



# **NASDA's FARM POLICY INITIATIVE**

## **Executive Summary**

### **Working Partnerships To Serve Agriculture: The Tools to Succeed**

*October 2001*

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## Executive Summary

### **Working Partnerships To Serve Agriculture: The Tools to Succeed**

#### **BACKGROUND**

The commissioners, secretaries, and directors of the state departments of agriculture have spent the past two years analyzing the shifting dynamics in food and fiber production around the world in developing this proposal. This plan provides a comprehensive set of strategic policies aimed at enhancing U.S. agriculture's global competitiveness by ensuring the survivability and bolstering the profitability of U.S. agricultural producers.

#### **PURPOSE**

Our purpose is to contribute to a wide-ranging and constructive debate on the first farm bill of the new century. As the chief agricultural officers in our states, the National Association of State Departments of Agriculture (NASDA) members understand the importance of the entire food and agricultural sector -- not only to their states but to the national economy as well.

#### **INTRODUCTION**

The business of producing food and fiber is undergoing unprecedented change, driven by economic, environmental, consumer, and technological forces beyond the control of individual farmers and ranchers. Federal and state policy makers need not only to be aware of these forces, but to understand their implications in order to make prudent policy decisions. Successful agricultural policy in the 21<sup>st</sup> century will help position American agriculture to profit from the opportunities this change will bring about. Though, with formidable new competitors like Brazil and Argentina having emerged in the global market, never before have the stakes been so high for American agriculture. We believe that to ensure the future viability of our nation's production agriculture industry, state and federal policy makers must work together. That is the spirit of this document. Indeed, NASDA's Farm Policy Initiative offers certain priorities for federal policy; moreover, it proposes important new roles for states, especially in the area of program and service delivery.

**Guiding Principles** – NASDA's process has been guided by six simple principles. These principles guide a comprehensive, coordinated national agricultural policy. We urge federal policy makers to adopt similar guidelines.

1. **Profitability and Viability:** A financially healthy and profitable agricultural sector is essential to the production of a safe, and affordable food supply. Moreover, economically viable farming and ranching enterprises will enable producers to increase their efforts to maintain a healthy environment, protect our natural resources, and build stronger rural communities.

2. **Level Playing Field:** A financially healthy and competitive agricultural economy can only result from a fair marketplace – domestic and global – where efficient, productive farmers and ranchers have economic marketing and bidding power commensurate to their assets and production capabilities.
3. **Non-Trade Distorting:** American producers are among the most efficient in the world. Open international – and domestic - markets are a benefit to U.S. agriculture. Thus, NASDA’s recommended policies are intended to be market-based and non-trade distorting.
4. **Flexibility in Regulation:** One size does *not* fit all. Government regulations should be flexible, and to the maximum extent possible, based on voluntary participation through incentive-based approaches. While regulations should be appropriately based on national goals, they should also be controlled and implemented at the state level.
5. **Sound Science:** As stewards, agricultural producers have always looked to science for the best information possible to make decisions. Sound, peer-reviewed science derived from reliable data and information, and balanced, reasonable methodologies for assessing risk must also then be the standard for government regulations and international trading rules.
6. **Maximum Delivery Through States:** New and expanded programs should emphasize the role of states in terms of delivery. Particular emphasis should be placed on partnerships and pilot projects.

**Managing Risk** – NASDA’s plan is built on the principle that the most effective agricultural policy is one that allows today’s producers to manage all the risks they face in order to maximize their opportunities for profitability. U.S. farm policy should not guarantee that every farmer will make a profit, but it should provide an adequate “safety net” with a range of tools to manage risk, in all its forms, to ensure that good producers are not put out of business due to forces beyond their control.

Agriculture faces challenges beyond commodity price fluctuations. These include economic risks such as energy and fertilizer costs, animal and plant diseases, and many others. The goal of government policy at both the federal and state level must be to ensure that opportunity accompanies each new risk. This broader, more encompassing concept of risk, should be reflected in the term “risk management.” And this broader meaning of risk management must, in turn, be the foundation of a comprehensive farm policy that is designed to both protect producers’ assets, and provide new market opportunities.

**Core Areas for Policy** – NASDA has identified five core areas of a broad, risk management/ opportunity-based agricultural policy. Together they encompass the elements that a comprehensive national agriculture policy for the 21<sup>st</sup> Century must include.

1. **Farm and Food Security:** Federal farm policy should provide an adequate safety net that ensures good producers can continue to provide consumers with a safe, affordable supply of food.
2. **Stewardship:** Protection of our natural resources and the safety of our food supply is a necessary element to any comprehensive farm and food policy.
3. **Market Integrity, Opportunity, and Expansion:** Whether in global trade or a local farmer's market, the integrity of the marketplace in terms of transparency, price discovery, and fair competition, is paramount. Farm policy should also focus on what tools are necessary to find new market opportunities, through trade, new uses, and new technologies.
4. **Investments in Critical Needs:** Adequate and targeted investment is needed in agriculture's critical infrastructure – both physical and economic. Such investment is the cornerstone for a competitive and profitable agricultural sector.
5. **Agriculture Flexibility and Partnership:** To target and streamline certain farm programs, states should be offered the opportunity to implement them. By assuming this responsibility, states are encouraged to create innovative solutions to local priorities, with performance based benchmarks. Through such an agriculture flexibility program (Ag-Flex), federal agencies benefit by better using the inherent local strengths and accountability of the states.

**Role of the States** – NASDA's members view the role of the states as a critical element of any national agricultural policy. States can play a key role in making the delivery of services to producers and the protection of consumers more efficient and effective. Indeed, state departments of agriculture are closest to the producers and can provide a much needed front-line common sense practicality to implementing federal programs and applying federal regulations.

## NASDA's Comprehensive Farm Policy Recommendations at a Glance

### FARM AND FOOD SECURITY

- Cost of Production Insurance
- Counter Cyclical Assistance
- Provisions for Specialty Crops
- Disaster Assistance
- Dairy Policy
- Financial Viability
- Farm Viability Block Grants

### STEWARDSHIP STEWARDSHIP

- Agricultural Stewardship Block Grants
- Improving Current Conservation Programs.
- A Seamless Food Safety System
- Food Safety Quality Assurance Block Grants
- Pesticides

### MARKET INTEGRITY, OPPORTUNITY, AND EXPANSION

- Structural Change, Market Access, and Price Discovery Harmonization of International Standards
- Creating New Opportunities Through Trade and Added Value
- Value-Added Processing
- Interstate Meat Shipment
- E-Commerce
- Market Expansion

### INVESTMENTS IN CRITICAL NEEDS

- Safeguarding Plants and Animals
- Information and Data Collection
- Research
- Infrastructure
- Waterways and Ports
- Rail Transportation
- Broadband and Wireless Internet Access

### BIOTECHNOLOGY

- Production and Marketing
- International Trade and Market Access
- Food Safety and Labeling

### AGRICULTURE FLEXIBILITY AND PARTNERSHIP

#### *State/Federal Partnership Initiatives*

- Permanent Authorization of Specialty Crop State Block Grants
- Farm Viability Block Grants
- Agricultural Stewardship Block Grants
- Food Safety Quality Assurance Block Grants
- Ag-Flex

FOR MORE DETAILS, PLEASE GO TO NASDA'S WEB SITE AT:

[HTTP://WWW.NASDA.ORG](http://www.nasda.org)

## **FARM AND FOOD SECURITY**

**Background:** The agricultural economy is in a tenuous economic position. Were it not for record federal government assistance over the past four years, much of U.S. agriculture would be in financial straits not seen since the Dust Bowl era. According to the Commission on 21<sup>st</sup> Century Production Agriculture, “midway through 2000” saw many crop prices “at or near historic lows.” Coupled with a strong dollar that has crippled exports, U.S. farmers and ranchers have been squeezed in an economic vise with no market relief for nearly four years in a row. It is the task of policy makers in crafting the next farm bill, therefore, to devise a federal farm policy that provides an adequate “safety net” for producers.

**Purpose:** NASDA’s farm income safety net proposal seeks to foster financial viability and maintain planting flexibility through the combination of cost of production-based commodity insurance, and a counter cyclical price assistance program - both of which are designed to comply with the United States’ commitments under the World Trade Organization.

### **Policy Recommendations**

***Cost of Production Insurance*** – An effective commodity insurance program with accountability to the American taxpayer should be the backbone of commodity support policy. It should:

- Provide protection for up to 90% of a producer’s documented costs of production;
- Limit farm losses to no more than a 10 percent out-of-pocket costs in any given year;
- Rate premium levels for farmers on an individual basis;
- Provide beginning farmers without production histories a greater premium discount.

*(For a detailed description of Cost of Production, go to NASDA’s web site at <http://www.nasda.org>.)*

***Counter Cyclical Assistance*** – Use increased baseline agricultural spending over the next ten years to provide a Counter Cyclical (CC) Payment plan for major field crops and for dairy.

- At times that market prices are inadequate, payments would be made through a formula triggered by prices dipping below 90% of the average of the 1998 and 1999 economic cost of production.
- Payments would be made on a “90/90 basis”; they would cover 90 percent of a national average economic cost of production (as defined by USDA/ERS) and up to 90 percent of the total payment would be variable and counter cyclical to the market
- The other 10 percent of the total payment would be fixed, and based on an updated five year history (from 1996 to 2000) of base crop acres and yield.
- The variable payment would be paid according to the actual production of each producer. It would be calculated as the difference between actual average market prices and 90 percent of 90 percent (81%), of the total average cost of production.
- Restrictions on planting fruits and vegetables on acreage eligible for counter cyclical assistance should be maintained.
- NASDA’s counter cyclical program would meet all U.S. commitments under the so-called “amber box” of the WTO.

*(For a series of examples of how NASDA’s Counter Cyclical Proposal works, go to NASDA’s web site at <http://www.nasda.org/>.)*

### Budget Score – Safety Net

**90% Variable, 10% Fixed**

	2002-07 Average		2001 Estimate		2002-07 Average Annual Cost	
	FAIR Act Extended	WTO Amber box	FAIR Act	WTO Amber box	NASDA Proposal	WTO Amber box
LDP's & Countercyclical	\$2,488	\$2,488	\$3,491	\$3,491	\$8,178	\$8,178
AMTA - regular	\$4,008	\$0	\$4,130	\$0	\$0	\$0
AMTA - emergency	\$0	\$0	\$4,130	\$4,130	\$0	\$0
Fixed	\$0	\$0	\$0	\$0	\$6,385	\$0
Tobacco/Honey	\$52	\$0	\$27	\$0	\$52	\$0
Dairy	\$128	\$4,500	\$149	\$4,500	\$1,000*	\$4,500
Peanuts	\$40	\$300	\$40	\$300	\$40	\$300
Sugar	\$105	\$1,400	\$90	\$1,400	\$105	\$1,400
Other Costs	\$794	\$0	\$2,523	\$0	\$794	\$0
Crop loss assistance	\$0	\$0	\$3,200	\$3,200	\$0	\$0
<b>Safety Net Total</b>	<b>\$7,614</b>	<b>\$8,688</b>	<b>\$17,780</b>	<b>\$17,021</b>	<b>\$16,554</b>	<b>\$14,378</b>

\* Includes countercyclical payments

**Provisions for Specialty Crops** – An additional \$1 billion should be provided annually to develop cost of production policies for fruits and vegetables, nursery, vineyard, seed and tree crops, livestock and milk.

- Additional premium subsidies would be provided since no counter cyclical assistance program currently exists for these crops.
- The state block grant program for support of specialty crops created by the Emergency Agricultural Economic Assistance Act (P.L. 107-25) should be permanently reauthorized.

**Disaster Assistance** – The Farm Service Agency (FSA) emergency loan program should be revised in the following ways:

- Establish appropriate loan amount caps;
- Broaden eligibility requirements;
- Cover the entire amount of actual loss up to the limit of repayment capabilities;
- Simplify the program's review process for qualification and the agency screening/loan determinations.

**Dairy Policy** – Federal dairy policy should be amended along the following lines:

- A counter cyclical payment program through federal and state milk marketing orders to ensure that revenues received by dairy producers from sales of Class III and Class IV milk are no less than 90 percent of nationwide cost of production or \$11.08 per cwt, whichever is less. Total payments are not to exceed \$1 billion per year.
- The right of states to create multi-state marketing agreements in order to enhance milk prices within their regions should be maintained. Such authority should not be intended to erect trade barriers. States participating in these regional compacts would not be eligible for direct dairy payments.
- The dairy price support program should be extended at the current price of \$9.90 per cwt.
- Commodity Credit Corporation (CCC) purchase prices for nonfat dry milk and butter should be maintained at their current rates.
- The Dairy Export Incentive Program (DEIP) should be extended.

**Financial Viability** – A comprehensive view of the economic viability of farm and ranch enterprises must go beyond commodity prices and take account of such factors as: tax policy, access to capital and credit, the cost of energy and other inputs, availability of affordable labor. Among other things, Congress should:

- Establish a \$500,000 capital gains tax exemption on farm assets.
- Enact an expanded agricultural savings account, increase the contribution limit to \$10,000 on IRA's for farmers and ranchers.
- Eliminate the self-employment tax on income from rent of farmland.
- Improve the beginning farmer down payment program.
- Remove "Aggie Bonds" from the individual state bond volume limitations.

*(For a complete listing of tax policy recommendations, go to NASDA's web site at <http://www.nasda.org/>.)*

**Farm Viability Block Grants** – Adequate financial assistance should be provided to farms to undertake projects that will improve the efficiency, competitiveness, and market reach of their operations. Toward that end, Congress should allocate:

- \$150 million annually for state departments of agriculture to administer farm viability block grants.

## **STEWARDSHIP**

**Background:** The agricultural production system is being asked not only to produce affordable and safe food, but also to protect the environment and enhance our natural resource base.

**Purpose:** Enable farmers to respond to environmental demands and greater food safety.

## Policy Recommendations

***Agricultural Stewardship Block Grants*** – With more than 900 million acres of "working" agricultural lands in the care of farmers, ranchers and their families, a more flexible and innovative "block grant" type initiative is needed to concurrently achieve both economically viable farms and improvements to the environment.

- Annual block grants should be issued to state departments of agriculture as a means to provide assistance and support, cost-share payments, incentive payments, technical assistance and education to agricultural producers and landowners regarding environmental enhancements, best management practices, and air and water quality improvements.
- Under such a block grant program, states should have maximum flexibility to (a) address threats to soil, air, water, and related natural resources including grazing land, wetlands, and wildlife habitat; (b) comply with state and federal environmental laws; and (c) make beneficial, cost-effective changes to cropping systems, grazing management, manure, nutrient, pest, or irrigation management, land uses, or other measures needed to conserve and improve soil, water, and related natural resources.
- An investment of \$8 billion annually is needed for this proposed Stewardship Block Grant program.

*(A copy of the block grant allocation formula to the states can be found on NASDA's web site at <http://www.nasda.org/>.)*

***Improving Current Conservation Programs*** – Existing conservation programs need the following: more flexibility, innovation, and local control; simplification; increased funding; and better identified and articulated goals. These improvements can be realized as follows:

- Wildlife Habitat Incentives Program (WHIP) should receive increased funding and be "redirected" with a new Critical Habitat Incentive Program (CHIP) which places a higher priority on the enhancement of critical habitat.
- Environmental Quality Incentives Program (EQIP) should offer one-year contracts and not be limited with a \$50,000 payment cap. Other improvements should include more flexibility on conservation practices, adjustment to the national size restriction on livestock projects, and flexibility for "sundowner" farmers.
- Conservation Reserve Program (CRP) needs to provide for short-term, high intensity grazing under NRCS supervision and guidelines, and with an equitable reduced rental payment.

***A Seamless Food Safety System*** – Based on the consistent recommendations of numerous national studies, the following food safety initiatives should be enacted:

- A national seamless food safety system that integrates state, local and tribal systems into the federal plan;
- A national electronic communication system with enhanced early warning systems for foodborne disease;
- A mechanism to ensure identification, prioritization, and funding of food safety research needs.

***Food Safety Quality Assurance Block Grants*** – Food safety at the farm level will be enhanced through federal block grants administered by states to assist producers who voluntarily establish verifiable pre-harvest food safety programs.

***Pesticides*** – Regulation of pesticides should be improved through the following actions:

- EPA publication of a “transition” analysis or report on agency decisions that are reached;
- EPA publication of detailed guidelines/regulations for implementation of FQPA;
- Permanent establishment of the EPA/USDA Committee to Advise on Reassessment and Transition (CARAT);
- More efficient and responsive management of the Section 18 emergency pesticide use process including: (1) redefinition of criteria for economic loss; (2) ability to issue multi-year tolerances; and, (3) allowance of emergency exemptions for pest resistance management.

## **MARKET INTEGRITY, OPPORTUNITY, AND EXPANSION**

**Background:** The integrity of the marketplace in terms of transparency, price discovery, and competitiveness, is paramount. This is true at the local level, and on the global market. While in the short run, the global market will remain a challenging thicket of tariffs, quotas, inconsistent standards, and outright protectionism, farm policy must recognize that international trade will always be a fundamental element of the long term economic health and prosperity of our farmers and ranchers.

**Purpose:** Establish a comprehensive agricultural policy that ensures a fair and competitive marketplace and provides the tools necessary to generate new market opportunities through international trade, value added products and processing, new technologies, and new uses.

### **Policy Recommendations**

***Structural Change, Market Access, and Price Discovery*** – Congressional intervention to ensure proper functioning of the rapidly evolving marketplace should involve the following:

- Strengthening antitrust enforcement, including representation of agriculture at the Department of Justice;
- Creating a fair price discovery system for marketing of animals and plant products;
- Restricting packer ownership and control of marketed livestock;
- Granting USDA authority to prevent reprisals or discrimination within the marketing system;
- Establishing state and federal protections for producers in contract negotiations, against fraud, retribution, and unjust confidentiality clauses; providing for plain language review, protecting the right to litigate, and time-limited right to review a contract.

***Harmonization of International Standards*** – The following policy standards would better facilitate trade:

- The United States Government should not agree to reopen the SPS Agreement in future WTO negotiations.
- The U.S. government should make the elimination of SPS barriers a priority.
- U.S. regulatory bodies should adjust their policies and practices in a manner more harmonious with international standards.
- Bilateral and multilateral SPS agreements should be pursued on the basis of mutual recognition, equivalence or reciprocal agreement with regard to adopting international standards.
- It should be explicit in the WTO Agreement on Technical Barriers to Trade that international harmonization of standards is an objective, and enforceable disciplines should be established.

***Creating New Opportunities Through Trade and Added Value*** – Enabling U.S. food products to gain - and maintain - access to foreign markets requires the following:

- Congressional passage of Trade Promotion Authority.
- Negotiations that result in the complete multilateral elimination of export subsidies within a time certain.
- Authorization of up to \$200 million for USDA's Market Access Program (MAP) and \$35 million for the Foreign Market Development (FMD) Cooperator Program.
- Allowance of up to 50 percent of unused Export Enhancement Program (EEP) funds for market development and promotion activities.

***Value-Added Processing*** – Increasing the producer's role and benefit from value added products requires increased attention by USDA's Rural Business-Cooperative Services to assisting farmer-owned cooperatives that add value to a farmer's commodities.

***Interstate Meat Shipment*** – More competition is needed in the meat marketing system which can be fostered by amending the Federal Meat Inspection Act and the Poultry Products Inspection Act to allow the interstate shipment and sale of state-inspected meat and poultry products.

***E-Commerce*** – To ensure that the internet fulfills its potential as a tool to boost farm profits, the following should occur:

- The National Institute of Standards and Technology (NIST) should assist agriculture in successfully integrating and utilizing electronic commerce technologies and business practices.
- NIST should be authorized to identify and assess critical enterprise integration standards and implementation activities for rural businesses.

**Market Expansion** – Developing more diverse uses for agricultural commodities requires the following:

- Additional crop research on alternatives uses;
- Increased use of alternative fuels such as ethanol, biodiesel, and other biomass fuels through the oxygenate standard of the 1990 Clean Air Act, as well as encouraging ethanol and other biomass fuels replacing MTBE as the oxygenate used to meet that standard;
- Extension of the federal tax credit for ethanol recently extended until 2007.

## **INVESTMENTS IN CRITICAL NEEDS**

**Background:** Agriculture is the nation’s leading trade surplus industry and generates between 15 and 20 percent of our national gross domestic product (GDP). Moreover, it is the largest land use industry in our nation, directly stewarding our natural resources. Agricultural infrastructure – both physical and economic – is a key element in our national well-being.

**Purpose:** Provide sufficient and targeted investments into the critical needs of U.S. agriculture to lay the cornerstones for a productive and profitable agricultural sector.

## **Policy Recommendations**

**Safeguarding Plants and Animals** – Expanding global trade in agricultural products has created tremendous commercial opportunities for the nation’s farmers and ranchers. At the same time, it has exposed our producers to an increased threat of plant and animal pests and diseases. Safeguarding our farmers and ranchers requires:

- The U.S. to take the lead in developing a world class system of surveillance, exclusion, detection, diagnosis and response;
- Congress and USDA to provide funding to rebuild state and national infrastructure for emergency animal disease and plant pest preparedness and response;
- Congress to pay particular attention to two recent reports on USDA Animal and Plant Health Inspection Service which outline specific steps needed, Animal Health Safeguarding Review and Safeguarding American Plant Resources.

**Information and Data Collection** – Accurate and timely statistical information concerning acreage, production, stocks, prices, land use and income has become indispensable for planning and operating programs in such areas as consumer protection, conservation and environmental quality, trade, education, and recreation. To maintain this system, NASDA supports:

- A continued strong Federal-State partnership afforded by the system of cooperative agreements between individual state departments of agriculture and the USDA National Agricultural Statistics Service (NASS);
- Efforts to build program capacity within NASS and its cooperative partners to expand pesticide use data collection.

**Research** – A publicly funded agricultural research program which continues to provide significant dividends to society must be based on:

- Establishing agricultural research, extension and teaching as core components of the United States' long-term agricultural policy, and increasing the overall investment in agricultural research, extension and teaching.
- Increasing federal funding of competitive agricultural research and education grant programs;
- Enhancing stakeholder-driven priority setting processes stressing grassroots input at the local and state levels;
- Ensuring coordination and collaboration between the Agricultural Research Service and the Land Grant Universities;
- Clarifying the role of the Cooperative Extension Service as the primary outreach and education agency within the U.S. Department of Agriculture.

**Physical Infrastructure** – Maintaining the United States' preeminent position in world food production requires rebuilding, remodeling, and investing in our physical infrastructure through the following actions.

- Congress and the Army Corps of Engineers should maintain lock and dam maintenance and improvement programs necessary for the continued operation for safe and efficient commercial navigation on U.S. rivers and lakes.
- Congress should clarify the rail transportation policy of the United States by requiring the Surface Transportation Board to give greater weight to the need for increased competition between and among rail carriers
- The Secretary of Agriculture should be provided the discretionary authority to extend Commodity Credit Corporation (CCC) loans for up to six months for reasons including economic or other emergency situations to encourage more orderly shipments of grain.
- Congress should increase the availability of broadband and wireless technology to rural areas through tax credits, government pilot projects, and increased funding for upgrading rural telecommunications.
- The National Science Foundation should research means to enhance or facilitate the availability of broadband and wireless telecommunications services in rural areas and other remote areas.

## **BIOTECHNOLOGY**

**Background:** The scientific advances in molecular biology resulting in what is known as recombinant DNA (rDNA) technology or genetic “engineering” are the next advance in the continuing chain of tools for improving crops and livestock. The potential benefits to the world from future discoveries in biotechnology are almost too vast to comprehend. The products derived from rDNA technology can significantly enhance our quality of life from the medicines we use, to the food we eat, to the environment in which we live.

**Purpose:** Develop an internationally accepted certified marketing system based on sound-science and consumer preferences that can assure all biotechnology-enhanced products will reach appropriate markets.

## Policy Recommendations

***Production and Marketing*** – The tools necessary to implement a viable marketing system for biotechnology-enhanced commodities are:

- A standardized definition of biotechnology;
- Standardized tests and methodology for detecting biotechnology-enhanced products within the food chain;
- A threshold or tolerance for adventitious or accidental inclusion of biotechnologically-derived traits consistent with sound science and commercial realities;
- Availability of pure seed to meet internationally accepted tolerance;
- A “stewardship program” consisting of biotechnology and seed companies working together with producers to ensure that crops are grown in accordance with recommended practices and marketed through appropriate channels and certification systems;
- Effective regulatory oversight to assure integrity of marketing system, including sampling protocols and the testing of equipment that needs calibration, such as NIR machines.

***International Trade and Market Access*** – The U.S. government must participate in all appropriate international, multilateral and bilateral forums to ensure that all international standards, guidelines or recommendations for commodities and food developed through the use of biotechnology, are based on sound science and prudent risk analysis and result in fair trade practices.

***Food Safety and Labeling*** – Policies regulating the appropriate food labeling criteria, including voluntary labeling of products to meet consumer preferences should be based on:

- Establishing the Food and Drug Administration (FDA) as the proper agency to exercise such responsibility;
- Communicating clear definitions as to what constitutes genetically modified food or food products, including criteria for “GM Free” and “non-GM ingredient;”
- Recommending the Federal Trade Commission develop comparable guidelines for advertising claims about food biotechnology.

### **AGRICULTURE FLEXIBILITY AND PARTNERSHIP (Ag-Flex)**

**Background:** The Agriculture Flexibility and Partnership Plan (Ag-Flex) is a partnership that would allow the Secretaries of Agriculture, Interior, and Commerce to target and streamline the delivery of services of selected programs to producers by delegating to state departments of agriculture the administering of federal programs in the states.

**Purpose:** Establish an Ag-Flex plan that would encourage states to create innovative solutions to local priorities

## ***Policy Recommendations***

***Role of the States*** – The potential for a system that benefits federal agencies by better using the inherent local strengths and accountability of the states depends upon:

- Establishing a program that is voluntary for states;
- Funding the program through block grants;
- Requiring states to demonstrate enhanced accountability, with performance measured against established benchmarks.

### ***Summary of State/Federal Partnership Initiatives –***

- Permanent Authorization of Specialty Crop State Block Grants
- Farm Viability Block Grants
- Agricultural Stewardship Block Grants
- Food Safety Quality Assurance Block Grants
- Ag-Flex