

# 2007 Cattle Industry Annual Convention & Trade Show

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## Ag Secretary Addresses Cattlemen

U.S. Ag Secretary Mike Johanns says members of Congress will find merit in the administration's Farm Bill proposal, despite the shift of power to Democrats.

by Troy Smith

NASHVILLE, TENN. (Feb. 2) — As anticipated, Bush administration proposals to the 2007 Farm Bill were the focus of the speech U.S. Secretary of Agriculture Mike Johanns delivered during Friday's general session at the 2007 Cattle Industry Annual Convention and NCBA Trade Show. Johanns called the proposals a commonsense approach to policy reform, influenced by the results of listening sessions held at 52 locations across the country.

Historically, Congress has not readily embraced Farm Bill proposals offered by the executive branch of government, preferring to go its own way in fashioning agricultural policy. Johanns thinks members of Congress will find merit in the administration's plan, despite the shift of power to Democrats.

"I'm optimistic," Johanns said. "This plan is built on the input of farmers and ranchers, and it's fiscally responsible."

Johanns said President Bush's federal budget plan was scheduled for release the following week, and more market-oriented Farm Bill proposals fit the goal of whittling down the deficit and balancing the budget in five years.

More specifically, one proposal essentially mandates increased production of ethanol (35 billion gallons over 10 years) to meet objectives for cutting gasoline usage by 20% and reducing dependence on foreign oil.

"I haven't lost sight of how that impacts the price you pay for feedgrains. Neither has the president," Johanns said. "Farm Bill proposals include a strong commitment to

accelerated research of cellulosic production of ethanol from biomass."

According to Johanns, the bulk of \$1.6 billion targeted for research would be devoted to development of capability to derive ethanol from switchgrass, wood chips and other cellulose sources. Increased use of cellulose to produce ethanol would reduce dependence on corn. Research dollars would also be devoted to enhancing use of distillers' grains and other byproducts of ethanol production.

With regard to conservation issues, Johanns advocates a streamlining of programs offered by U.S. Department of Agriculture (USDA) agencies. He cited farmer-rancher input calling for less program overlap and simplification of application processes. In particular, the Secretary wants to create easier access to conservation programs by beginning farmers and ranchers.

Plans call for allocating \$7.8 billion toward new conservation projects. Johanns said \$4.2 billion would be added to the Environmental Quality Incentive Program (EQIP), with about 60% of that devoted to projects applicable to cattle operations.

Johanns also noted a proposal addressing agricultural land price distortions driven by buyers seeking (1031-Exchange) tax advantages. Under the administration's plan, land purchased under these circumstances would not be eligible for cash commodity payments from USDA.

Johanns said the administration is committed to restoring broad access for beef to foreign markets and favors increasing



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market development investments by \$250 million. He called the opening and expansion of export markets a "high priority." Johanns expects the U.S. to fall within the World Trade Organization's lowest BSE-risk category when it announces science-based classifications next month. He also expects that to widen paths to more export markets.

"We are prepared to live by international guidelines and we will demand that others do the same," Johanns stated.

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