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FARM BILL IMPLEMENTATION TO BEGIN

USDA can be expected to begin work soon on developing regulations to implement the new farm bill. The provisions which are most timely can be expected to be rolled out first. Those include:

- Farm program payments under the Direct and Countercyclical Program (DCP). Advance payments to farmers, traditionally made early in the year, are part of this program, and the bill calls on USDA to make advance direct payments for the 2008 crop year "as soon as is practicable."
- Marketing loan programs for major crop commodities – To start this process USDA will need to establish the county loan rates for each crop. While this program is typically used during the harvest season, which for most crops occurs in the fall, the harvest of the 2008 U.S. winter wheat crop has begun. Once this program is put into place, wheat farmers would be able to begin to obtain marketing loans.
- The Milk Income Loss Contract (MILC) program – USDA must develop the regulations before this program for dairy farmers can begin. However, at current price levels no payments would be made.

As was widely reported, President Bush vetoed the bill and Congress recently voted to override the President's veto by a large margin. However, a simple clerical error by staff resulted in part of the bill being left out of the version sent to the President. Leaders of congressional agriculture committees declared that 14 of 15 farm bill titles are now the law of land and said they expect USDA to move forward with implementation.

In an attempt to clear up the confusion and end the process for good, the House passed a "new" farm bill which is identical to the original bill passed by Congress. The Senate is expected to vote on that bill following the Memorial Day congressional recess. Technically, that bill could be amendable and everyone knows the saying, "stranger things have happened." The White House Press Secretary suggested the "technical error" could give lawmakers a last chance to address Bush's concerns with the bill remarking that, "we'll have to see what the Congress decides to do, but maybe it gives them one more chance to take a look and think about how much they're asking the taxpayers to spend at a time of record farm income." But with earlier votes being such wide margins of support the process would most likely play out without incident. To many involved, this process seems like a monster that will not die!

While around the country planting seems to be progressing (at least as much as weather will allow), completion of the farm bill should help remove any reluctance which may exist on the part of farmers or their lenders due to the uncertainty.

Farm groups hailed the farm bill as giving "U.S. farmers and ranchers assurance and stability at a time when domestic food security is more important than ever." It was also pointed out that "though prices for corn, soybeans and other commodities are favorable at this point, American farmers and ranchers are not necessarily reaping a windfall. Production expenses and input costs, such as fuel, fertilizer and feed, are at all-time highs, making it more expensive than ever to produce a crop and raise livestock."

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