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ROLL NUMBER

DESCRIPTION

4026

2001 SENATE AGRICULTURE

SCR 4026

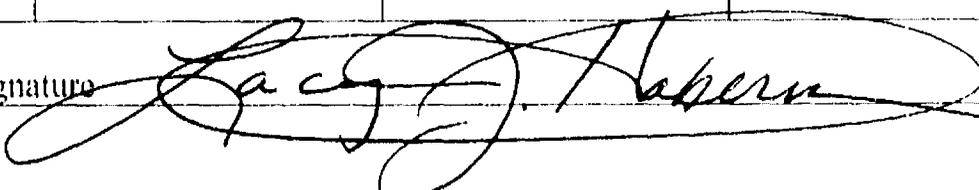
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. SCR 4026

Senate Agriculture Committee

Conference Committee

Hearing Date February 15, 2001

Tape Number	Side A	Side B	Meter #
Feb. 15 1		X	0.0 - 25.2
Feb. 21 1	X		0.0 - 10.0
Committee Clerk Signature 			

Minutes:

SENATOR KRAUTER; Sponsor, introduced the resolution to the committee. See attached information.

SENATOR WANZEK; Do you think the facts that are listed are direct the result of freedom to farm?

SENATOR KRAUTER; Yes, we've had changes. The overproduction and low commodity prices have made things harder for producers in North Dakota and producers in the mid-western states. If we wouldn't have the payments that we have received in the last 3 years (disaster payments) a lot of producers in North Dakota would be in a negative cash flow environment. It is directly related to the current farm policy we have and we need to make some changes. The changes we need to make are changing loan rates and make a level playing field in the trade and equity that we have in global markets.

SENATOR WANZEK; What are the benefits?

SENATOR KRAUTER; The flexibility is great. We need to have a level playing field of loan rates and do a better job competing globally, dollar for dollar in exports.

ARDEN HANER; testified in support of this bill. More of our farm products need to be used for fuels, biodiesel.

ERIC OSMUNDSTEAD; ND Farm Bureau, testified in support of this resolution. We were promised many thing with the fair act which some have not happened. They need to be worked on.

SENATOR NICHOLS; Could you discuss what you mean with regard to the trade issue?

ERIC OSMUNDSTEAD; We support of export inhansment, we think it should be used at higher levels. We have to move our products and we have to sell what we produce.

LANCE HAGEN; ND Grain Growers Assoc., testified in support of this resolution. We indorsed the FITE Plan that Senator Conrad has proposed, we agreed with the resolution. This is a concurrent resolution urging Congress to address the flaws that are in the current freedom to farm legislation. ND Grain Growers have our own plan that was adapted to the current freedom to farm laws. We have worked with Senator Dorgan on the increase in the loan rates. We do have to do something with wheat and his current proposal, that we strongly support. We support the concept of the resolution.

SENATOR HEITKAMP; Sponsor, testified in support of this resolution.

The hearing was closed.

February 21, 2001

Discussion was held.

SENATOR URLACHER moved the amendments.

SENATOR KLEIN seconded the motion.

Page 3
Senate Agriculture Committee
Bill/Resolution Number SCR 4026
Hearing Date ~~February 15, 2001~~

2-21-01

Discussion was held.

Roll call vote: 3 Yeas, 2 No, 1 Absent and Not voting.

SENATOR URLACHER moved for a DC PASS AS AMENDED.

SENATOR KLEIN seconded the motion.

Roll call vote: 5 Yeas, 0 No, 1 Absent and Not voting.

PROPOSED AMENDMENTS TO SENATE CONCURRENT RESOLUTION NO. 4026

Page 1, line 1, replace "address the flaws in the current freedom to farm" with "carefully examine United States agricultural policy with a view to addressing trade and export enhancement issues, adequate loan rates for all commodities, and any other issues or provisions that would restore income protection and prosperity for this country's farmers"

Page 1, remove lines 2 through 4

Page 1, line 5, remove "loan rate formulas of the current freedom to farm legislation"

Page 1, after line 7, insert:

"**WHEREAS**, the prices received by farmers for their commodities are often lower than the actual cost of production; and"

Page 1, replace lines 17 and 18 with:

"**WHEREAS**, the European Union assists its farmers through high-support prices and generous direct payments, which result in prosperous rural areas and a vibrant agricultural economy; and

WHEREAS, this country's agricultural policy frequently fails to provide adequate protection from market downturns;"

Page 1, replace lines 22 through 24 with "carefully examine United States agricultural policy with a view to addressing trade and export enhancement issues, adequate loan rates for all commodities, and any other issues or provisions that would restore income protection and prosperity for this country's farmers"

Page 2, remove line 1

Page 2, line 2, remove "farm legislation"

Re-number accordingly

REPORT OF STANDING COMMITTEE

SCR 4026: Agriculture Committee (Sen. Wanzek, Chairman) recommends
AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS**
(5 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SCR 4026 was placed on the
Sixth order on the calendar.

Page 1, line 1, replace "address the flaws in the current freedom to farm" with "carefully examine United States agricultural policy with a view to addressing trade and export enhancement issues, adequate loan rates for all commodities, and any other issues or provisions that would restore income protection and prosperity for this country's farmers"

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Page 2, line 2, remove "farm legislation"

Renumber accordingly

2001 HOUSE AGRICULTURE

SCR 4026

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HCR 4026

House Agriculture Committee

Conference Committee

Hearing Date 3--15--01

Tape Number	Side A	Side B	Meter #
TWO	A		3457 TO 4465
Committee Clerk Signature <i>Edward J. Flynn</i>			

Minutes:

CHAIRMAN NICHOLAS: WE WILL OPEN ON HCR 4026.

SENATOR KRAUTER: The issues in this bill are about two things in our current farm policy that have to be addressed. Number one is trade and number two is loan rate program that we have in the US. Please see the statistics in the Resolution.

ALLEN ROBERTS: CORN GROWERS. THE ONLY WAY WE CAN SURVIVE IS THE LOAN RATE. DO PASS. INCREASE LOAN RATE. WE HAVE MORE COMPETITION

MARK SITZ ND. FARMERS UNION: We need a safety net. DO PASS

REPRESENTATIVE LLOYD: Export enhancement. We are not pursuing what we already have in place.

MARK SITZ: The amount of money that the European Union puts towards export subsidies. They spend upwards of 10 times what we would have available in export enhancements.

USDA did not think it was wise move to go and start a trade war.

Page 2

House Agriculture Committee

Bill/Resolution Number SCR 4026

Hearing Date 3--15--01

CHAIRMAN NICHOLAS: ANY OTHER QUESTION. ANYONE ELSE WISHING TO PRESENT TESTIMONY ON THIS RESOLUTION? O.K. THE HOUSE WILL ENTERTAIN A MOTION ON SCR 4026. REP. MUELLER MOVED FOR A DO PASS AND REP. KOPPANG SECONDED. THERE WERE 15 YES.....0.....NO.....0 ABSENT..... REPRESENTATIVE JOHNSON WILL CARRY THE RESOLUTION. WE WILL CLOSE ON SCR 4026

3-1-01

Date:
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO.

House AGRICULTURE SIR 4 Committee

Subcommittee on _____

or

Conference Committee

Legislative Council Amendment Number _____

Action Taken _____

Motion Made By Murphy Seconded By Johnson

Representatives	Yes	No	Representatives	Yes	No
Eugene Nicholas, Chairman	✓		Rod Froelich	✓	
Dennis E. Johnson - Vice Chairman	✓		Doug Lemieux	✓	
Rick Berg	✓		Philip Mueller	✓	
Michael Brandenburg	✓		Kenton Onstad	✓	
Joyce Kingsbury	✓		Sally M. Slandvig	✓	
Myron Koppang	✓		Dennis J. Renner	✓	
Edward H. Lloyd	✓		Dwight Wrangham	✓	
Bill Pietsch	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Fusion

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE (410)
March 15, 2001 12:25 p.m.

Module No: HR-45-5704
Carrier: D. Johnson
Insert LC: . Title: .

REPORT OF STANDING COMMITTEE

SCR 4026: Agriculture Committee (Rep. Nicholas, Chairman) recommends DO PASS and BE PLACED ON THE CONSENT CALENDAR (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). SCR 4026 was placed on the Tenth order on the calendar.

2001 TESTIMONY

SCR 4026

Senator Byron L. Dorgan's

Family Agriculture Recovery & Market Equity Act of 2001

"FARM EQUITY" Act of 2001

For the 2001 & 2002 Crop Year, The "FARM Equity" Act would:

- **Equalize the Marketing Loan rate for commodities relative to the current soybean rates.** wheat - \$3.14; corn - \$2.09; soybeans (unchanged) - \$5.26; cotton - \$58.26/cwt.; rice - \$7.81/cwt.;
- base other feed grain loan rates on their own price history rather than based off the corn rate. barley - \$2.01 oats - \$1.27; grain sorghum - \$1.89
- base other oil seed rates off their own price history rather than the soybean loan rate. oil sunflower - \$.0930/lb.; confection sunflower - \$.1176/lb.; canola - \$.0945/lb.; safflower - \$.1259/lb
- would place a floor under all commodity loan rates, not just soybean, cotton and rice loan rates.
- would remove the cap on all commodity loan rates and allow them to increase if the most recent five year Olympic Average of prices of a commodity increases to a level that warrants such an increase.
- would remove the incentive to continue the obvious current prevalent practice of planting for the commodity loan rate, and thus the overproduction of commodities (oilseeds) that have significantly higher loan rates relative to the actual historical market price ratios.
- keep AMTA payments in place, along with all present payment limitations.
- enable farmers to practice agronomically sound rotations rather than planting for the government loan.
- would place all commodities on a level playing field with regards to loan rates prior to the debate about the next farm bill.
- would add dry peas, lentils, chickpeas and rye to the list of crops eligible for Marketing Assistance Loans, increasing the rotational choices for farmers in the Pacific Northwest.

How Were The New Loan Prices Arrived At?

- The 1994 - 1998 Olympic Average price for a bushel of soybeans is \$6.22... as determined by USDA. The present Freedom TO Farm loan level for soybeans is \$5.26. This is 84.57% of the 94-98 Oly price average.

- The loan prices for the other crops listed in the FARM Equity Act were derived by taking the soybean factor - 84.57% - against the other crops' 94-98 Olympic Price averages.
- Oil Sunflowers and Flaxseed were left at the present \$.0930 per lb. since applying the factor against their Olympic Price averages would have lowered their loan rate - an occurrence that no farm advocate wants for any crop during these hard times down on the farm.
- The "94-98" time frame was used, since the seeding distortions and subsequent price distortions caused by Freedom to Farm's disparate loan rates had not yet infected the moving 5 yr. average.

Find below the loan levels:

Marketing Loan Rates were determined by their price history during the years 1994 through 1998

Crop	F2F Loan Rates	"94-98" Olympic Price Average	Equalized Loans	Per Cent of Historical Olympic Average
Wheat	\$2.58	\$3.71	\$3.14	84.57%
Corn (bus)	\$1.89	\$2.47	\$2.09	84.57%
Grain Sorghum (bus)	\$1.71	\$2.23	\$1.89	84.57%
Barley (bus)	\$1.61	\$2.38	\$2.01	84.57%
Oats (bus)	\$1.16	\$1.50	\$1.27	84.57%
Upland Cotton (lb)	\$0.5192	\$0.6883	\$0.5826	84.57%
EL Staple Cotton (lb)	\$0.7965	\$1.0360	\$0.8761	84.57%
Rice (cwt)	\$6.50	\$9.23	\$7.81	84.57%
Soybeans (bus)	\$5.26	\$6.22	\$5.26	84.57%
Oil Sunflower (lb)	\$0.0930	\$0.1060	\$0.0930	87.74%
Nonoil Sunflower(lb)	\$0.0930	\$0.1390	\$0.1176	84.57%
Canola (lb)	\$0.0930	\$0.1117	\$0.0945	84.57%
Rapeseed (lb)	\$0.0930	\$0.1183	\$0.1001	84.57%
Safflower (lb)	\$0.0930	\$0.1487	\$0.1259	84.57%
Mustard Seed (lb)	\$0.0930	\$0.1390	\$0.1176	84.57%
Flaxseed (lb)	\$0.0930	\$0.0963	\$0.0930	96.57%
Rye (bus)	Not Available		\$2.80	
Dry Peas (cwt)	Not Available		\$7.00	
Lentils (cwt)	Not Available		\$12.00	
Chickpeas (cwt)	Not Available		\$15.00	

Organizations Supporting

FITE

Farm Leaders Weigh in on

FITE

Farm Income & Trade Equity

North Dakota Farmers Union

North Dakota Grain Growers

North Dakota Wheat Commission

North Dakota Commission on the Future of Agriculture

Independent Community Bankers Association of North Dakota

U.S. Durum Growers Association

North Dakota Soybean Growers Association

North Dakota Barley Council

National Farmers Organization

Milk Producers Association of North Dakota

Farm Verified Organic

North Dakota Bankers Association

North Dakota Rural Development Council

Midwestern Legislative Conference, Council of State Governments

Dakota Resource Council

North Dakota School Board Association

North Dakota Association of Rural Electric Cooperatives

North Dakota Association of Telephone Cooperatives

"Senator Conrad's FITE legislation guarantees direct income to producers and levels the global playing field."

ROBERT CARLSON, PRESIDENT
NORTH DAKOTA FARMERS UNION

"Finally, farm legislation that works for farm families and communities... our producers support FITE."

ROBERT J. HANS, NORTH DAKOTA
COMMISSIONER OF AGRICULTURE



Senator Kent Conrad has met with farmers, ranchers, and farm groups to discuss the FITE legislation.

Let Senator Conrad know how you feel about FITE:

The Honorable Senator Kent Conrad
530 Hart Senate Office Building
Washington DC 20510

1-800-223-4457

Visit my web site

<http://www.senate.gov/~conrad>

Rural America is facing a farm crisis of staggering proportions. A way of life for thousands of farm families and rural communities is dying. Current programs fail to provide adequate protection from market downturns. The need for fundamental farm policy reform is abundantly clear.

Senator Kent Conrad believes we should take a lesson from other countries who strongly support their farmers and their rural communities. With the support of the farm community, he has proposed the "Farm Income and Trade Equity Act" (FITE). The goal is a national farm policy that keeps America's farm communities strong and allows U.S. farmers to compete in world markets.

Farm Income & Trade Equity

American Farmers In Crisis

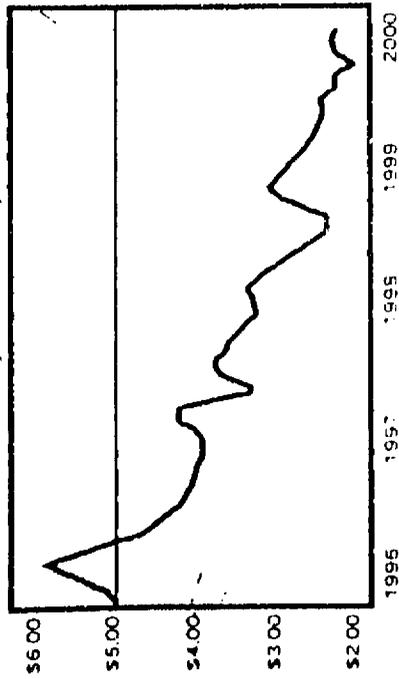
The agricultural economy has been battered. Crop prices are the lowest they have been in more than 50 years. Too often, the prices farmers receive for their crops are lower than the cost of production. We need long term farm policy that protects farmers from collapsed prices.

International farm policy negotiations have "become the commercial equivalent of an arms race. The United States should resolve to win." These negotiations "proved Conrad right."

BISMARCK TRIBUNE, DECEMBER 12, 1999

Wheat Prices Received by Farmers

Source: United States Department of Agriculture and National Agricultural Statistics Service



Increases Farm Income

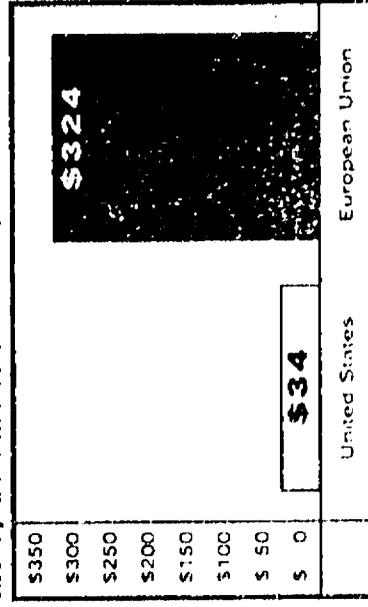
The European Union (EU) assists farmers with high support prices and generous direct payments. As a result, the EU has a prosperous rural countryside, a vibrant agricultural economy and a strong export position.

Compared to current law, Senator Conrad's FITE Act would offer farmers higher marketing loan rates and greater direct payments, significantly increasing farm income and helping farmers withstand market downturns.

EU Outspent U.S. in Agricultural Support

PSEs per acre 1996-98 avg (U.S.\$)

Source: Organization for Economic Cooperation and Development (OECD)



FITE facts:

- > FITE is an alternative to the current 1996 Freedom to Farm Act. Farmers can choose to use FITE or the current system.
- > FITE provides marketing assistance loans at a percentage of the average price of the commodity over the preceding five years during the high and low years.

Levels the Playing Field

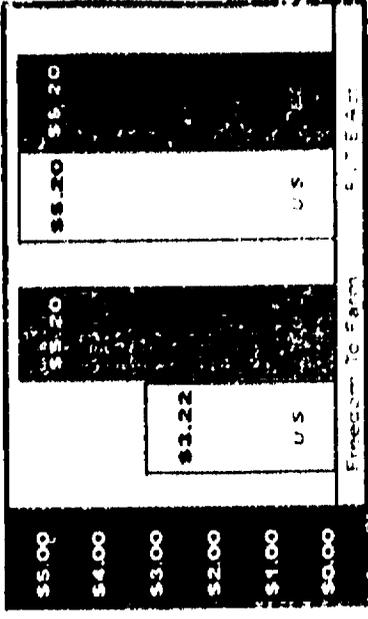
In addition to prosperity and stability, the EU's program gives its farmers the upper hand in agricultural trade and policy negotiations.

FITE gives American farmers equal footing and would help level the playing field during the Millennium Round of World Trade Organization talks.

FITE Levels the Playing Field for Wheat

EU vs. U.S. Now and Under FITE

Source: Foreign Agriculture Service, Food and Agriculture Policy Research Institute



- > There are no set asides or other production controls associated with FITE.
- > FITE matches competitor export subsidies dollar for dollar.
- > FITE would require federal expenditures above the levels currently authorized for farm programs.

- > FITE supports producers with Transitional International Marketing Equity (TIME) payments made to individual farmers.

- > FITE's marketing loans and TIME payments together would help put American farmers on an equal footing with their EU counterparts. The result is a stable income for farmers and a more level playing field for up and coming trade talks.