34.5 million is to be made available annually through federal FY 2018. The FMDDP was created in 1955.

Emerging Markets Program (EMP): Is to assist U.S organizations in the promotion of U.S. agricultural exports to countries that have or are to developing market oriented economies and have the potential to be viable commercial markets. This program is funded at \$10 million annually through federal FY 2018. It is administered by FAS.

Technical Assistance for Specialty Crops (TASC): Allows the USDA to address barriers prohibiting or threatening exports of U.S. specialty crops (all cultivated plants except for wheat, feed grains, oil seeds, cotton, rice, peanuts, sugar, and tobacco). This program is administered by FAS and is funded \$9 million annually through federal FY 2018.