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Subject:	Comments for 2007 Farm Bill from The Humane Society of the United States
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The Humane Society of the United States (The HSUS), the nation's largest animal protection organization representing more than 9.5 million members and constituents, strongly urges the U.S. Department of Agriculture (USDA) to include the following provisions in its recommendations for the 2007 Farm Bill.

Question 1: How should farm policy address any unintended consequences and ensure that such consequences do not discourage new farmers and the next generation of farmers from entering production agriculture?

Current commodity programs predominantly favor those producing grains that must be further processed or consumed by livestock before they potentially garner a greater profit for the end seller than for the initial producer. Rather than encourage production of these grains, The HSUS believes that commodity programs should encourage new farmers and young farmers to enter agriculture by supporting production of foods that can be sold directly to consumers, such as fruits and vegetables, presumably improving their chances for greater profits.

The direct payment program for corn and other "feed grains" favors large commercial farms over smaller farms, though the latter are more likely to be operated by new farmers. Because much of the value of direct payments is bid into land rental and sale prices, individuals attempting to enter agriculture are at a financial disadvantage with regard to land costs, while simultaneously having to cover the other costs of starting a business. Furthermore, because the size of direct payments is based on acreage and crop yield, commodity programs favor large farms, which are typically the corporate enterprises that are least in need of government assistance.

Finally, the trend of vertical integration in animal agriculture, especially in the poultry and pork industries, combined with the often unfair contractual relationships in which many contract growers find themselves, has often resulted in small farmers suffering financial losses after investing hundreds of thousands of dollars to align their operations with producers' and/or processors' requirements.

To encourage new farmers to enter production agriculture, The HSUS believes that the 2007 Farm Bill should minimize payments to large commercial farms, use payments to promote whole foods such as fruits and vegetables rather than focus solely on grain products, and guarantee bargaining rights for contract farmers vis-à-vis processors.

Question 2: How should farm policy be designed to maximize U.S. competitiveness and our country's ability to effectively compete in global markets?

Of particular importance to both animal welfare and U.S. competitiveness abroad are federal policies regarding non-ambulatory or "downer" livestock. A prime example between the role of such federal policies and the global market is Japan's recent resumption of U.S. beef imports after a two-year ban due to concerns about bovine spongiform encephalopathy (BSE or "mad cow disease").

Prior to enacting the ban, Japan was the leading importer of U.S. beef, with purchases totaling $1.4 billion in 2003. Despite the Japanese government's recent change in policy, however, 75 percent of Japanese consumers polled by the Kyodo news agency reported that they are unwilling to consume U.S. beef because of persistent fears about BSE.

All six cases of BSE in North America have reportedly been non-ambulatory cattle. The Farm Security and Rural Investment Act of 2002 included a section entitled "Practices Involving Nonambulatory Livestock" (Section 10815), which required that the Secretary of Agriculture submit a report to Congress and promulgate regulations if deemed necessary. Although the USDA enacted a temporary ban on the slaughter and sale of all non-ambulatory cattle for human consumption, this ban has neither been made permanent nor extended to other non-ambulatory livestock.

The Downed Animal Protection Act (S. 1779 / H.R. 3931) prohibits USDA inspectors at slaughter facilities from approving meat from non-ambulatory livestock for human consumption and requires their immediate and humane euthanasia. This legislation, introduced by Sen. Daniel Akaka (D-HI) and Reps. Gary Ackerman (D-NY) and Steve LaTourette (R-OH), would encourage those handling livestock to treat them with greater care to prevent the animals from getting sick or injured, and it would discourage mishandling of animals who do become non-ambulatory. In 2001, the Senate and the House each approved provisions, as part of their farm bills, requiring humane euthanasia of downed animals. However, this language was removed in conference. The Senate approved an Akaka amendment to the FY 04 Agriculture Appropriations bill in November 2003, barring USDA approval of meat from downers for human food, but that provision was also dropped in conference just a few weeks before the first detected BSE case in the U.S. was announced, prompting USDA's interim ban. In September 2005, the Senate approved an identical amendment to the FY 06 Agriculture Appropriations bill that was again dropped in conference.

On December 30, 2003, USDA announced a series of policy reforms in the wake of the discovery of a "mad cow" in Washington State. Chief among those changes-as requested by The HSUS-was a ban on continued use of downed cattle for human food. The HSUS commended the administrative ban and urges USDA to quickly make final its comprehensive ban on the slaughter and sale of all downed cattle, regardless of the reason each animal has become non-ambulatory (disease, injury, or a combination thereof). The HSUS further urges Congress to make this policy a matter of permanent law by enacting the Downed Animal Protection Act. The legislation would also cover other livestock. Downed pigs, sheep, and other animals are also at heightened risk of transmitting disease such as Salmonella and E. coli to those who consume them, and the same animal welfare concerns pertain to these and other species.

To maximize U.S. competitiveness in global markets, The HSUS believes that the 2007 Farm Bill should incorporate the Downed Animal Protection Act if it has not already been enacted.

Question 3: How should farm policy be designed to effectively and fairly distribute assistance to producers?

According to the Environmental Working Group's Farm Subsidy Database, over the past ten years, 72 percent of farm subsidies were granted to the top 10 percent of recipients-comprised of approximately 312,000 large farming operations, cooperatives, partnerships, and corporations. The USDA's Economic Research Service (ERS) similarly reports that although large commercial farms account for 9 percent of all farms, they received more than 50 percent of government payments in 2003. The ERS also notes that "[t]his is the direct result of the type of commodities targeted by the commodity programs, which are often grown on large farms and in large volume." (ERS Briefing Room, Farm and Commodity Policy, Government Payments and the Farm Sector, http://www.ers.usda.gov/Briefing/FarmPolicy/gov-pay.htm).

The 2003 Agricultural Resource Management Survey (ARMS) revealed a similar statistic. As reported by the ERS, ARMS data show that commercial farms received disproportionate payments compared to other types of farms, with commercial farms averaging a payment of $42,772, while rural residence farms averaged a payment of $4,654 in 2003.

As noted above, the direct payment program for corn and other "feed grains" favors large agricultural enterprises over smaller farms, particularly since payment size is based on acreage and crop yield. According to the ERS, in 2003, 91 percent of cash grain and soybean farms received payments, accounting for a higher share of payments than other types of farms. Furthermore, the ERS reports that corn accounts for more than 90 percent of total value and production of feed grains and 80 million acres of land, with most of the harvest used as livestock feed.

This emphasis on feed grains and commercial farms harms small farmers and producers of other foods, while simultaneously favoring those who produce items that must be further processed or consumed by livestock before potentially garnering a greater profit for the end seller than for the initial producer.

To effectively and fairly distribute assistance to producers, The HSUS believes that the 2007 Farm Bill should minimize payments to large commercial farms and use payments to promote whole foods such as fruits and vegetables rather than focus solely on grain products-particularly those that are primarily used as livestock feed.

Question 4: How can farm policy best achieve conservation and environmental goals?

The HSUS strongly believes that any successful future farm policy for the United States must include conservation and environmental protection programs that seek to preserve the natural habitats of wildlife from further environmental degradation due to harmful agricultural practices. Such programs are not only consistent with the WTO obligations of the United States, but also may be used to ease the transition of farmers and ranchers facing reduced domestic support subsidies resulting from a successful conclusion of the Doha Round of WTO negotiations. For these reasons, The HSUS supports not only the extension, but also an increase in funding in the 2007 Farm Bill, for programs such as the Conservation Security Program, as well as other similar conservation-based and environmentally-friendly initiatives.

The HSUS strongly believes that it is far better to reward farmers and ranchers who practice responsible environmental stewardship than to provide trade-distorting subsidies to producers who engage in agricultural practices that cause environmental degradation to the natural habitat of wildlife. For example, The HSUS supports the Conservation Security Program (CSP), which was established as part of the 2002 Farm Bill and is intended to identify and reward "those farmers and ranchers who are meeting the highest standards of conservation and environmental management on their operations." The CSP has, since its inception, been chronically under-funded and subject to disproportionate budget cuts. The HSUS strongly believes that the CSP should not only be reauthorized in the 2007 Farm Bill, but also have its funding increased as the program does not run afoul of the obligations of the United States under the WTO.

Under the current WTO Agreement on Agriculture (AoA), "Green Box," or permitted subsidies, are those subsidies given to agricultural producers that are non-trade distorting or, at most, minimally so. Green Box subsidies are not limited by any expenditure caps provided they meet the criteria set out in Annex 2 of the AoA, including the requirement that such programs are government-funded and do not involve price supports. Permissible Green Box programs include those that support environmental and conservation-based initiatives. Specifically, Annex 2, paragraph 12 of the AoA provides for:

> Payments under environmental programmes
> (a) Eligibility for such payments shall be determined as part of a clearly-defined government environmental or conservation programme and be dependent on the fulfilment of specific conditions under the government programme, including conditions related to production methods or inputs. (Emphasis added.)

As an "environmental or conservation program," the Conservation Security Program qualifies under current Green Box criteria as a permissible agricultural subsidy that is not limited by a spending cap. Therefore, the CSP and its positive environmental impacts may be reauthorized and its budget increased in the 2007 Farm Bill without causing the United States to violate its current WTO obligations. In addition to the reauthorization of the CSP, The HSUS also supports the creation of other similar conservation or environmental-based programs in the 2007 Farm Bill which conform to Green Box criteria.

Although expected to be completed in 2006, the current Doha Round of WTO negotiations have suffered several setbacks and may not result in a new Agreement on Agriculture prior to the passage of the 2007 Farm Bill. In practical terms, failure to reach an agreement in the Doha Round means that the current criteria for Green Box programs will not change and the United States can safely reauthorize and increase funding for CSP and other similar environmental protection or conservation-based programs that qualify under current Green Box criteria in the 2007 Farm Bill.

Should a new AoA be agreed upon prior to the passage of the 2007 Farm Bill, pursuant to a new agreement, there may need to be substantive reductions in the amount of domestic support subsidies provided by the United States in the 2007 Farm Bill. With respect to Green Box programs, however, the United States has taken the position in the current WTO agriculture negotiations that there should be no changes to the qualifying criteria for Green Box initiatives and that no expenditure cap should exist for such programs. If the U.S. proposal is accepted as part of a new AoA, the CSP may remain intact in its current form and even be expanded in the 2007 Farm Bill. In addition, new environmental protection or conservation-based programs qualifying under Green Box criteria could be created.

Furthermore, if a new AoA were agreed upon requiring reductions in domestic support subsidies and without any changes to the Green Box, those dollars which will no longer be eligible for domestic support subsidies could be channeled into permissible Green Box programs such as the CSP. In this way, instead of forcing immediate and painful cuts in support for ranchers and farmers, the movement of dollars from trade-distorting and WTO-illegal domestic support subsidies to environmentally-friendly and WTO-consistent Green Box programs can ease the transition period for agricultural producers who can no longer depend upon domestic support subsidies. In addition, the transition from domestic support subsidies to Green Box initiatives would provide the opportunity for the United States, through the CSP and other similar programs, to encourage agricultural producers to engage in natural habitat conservation and environmentally sound production methods. This will be beneficial to agricultural producers, consumers, the environment, and our nation as a whole.

Question 5: How can Federal rural and farm programs provide effective assistance in rural areas?

The HSUS supports the inclusion of additional programs in the 2007 Farm Bill that encourage farmers and ranchers to engage in better animal welfare practices. These animal welfare payments would reimburse farmers and ranchers for the additional costs associated with increasing animal welfare standards, including the implementation of new technologies. In addition to being in the best interests of the welfare of farm animals and consistent with consumer demand in this country and in export markets, The HSUS believes that such payments would be consistent with the current WTO obligations of the United States as a Green Box, or non-trade distorting, program. A December 2005 publication of the Office of the U.S. Trade Representative, entitled "Facts on Global Reform: Implications of the U.S. Agriculture Proposal on Trade-Distorting Domestic Support," states that:

> [T]he U.S. proposal [of October 10, 2005, involving all areas under negotiation] would have the following effect on allowed U.S. support for trade-distorting programs. Non-trade distorting programs, such as animal welfare, conservation, environment, infrastructure, research, pest and disease control, food stamps, etc. would not be limited. [Emphasis added.]

As such, to provide effective assistance in rural areas, The HSUS believes that the 2007 Farm Bill should encourage new technologies that will improve animal welfare. Specifically, the legislation should subsidize egg producers who do not confine hens in battery cages, veal producers who do not confine their calves in veal crates, and pork breeders who do not confine their pregnant sows in gestation crates. Battery cages, veal crates and gestation crates are notorious for their cruelty, and producers who choose not to use them deserve to be rewarded. Making these improvements would also allow U.S. producers to tap into foreign markets where such animal welfare requirements are already in force.

Furthermore, The HSUS believes that the 2007 Farm Bill should minimize direct payments in favor of increasing conservation payments and guarantee bargaining rights for contract farmers vis-à-vis processors. The ERS reports that the largest payment category in 2003 for rural residence farms was conservation payments, while the largest payment category for intermediate and commercial farms was direct payments. In addition, as discussed above in response to Question 1, small farmers have suffered financial losses due to the increasing vertical integration of animal agriculture and the often unfair contractual relationships they may enter into to sustain their businesses.

Question 6: How should agricultural product development, marketing and research-related issues be addressed in the next farm bill?

The 2007 Farm Bill should provide greater support for programs that improve the welfare of farm animals.

Agricultural market expansion would benefit from greater federal support for the growing markets that emphasize the humane treatment of farm animals, such as organic foods and independent food labeling programs that accurately reflect the methods used for raising and slaughtering the source animals. In addition to the benefits this would have for small farmers, farm animals, and their welfare, U.S. consumers are increasingly supportive of programs that provide better care and conditions for animals raised for consumption.

A 2003 Gallup poll found that 62 percent of Americans support passing strict laws concerning the treatment of farmed animals (Gallup, May 21, 2003). A 2003 nationwide Zogby poll found that 82% of respondents believe that there should be effective laws that protect farm animals against cruelty and abuse; 72% agree that government inspectors should inspect farms to ensure laws to protect animals from cruelty are being followed; 68% find it "unacceptable" that farm animals are not protected by any federal laws while being raised on the farm and are excluded entirely from protection under the Animal Welfare Act (http://fdncenter.org/grantmaker/awt/fareform.html). Finally, according to the Center for Rural Affairs, two-thirds of participants in a Better Homes and Gardens consumer panel reported that they would pay more for pork produced in an environmentally responsible manner on small farms that treat the animals humanely.

To address agricultural product development, marketing, and research related issues, The HSUS believes that the 2007 Farm Bill should provide financial support, such as subsidies, for growing markets that emphasize the humane treatment of farm animals. Specifically, the legislation should subsidize egg producers who do not confine hens in battery cages, veal producers who do not confine their calves in veal crates, and pork breeders who do not confine their pregnant sows in gestation crates. Battery cages, veal crates and gestation crates are notorious for their cruelty, and producers who choose not to use them deserve to be rewarded.

In addition, the 2007 Farm Bill should consider ways to support development of slaughter plants equipped to assure product integrity for consumers seeking to purchase food raised using humane and environmentally sound methods. Currently, the lack of such slaughter plant facilities creates a serious "bottleneck" in the flow of value-added products between producers willing to use such methods and consumers seeking to purchase such products.