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Proposed U.S. farm bill may benefit California

Conservation programs and organic goods stand to profit as funds shift from traditional crops.

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WASHINGTON — In a potential windfall for California farmers, the Bush administration proposed a farm bill Wednesday that would boost spending for conservation, organic crops, and fruit and vegetable producers.

The bill also would strip \$1.5 billion in crop subsidies from the nation's wealthiest landowners over the next 10 years.

The \$87-billion bill, which would set U.S. farm policy for the next five years, is being carefully watched as farmers of traditional crops face unprecedented competition for federal dollars from environmental groups, anti-hunger organizations and the specialty crop growers who make up the bulk of California farms.

Supporters said that the administration listened to those new interests and that the proposed change was significant.

"This is not your grandfather's farm bill," said Ken Cook, president of the Environmental Working Group, a nonprofit that tracks farm subsidies. He noted that it would shift subsidy money from crops such as wheat, corn and cotton.

Mike Wootton, senior vice president of Sherman Oaks-based Sunkist Growers citrus cooperative, called the bill "historic." "For the first time, growers of specialty crops will have a significant place in the farm bill," he said.

California farmers grow about \$12 billion of the nation's \$30-billion domestic fruit and vegetable crop, yet 91% of the state's farmers do not receive a farm subsidy under the current farm program.

The administration's proposed bill would funnel nearly \$5 billion to farmers who grow fruit and vegetables, including \$1 billion for research into plant breeding, genetics and genomics. It also would spend \$3.2 billion to buy more fruits and vegetables for school meals and other nutrition programs.

Rep. Dennis Cardoza (D-Atwater), a member of the House Agriculture Committee, said the new focus on environmental issues would especially benefit California farmers.

"They listened to California agriculture and to specialty crop producers in particular," Cardoza said, referring to fruit and vegetable growers, among others. "They came up with an outline that gives us a good road map to do some innovative things that will be productive."

Every five years, a gigantic farm bill reauthorizes such things as crop subsidies and food stamps. For this round, the administration seeks to scale back spending by about \$10 billion to help balance the federal budget.

The final bill, which would take effect in January, will depend on Congress, which will work on the bill over the next few months, as groups on all sides lobby the lawmakers.

Traditional crop growers and the lawmakers who represent them warned that they would fight the proposal. The National Cotton Council, the Farm Bureau and the USA Rice Producers' Group expressed concerns, with rice group chairman Paul Combs declaring some provisions "entirely unworkable."

House Agriculture Committee Chairman Collin Peterson (D-Minn.) said the bill had "some ideas that are very interesting," but bluntly noted, "I don't agree with everything they are suggesting."

The administration's proposal was the result of visits to farmers in 48 states who offered their "prairie wisdom," said Agriculture Secretary Mike Johanns, the son of an Iowa dairy farmer.

"These proposals transition toward market-based programs and away from programs tied to price or production," he said. "I believe these programs wisely and effectively spend taxpayer dollars."

One of the most significant changes would eliminate farm payments to wealthy landowners and agribusiness by limiting subsidy payments to growers whose annual adjusted gross income is less than \$200,000.

The change would cut off about 80,000 producers and would save about \$1.5 billion over 10 years, agriculture department officials said.

Rep. Randy Neugebauer (R-Texas) cautioned that could hurt American competitiveness.

"We have to be very careful," he said. "You don't want to disincentivize farmers from getting to the size where they can compete in world market by penalizing them for getting to that size."

Watchdog groups and lawmakers said the administration could do more to eliminate subsidies for the traditional major crops, an issue that has prompted the World Trade Organization to take legal action against the U.S. for unfair trade practices.

"Federal farm policy is in need of fundamental reform," said Rep. Jeff Flake (R-Ariz.), a member of the House Resources Committee. "Aside from being fiscally unsustainable, our farm policy is jeopardizing the U.S.'s role in the global economy by hampering free trade agreements."

Environmental groups hailed the administration's decision to allot an additional \$7.8 billion for conservation programs and \$1.6 billion for renewable energy.

But they decried a proposal to allow farmers to use conservation land, usually left idle, to grow crops for ethanol biofuel.

The move "could undermine many of the gains we've made in the last 20 years," said Scott Faber at Environmental Defense.

Californians were unabashedly happy, with Food and Agriculture Secretary A.G. Kawamura declaring the state "thrilled."

"This is a real victory for the produce industry," said Tim Chelling, spokesman for Irvine-based Western Growers, the main trade association for fruit and vegetable farmers in California and Arizona.

If the bill's elements survive the legislative debate, fruit and vegetable farmers would receive support that won't run afoul of the World Trade Organization's rules against subsidies, said Bryan Silbermann, president of the Fresh Produce Assn. in Newark, Del.

"We are not talking about the typical farm bill support mechanisms and payments the grains and cotton get," he said.

Although California's \$32-billion farm economy is as big as the combined agricultural output of Texas and Iowa, the next two largest states, the Golden State historically has been a minor player in farm bill benefits.

Of the \$21 billion in payments to U.S. farmers in 2005, California growers collected just 3%, or \$649 million, according to the Environmental Working Group.

Cotton growers were the biggest California recipients, collecting \$386 million. Rice farmers received \$100 million and corn growers got \$36 million, according to the group.

Growers in the Salinas Valley, known as America's salad bowl, greeted the proposed farm bill with greater enthusiasm than in previous years.

John Baillie, who farms 1,200 acres of lettuce, broccoli and other vegetables, said it was about time the federal government started to align the farm bill with public health policy.

"Any program that will get the kids in school educated on the right fruits and vegetables to eat will create a healthier population," Baillie said.

With a little coaxing, he said, children can learn that "grape tomatoes and baby carrots are as tasty as junk food snacks."

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