



Washington Update

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Senate Farm Bill Action

Farm Bill Extension Bill Muddies Waters

Veto Threatened, But Recent Results Are Mixed

USDA WASDE November Report on US Sugar Supply and Use

The Senate Agriculture Committee marked up the farm bill in short order in late October, including a 1 cent increase in the sugar loan rate along with most other elements approved by the House. The farm bill was brought to the Senate floor early in the week of November 5th but procedural disputes brought the process to a standstill. The Senate leadership worked behind the scenes to reach agreement on a roster of amendments that could be considered on the floor, with little or no progress to pare the 262 amendments down to a manageable level, and sharp partisan debate continued through mid-November.

On November 16, the last day of business before the Thanksgiving recess, an effort by the leadership to invoke cloture (a procedural move requiring a super-majority of 60 votes, which limits the scope of amendments and sets a time limit on debate) was defeated by a 55-42 vote, with Republicans Chuck Grassley (IA), Norm Coleman (MN), Gordon Smith (OR) and John Thune (SD) voting with the majority. While lack of progress in November does not bode well for getting a bill out of the Senate and a conference negotiation completed with the House before the end of the calendar year, eleventh hour negotiations among the leadership may have paved the way for real progress when the Senate returns on December 3rd. If a farm bill is approved

on the Senate floor in early December, the likelihood of an extended December session to deal with appropriations matters would allow more time to negotiate differences with the House.

Like the divisiveness that erupted in the final leg of the House vote, there is a great deal of finger-pointing on both sides. The reality is that this has little or nothing to do with the farm bill and has much to do with the continuing struggle for control of the House, the Senate and the executive branch of government.

Farm Bill Extension Bill Muddies Waters

In reaction to the delays in the Senate, a group of House Republicans introduced legislation prior to the Thanksgiving recess to enact a one-year extension of the farm bill, despite clear statements of opposition by the Administration. Representatives Charles Boustany (R-LA) and Richard Baker (R-LA) were among the twenty-three Members of Congress to co-sponsor the measure.

While we were supportive of a long-term extension in mid-2006, there are significant problems with supporting a short-term extension bill. First, the Congressional Budget Office will update the agriculture baseline in March 2008 and, based on continuing higher prices in other commodity markets, the baseline is almost certain to be reduced even further. A smaller baseline

will make it more difficult for the agricultural committees to put together a new bill next year to preserve and improve upon the farm safety net.

The difficulties in finding offsets for this year's farm bill, which led to the GOP revolt in the House, will be exacerbated if the process begins again next year. Next year's legislative schedule will be tighter during the presidential campaign season and partisan divisions are likely to become even more intractable during the '08 election season.

For sugar, an extension bill removes the loan rate increase that our farmers so desperately need. Further, an extension will leave us without the market balancing mechanisms contained in the current bill, leaving us vulnerable to a predatory flood of imports when the US-Mexico market is opened up on January 1, 2008.

Veto Threatened, But Recent Results Are Mixed

Advisors to the President have recommended that he veto the Committee-passed farm bill unless significant changes are made. While such threats are routine and may be used as leverage by the Administration in conference negotiations, there is a possibility that Congress will be asked to override a veto in order to implement the commodity provisions developed and approved on a bipartisan basis in the House and Senate agriculture committees.

President Bush vetoed the Water Resources Development Act, a bill authorizing projects to upgrade locks, dams and levies, the latter of great importance to southern Louisiana. The House and Senate quickly overrode the veto with united support by the Louisiana delegation. The bill, which authorizes programs but does not appropriate funds for those programs, has become law. Senator Mary Landrieu's (D-LA) position on the Appropriations Subcommittee on Energy and Water Development places her in a crucial position to ensure that these programs are funded, as will Representative Rodney Alexander's (R-LA) position on the House

Committee on Appropriations. The Louisiana delegation deserve much credit for pushing the bill through over the objections of the Administration.

The President then used his veto pen to send the appropriations bill covering Labor, Health & Human Services and Education back to Congress. This came after Republicans successfully blocked Democratic efforts to link defense and domestic spending measures in a "minibus" package. The defense appropriations bill was signed into law.

A continuing resolution was approved in early November that keeps government programs operating through mid-December. Congress will return from the Thanksgiving recess in early December to work on these must-pass appropriations measures. Indications are that the Democratic leadership will reduce the domestic spending bills significantly and bundle them into one "omnibus" appropriations bill. While the holiday recess is scheduled to begin in mid-December, this heavy workload suggests that Congress may remain in session well into the yuletide season.

USDA WASDE November Report on US Sugar Supply and Use

The USDA released its November World Agricultural Supply and Demand Estimates (WASDE) report for sugar supply and use. 2006/07 beginning stocks were unchanged at 1,698,000 short tons (raw value), while production was reduced slightly to 8,435,000 tons from 8,488,000 tons last month. Beet production was reduced to 5,002,000 tons from 5,028,000 tons, while cane production was lowered to 3,433,000 tons from 3,460,000 tons last month. Louisiana was reduced to 1,321,000 tons from 1,335,000 tons, while Florida production was unchanged at 1,713,000 tons. Imports were increased to 2,080,000 tons from 2,074,000 tons last month. Total supply was reduced to 12,213,000 tons from 12,260,000 tons last month. Exports were lowered to 422,000 tons from 435,000 tons and food deliveries increased to 10,125,000 tons from 10,075,000 tons last month. Total use was lowered to 10,426,000 tons from 10,510,000 tons. As a result, ending stocks were increased to 1,787,000 tons from 1,750,000 tons last month and the stocks to use ratio was increased to 17.1 percent from 16.7 percent last month.

For 2007/08, production was increased to 8,450,000 tons from 8,446,000 tons last month. Beet production rose to 4,791,000 tons from 4,764,000 tons, while cane production was lowered to 3,659,000 tons from 3,682,000 tons last month due to a drop in Hawaiian production. Louisiana and Florida production were unchanged at 1,430,000 tons and 1,774,000 tons, respectively. Imports are increased to 2,193,000 tons from 2,123,000 tons, due to a 100,000 ton increase in Mexican imports. As a result, total

supply is increased to 12,430,000 tons from 12,319,000 tons last month. Exports are unchanged at 250,000 tons. Deliveries are increased to 10,300,000 tons from 10,170,000 tons, and total use is increased to 10,550,000 tons from 10,420,000 tons last month. Ending stocks are reduced to 1,880,000 tons from 1,899,000 tons last month. As a result, the stocks to use ratio is decreased to 17.8 percent from 18.2 percent last month.