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ASA POLICY BRIEF & OUTLOOK - April 2010

April 8, 2010

There was good news and bad news in March for moving ASA's policy agenda forward this year. Enactment of the health care reform bill – whether you liked it or not – cleared the way for Congress to take up other legislation, including retroactive extension of the biodiesel tax credit. Unfortunately, the most likely candidate for offsetting its cost, the so-called “black liquor” tax break, was used as an offset in the health care reconciliation bill. Also, there are a number of major pieces of legislation in line for consideration, including a bill to strengthen regulations of financial markets. The toxic relationship between the two parties, and voter anger at the growth in federal spending and the national debt, make any effort to renew expired programs or add priorities that incur costs an uphill struggle. Add in the approach of party primaries and the November elections, and it will become increasingly difficult to get even the annual appropriations bills done. There is already talk of a “lame duck” session in late November or early December to try to untie the political knots after the elections. Of course, November's results will strongly influence what will be done.

ASA remains focused on the top legislative priorities of soybean producers: Extending the biodiesel tax credit for 2010 and beyond; Defeating the Administration's proposals to reduce caps on Direct Payments and AGI eligibility for program benefits; Supporting the proposed increase in funding for agricultural research grants under AFRI; and, normalizing financial and travel relations with Cuba. ASA is also working on regulatory issues to make the 2008 Farm Bill more effective for biodiesel and biobased products and to keep the EPA from overreaching in managing pesticide use and in implementing the Clean Air Act. We will continue to need the support of individual growers and state soybean associations in achieving results in this difficult political environment.

Biodiesel

Retroactive extension of the biodiesel tax credit remains in limbo. It is still likely to be considered as part of a package that includes other tax credits as well as extensions of unemployment benefits and increased Medicaid funding. While supporters are looking at using repaid TARP funds or “carried interest” to offset costs, these proposals have their opponents. ASA continues to work to correct USDA's misguided restrictions on the Bioenergy Program to biodiesel plants located in rural areas or that are domestically owned. Publication of the Proposed Rule for this regulation is overdue, and ASA has met several times with Department officials regarding the program.

EPA Regulations

ASA Chairman Johnny Dodson and counterparts representing corn, sorghum, wheat, cotton and rice met on March 25 with EPA Administrator Lisa Jackson and Secretary of Agriculture Tom Vilsack. The first-of-its-kind meeting originated in discussions held with Secretary Vilsack during Commodity Classic. A number of new or proposed environmental regulations are pending at EPA, including proposed new wording about spray drift to be added to pesticide labels and new permitting requirements resulting from the NCC vs. EPA case. ASA and the grower groups expressed concerns about additional liability farmers could face, even while applying pesticides in compliance with the law. Administrator Jackson was responsive during the meeting, assuring the group that the proposed

spray drift language did not have her sign-off and that pesticide applications that are not intended for water will not require a new permit. Jackson and Vilsack agreed to hold similar sessions in the future.

2012 Farm Bill

House Agriculture Chairman Collin Peterson (D-MN) has met with ASA and other farm organizations on his plans to hold initial hearings on the next farm bill in late April in Washington, followed by field hearings in May and June. He is asking each commodity group to describe what changes they would make in current farm programs, including if a budget reconciliation bill in 2011 requires a ten percent cut in spending on agriculture programs. ASA President Rob Joslin has appointed a 2012 Farm Bill Working Group to develop soybean priorities in advance of the hearings.

International Trade

Secretary Vilsack held a press conference to put some “meat on the bones” of the President’s National Export Initiative, but few specifics are currently available. President Obama has appointed Islam “Isi” Siddiqui and Michael Punke to positions at USTR as recess appointments, bypassing the Senate which had blocked their nominations. Punke will serve as Deputy United States Trade Representative, as well as U.S. Ambassador and Permanent Representative to the World Trade Organization (WTO) in Geneva, Switzerland. Siddiqui is Chief Agricultural Negotiator in the Office of the U.S. Trade Representative. Given the divisions on trade issues within the Democratic caucus, it is doubtful that much will be done in this election year. Meanwhile, in upcoming weeks, House Agriculture Chairman Collin Peterson (D-MN) plans to move to mark-up legislation to expand agricultural exports to Cuba. ASA strongly supports this legislation and ASA Director Scott Fritz testified in favor of the bill in early March before the House Agriculture Committee.