H.R. 4364—Rep. Berkley Bedell (IA)
S. 2215—Sen. Richard Lugar (IN)

These identical bills are designed to better protect the public and environment from pesticides than is possible under the current law, the Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA). These bills would require review and reregistration of pesticides currently used and increased public access to data resulting from the review. They would authorize:

- A schedule for the completion of reregistration (especially of those pesticides marketed prior to the passage of FIFRA in 1972).
- A one-time fee for reregistration to defray registration costs.
- Interim reviews of pesticides and coordinated inspection of laboratories.
- A review of imported pesticides to see that domestic health and safety regulations are applied.
- Increased employee protection against discharge or discrimination for participating in any way with reregistration hearings.
- Limited conditional registration of a pesticide, pending completed review of its health and safety data.
- A required, manufacturer-provided summary of an approved pesticide's health and safety data, available to the public upon request.
- Limited public access to similar data prior to the Environmental Protection Agency's approval of a pesticide.

Other Legislation

H.R. 4008—Rep. Arlan Stangeland (MN)

This bill is designed to help create new jobs and revitalize economically distressed rural areas. It would establish "rural enterprise zones" by streamlining government requirements within the area, reducing tax rates for local businesses, offering State or local income tax deductions to those who perform services formerly performed by government, and offering surplus land in the zone at a reduced price to neighborhood groups agreeing to operate a business on the land. Emphasis would be put on disadvantaged workers and long-term unemployed individuals. □

Provisions of the Food Security Act Related to the Food Sector

Lewrene Glaser
(202) 786-1780

The Food Security Act of 1985 (P.L. 99-198) provides a 5-year framework for the Secretary of Agriculture to administer various agriculture and food programs. This article summarizes the dairy, marketing, and miscellaneous provisions that may be of interest to *National Food Review* readers. For a full summary of the 1985 Act see *Provisions of the Food Security Act of 1985,* Agricultural Information Bulletin-498.

The Food Security Act was passed by Congress on December 18 and signed by President Reagan on December 23, 1985. The Food Security Improvements Act of 1986 (P.L.99-260), which made "technical corrections" in the 1985 Act, was passed by Congress on March 11 and signed by the President on March 20, 1986.

Dairy Provisions

Milk Production Termination Program: In an attempt to permanently reduce milk production, Congress included a milk production termination or "whole herd buyout" program in the Food Security Act. The buyout program began April 1, 1986, and will run through September 30, 1987. Participating producers submitted bids based on milk marketings during July 1984 through June 1985, or their calendar 1985 marketings, whichever was smaller.

In return for payment of these bids, participating producers agreed to end all milk production, liquidate or export their herds, and stay out of dairying for 5 years. During this time, producers may not acquire interest in dairy cattle or milk production, or allow other dairy farmers to use their facilities.

Program participants must provide evidence of their milk marketing history and the past and present size and composition of their herds. A producer who began marketing milk in the 15-month period ending March 31, 1986, was ineligible to participate, except if the entire herd and facilities were transferred to the producer as a gift or inheritance from a family member.

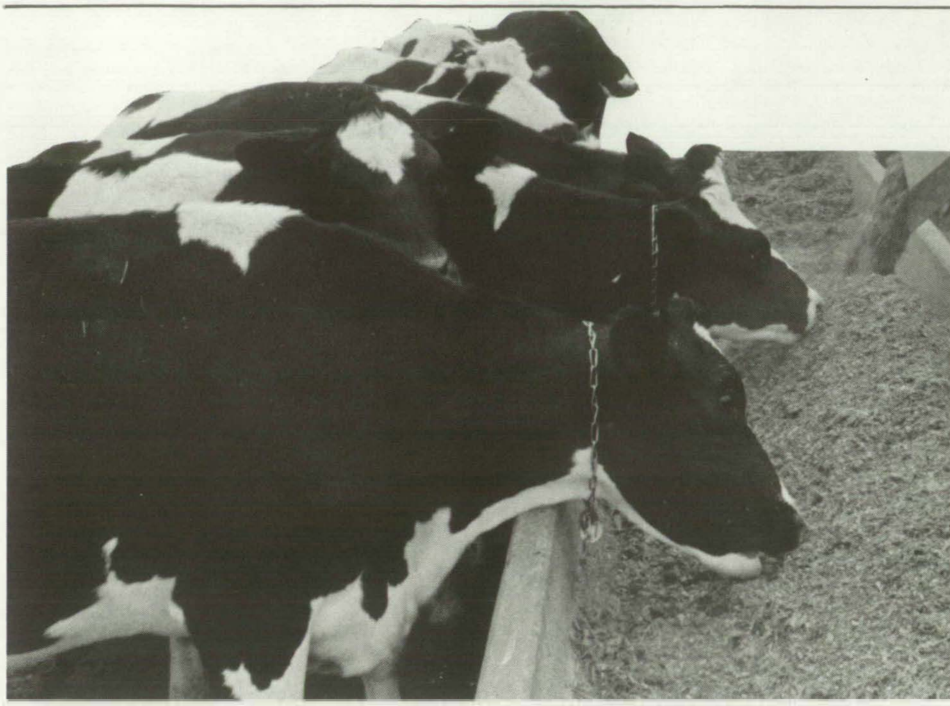
To help offset the cost of the milk production termination program, the price of milk received by producers will be reduced 40 cents per hundredweight (cwt) during April 1-December 31, 1986, and 25 cents per cwt during January 1-September 30, 1987. This deduction will be collected by handlers and remitted to the Commodity Credit Corporation (CCC). The deduction is applicable to all milk marketed for commercial use in the continental United States (excluding Alaska). The Food Security Improvements Act requires an additional deduction of as much as 12 cents per cwt during April 1—September 30, 1986, in lieu of the March 1 reductions in price support payments mandated by the Balanced Budget and Emergency Deficit Control Act of 1985 (popularly known as Gramm-Rudman-Hollings). The change was made so that the cuts required by Gramm-Rudman-Hollings would be borne by all producers; a decrease in price support payments would have affected only those selling surplus dairy products to the CCC.

The goal of the program is to reduce milk production by 12 billion pounds. However, the total number of dairy cattle marketed for slaughter under this program is limited to 7 percent of the national dairy herd in addition to the normal culling rate per calendar year. The Secretary of Agriculture may establish a milk diversion or a milk production termination program in 1988, 1989, or 1990, if it is deemed necessary to avoid burdensome excess stocks of milk or milk products.

To minimize the effect of the 18-month program on beef, pork, and lamb producers, the Secretary must purchase 400 million pounds of red meat in addition to those normally purchased and distributed. Two hundred million pounds will be distributed through domestic programs and 200 million through export programs and military commissaries located outside the United States.

Milk Marketing Orders: The Food Security Act specifies minimum Class I differentials for the 44 milk marketing orders administered by USDA's Agricultural Mar-

The author is an agricultural economist with the Food and Agricultural Policy Branch of the National Economics Division.



In attempt to permanently reduce milk production, Congress included a milk production termination or "whole herd buyout" program in the Food Security Act of 1985.

keting Service (AMS). These differentials, which range from $1.35 to $4.18 per cwt of milk having 3.5 percent milk fat, are the dollar amounts added to the price of manufacturing grade milk in the Minnesota-Wisconsin marketing area to determine the minimum Class I (bottling) milk price that handlers must pay under each of the marketing orders. The minimum differentials will be in effect for the 2 years beginning May 1, 1986, and will continue in effect unless an order is amended by AMS.

The Minnesota-Wisconsin price is an estimate of the average price paid for manufacturing grade milk used to make butter, nonfat dry milk, and cheese at plants in most of Minnesota and Wisconsin. Under Federal milk marketing orders, milk is priced according to how it is used at processing plants. Milk sold for drinking is in the highest price class (Class I), while milk used in manufactured products is in lower price classes. Congress felt it necessary to adjust the differentials so that the minimum Class I prices would better cover the costs of supplying the markets.

National Commission on Dairy Policy: As part of the Food Security Act, Congress established a National Commission on Dairy Policy to study the future operations of the Federal milk price support program. The commission will have 18 members, appointed by the Secretary, who are engaged in commercial milk production in the United States.

The commission will examine the current Federal price support program for milk, alternatives to the program, the effect that emerging dairy technologies will have on surplus milk production, and the future structure of the milk production industry.

The commission will be dissolved after submitting its findings and recommendations to the Secretary of Agriculture and Congress on or before March 31, 1987.

Research and Promotion Programs

The Food Security Act establishes procedures for carrying out research and promotion programs for beef, pork, and watermelons designed to strengthen these industries' positions in the marketplace and maintain and expand markets and uses of the products *(table 1)*. Federally legislated research and promotion programs are one method producers have used to foster demand for their products. Of the promotion programs enacted by Congress in the last 30 years, six are still in effect (cotton, dairy, eggs, potatoes, wheat, and wool).

Beef: Provisions of the Food Security Act establishing a beef research and promotion order replace the Beef Research and Information Act of 1976. The 1985 Act establishes a Cattlemen's Beef Promotion and Research Board composed of beef producers and importers. Producer representation on the board will be based on one representative for each State with 500,000 or more cattle. Those States with fewer than 500,000 cattle will be combined into regional units containing at least 500,000 cattle, with one representative for the region. States with over 500,000 head will get one more representative for each additional million cattle. The Secretary of Agriculture will determine importer representation by converting the volume of imported beef and beef products into live-animal equivalents.

The board will administer the order, investigate violations of the order, and recommend order amendments to the Secretary. In addition, the board elects 10 members to serve on the Beef Promotion Operating Committee. Another 10 members of the committee are from recognized beef promotion organizations in the States. The committee is charged with developing the actual research and promotion projects.

Financing for the program will be provided through assessments collected from beef importers and persons buying cattle from producers. The assessment rate will be $1 per head of cattle, or the equivalent thereof in the case of imported beef and beef products. Producers who participate in programs run by State beef councils will receive credit of up to 50 cents per head. Persons not supporting the program may receive a one-time refund. Funds collected by the board cannot be used to influence Government policy.

For the order to remain in effect, a referendum to continue the order must be conducted among producers and importers not later than 22 months after issuance of the order. Continuation of the order requires majority approval. The Secretary may also conduct a referendum concerning program continuation on request of 10 percent or more of producers. This order does not preempt or supersede other beef promotion programs operated in the United States.

Pork: The Food Security Act also requires an order establishing a pork research and promotion program. A National Pork Producers Delegate Body is established as part of the order. It will consist of producers and importers appointed by the Secretary from nominees selected by State-recognized organizations of pork producers or a suitable substitute as defined in the legislation. At least two producer members must be appointed to the Delegate Body from each State, with additional membership also allowed. For 1986, additional members will be assigned based on one share for each $400,000 of hogs marketed. Shares assigned to importers for 1986 will be based on one share for each $575,000 worth of hogs, pork, or pork products imported. In subsequent years, shares for both domestic producers and importers will be based on the amount of assessments collected, minus refunds.

The order also provides for a 15-member National Pork Board composed of producers representing at least 12 States and importers. The Secretary of Agriculture will appoint the members from nominees submitted by the Delegate Body. The board must develop promotion, research, and consumer information projects; submit such projects to the Secretary for approval; administer the order; investigate alleged violations of the order; and recommend order amendments to the Secretary.

The assessment rate to finance the order will initially be the lesser of 0.25 percent of the market value of hogs, pork, or pork products sold or imported or an amount established by the Secretary based on a recommendation by the Delegate Body. The rate may be increased, but by not more than 0.1 percent per year, with an upper limit on the total assessment rate of 0.5 percent. Any increase in the rate above 0.5 percent must be approved by producers and importers in a referendum. Any person who paid the assessment but does not support the program may receive a refund.

For the order to remain in force, a referendum must be held between 24 and 30 months after the issuance of the order. Continuation of the order requires majority approval of producers and importers voting in the referendum. Further referenda, to determine termination or suspension of the order, may be conducted on request of 15 percent or more of producers and importers during a representative period. The Secretary need not conduct more than one referendum in a 2-year period.

States may not impose additional or different regulations relating to pork promotion, except regulations related to public health, during the time that assessments are collected.

Watermelons: The third promotion program (called a plan) will cover watermelons. When sufficient evidence, as determined by the Secretary of Agriculture, is presented by watermelon producers and handlers, or whenever the Secretary has

Table 1. Food Security Act Establishes Beef, Pork, and Watermelon Promotion Programs

Item	Beef order	Pork order	Watermelon plan
Implementation	Mandatory	Mandatory	Based on Secretary's findings
Effective date	120 days after publication of proposed order	90 days after issuance of final order	Not specified
Persons affected	Beef producers and importers	Pork producers and importers	Watermelon producers and handlers
Administrative organizations	Cattlemen's Beef Promotion and Research Board	National Pork Producers Delegate Body	National Watermelon Promotion Board
	Beef Promotion Operating Committee	National Pork Board	
Assessment rate	$1 per head of cattle or the equivalent for beef and beef products	0.25-0.50 percent of the market value of hogs or pork	Equal amounts from producers and handlers
Referendum			
Date	Not later than 22 months after issuance of the order	24 to 30 months after issuance of the order	Not specified
Approval required for—			
Continuation	Majority of those voting	Majority of those voting	NA
Implementation	NA	NA	2/3 of those voting (or those voting who control 2/3 of the watermelons produced and handled during a specified period) and a majority of both producers and handlers voting.

NA= Not applicable.

reason to believe that a research and promotion plan is needed, hearings will be held on a proposed plan. Based on evidence presented at the hearing, a watermelon promotion plan must be issued if the Secretary finds it would carry out the purposes previously stated.

The plan would establish a National Watermelon Promotion Board composed of an equal number of producer and handler representatives and a public representative. Producers and handlers would submit nominations to the Secretary. If established, the board would develop research and promotion projects, which must be approved by the Secretary before they are implemented. The board will also administer the plan, investigate alleged violations, and recommend amendments to the Secretary.

Assessments, which would be set by the board, must be the same on a per unit basis for both producers and handlers. Handlers would be responsible for collecting assessments from producers and submitting them to the board. All watermelon producers or handlers who do not support the plan could request a refund. Assessments may not be used to advertise or promote private brand names, to make false or unwarranted claims of watermelons or uses of competing products, or to influence Government policy.

If a plan is issued, the Secretary must conduct a referendum at county extension offices among eligible producers and handlers to ascertain whether they favor the plan. For a plan to be implemented, it must be approved by two-thirds of those voting in the referendum (or by voting producers and handlers who have control of two-thirds of the watermelons produced and handled during a representative period) and by a majority of both producers and handlers voting. The Secretary may conduct further referenda at any time, at the request of the board, or at the request of at least 10 percent of the watermelon producers and handlers eligible to vote in a referendum. The Secretary must discontinue the plan when its termination or suspension is favored by a majority of those voting in the referendum and by those producers and handlers voting who control more than 50 percent of the total volume of watermelons produced and handled by those voting in the referendum.

New Requirements for Agricultural Imports

The Food Security Act also addresses U.S. imports of poultry, red meat, and live animals. The act requires that all edible poultry imported into the United States since May 23, 1986, be subject to the same inspection, sanitary, quality, species verification, and residue standards that apply to poultry produced in the United States. The poultry must also be processed in facilities with conditions comparable to U.S. plants. Poultry not meeting U.S. standards will be denied entry.

In addition, each foreign country that exports red meat to the United States must obtain a certificate issued by the Secretary of Agriculture stating that the country uses reliable analytical methods to ensure compliance with U.S. standards for residues in meat. The Food Security Act stipulates that no red meat will be permitted entry from a country that does not obtain a certificate. The Secretary may issue regulations under which cattle, sheep, hogs, goats, and other animals that have been administered an animal drug banned for use in the United States may be imported for human consumption.

The Comptroller General must study USDA's and the Department of Health and Human Services' current product purity and inspection regulations for imported food products. The study must evaluate the effectiveness of Federal regulations and inspection procedures to detect prohibited chemical residues and foreign matter in food or live animals. A report is due to Congress by December 23, 1986.

National Agricultural Policy Commission

Because of the poor health of the agricultural economy, Congress established a National Commission on Agricultural Policy in the Food Security Act. The Commission's purpose is to study the structure, procedures, and methods of formulating and administering U.S. agricultural policies, programs, and practices. Specifically, the Commission must examine the following:

- The effectiveness of existing agricultural programs in improving farm income.
- Possible program improvements to help retain the family farm.
- The effect of legislative and administrative changes to agricultural policy on planning and long-term profitability of farmers.
- The effect on farmers of the existing system of formulating and implementing agricultural policy.
- The effect of national and international economic trends on U.S. agricultural production.
- The means of adjusting U.S. agricultural policies and programs to meet changing economic conditions.
- The role of State and local governments in future agricultural policy.

The Commission must also study conditions in rural areas of the United States and how these conditions relate to the provision of public services by Federal, State, and local governments. The rural issues to be examined will include the following:

- An analysis of conditions that reflect the declining rural economy, including economic and demographic trends, and rural and agricultural income and debt.
- Trends and fiscal conditions of rural local governments.
- Trends of Federal, State, and local government financing, delivery, and regulation of public services in rural areas.

The Commission must submit annual reports of findings and recommendations to the President and Congress before December 23 each year of the Commission's existence. The Commission is scheduled to terminate on December 23, 1990.

The Commission will include the chairmen and ranking minority members of the House and Senate agriculture committees and 15 members appointed by the President. The appointed members will be selected from nominees representing producers, processors, exporters, transporters, shippers, input suppliers, credit institutions, and consumers. Each State Governor will nominate two to four potential members. The President may not appoint more than one individual from a particular State nor more than seven individuals of the same political party. □