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USDA TRANSCRIPT

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Secretary Vilsack remarks at USDA Outlook Conference

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Thank you. Thank you.

I want to thank the Deputy Secretary (Merrigan) for not only a kind introduction but her unique and different perspective. This is an opportunity for all of us to learn about the complexities of agriculture from a variety of different viewpoints not the least is an emerging market in connecting local producers and consumers. She's worked hard on this outlook conference and on Know Your Farmer, Know Your Food effort, which I will speak about in a few minutes. I have appreciated her leadership, her vision and energy in the department. Thank you for all that you do for us.

I want to thank Joe (Glauber) who candidly is one of USDA's best. It's been a great experience to get to know him. He's taking a look at sort of the future of agriculture relating to climate issues, and his team has been helpful. Joe, thank you for your assistance.

To Jim Miller, he is a real great American. I don't think he's ever provided as valuable service as he has now in his position as Under Secretary. He has traveled around the world. He has probably more frequent flier miles, because he has been everywhere on behalf of farmers and ranchers. We trust and rely on him. Jim, thank you for being here.

I have more to say about my good friend Ron Kirk. I appreciate you taking time from your busy schedule for being here today.

Thank you all for being here today. I'm going to have a slightly different presentation, not a lot of charts or data, not a lot of basic information. It's going to be a broader view, bigger picture view of where we are. I'm really happy and pleased that the young people are here. The Deputy Secretary put the emphasis on the fact that they are invited and here. And it meansmore to the young people sitting here that I speak on their behalf. And on behalf of the 50 million people that call rural America home and the millions that rise up every day to produce the food and fuel this country runs on, I want to express concern on the ranchers and farmers that run rural America.

It's time for this country to understand and appreciate the value of rural America and begin paying more attention than we have in the past. As part of what I do, I asked Joe and his team to put together information on farmers and ranchers. One of the documents they put together and worked on with others within the USDA is the Ag Census which was produced last year. What we found was that our farmers and ranchers are aging at a fairly rapid rate. Today's average farmer, rancher is 57 years of age. We have a 20% decline of farmers under the age of 25 and a 30% increase in the number of farmers over the age ever 75. We have seen a contraction of the number of farmers in this country.

I recently gave a speech in Minnesota in which I looked at Orville Freeman. He was the predecessor in this job of mine. When he was Secretary during my lifetime, there were over 3 million farmers and ranchers in this country. We have seen this rather significant contraction. We have seen the aging of farm families. That mirrors what is happening in rural America. The statistics are a wakeup call. We know that the average age of someone living in rural America

is higher than suburban and urban areas. We know the people living in rural America have fewer college degree and fewer high school degree residents and citizens. We know that the income of those who live in rural America including the farmers and ranchers are substantially below what others make, $11,000 per capita less. We know that is not just a result of the global recession that they resent difficult times but this has been the case for decades in rural America.

We have to talk about the future of rural America. It's important for this department to make a strong and bold statement that it is time for us to pay particular attention to this issue and to focus a strategy that will make a difference, so we can say to these young people here today that there is a future, a bold future in rural America for them and their children and grandchildren. For those in the audience who want to know why this is important.

It's important to the country because rural America makes up 1/6th of the population of the United States, those who serve us in uniform, 45% come from rural communities. Why is that? In part because of the value system that rural America represents. A reward of hard work, appreciates responsibility, the responsibility not just to family but community and country. It's the very glue that keeps this country together. It's about attaining a value system and giving a future to young people and making sure we keep a vibrant rural economy. We have focused on developing a strategy on tacking rural America and farming and ranching to the next level.

There are six basic steps to that strategy. All of them relate to improving prospects to farmers and ranchers and those living in rural communities. It may not be surprising to anyone in this room that the first strategy is that this department must focus its research and development components on making sure we do our very best job not just to increase productivity but also to make sure that we protect what it is they are growing and raising. The National Institute is going to have a more laser-like focus, in part on improving productivity and also being able to figure out how we can do a better job of protecting crops and animals from pests and disease. The more we produce, the healthier we produce, the better off we will be. Second is to then make sure we protect the market that's we have. We start by protecting it from a standpoint of food safety. We have a lot of conversation and one wonders about that. It's also about protecting markets. The safer the food is, the greater the confidence consumers have. It is incumbent about this department to make sure we have the safest and highest quality of food. Third strategy in which we'll talk about during this conference is an expanding domestic market. There is an amazing opportunity we discovered here and are bringing to light. That is the domestic market of locally grown and consumed goods.

We have this wonderful program called "Know your farmer, know your food." It is designed to create that link to be able to understand and appreciate what is grown and raised in their community and to figure out ways to help their farmers and ranchers by purchasing when is grown and produced in their region, using our rural development resources to supply resources for that supply chain, creating new markets and opportunities to sell their products locally reducing their costs, increasing their markets, providing more jobs in rural communities. It also addresses the fact that in far too many communities in this country, there are no grocery stores. It is difficult to address the healthcare issues of this country or the economic issues if in small communities there are no grocery stores.

There is no opportunity to buy fruits and vegetables and quality meats. And why is that?

You would be surprised and, I think, shocked to find out how many Americans in this country today do not have access, conveniently, to a grocery store. And it is part of the USDA's responsibility to expand these domestic markets, to figure out what it takes to put that grocery store in a town of a thousand, or to put that grocery store in an inner-city. And we are committed to addressing the food issue. In fact, we are proposing, consistent with the President's initiatives, a healthy food initiative which is designed in part to work with other departments of government to create the financing and the technical assistance to address this very serious issue.

It is about expanding domestic markets.

Our fourth strategy is about expanding markets overseas. And we have already discussed this in part, but I want to expand on Jim Miller's comments a bit about the importance of

exports. You have to have a strategy. You have to have a focus. And it just cannot be that we're for exports.

You have to have a specific strategy about how you are going to increase exports. Part of it is indeed enforcing existing agreements. And I will tell you there is no better advocate for that than Ron Kirk. I have been in rooms and meetings with foreign dignitaries where Ron Kirk has spoken very diplomatically but very straightforwardly about the necessity of compliance with agreements. That is part of it. It is also about expanding and figuring out new opportunities and new agreements, both bilateral and multilateral, which is why Ron Kirk and others are supportive, and we are supportive, of free trade agreements that are fair to all concerned, and why we are looking at opportunities in the trans-Pacific area for expansion of opportunities.

But it is also about having a strategy that understands that every nation we potentially can trade with is fundamentally different, and you cannot just have one size fits all. You have to understand and appreciate that every community, every nation, is different. And you have to create a continuum of those nations from those that are very fragile, and probably trade is not likely to occur in the short term, but by developing a relationship and in providing assistance, trade could potentially occur. Afghanistan and Pakistan are a good example. That goes all the way up to sophisticated nations who are not only our trading opportunities but also our trading competitors, and how we deal and cope with them.

Within USDA, we have to have a different approach for each of the nations along that continuum. That is part of what we have been doing in the past year, to devise and develop that kind of strategy. It is also recognizing that things are a little different in the trade world. It used to be that it was about tariffs. It still is, to a certain extent, but it is not as much about tariffs.

It is now about the sanitary and technical issues that are raised by countries to make it either easier or more difficult for trade to occur, which means that we at USDA have to be engaged and involved in providing technical assistance to countries so that they understand and appreciate our sophisticated approaches. Our new trade strategy also has to focus on biotechnology and developing a way in which we can do a better job of using that science, a better understanding of the environmental benefits that could occur from biotechnology -- less pesticides and less chemicals, less damage to the environment, greater productivity at a time when the world's population continues to expand and the available land for productivity shrinks because cities are expanding.

Who is going to solve the problem? Who is going to accept that challenge?

Well, the folks in the science world are accepting that challenge. But we have to have a greater acceptance and understanding of what that science is. We need to do a better job, frankly, of developing partnerships, farmer to farmer, leader to leader, explaining these benefits.

So public diplomacy is part of our new approach. We have to focus on a rules-based and science-based system, but we also have to create new opportunities for empowering other nations in other parts of the world to assist us in carrying this message. It cannot just simply be a message carried by the United States. And so you look for countries in Africa and Asia and South America who are embracing this science, who explain to the friends and neighbors in their part of the world the benefits of it. Expanding exports is an important consideration.

And it also means developing relationships, as Jim Miller discussed. Our global food security initiative is not just simply about providing assistance to countries because it is the right thing to do. It is the smart thing to do because it creates relationships that in turn lead to ultimate business opportunities. So if you focus on protecting the market through food safety, if you put more research and development to allow farmers to be more productive and to protect their crops from pests and disease, you expand domestic markets and you increase export markets.

You can go a long way to turning the process around in rural America. But it is going to take two more steps. And those steps involve focusing on value-added opportunities. There is an enormous opportunity for this country in the area of energy. I have seen it in my home state

of Iowa. It can be replicated across the country, which is why we have put a lot of time and effort into developing the biofuels task force report for the president, a discussion of how we might be able to use agriculture's power, either in terms of production of crops or production of crop residue, or production of forest and biomass, that can create new opportunities for this country to make us far less dependent than we are today on foreign energy sources. It is time for America to take back its energy destiny. It can do this through the farmers and ranchers and rural communities of this country. Every sector of our nation, every geographic area of our nation, can contribute to this. We recognize that at USDA, and we are prepared to assist and help through the energy title of the farm bill. Literally billions of dollars are available to assist and create the supply chain, the distribution systems, the research for new feedstocks, the capacity to make existing systems more efficient. All of that has to be part of USDA's mission in order to create value-added opportunities so that farmer and that rancher can sell their product, sell their crop, to a competing market, or sell their crop residue that before was not particularly valuable.

It now becomes extraordinarily valuable. Or take non-productive land and make it highly productive, new opportunities that will also create jobs in rural communities.

If a farmer is able to lease out his or her land for the use of a windmill, someone has to make that windmill. There are 8800 parts to a windmill. And it is very difficult to make those parts overseas and ship them less expensively to the United States than it would be to create the manufacturing opportunity in a rural community, which creates jobs and provides those parts in a very convenient location. That is one of the reasons why we have called upon and will continue to call upon Congress to extend the tax credit that Joe alluded to in the biodiesel area.

That is an important credit and important support mechanism to allow that particular aspect of biofuels, or the biofuels industry, to continue to expand and grow.

Even if we do all that, we have to do one more thing, and that is that we have to have a totally different approach to rural development, to economic development within rural communities of this company. The reason being is because so many farm families today rely on off-farm income.

So many farm families today rely on that employment opportunity that enables them to keep the farm. Just so we understand the circumstances, the Ag census suggested that we lost a net of about 40,000 farming operations in the last five years of farms that had sales of more than $10,000. 40,000 families made the decision that they could not continue, for a variety of reasons.

The good news, and the reason why this particular conference is focused on sustainable agriculture, is the good news that 108,000 new farming operations started in the category of less than $10,000 in sales. This conference is about how we can expand and grow that number and allow them to migrate into midsize operations. But it is important for us to recognize that we have got to figure out something about rural development that allows those farm families that live on off-farm income to be able to have it.

That requires us to take a look at a new dynamic in rural development. This administration and the President have a compelling vision. And it is the first time in my lifetime I have seen a compelling vision for rural America. The Recovery and Reinvestment Act will invest in rural America over $9 billion in grants and loans to expand broadband, to bring that 21st century technology to even the remotest areas of this country so that small businesses can expand their markets from local markets to global markets. Farmers can have up-to-date real-time information by which to make the most important decisions concerning marketing. $9.5 billion of new opportunities in rural America are just from the Recovery and Reinvestment act.

The energy opportunities are significant. "Know your farmer, know your food" is significant.

But also, an understanding and appreciation that the natural resources this country has are also a great economic driver, and for far too long we have ignored the economic opportunities that our national resources present. Not just the conservation programs, as important as they

are, but the opportunities they create for hunting and fishing and recreation.

Hunting and fishing is a $180 billion industry in this country. If you happen to be from a state that has a national forest, you are part of a network that enjoys 206 million visits each year from people across the country and across the world, 206 million opportunities to expand the economy in rural America, $180 billion opportunity to expand jobs in rural America. And so it is important for us to focus on these issues and also to recognize the tremendous opportunities that ecosystem markets now will create, markets for water, markets for carbon, markets for Habitat investment -- another way of expanding and creating new opportunity in rural America.

And so we are engaged in all of these efforts at USDA because we understand that if you build a strong rural economy that creates off-farm income for farmers, you're helping farmers and ranchers.

If you create value-added opportunities for what they grow and raise, you're creating new opportunities for American farmers. If you protect the market -- if you expand markets both locally and globally, you're creating a better opportunity for American farmers. It is why we say we are an "every day, every way" USDA. And to the young people who are here, let me speak specifically to you.

Your country needs your creativity, your imagination, your intellectual power, in rural America.

There is the lure of other places, but the value system of this country is centered in those communities that you may come from. And they need you. They need you to dedicate yourself to making a difference, to growing an economy that allows you to have a sense of connection, allows you to make a difference, allows you to fundamentally direct this country back to where we have to be, where we understand and appreciate that we have something larger than ourselves that we need to contribute to. And there may be the lure of a higher paycheck somewhere else, or the lure of more excitement. But I guarantee you, you will never have the satisfaction that you could have if you dedicate your life to building back rural America. It is time for a generation of young Americans to commit themselves to that. USDA is committed to helping you, but we need your assistance. We need your commitment. We need your dedication and your willingness to work with us.

I did not come from rural America. I came from an urban center. But I raised my children in a small, rural community. And I knew that when my son, either one of my sons, did something and the local paper wrote about them, that we would get 15 copies from our neighbors. And I knew that if my kids did something they should not have done -- [**LAUGHTER**] We would know about it before they got home. [**LAUGHTER**] And they were raised to understand and appreciate the give back. And at a time in this country's history when we have difficulties economically, it is time for us to remember that we are far stronger when we work together, when we care about each other. And there is no better place for that kind of feeling than in rural America.

So we can talk about statistics and we can talk about numbers, and we can talk about trends and charts. But at the end of the day, this country has got to get serious again about a strong, vibrant, creative, innovative rural America. And I can guarantee you the USDA is committed to making that happen. But we need you. Thank you very much. [**APPLAUSE**]

It is now my distinct pleasure and honor, and I really consider this a privilege, to introduce our next speaker, Ambassador Ron Kirk. He and I started our political life, I think, in the same place, as mayors of cities. Ron is always a bigger thinker than I am. And so I started out the mayor of a town of 8000. What is the population of Dallas? How many? A little bit more. A few more. He was the mayor of Dallas, Texas. And so you would think a guy from Dallas, Texas, even though Texas is a tremendous agricultural state -- would he have, as he comes into this important responsibility as a trade ambassador for the United States, a responsibility that involves an understanding of all the various products and technologies and intellectual properties that the United States has to offer the rest of the world -- would he understand, and more importantly, would he appreciate, the necessity of focusing a bit of his time, and a bit of

his staff's time, on agriculture?

I think I was in office about a week or so when Ron got the call. He called me up and he said, "you know, I think agriculture is something we need to pay more attention to, and I think agriculture is something we have to have a better relationship with. Would you be willing to bring your team over to USTR to meet my team?" We had a wonderful conversation. We understood and appreciated that we were in this together. And I have seen him operate on behalf of the United States. I have seen him talk frankly, as I said earlier, to leaders of other countries about the importance of complying with agreements, enforcing agreements, and bringing up difficult and touchy subjects in this area of agriculture that is complex and difficult to understand. He has had no hesitation doing this. He is fully informed, fully briefed, and he has an extraordinary way about him.

I think it is, frankly, one of President Obama's most inspired choices, and we have got a lot of good people working in the United States government. But I have appreciated his friendship, and appreciated his commitment to agriculture, and I think you will, too. Ladies and gentlemen, Ambassador Ron Kirk. [**APPLAUSE**]

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