



# Animal Agriculture: 2008 Farm Bill Issues

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## Summary

With a few exceptions (such as milk), the products of animal agriculture are not eligible for the price and income supports that Congress historically has written into farm bills for major row crops such as grains, cotton, and oilseeds. However, the meat and poultry industries do look to the federal government for leadership and support in promoting their exports, resolving trade disputes, and reassuring markets that their products are safe, of high quality, and disease-free. Farm bills can contain policy guidance and resources to help achieve these objectives.

Animal producers closely follow the development of farm bills because of their potential impact on production and marketing costs. For example, policies promoting crop-based alternative fuels like ethanol already have contributed to higher prices for corn and soybeans, both important animal feedstuffs. Where additional biofuels policy incentives were being considered for inclusion in a new farm bill, cattle, hog, and poultry producers urged restraint and/or encouraged more use of non-feed crops like grasses and field wastes. Other issues of interest included proposals from some farmer-rancher coalitions to address perceived anti-competitive market behavior by large meat and poultry processing companies; and proposed changes in food safety laws.

A number of animal-related provisions, some potentially quite significant for producers and agribusinesses, were debated during Congress's deliberations on a 2007-2008 farm bill. Several of these proposals advanced to be included in the final version of the bill (P.L. 110-246) that became law in June 2008. It contains a new title on Livestock (Title XI) with provisions affecting how USDA is to regulate livestock and poultry markets—but lacking much of the extensive language that had been in the Senate-passed version of the bill. For example, conferees omitted a Senate provision that would have prohibited large meat packers from owning, feeding, or controlling livestock except within 14 days of slaughter.

Other livestock title provisions in the final version include permitting some state-inspected meat and poultry products to enter interstate commerce, just like USDA-inspected products; bringing catfish under mandatory USDA inspection; and modifying the mandatory country-of-origin labeling (COOL) law to ease compliance requirements affecting meats and other covered commodities. In the Miscellaneous title (Title XIV), Congress included amendments aimed at further protecting primarily companion animals, which are regulated under the Animal Welfare Act (AWA). Title XV, containing the bill's revenue and tax provisions, creates a new disaster assistance trust fund that could provide new assistance to livestock producers affected by weather disasters.

In the 111<sup>th</sup> Congress, lawmakers' attention likely will be focused on USDA's implementation of these provisions. Whether they might take renewed interest in provisions that did not pass—for example, the ban on large packer ownership of livestock—was uncertain at the start of 2009. This report will not be updated.

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## Overview

Most of the products of animal agriculture are not eligible for the price and income support programs that Congress has written into farm bills for major crops such as grains, cotton, and oilseeds.<sup>1</sup> Nor have meat and poultry producers generally sought such assistance, except *ad hoc* aid to recover losses caused by natural disasters such as droughts and hurricanes.<sup>2</sup> They also do not qualify for federal crop insurance, which covers a portion of the value of production lost to natural disasters. Some cattle and hog producers in a limited number of states do participate in livestock revenue insurance programs being administered by USDA's Risk Management Agency (RMA), which provides protection from revenue losses whether due to natural causes or economic conditions.

Animal agriculture does look to the federal government to resolve trade disputes, establish transparent, science-based rules for importing and exporting animal products, and reassure domestic and foreign buyers alike that these products are safe, of high quality, and disease-free. Other longstanding public policy concerns include animal agriculture's obligations with respect to environmental protection, food safety, and animal welfare. Omnibus farm legislation can contain policy guidance and resources related to these objectives.

A number of animal-related provisions, some potentially quite significant for producers and agribusinesses, were debated during Congress's deliberations on a 2007-2008 farm bill. Several of these proposals advanced to be included in the final version of the farm bill (P.L. 110-246) that became law in June 2008. It contains a new title on Livestock (Title XI) with provisions affecting how USDA is to regulate livestock and poultry markets—but lacking much of the extensive language that had been in the Senate-passed version of the bill (H.R. 2419).<sup>3</sup> For example, conferees omitted a Senate provision that would have prohibited the large meat packers from owning, feeding, or controlling livestock except within 14 days of slaughter.

Other livestock title provisions in the final version include permitting some state-inspected meat and poultry products to enter interstate commerce, just like USDA-inspected products; bringing catfish under mandatory USDA inspection; and modifying the mandatory country-of-origin labeling (COOL) law to ease compliance requirements affecting meats and other covered commodities. In the Miscellaneous title (Title XIV), Congress included amendments aimed at further protecting primarily companion animals, which are regulated under the Animal Welfare Act (AWA). Title XV, containing the bill's revenue and tax provisions, creates a new disaster assistance trust fund that could provide new assistance to livestock producers affected by weather disasters. The **Appendix** at the end of this report provides a side-by-side comparison of selected

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<sup>1</sup> Milk, honey, and wool are notable exceptions. See CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, by (name redacted) et al..

<sup>2</sup> For example, agricultural disaster provisions in the FY2007 Iraq war supplemental (P.L. 110-28) included \$1.23 billion in assistance for livestock growers for losses caused by certain natural disasters in 2005, 2006, or early 2007. See CRS Report RS21212, *Agricultural Disaster Assistance*, by (name redacted).

<sup>3</sup> The conference agreement on the 2008 farm bill was originally approved by the House and the Senate as H.R. 2419 and vetoed by the President in May 2008. Both chambers overrode the veto, making the bill law (P.L. 110-234). However, the trade title was inadvertently excluded from the enrolled bill. To remedy the situation, both chambers repassed the farm bill conference agreement (including the trade title) as H.R. 6124. The President vetoed the measure in June 2008 and both chambers again overrode the veto, which made H.R. 6124 law as P.L. 110-246, and superseded P.L. 110-234.

provisions relating to animal agriculture (and to nonfarm animals) as they appeared in the House, Senate, and final versions of the farm bill.

**Table 1. U.S. Animal Production, 2002**

U.S. Farms by Primary Classification	Number <sup>a</sup>	Value of U.S. Sales (\$1,000) <sup>b</sup>
Total farms	2,128,982	200,646,355
Total crop farms	986,625	95,151,954
Total animal farms	1,142,357	105,494,401
<i>Beef cattle ranches and farms</i>	664,431	
<i>Cattle feedlots</i>	55,472	
<i>Cattle and calves</i>		45,115,184 <sup>c</sup>
<i>Dairy farms</i>	72,537	
<i>Milk and products</i>		20,281,166
<i>Hogs and pigs</i>	33,655	12,400,977
<i>Poultry meat and eggs</i>	44,219	23,972,333
<i>Sheep and goats</i>	43,891	541,745
<i>Horses and other equines</i>	174,441	1,328,733
<i>Other animal production</i>	53,711	1,854,262

**Source:** U.S. Census of Agriculture, 2002. The 2007 Census of Agriculture had not yet been tallied and reported as of May 2008.

- a. Based on North American Industry Classification System (NAICS).
- b. Market value of agricultural products sold (and government payments) from all farms regardless of primary (i.e., NAICS) classification.
- c. Represents sales of beef cattle (including from feedlots, farms, and ranches) and of dairy cattle.

## Economic Backdrop

Much is at stake economically: the farm value of animal production was more than \$105 billion in 2002, more than half the total value of all U.S. agricultural production (2002 Census of Agriculture). Approximately 1.1 million of the nation's more than 2.1 million farms were classified by the 2002 Census as primarily animal production operations (see **Table 1**).

Producers face much pressure to become larger, more specialized, and more cost-efficient, in order to compete in the increasingly global marketplace. Transactions have been moving away from live cash markets and toward contractual relationships that can provide a guaranteed supply of live animals at predetermined prices and consistent qualities. Many of these animals have been supplied to feeding operations and meat slaughtering/processing plants by Canada (beef cattle, sows and pigs) and Mexico (beef calves), as the beef, pork, and poultry industries of the three North American countries have become more economically integrated over the past two decades.<sup>4</sup>

<sup>4</sup> See William F. Hahn et al., *Market Integration of the North American Animal Products Complex* (LDP-M-131-01), (continued...)

These trends are occurring at a time when feed costs have begun to rise significantly for a variety of reasons, including very strong global demand for grains and oilseeds, higher fuel costs, and the government's promotion of ethanol (now primarily corn-based) as an alternative fuel.

## Importance of Trade

The United States is a world leader in the production, consumption, and export of meat and poultry products. One indicator of the increasing reliance of the animal sector on international trade is the share of U.S. domestic production that is exported, a figure that has increased significantly over the past 35 years.

Broiler meat exports have grown from 1.3% of production in 1970 to 14.9% of production in 2006 and nearly 16.2% in 2007. Pork exports climbed from 1.3% to 14.3% over the same period (see **Figure 1**). Beef exports also climbed, from 0.2% of domestic production in 1970 to 9.6% in 2003. When world markets closed to U.S. beef after a Canadian-born cow with bovine spongiform encephalopathy (BSE) was discovered in Washington state late in 2003, exports dropped precipitously to 1.9% of production in 2004. Two more BSE cases subsequently were found in U.S.-born cattle under a more intensive surveillance program, but beef exports are again rebuilding gradually. They reached 5.4% of production in 2007. The United States has long been a dominant world player, but increasing reliance on exports also has brought new challenges. Other countries are competing vigorously for the same country markets. **Table 2** discusses the relative position of the United States in world trade of beef and veal, pork, broilers, and turkey.

Many years of effort to build export sales can be reversed abruptly due to an animal disease outbreak. When other countries restrict U.S. meat or poultry products, whether due to the discovery of BSE, an outbreak of avian influenza, or some other health problem, it often takes many additional years for the United States to regain those markets, as has occurred in Japan and Korea, the first and third most important destinations, respectively, for U.S. beef prior to the occurrence of BSE here.

**Table 2. U.S. Role in Selected Meat and Poultry Trade**

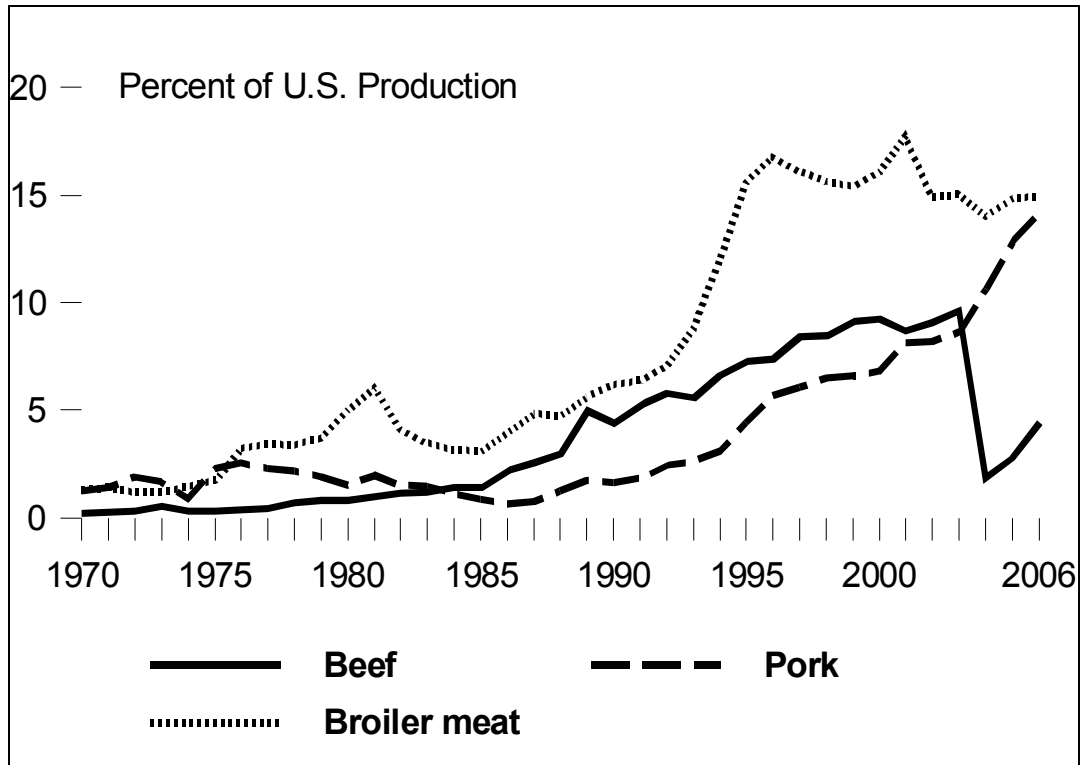
	United States Rank (2007)	The Competition
<b>Beef and veal</b>	No. 1 producer, consumer, and importer; was no. 2 exporter prior to 2003 BSE case, now no. 4. Is a net importer.	Australia, long the leading exporter, was surpassed in 2004 by Brazil.
<b>Pork</b>	No. 3 producer, consumer; no. 4 importer; no. 1 exporter. Is a net exporter.	EU and Canada also in top 3 exporters. Brazil is no. 4.
<b>Broiler meat</b>	No. 1 producer and consumer; no. 2 exporter. Few imports.	Brazil overtook U.S. as no. 1 exporter in 2004.
<b>Turkey</b>	No. 1 producer, consumer, exporter. Few imports.	No. 2 exporter Brazil has gained in market share.

**Source:** USDA, FAS, Livestock and Poultry: World Markets and Trade, April 2008.

(...continued)

USDA, Economic Research Service, May 2005.

Figure I. Selected Meat and Poultry Exports



Source: Various USDA data series. Figure does not reflect 2007 data cited in text.

Sometimes a country may impose sanitary or phytosanitary (SPS) standards that affect U.S. imports and that the United States contends are not based on scientific principles or otherwise violate international trade rules. Examples include Japan's and Korea's years of delays in reopening their borders to U.S. beef even though the United States follows what it argues are internationally recognized safeguards. Another example has been the European Union's (EU's) refusal to accept U.S. beef treated with approved growth hormones, despite an international panel siding with the United States when it determined that the EU position was scientifically indefensible. Most animal agriculture organizations expect U.S. agricultural and trade agency officials to lead efforts in resolving such problems and in trying to ensure that they do not arise unexpectedly.<sup>5</sup>

<sup>5</sup> For more information see CRS Report RL33472, *Sanitary and Phytosanitary (SPS) Concerns in Agricultural Trade*, by (name redacted).



# Issues and Options

## Market Competition and Packer Concentration

### Background

The past several decades have seen rapid changes in the structure and business methods of animal agriculture (see **Table 3**). Production and marketing have been moving toward fewer and larger operations, although the pace of these changes has varied widely across the sectors.

**Table 3. Selected U.S. Livestock Data**

	1980	2005
<b>Beef:</b>		
Total cattle marketed	23.2 million	25.8 million
Beef cow farms & ranches	1,032,592 <sup>a</sup>	770,170
Pct. with 500 or more head	<1%	<1%
U.S. beef cow inventory	35.2 million	33.8 million
Pct. on operations with 500 or more head	14%	15%
Cattle feedlots	113,326	88,198
Pct. with 1,000 or more head	2.1%	2.5%
Pct. marketed from operations with 1,000 or more head	70%	86%
<b>Hogs/pigs:</b>		
U.S. hog/pig inventory	62.3 million	60.7 million
Hog/pig farms	667,000	67,000
Average no. of head per farm	93	906

**Source:** Various USDA data reports. Data on farm numbers differ from those shown in **Table 1** due to use of differing years and farm classifications.

a. 1978 data.

### Beef

For example, smaller (i.e., fewer than 100-head) cow-calf operations (where beef cows are bred and born) represent a majority of such operations and hold nearly half of all U.S. cattle. On the other hand, larger (i.e., 1,000-head plus capacity) feedlots, which fatten cattle to slaughter weight, represent a small fraction of total U.S. feedlots but market the majority of fed cattle.<sup>6</sup> Cattle feeding is now concentrated in the middle part of the country, where five states marketed 75% of all fed cattle: Kansas, Nebraska, Texas, Oklahoma, and Colorado. Although more widely dispersed, 75% of all U.S. beef cows also reside in the middle states, stretching, approximately,

<sup>6</sup> *Animal Production and Marketing Issues: Questions and Answers*, USDA, Economic Research Service, at <http://www.ers.usda.gov/Briefing/AnimalProducts/questions.htm>.

west to east from Colorado and Utah to Kentucky and Tennessee, and from the Canadian to the Mexican borders.<sup>7</sup>

**Pork**

Live hog production has seen sweeping changes over the past 25 years. The number of U.S. farms with hogs declined from 667,000 in 1980 to 67,000 in 2005; those remaining have become much larger and less diversified. Operations with at least 10,000 hogs now represent less than 1% of all producers but more than half of total U.S. hog output, USDA reports. The average 1980 farm with hogs had less than 100 head and likely raised them from birth to slaughter weight as part of a more diversified crop-livestock operation. In 2005, the average hog farm had more than 900 head and might typically specialize in a single stage of hog production, such as finishing, according to USDA. In fact, the hog production segment of the industry now has about 30 key firms, plus several hundred additional “significant” operators.<sup>8</sup> Much of the U.S. hog population is in Iowa, southern Minnesota, and North Carolina.

**Meat Packing**

Cattle and hog producers now sell to fewer packers as well (see **Table 4**). Recent concentration numbers approach those of the early 1900s when 50% to 70% of the market was dominated by five firms which slaughtered several different species of livestock.<sup>9</sup>

**Table 4. Red Meat Packer Concentration, 1985 and 2005**

Type	Percent Slaughtered by Top 4 Firms	
	1985	2005
Hogs	32%	63%
Steers & Heifers	50%	80%
All Cattle	39%	71%

Source: USDA and *Cattle Buyers Weekly*.

**Vertical Marketing Relationships**

Ownership or tight control of multiple production and marketing steps by a single firm (known as vertical integration or vertical coordination, respectively) is more common in the livestock and poultry sectors today than in the past. A 2001 article described this characteristic as “supply chains—tightly orchestrated production, processing, and marketing arrangements stretching from genetics to grocery. Supply chains bypass traditional commodity markets and rely on contractual

<sup>7</sup> *Cattle-Fax Update*, December 15, 2006.

<sup>8</sup> Informa Economics, *Special Report: The Changing U.S. Pork Industry*, November 1, 2004, at <http://www.informaecon.com/LVNov1.pdf>.

<sup>9</sup> USDA, ERS, *U.S. Beef Industry: Cattle Cycles, Price Spreads, and Packer Concentration*. Technical Bulletin No. 1874, April 1999.

arrangements among the chain participants to manage the transformation of livestock on the farm to meat in the cooler.”<sup>10</sup>

This business model was pioneered in agriculture by the poultry industry, which began to integrate shortly after World War II. Poultry producers were “the clear leader” in delivering nutritional and convenient products to consumers while at the same time sharply controlling costs, according to Barkema. The hog industry has been following poultry’s footsteps. Now typical are contract production arrangements with large integrators who may provide the genetics, piglets and other inputs, and a contracting producer (farmer) who provides facilities and labor.

For those who raise livestock, all of these changes have meant fewer cash transactions at auction barns or other open markets, and more frequent, often longer-term business arrangements with buyers and/or processors. Often these arrangements take the form of agricultural contracts, which USDA defines as agreements between farmers and their commodity buyers that are reached before the completion of production. Other alternative marketing arrangements also are used by producers and processors (see “GIPSA Study” below).

In 2003, contracts (production or marketing) covered 47% of all livestock production value, up from 33% in 1991-93. This compared with 31% of all crop production in 2003 and 25% in 1991-93, according to USDA.

### ***GIPSA Study***

A comprehensive study of livestock transaction methods, funded through USDA’s Grain Inspection, Packers and Stockyards Administration (GIPSA), describes a number of “alternative marketing arrangements” (AMAs). The study defines AMAs as all alternatives to the cash market, including forward contracts, marketing agreements, procurement or marketing contracts, production contracts, packer ownership, custom feeding, and custom slaughter. By contrast, cash transactions are those that occur immediately or “on the spot.”

The study, conducted by the private contracting firm RTI International, determined that all types of AMAs accounted for an estimated 38% of fed (slaughter-ready) beef cattle volume, 89% of finished hog volume, and 44% of lamb volume sold to packers between October 2002 and March 2005, the period studied. Within the beef sector, the 29 largest beef packing plants had obtained 62% of their cattle on the cash or spot market; 29% through marketing agreements; 4.5% through forward contracts; and 5% through packer ownership or other unknown methods. The use of one type of AMA—that is, packer ownership of the livestock they intend to slaughter—accounted for 5% or less of all beef and lamb transactions, but 20% to 30% of all pork transactions, the study found.<sup>11</sup>

However, the report observed: “Cash market transactions serve an important purpose in the industry, particularly for small producers and small packers.” Reported cash prices also are

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<sup>10</sup> Barkema, Alan, and others, “The New U.S. Meat Industry,” *Economic Review* of the Federal Reserve Bank of Kansas City, Second Quarter 2001.

<sup>11</sup> GIPSA, “Livestock and Meat Marketing Study,” accessed May 30, 2008, at <http://www.gipsa.usda.gov/GIPSA/webapp?area=home&subject=Imp&topic=ir-mms>. The study was funded by a \$4.5 million provision in the consolidated appropriations measure for FY2003 (P.L. 108-7).

frequently used as the base for formula pricing for cash market and AMA purchases of livestock and meat, RTI reported.

Critics assert that these types of trends in consolidation and vertical control have enabled a relative handful of industry players to dominate markets and have undermined the traditional U.S. system of smaller-scale, independent, family-based farming. Farmers and ranchers now have weakened negotiating power, lower prices, and no choice but to “get larger or get out” of agriculture, they add. Others counter that structural changes in animal agriculture, processing, and marketing are a desirable outgrowth of factors such as technological and managerial improvements, changing consumer demand for a wider range of low-cost, convenient products, and expanding international trade.

### ***Federal Competition Laws***

A number of federal laws and agencies are responsible for ensuring that markets are open and competitive. For example, the **Packers and Stockyards Act** (P&S Act) of 1921, as amended (7 U.S.C. §181 *et seq.*) prohibits meat packers and poultry dealers from a variety of anti-competitive and antitrust practices such as engaging in any unfair, unjustly discriminatory or deceptive marketing; or apportioning supplies or manipulating prices to create a monopoly. GIPSA administers the P&S Act. The **Agricultural Fair Practices Act** (AFPA; 7 U.S.C. 2301 *et seq.*) was enacted in 1967 to protect farmers from retaliation by handlers (buyers of their products) because the farmers are members of a cooperative. The act, administered by USDA’s Agricultural Marketing Service (AMS), permits farmers, if they believe their rights under the law have been violated, to file complaints with USDA, which can then institute court proceedings.

The **Sherman Act** (15 U.S.C. §§1-8) and **Clayton Act** (15 U.S.C. §12 *et seq.*), which cover but are not specific to agriculture, prohibit certain activities such as mergers and acquisitions that may restrict market access or suppress competition. The U.S. Department of Justice and Federal Trade Commission are primarily responsible for administration of these laws. The **Capper-Volstead Act** (7 U.S.C. §§291-292) confers limited exemption for antitrust liability to farmer cooperatives.

### ***Packer Ownership/Captive Supply***

Producers facing fewer buyers for their livestock frequently express concerns about “captive supply,” a reference to animals that are either owned by, or committed to, a meat packer prior to the period just before slaughter. When packers buy fewer animals on the spot (open cash) market, reported prices may no longer accurately reflect the preponderance of prices paid, it is argued. A reduction in transparency (i.e., prices and terms that all market players can view equally) works to the disadvantage of the far larger number of producers trying to sell their livestock to the relatively few packers who buy them, it is argued. Some have long argued that to resolve these concerns, a ban should be imposed against packers owning or controlling any livestock until they are ready for slaughter. Legislation to ban packer ownership was considered in the 110<sup>th</sup> Congress.

Opponents of restrictions on packer ownership or control of animals counter that evidence of price manipulation is lacking, that a ban could reverse many of the efficiency gains made by the livestock industry in recent years through closer packer-producer alliances, and that it would limit

producers' marketing options. They also cite the results of the RTI study of marketing practices (see above).

### ***Enhanced USDA Enforcement and Management***

Some interest groups have been advocating for stronger enforcement authorities, in part because they believe that GIPSA officials have largely failed to enforce existing laws. They point to a recent report by the Department's Office of Inspector General (OIG), which concluded that GIPSA has not adequately overseen and managed its investigative activities. GIPSA had difficulties defining and tracking investigations, planning and conducting complex investigations, and making agency policy, OIG found. USDA's general counsel had not filed an administrative complaint on anti-competitive practices since 1999, due to GIPSA's failure to refer cases, although agency staff were considering dozens of investigations at the time, OIG concluded.<sup>12</sup>

Among the legislative proposals that were offered to address these concerns: creation of a new USDA Counsel to investigate and prosecute violations of the AFPA and of the P&S Act; establishment of an Agriculture Competition Task Force to examine agricultural competition matters; changes to law intended to make it easier for producers to prove in a court of law that they were treated unfairly by packers; and authorization of additional funding for Department of Justice and USDA investigations of anticompetitive behavior, among others.

### ***Other AFPA and P&S Act Issues***

In the 110<sup>th</sup> Congress, several bills also were introduced that would amend the AFPA to address what sponsors view as inequities in contracting between agricultural producers and those who buy their commodities. Proposed amendments to the AFPA are intended to address concerns about agricultural consolidation, and the perception that this consolidation has left producers with so few processor-buyers that some of these processor-buyers can and do impose unfavorable contract terms on the producers, forcing them to either accept them or go out of business.

In the courts, small farm advocates have brought several closely watched lawsuits, under the P&S Act and several other laws, challenging the contracting and marketing practices of larger packers and/or integrators. These efforts generally have not been successful, which added impetus to calls for including a so-called competition title in a new omnibus farm bill. Advocates called on lawmakers to strengthen existing antitrust authorities, to impose more mandates on the executive branch to enforce these authorities, and to provide new contract protections for farmers, among other options.

Opponents of the various AFPA and P&S Act proposals have asserted that buyers use these and other contracting arrangements to ensure a steady supply of animals (as well as other agricultural commodities) to keep high-capacity plants operating efficiently; such arrangements also allow for necessary price adjustments for quality, grade, or other market-prescribed factors. The proposals for change would hurt producers too, because many of them use contracts or other marketing agreements with packers to limit their own exposure to price volatility and to obtain capital, opponents added, again citing the result of the recent RTI study.

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<sup>12</sup> *Grain Inspection, Packers and Stockyards Administration's Management and Oversight of the Packers and Stockyards Programs*, OIG Audit Rept. No. 30601-01-Hy, January 2006.

## **Farm Bill Provisions**

The final farm bill contains a new title on Livestock (Title XI) that scales back much of the language in the Senate-passed version aimed at more closely regulating livestock and poultry markets. For example, conferees deleted Senate language that would have prohibited most major packers from owning, feeding, or controlling livestock except within 14 days of slaughter. Also deleted was a Senate provision to establish at USDA a new Special Counsel for Agricultural Competition to investigate and prosecute violations of competition laws.

Title XI of the final conference bill changes the AFPA to alter the definitions of associations and handlers, but Senate provisions intended to strengthen USDA's oversight and enforcement of the act were deleted, as were Senate provisions to give USDA stronger enforcement authorities over live poultry dealers under the P&SA, among other P&SA changes. In their place, conferees added language requiring an annual report detailing investigations into possible violations of the P&SA.

Also narrowed was Senate language governing contractual arrangements between producers and integrators. Under the conference compromise, a poultry or swine grower—a more limited definition of a contract producer than in the original Senate bill—has the right to cancel a contract within three business days of execution, unless a later date is specified in the contract. In lieu of Senate language limiting the conditions under which a contractor could require a producer to make additional capital investments, the conference language stipulates that the possibility of such an investment be conspicuously stated in the contract.

Several other provisions retained, in somewhat modified form, in the conference bill are intended to give producers additional protections when disputing contract terms. These provisions include a requirement that USDA issue rules on the reasonable period of time a producer should be given to remedy a breach of contract before it is cancelled; and make the venue for any litigation “the Federal judicial district in which the principal part of the performance takes place under the arrangement or contract.”

At the start of the 110<sup>th</sup> Congress, Senator Harkin had introduced a wide-ranging bill (S. 622) that, he said, would be “the basis for developing a proposed competition title in the new farm bill this year.”<sup>13</sup> S. 622 included many of the provisions not retained in the final version. Also introduced and considered during the farm bill debate were bills by Senator Grassley that would have prohibited meat packers from owning or feeding livestock, with some noted exceptions (S. 305); and that would have established a USDA Special Counsel for Competition Matters, a Deputy Attorney General for Agricultural Antitrust Matters in the Department of Justice, and an Agriculture Competition Task Force to examine agricultural competition matters, among other funding and programmatic changes (S. 1759). Several provisions from these bills were in the Senate-passed farm bill.

The packer ban would only have applied to packers who were already required to report their prices through the mandatory price reporting law, or packers who slaughter over 120,000 head of cattle each year. The ban would not have applied to ownership arrangements entered into within 14 days of slaughter of the livestock by a packer, or to any cooperative or entity owned by a cooperative. The provision would have allowed for certain transition rules for packers who already own, feed, or control livestock intended for slaughter on the date of enactment of this act.

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<sup>13</sup> Senator Harkin's statement on S. 622 is in the February 15, 2007, *Congressional Record*, pp. S2052-S2053.

In the House, Representative Boswell, chairman of the House Agriculture Subcommittee on Dairy, Livestock, and Poultry, had introduced the House version of S. 622 as H.R. 2135. However, with the exception of a provision on arbitration clauses in livestock and poultry contracts, other elements of H.R. 2135 were not included in the draft bill forwarded to the full committee.<sup>14</sup> The Boswell arbitration provision was further altered during committee markup. The arbitration provision in the House-passed bill directed USDA to establish regulatory standards for arbitration provisions in livestock and poultry contracts. Among other things, such regulations are intended to permit a producer to seek relief in a small claims court, if within the court's jurisdiction, regardless of a contract's arbitration clause. The House-passed bill contained no other major "competition" language.

## **Livestock Mandatory Price Reporting**

### **Background**

Under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621-1627), AMS has long collected livestock and meat price and related market information (along with data on commodities such as grains, dairy, and produce). Under the voluntary program, this information has been disseminated by AMS through hundreds of daily, weekly, monthly, and annual written and electronic reports. The goal has been to provide all buyers and sellers with accurate and objective market information.

In 1999, Congress passed the Livestock Mandatory Price Reporting (LMPR) Act as Title IX of USDA's FY2000 appropriations act (P.L. 106-78). Its aim was to address some livestock producers' concerns that this voluntary system was no longer working, at a time when animals were more frequently being sold under private marketing arrangements, with prices not publicly disclosed or reported. These producers had asserted that such arrangements made it difficult or impossible for them to determine "fair" market prices. Other producers, and many firms who bought their animals, at first had opposed a mandatory law, arguing that it would impose costly new reporting burdens on the industry and could cause the release of confidential company information, among other concerns. Nonetheless, they eventually accepted a new "consensus" law and generally supported its continuation.

LMPR contains a variety of reporting requirements. For example, detailed market information must be reported to AMS by packers, processors and importers who annually slaughter an average of at least 125,000 cattle, 100,000 hogs, or 75,000 lambs, and by importers with average annual imports of at least 2,500 metric tons of lamb meat (Reportedly a total of more than 100 packers or importers are covered.) There are penalties for not reporting. The program has received some 500,000 pieces of data each day; USDA in turn has made the data public through more than 100 daily, weekly, or monthly reports. The program has captured information from 85-90% of the boxed beef market, 75% of the lamb meat market, 75-80% of the steer and heifer cattle market, 60% of the lamb market, and 95% of the hog market, USDA officials testified in 2005.

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<sup>14</sup> Another related proposal that was not adopted in the House farm bill was H.R. 2213, introduced by Representative Herseeth Sandlin, which would amend the P&S Act with respect to livestock producer-packer forward contracts.

The original authority had lapsed several times—but the “mandatory” program continued on a “voluntary” basis—until the Senate, in September 2006, agreed to a House-passed version (H.R. 3408) extending LMPCR with relatively minor changes through September 30, 2010. This measure was signed into law (P.L. 109-296) on October 5, 2006. Some Senators had wanted a shorter extension in order to consider more substantive amendments to the law.<sup>15</sup>

## **Farm Bill Provisions**

The new farm bill requires a USDA study of the economic impacts of pork product sales, focusing on wholesale pork cuts, and contains a directive that USDA improve electronic reporting and publishing under the program. The Senate version of the farm bill would have established a new program for mandatory daily product information reporting for manufactured dairy products, and amended the current program for swine to authorize, after an economic study, the mandatory packer reporting of wholesale pork product sales (such as pork cuts and retail-ready pork products), along with making changes to the reporting times of the afternoon swine report. The House bill did not include any changes or additions to the current program.

## **Meat and Poultry Safety**

### **Background**

Omnibus farm bills—including the one currently before the 110<sup>th</sup> Congress—periodically address food safety concerns. USDA’s Food Safety and Inspection Service (FSIS) is responsible for inspecting most meat and poultry for safety, wholesomeness, and proper labeling, under, respectively, the Federal Meat Inspection Act (FMIA; 21 U.S.C. 601 *et seq.*), and the Poultry Products Inspection Act (PPIA; 21 U.S.C. 451 *et seq.*). Federal inspectors or their state counterparts are present at all times in virtually all slaughter plants and for at least part of each day in establishments that further process meat and poultry products. The Food and Drug Administration (FDA), within the U.S. Department of Health and Human Services (HHS), is responsible for ensuring the safety of virtually all other human foods, including seafood, and for animal drugs and feed ingredients, primarily under authority of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 301 *et seq.*)

A controversial farm bill issue was whether Congress should alter a longstanding ban on the interstate shipment of meat and poultry products that have been inspected by state rather than federal authorities. For many years, state agency officials and smaller meat plants pressed Congress to overturn this federal ban. Twenty-seven states conduct their own inspection of more than 2,000 meat and/or poultry establishments under a parallel safety system to that of the federal government. Meanwhile, many other federally inspected plants in these same states have been permitted to ship across state lines. Proponents of ending the ban argued that the FMIA and PPIA already required state inspection programs to be “at least equal” to the federal system, and that they have been. While state-inspected plants could not ship interstate, foreign plants operating under USDA-approved foreign programs, which are to be “equivalent” to the U.S. program, have been permitted to export meat and poultry products to, and sell them anywhere in, the United States. Advocates for change contended that they should not be treated less fairly than the foreign

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<sup>15</sup> Voluntary reporting continued until USDA-AMS could promulgate new implementing rules. These were published May 16, 2008 (73 *Federal Register* 28605-28662).



plants; they further contended that foreign programs were not as closely scrutinized as state programs.

Those who opposed allowing state-inspected products in interstate commerce argued that state programs were not required to have, and did not have, the same level of safety oversight as the federal, or even the foreign, plants. For example, foreign meat and poultry products are subject to U.S. import reinspection at ports of entry, and again, when most imported meat is further processed in U.S.-inspected processing plants. Opponents also contended that neither the USDA Inspector General (in a 2006 report) nor a relevant 2002 federal appeals court ruling would agree, without qualification, that state-inspected meat and poultry were necessarily as safe as federally inspected products.<sup>16</sup>

A number of other food safety issues arose during the past year's debate on the farm bill. For example, should companies be required to quickly notify the agencies about potentially adulterated products in the market? Should the food safety agencies be given clearer authorities to recall potentially adulterated products from the marketplace? What about the safety of meat and milk from cloned animals and their offspring? More broadly, should Congress consider a wholesale overhaul of the U.S. food safety system and an update of its underlying legislative authorities?

### **Farm Bill Provisions**

Provisions in the farm bill address some of these questions.<sup>17</sup> Among the more prominent provisions is language to permit interstate shipment of state-inspected products under certain conditions, generally modeled after the language in the Senate-passed farm bill. A new program would supplement the current federal-state cooperative inspection program with a provision whereby state-inspected plants with 25 or fewer employees could opt into a new program that subjects them to federally directed but state-operated inspection, thus allowing them to ship interstate. More specifically, the plants would still be inspected by state employees, but these employees would be under the supervision of a federal employee who will oversee training, inspection, compliance, and other activities. States would receive at least 60% reimbursement of their costs (compared with 50% under the existing federal-state program, which could also continue). The Senate language is a compromise package acceptable to both opponents and supporters of House farm bill language, which among other things could have enabled many plants currently under federal inspection to apply for state inspection and continue to ship interstate. Opponents of the House option feared that many would seek to leave the federal system if they believed that could receive more lenient oversight by the states.

The state inspection provisions of the House-passed farm bill essentially had been adapted from language found in companion bills H.R. 2315/S. 1150, introduced earlier in 2007 by, respectively, Representative Pomeroy and Senator Hatch. Other bills (H.R. 1760/S. 1149) to strike the interstate bans in the FMIA and PPIA were introduced in 2007 by Representative Kind and Senator Kohl.

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<sup>16</sup> For a more detailed discussion see CRS Report RL34202, *State-Inspected Meat and Poultry: Issues for Congress*, by (name redacted).

<sup>17</sup> A brief summary of these provisions can be found in CRS Report RS22886, *Food Safety Provisions of the 2008 Farm Bill*, by (name redacted).

Conferees also acted on these other Senate-passed provisions on food safety that were not in the House bill:

- **Reportable Meat and Poultry Registries.** In the Senate but not House bill was a requirement that USDA establish “reportable food registries” for meat and poultry and their products, whereby establishments would have to report whenever there were a probability of such foods causing adverse health consequences. (The FDA amendments legislation passed in 2007, P.L. 110-85, establishes a similar registry for FDA-regulated foods.) The conference substitute amends the meat and poultry laws to require an establishment to notify USDA if it has reason to believe that an adulterated or misbranded product has entered commerce. Another conference provision requires meat and poultry establishments to prepare and maintain written recall plans.
- **Catfish Grading and Inspection.** Conferees modified Senate bill language to provide for new USDA initiatives affecting domestic catfish: a voluntary grading program administered through AMS, and mandatory safety inspection of such products by FSIS (i.e., making catfish an amenable species like other major meat and poultry species). The final version provides for catfish grading as a voluntary fee-based program, with producers of other seafood species eligible to petition USDA for a similar service. In a major change, conferees also agreed to extend mandatory inspection to catfish processors, further authorizing FSIS to take into account the conditions under which catfish are raised and processed. Although other fish and shellfish are not covered by the final amendment, conferees noted in their accompanying report that the Secretary of Agriculture has standing authority to add species if appropriate. The conference report also states the intent of Congress “that catfish be subject to continuous inspection and that imported catfish inspection programs be found to be equivalent under USDA regulations before foreign catfish may be imported into the United States.”
- **Food Safety Commission.** Conferees deleted a provision in the Senate bill to establish a Congressional Bipartisan Food Safety Commission that would have been required to report, within one year, on recommendations for modernizing food programs. The Senate bill also would have required the President to review the report and send Congress proposed legislation to implement its recommendations.
- **Food from Cloned Animals.** FDA had asked companies to refrain voluntarily from marketing meat and milk from cloned animals or their progeny until it could complete a final assessment of their safety. Conferees deleted a provision in the Senate bill that would have prohibited FDA from issuing a final risk assessment or from lifting the voluntary moratorium until completion of newly mandated studies on the safety and market impacts of introducing products from cloned animals.

## Country-of-Origin Labeling

### Background

Under §304 of the Tariff Act of 1930 as amended (19 U.S.C. 1304), every imported item must be conspicuously and indelibly marked in English to indicate to the “ultimate purchaser” its country

of origin. Some types of products have long been exempted from this requirement, including raw agricultural products such as live animals, meat, poultry, fruits and vegetables, for example—although their outer containers must contain such labeling.

Title X of the 2002 farm bill was to change this, by requiring retailers to provide country-of-origin labeling for fresh beef, pork, and lamb (Section 10816 of Subtitle D).<sup>18</sup> First adopted on the Senate floor in late 2001, mandatory country-of-origin labeling (COOL) for meat was to be in place on September 30, 2004, but language in the FY2004 consolidated appropriations act (P.L. 108-199) delayed implementation for meats, produce and peanuts, but not seafood, for two years, until September 30, 2006. Debate over COOL carried into the 109<sup>th</sup> Congress, which (in USDA's FY2006 appropriation, P.L. 109-97) postponed implementation for an additional two years, until September 30, 2008. This contentious program was again on the farm bill agenda of the 110<sup>th</sup> Congress.<sup>19</sup>

The implementation delays had reflected the continuing divergence of opinion among lawmakers over whether a federally mandated labeling program was needed. Some contended that mandatory COOL would provide U.S. products with a competitive advantage over foreign products because U.S. consumers, if offered a clear choice, prefer fresh foods of domestic origin, thereby strengthening demand and prices for them. Moreover, proponents—including producer groups like the National Farmers Union and R-CALF USA (Ranchers-Cattlemen Action Legal Fund, United Stockgrowers of America), and consumer advocacy organizations—argued that U.S. consumers have a right to know the origin of their food, particularly at a time when U.S. food imports are increasing, and whenever particular health and safety problems arise. They cited, as one prominent example, concerns about the safety of some foreign beef arising from the discoveries of BSE in a number of Canadian-born cows (and two U.S. cows) since 2003. Supporters of the COOL law argued that it was unfair to exempt meats and produce from the longstanding country labeling already required of almost all other imported consumer products, from automobiles to most other foods. They also noted that many foreign countries already imposed their own country-of-origin labeling.

Opponents of mandatory COOL—which included the American Meat Institute representing many in the packing industry, the Food Marketing Institute representing many retail stores, and producer groups like the National Cattlemen's Beef Association and National Pork Producers Council—countered that studies do not provide evidence that consumers want such labeling. They asserted that COOL is a thinly disguised trade barrier intended to increase importers' costs and to foster the unfounded perception that imports may be inherently less safe (or of lower quality) than U.S. products. Some argued that food safety problems could as likely originate in domestic supplies as in imports, as evidenced by the many dozens of recalls of U.S. meat and poultry products announced by USDA in 2006 and 2007 alone. Opponents pointed out that all food imports already must meet equivalent U.S. safety standards, enforced by U.S. officials at the border and overseas; scientific principles, not geography, must be the arbiter of safety. Industry implementation and recordkeeping costs, earlier estimated by USDA to be as high as \$3.9 billion in the first year and \$458 million per year after that, would far outweigh any economic benefits, critics added, noting that the 2002 law did not cover red meats that are processed or sold in

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<sup>18</sup> The 2002 COOL provision also covered seafood, fruits and vegetables, and peanuts.

<sup>19</sup> AMS, which is responsible for implementing the program, maintains an extensive website on COOL (at <http://www.ams.usda.gov/cool/>), with links to voluntary COOL guidelines, the seafood rule, the proposed mandatory rule for the other covered commodities, and a cost-benefit analysis.

restaurants, or any type of poultry, a competing product.<sup>20</sup> (COOL proponents asserted that USDA exaggerated the implementation costs.)

## **Farm Bill Provisions**

The final farm bill generally contains compromise language that was in both the Senate- and House-passed versions aimed at resolving some of the longstanding differences between COOL supporters and opponents. The final law continues to direct that COOL be implemented on its current schedule—starting October 1, 2008. It also extends COOL to goat meat and to chicken (which competes with red meats in the market and which, unlike red meats, primarily is domestically produced), along with ginseng, pecans, and macadamia nuts.

Furthermore, the 2008 farm law creates several new types of label categories intended to facilitate and simplify compliance for the meat and poultry industries and for others. For example, COOL continues to limit use of the U.S.A. country of origin for covered meats only to items from animals that were exclusively born, raised, or slaughtered in the United States, with a narrow exception for those animals present here before July 15, 2008. For multiple countries of origin, retailers may designate such meat products as being from all of the countries in which the animals may have been born, raised, or slaughtered. For meat from animals imported for immediate slaughter, the retailer must cite both the exporting country and the United States. Products from animals not born, raised, or slaughtered in the United States must designate the country of origin. Ground meat products shall include a list of all countries of origin, or all “reasonably possible” countries of origin. Other key provisions are to ease industry record-keeping requirements for audit verification purposes and to lower the penalties for failure to comply with COOL, but extend their application to suppliers as well as retailers. For example, USDA could not require persons to maintain COOL records that are in addition to records kept during the normal course of business.<sup>21</sup>

## **Animal Identification for Health Protection**

### **Background**

Whether animal producers themselves would have to keep detailed records on their animals’ identity and whereabouts had long been a controversial aspect of the COOL debate. A number of producers continue to believe that extending such requirements to the farm level is intrusive, costly, and unnecessary for COOL. At the same time, a growing number of producers seems to agree that some type of universal animal identification (ID) program would be a beneficial tool in addressing animal disease problems.

Outbreaks of animal diseases like avian influenza (AI), foot and mouth disease (FMD), brucellosis, and tuberculosis are seen as perhaps the greatest potential threats to animal production. Even where U.S. cases have been few (as with BSE) or quickly contained (as with various strains of AI), the impacts can be devastating economically, causing production losses, the

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<sup>20</sup> USDA’s cost estimates are from 68 *Federal Register* 61955-61974.

<sup>21</sup> For more recent developments, including the status of implementation, see CRS Report RS22955, *Country-of-Origin Labeling for Foods*, by (name redacted).

closure of export markets, and a decline in consumer confidence. Some like AI and BSE have the potential to harm humans.

USDA's Animal and Plant Health Inspection Service (APHIS) has lead responsibility on matters of animal health, including animal ID. APHIS has been working on such a program, indicating that it has the legislative authority to implement an animal ID program under the comprehensive Animal Health Protection Act (AHPA), which was adopted as Subtitle E of Title X of the 2002 farm bill. This subtitle updated and consolidated a number of longstanding statutes that had been used to monitor, control, and eradicate animal diseases.<sup>22</sup>

Despite several years of effort on the part of USDA, as well as industry groups, and states—and public funding totaling an anticipated \$128 million through FY2008—a universal U.S. system is not expected to be in place for some time, as policymakers attempt to resolve numerous questions about its design and purpose. Should animal ID be mandated? What types of information should be collected, on what animal species, and who should hold it, government or private entities? To what extent should producer records be shielded from the public and other government agencies? Should animal ID be expanded to traceability of meat and poultry products from farm to the consumer, or used for other purposes such as food safety or certification of labeling claims? How much will it cost, and who should pay? In response, USDA currently envisions a voluntary universal system for all of the major farm and ranch species of live animals, involving a cooperative effort between federal, state, tribal, producer and breed organizations.<sup>23</sup>

### **Farm Bill Provisions**

Conferees omitted from the final measure a provision in the Senate bill that would have required USDA to issue regulations addressing “the protection of trade secrets and other proprietary and/or confidential business information that farmers and ranchers disclose in the course of participation” in an ID system.

Other bills to establish differing animal health-oriented ID systems, or to require more extensive systems tracing products through the marketing chain, also have not advanced in the 110<sup>th</sup> Congress. H.R. 1018 would prohibit USDA from carrying out a mandatory animal ID program and also would seek to protect the privacy of producer information under a voluntary system. H.R. 2301 would establish an animal ID system administered by a board of livestock, poultry, and meat industry representatives. S. 1292 would require USDA to implement a more extensive ID and traceability system “for all stages of production, processing, and distribution of meat and meat food products” that are covered by federal meat and poultry inspection laws. H.R. 3485 similarly would require a comprehensive meat and poultry traceability system. Meanwhile, lawmakers have sought to provide guidance and direction on the program through instructions in USDA's annual appropriations and in accompanying report language.

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<sup>22</sup> See also CRS Report RS22653, *Animal Identification: Overview and Issues*, by (name redacted).

<sup>23</sup> See USDA's website on animal ID at <http://animalid.aphis.usda.gov/nais/index.shtml>.

## **Animal Welfare**

### **Background**

Farm animals are not covered by the Animal Welfare Act (AWA; 9 U.S.C. §2131 *et seq.*), which requires minimum care standards for most types of warm-blooded animals bred for commercial sale, used in research, transported commercially, or exhibited to the public. The Animal Care Division of APHIS has primary responsibility for enforcing the AWA and several other animal welfare statutes, including the Horse Protection Act (15 U.S.C. §1821 *et seq.*)

Farm animals are subject to the Humane Methods of Slaughter Act (7 U.S.C. 1901 *et seq.*), enforced by USDA's Food Safety and Inspection Service (FSIS). The act governs the humane slaughter and handling of livestock (but not poultry) at packing plants. Also, under the so-called Twenty-Eight Hour Law (49 U.S.C. 80502, last amended in 1994), commercial carriers may not confine animals in a vehicle or vessel for more than 28 consecutive hours without unloading the animals for feeding, water, and rest.

Generally, many members of the House and Senate Agriculture Committees have expressed a preference for voluntary approaches to humane methods of farm animal care. They state that major food industry players have been developing humane animal care guidelines, and imposing them on their suppliers, in response to a growing number of customers who ask about animal treatment. They cite such changes at McDonald's and Burger King, for example. In January 2007, Smithfield, the nation's largest pork producer, announced that its Murphy-Brown subsidiary would phase out over a 10-year period the use of individual gestation stalls for sows, replacing them with group housing.<sup>24</sup>

Animal activists have continued to challenge current production practices. They periodically seek new legislation that would further regulate on-farm or other animal activities, such as bills to prohibit the slaughter of horses for human food (currently pending H.R. 503, S. 311),<sup>25</sup> to require the federal government to purchase products derived from animals only if they were raised according to specified care standards (H.R. 1726); and to prohibit the slaughter for food of disabled livestock (e.g., S. 394 H.R. 661, and H.R. 2678).

Agricultural interests recognize that animal welfare advocacy organizations, like the Humane Society of the United States and others, have large constituencies in many Members' districts, and these organizations have claimed some successes in recent years in winning animal care initiatives in several states and in several lawsuits. However, farm bill animal welfare provisions generally have been limited to AWA amendments, affecting non-farm animals.

### **Farm Bill Provisions**

The 2008 farm law is no exception. It amends the AWA to strengthen prohibitions on dog and other animal fighting activities; defines a dog fighting venture, and increases the maximum imprisonment from three to five years. It also requires HHS and USDA to promulgate regulations

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<sup>24</sup> Smithfield discusses its animal welfare policies at <http://www.smithfieldfoods.com/responsibility/animal.aspx>.

<sup>25</sup> Court actions by advocates already have forced the closure of the two foreign-owned plants in Texas, and a new state law closed the remaining one in Illinois.

prohibiting the importation for resale of dogs unless they are at least six months of age, in good health, and have all necessary vaccinations (there are exemptions for research, veterinary treatment, and certain dogs imported into Hawaii). These provisions generally were in the Senate but not House bill. The final bill also increases maximum fines for AWA violations from \$2,500 to \$10,000 per violation, and directs USDA to review “any independent reviews by a nationally recognized panel of experts” on the use of certain sources researchers use to obtain dogs and cats and to report on any recommendations as they apply to USDA. Conferees omitted a provision that was in the House but not the Senate bill to prohibit use of live animals for marketing medical devices.<sup>26</sup>

## Feed Prices<sup>27</sup>

### Background

Feed is the single largest cost for cattle feeders and dairy, hog, and poultry producers, who are wary of government policies that can raise feed prices. These include crop supply control programs to bolster farm prices (rarely used now) and conservation programs like the Conservation Reserve Program (CRP), which pays landowners to retire environmentally sensitive cropland for long periods.

Strong energy prices and a variety of government incentives had fostered rapid expansion of the U.S. ethanol industry, with national production increasing from 1.8 billion gallons in 2001 to 6.5 billion gallons in 2007. Corn accounts for about 98% of the feedstocks currently used in ethanol production in the United States. USDA estimated in May 2008 that more than 2.1 billion bushels of corn (or 20% of the 2006 corn crop) were used to produce ethanol during the September 2006 to August 2007 corn marketing year. This percentage was expected to rise to 23% in the then-current marketing year and again to 33% in the next year.<sup>28</sup>

Corn has traditionally represented about 57% of feed concentrates and processed feedstuffs fed to animals in the United States.<sup>29</sup> As corn-based ethanol production increases, so do total corn demand and corn prices. Dedicating an increasing share of the U.S. corn harvest to ethanol production could lead to higher prices for all grains and oilseeds that compete for the same land, resulting in higher feed costs for cattle, hog, and poultry producers. In February 2008, USDA projected U.S. livestock feed costs for 2008 at a record \$45 billion, up nearly \$7 billion or over 18% from the previous year’s record. Meanwhile, USDA projected that wholesale prices for nearly all livestock product categories (with the exception of poultry and eggs) would decline in

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<sup>26</sup> For additional information see CRS Report RS22493, *The Animal Welfare Act: Background and Selected Legislation*, by (name redacted).

<sup>27</sup> Portions of this section are taken from CRS Report RL34474, *High Agricultural Commodity Prices: What Are the Issues?*, by (name redacted), where more information, including sources for data, may be obtained. Also see CRS Report RS22908, *Livestock Feed Costs: Concerns and Options*, by (name redacted), and CRS Report RL33928, *Ethanol and Biofuels: Agriculture, Infrastructure, and Market Constraints Related to Expanded Production*, by (name redacted) and (name redacted).

<sup>28</sup> USDA, World Agricultural Outlook Board, where monthly supply and demand reports are available at <http://www.usda.gov/oce/>.

<sup>29</sup> USDA, ERS, *Feed Situation and Outlook Yearbook*, FDS-2003, April 2003.

2008. Rising feed costs (primarily grains and protein meals) cut into profit margins of all livestock sectors (beef, dairy, pork, and poultry).<sup>30</sup>

With regard to federal incentives, the Energy Independence and Security Act of 2007 (EISA; P.L. 110-140) extended and substantially expanded the existing Renewable Fuel Standards (RFS). Under EISA, the RFS mandates the use of at least 9 billion gallons of biofuel in U.S. fuel supplies in 2009, but grows quickly to 20.5 billion gallons by 2015 and to 36 billion gallons by 2022. The U.S. biofuels sector is also supported by a tax credit of 51 cents for every gallon of ethanol blended in the U.S. fuel supply (\$1.00 per gallon of virgin-oil-based biodiesel), and an import tariff of 54 cents per gallon of imported ethanol. In addition, several federally subsidized grant and loan programs assist biofuels research and infrastructure development.

Supply distortions could develop in protein-meal markets related to expanding production of the ethanol processing by-product distiller's dried grains (DDG), which averages about 30% protein content and can substitute in certain feed and meal markets. While DDG use would substitute for some of the lost feed value of corn used in ethanol processing, about 66% of the original weight of corn is consumed in producing ethanol and is no longer available for feed. Further, not all livestock species are well adapted to dramatically increased consumption of DDG in their rations—dairy cattle appear to be best suited to expanding DDG's share in feed rations; poultry and pork are much less able to adapt. DDG must be dried before it can be transported long distances, adding to feed costs. There may be some potential for large-scale livestock producers to relocate near new feed sources, but such relocations would likely have important regional economic effects.

A Tufts University study has offered another perspective on feed prices, noting: "Any discussion of today's high prices should take into account the extent to which these same firms [i.e., leading U.S. meat companies] have benefitted from many years of feed that was priced well below what it cost to produce. In the nine years that followed the passage of the 1996 Farm Bill [including the first several years of the 2002 farm bill] (1997-2005), corn was priced 23% below average production costs, while soybean prices were 15% below farmers' costs," the authors of the study concluded. This resulted in substantial savings to the poultry and hog industries, and an implicit subsidy over the nine years of \$11.5 billion to the broiler industry and \$8.5 billion to what the authors termed "industrial" hog operations. Thus, "the leading firms gained a great deal during those years from U.S. agricultural policies that helped lower the prices for many agricultural commodities."<sup>31</sup>

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<sup>30</sup> According to the World Bank (among other international institutions), increased biofuel production has been one of the principal causes of the dramatic rise in food prices—almost all of the increase in global corn production from 2004 to 2007 (the period when grain prices rose sharply) went for biofuels production in the United States. Bush Administration officials have disputed this assertion, arguing that only 3% of the more than 40% rise in world food prices in 2008 has been due to increased demand on corn for ethanol. See "USDA Officials Briefing with Reporters on the Case for Food and Fuel USDA," May 18, 2008, accessed on USDA's home page at <http://www.usda.gov/wps/portal/usdahome>.

<sup>31</sup> Timothy A. Wise and Elanor Starmer, *Industrial Livestock Companies' Gains from Low Feed Prices, 1997-2005*, Tufts University, Global Development and Environmental Institute, February 26, 2007, at <http://ase.tufts.edu/gdae/>. Bracketed text was added by CRS for clarification.



## Farm Bill Provisions

Tax and tariff policies affecting ethanol and related incentives are outside the jurisdiction of the agriculture committees. However, the committees did include, in their farm bills, incentives for the development of other types of renewable fuels besides corn-based ethanol, such as cellulosic ethanol production, and they expanded research and conservation-related policy options. Separate provisions drafted by the congressional tax-writing committees and included under Title XV of the new farm bill contain a reduction in the ethanol blender's tax credit of 51 cents per gallon. It is to be 45 cents per gallon for calendar 2009 and thereafter, although the credit reduction would be delayed if USDA and EPA determined that annual ethanol production and/or imports did not reach 7.5 billion gallons (including cellulosic ethanol). On the other hand, the 54-cent per gallon import tariff on ethanol was extended for two more years, through calendar 2010.

For more detailed information on energy- and conservation-related provisions adopted in the House and Senate farm bills, see CRS Report RL34696, *The 2008 Farm Bill: Major Provisions and Legislative Action*, by (name redacted) et al. and CRS Report RL34130, *Renewable Energy Policy in the 2008 Farm Bill*, by Tom Capehart, among other CRS farm bill reports.

## Disaster Assistance

### Background

The federal government has relied primarily on two ongoing policy tools in recent years to help mitigate the financial losses experienced by crop farmers as a result of natural disasters—a federal crop insurance program and emergency disaster loans. Generally, livestock losses are eligible for federal loans, but have not been eligible for federal crop insurance, except under several pilot programs offered in certain geographic areas by USDA's Risk Management Agency (RMA). For example, RMA enables some producers to purchase income insurance protection against losses of pasture, rangeland, and forage.<sup>32</sup> Separately, Congress has provided supplemental assistance on an ad hoc basis for crop and livestock losses due to drought or other natural disasters through various emergency supplemental assistance programs.<sup>33</sup>

The federal crop insurance program is permanently authorized and hence does not require periodic reauthorization in an omnibus farm bill. However, modifications to the crop insurance program were discussed in the context of the omnibus 2007-2008 farm bill. Some policymakers expressed strong interest in expanding the crop insurance program and/or complementing it with a permanent disaster payment program. Others viewed the crop insurance program as a potential target for cost reductions, with savings used to fund new initiatives in various titles of the farm bill.

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<sup>32</sup> See USDA, RMA, "Pasture, Rangeland, Forage Pilot Insurance Programs" factsheet, revised October 2007, at <http://www.rma.usda.gov/pubs/rme/prffactsheet.pdf>.

<sup>33</sup> See CRS Report RL34207, *Crop Insurance and Disaster Assistance in the 2008 Farm Bill*, by (name redacted), from which some of this material was drawn.

## Farm Bill Provisions

Under the tax title (Title XV) of the new farm bill, §15101 creates a new Agricultural Disaster Relief “Trust Fund” for crop years 2008-2011, estimated by CBO to cost \$3.8 billion over the period. Of the five new programs under which payments could be made are three relating to livestock:

- The Livestock Indemnity Program, making payments based on 75% of fair market value of livestock that die in excess of normal mortality rates due to adverse weather;
- The Livestock Forage Disaster Program, providing assistance to ranchers with forage losses due to drought, with eligibility requirements and payments based on a formula in the new law; and
- Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, making available a total of up to \$50 million from the Trust Fund for emergency relief to producers of these animals with losses due to adverse weather or other conditions.

## Environmental Issues

### Background

Questions about the applicability of federal environmental laws to livestock and poultry operations have drawn congressional attention. As animal agriculture increasingly concentrates into larger, more intensive production units, interest arises about impacts on the environment, including surface water, groundwater, soil, and air. Some environmental laws specifically exempt agriculture from regulatory provisions, and some are designed so that farms escape most, if not all, of the regulatory impact. The primary regulatory focus for large feedlots is the Clean Water Act (33 U.S.C. §1251 *et seq.*), since contaminants from manure, if not properly managed, also affect both water quality and human health. Operations that emit large quantities of air pollutants may be subject to Clean Air Act (42 U.S.C. §§7401-7671q) regulation. In addition, concerns about applicability of Superfund (the Comprehensive Environmental Response, Compensation, and Liability Act (the Superfund law, 42 U.S.C. §§9601-9675) to livestock and poultry operations are of growing interest.<sup>34</sup>

### Farm Bill Provisions

The House and Senate Agriculture Committees do not have direct jurisdiction over federal environmental law, but they do have a role in the issue. For example, under the conservation title of recent farm bills, including the 2008 bill, the Environmental Quality Incentives Program (EQIP) has provided financial and technical assistance to farmers to protect surrounding resources; livestock receives 60% of all funds. The new bill extends EQIP through FY2012,

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<sup>34</sup> Also see CRS Report RL31851, *Animal Waste and Water Quality: EPA Regulation of Concentrated Animal Feeding Operations (CAFOs)*, by (name redacted); CRS Report RL32948, *Air Quality Issues and Animal Agriculture: A Primer*, by (name redacted); and CRS Report RL33691, *Animal Waste and Hazardous Substances: Current Laws and Legislative Issues*, by (name redacted).

increases budget authority for the program during the period, makes conservation practices related to organic certification eligible for payments, allocates a portion of EQIP money to air quality activities, and provides new mandatory funding for agricultural water enhancement. The new law also reduces the EQIP payment cap from \$450,000 to \$300,000 per person over six years, with USDA authority to allow up to \$450,000 in cases of special environmental significance, such as methane digesters and other new technologies. Other conservation provisions of interest to some segments of animal agriculture include the Conservation Stewardship Program, the Grasslands Reserve Program, and the Wetlands Reserve Program.

## Appendix. Summary of Selected Livestock Provisions: New Law Compared with House and Senate 2007 Farm Bills and Current Law

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
<b>Livestock Mandatory Reporting</b>			
<p>The Livestock Mandatory Reporting Act of 1999 [7 U.S.C. 1635-1636h] established a program of mandatory reporting of information regarding the marketing of live cattle, boxed beef, swine, and lambs. Requires packers, processors, and importers to provide periodic reporting of price, volume, contract, and demand information to USDA. The data are used to create price reports for livestock producers.</p>	<p>No comparable provision.</p>	<p>Changes the time of the afternoon swine report. Authorizes mandatory packer reporting of wholesale pork product sales, after conducting an economic study; and specifying that USDA will make this information publicly available. [Sec. 10001]</p>	<p>Directs USDA to conduct a study of the economic impacts of pork product sales, focusing on wholesale pork cuts. Also directs USDA to improve electronic reporting and publishing under the program. [Sec. 11001]</p>
<b>Meat and Poultry Inspection</b>			
<p>The Federal Meat Inspection Act (FMIA) [21 U.S.C. 601 et seq.] and the Poultry Products Inspection Act (PPIA) [21 U.S.C. 451 et seq.] permit states to operate their own meat and poultry inspection programs, if they are at least “equal to” (but not necessarily identical to) the federal program. State-inspected meat and poultry cannot be shipped in interstate commerce.</p>	<p>Requires USDA to report to Congress on the effectiveness of each state inspection program and on the changes necessary to ensure enforcement of federal requirements. Replaces current federal-state cooperative inspection program with a new program whereby USDA would approve the shipment of state-inspected meat and poultry from a state where key program requirements are identical to federal requirements; permits many plants currently under federal inspection to shift to state inspection; raises the federal reimbursement maximum from 50% to 60% for poultry programs only; among other things. [Sec. 11103]</p>	<p>Provides for a new opt-in program for state-inspected plants with 25 or fewer employees, which subjects them to federally-directed inspection using state employees. Provides for 3-year eligibility for plants with between 25-35 employees. Sets federal reimbursement at not less than 60% for both meat and poultry programs and permits 100% reimbursements if pathogen testing exceeds typical federal testing, among other provisions. [Sec. 11067]</p>	<p>State inspection provisions generally the same as the Senate bill, without the provision to provide 100% reimbursement for programs with pathogen testing that exceed federal testing. [Sec. 11015]</p>

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
<p>Currently, USDA does not have authority to mandate a recall of meat and poultry products, relying instead on a voluntary, cooperative approach with industry to remove unsafe products. FSIS, which may learn of a potential recall from various sources, provides assistance and monitors the recall. Recall policies are spelled out in FSIS Directive 8080.1.</p>	<p>No comparable provisions regarding reportable food registries, recall plans, <i>E. coli</i> reassessment, or sanitary food transportation.</p>	<p>Requires USDA to establish “reportable food registries” for meat and poultry and their products. Requires all entities to include recall plans in their safety prevention (i.e., HACCP) plans, with beef entities also having an <i>E. Coli</i> reassessment. Directs HHS and USDA to issue sanitary food transportation regulations. [Sec. 11087]</p>	<p>Amends the FMIA and PPIA to require all establishments to promptly notify USDA if they have reason to believe an adulterated or misbranded product has entered commerce. Requires establishments to prepare, and maintain in writing, a product recall plan. [Sec. 11017]</p>
<b>Seafood Grading and Inspection</b>			
<p>The 2002 farm bill identifies the market and common name for catfish for labeling purposes. [21 U.S.C. 321d] Sec. 203(c) of the Agricultural Marketing Act (AMA) of 1946 [7 U.S.C. 1622] authorizes USDA to develop standards to encourage uniformity and consistency in commercial marketing. Sec. 1(w) of FMIA [21 U.S.C. 601 et seq.] defines “amenable species” subject to mandatory inspection.</p>	<p>No comparable provision.</p>	<p>Authorizes a voluntary USDA grading program for catfish. Requires USDA to provide inspection activities for catfish, by adding catfish to the list of “amenable species” under the FMIA. Specifies that new catfish grading and certification programs shall not duplicate, impede, or undermine similar activities conducted by the Department of Commerce or by the Food and Drug Administration. [Sec. 10002]</p>	<p>Makes “catfish,” as defined by the Secretary, an amenable species, and therefore catfish products, subject to mandatory inspection; authorizes USDA to take into account the conditions under which catfish are raised and processed. Authorizes USDA to establish a voluntary fee-based grading program for catfish and to permit other seafood producers to apply for such grading. [Sec. 11016]</p>
<b>Country-of-Origin Labeling (COOL)</b>			
<p>Sec. 10816 of the 2002 farm bill amended the AMA of 1946 to require food stores to provide country of origin labeling (COOL) for beef, lamb, pork, seafood, peanuts, and perishable agricultural commodities. Sets requirements on labeling USA products, recordkeeping, certification, enforcement, and fines for non-compliance. Appropriations acts delayed implementation of mandatory COOL for all covered commodities, most recently until Sept. 30, 2008 (except wild and farm-raised fish and shellfish, which went into effect in 2005.) [7 U.S.C. 1621 et seq.]</p>	<p>Continues to require COOL by 2008 for red meats and other covered commodities. Adds meat produced from goats. Makes changes to the labeling requirements for fresh red meats, by creating a new labeling system for red meats with new designation categories, e.g., defines U.S. origin as a product from an animal exclusively born, raised and slaughtered in the U.S. (or present in the U.S. before Jan. 1, 2008). For all covered commodities, eases record-keeping, certification requirements, and reduces fines for noncompliance. [Sec. 11104]</p>	<p>Similar to the House bill, but further makes macadamia nuts and chicken covered commodities. [Sec. 10003]</p> <p>Creates a separate program for ginseng for country of harvest labeling. [Sec. 10004]</p>	<p>Continues to require implementation by 2008 for covered commodities, to which are added goat meat, chicken, macadamia nuts, pecans, and ginseng. Makes changes to the labeling requirements for fresh red meats, by creating a new labeling system for red meats with these new designation categories, e.g., defines U.S. origin as a product from an animal exclusively born, raised and slaughtered in the U.S. (or present in the U.S. before July 15, 2008). For all covered commodities, eases record-keeping, certification requirements, and</p>

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
			reduces fines for noncompliance. [Sec. 11002]
<b>Agricultural Fair Practices Act</b>			
<p>The Agricultural Fair Practices Act (AFPA) of 1967 (P.L. 90-288) allows farmers to file complaints with USDA if a processor refuses to deal with them because they are members of a bargaining or marketing association of producers. Makes it unlawful for handlers to coerce, intimidate, or discriminate against producers because they belong to such groups. [7 U.S.C. 2301 et seq.]</p>	<p>No provision.</p>	<p>Amends AFPA as follows: —Expands the definition of “association of producers” to also include general livestock, poultry and farm groups. [Sec. 10101] —Broadens the types of prohibited practices. [Sec. 10102] —Amends the enforcement provisions; clarifies civil actions against handlers, providing for preventive relief, damage, and attorneys fees. [Sec. 10103] —Directs USDA to promulgate rules/regulations. [Sec. 10104]</p>	<p>Amends AFPA to modify the definition of “association of producers” to include organizations with membership exclusively limited to agricultural producers and dedicated to promoting their products. [Sec. 11003]</p>
<b>Packers and Stockyards Act</b>			
<p>The Packers and Stockyards Act (P&amp;S Act) of 1921 (P.L. 67-51), as amended, provides USDA with the basic authority to regulate marketing practices in the livestock, poultry, and meat industries. The law is to prevent unfair, deceptive, and monopolistic trade practices, focusing on livestock terminal and auction markets, livestock marketing agencies, dealers, meat packers, and live poultry dealers. [7 U.S.C. 181 et seq.]</p>	<p>Amends the P&amp;S Act to direct USDA to establish regulatory standards for arbitration provisions in livestock and poultry contracts. Among other things, such regulations are intended to permit a producer to seek relief in a small claims court, if within the court’s jurisdiction, regardless of a contract’s arbitration clause. [Sec. 11102]</p>	<p>Amends the P&amp;S Act as follows: —Creates a new special counsel at USDA to investigate/prosecute violations of competition laws. [Sec. 10201] —Strengthens USDA enforcement authorities over live poultry dealers. [Sec. 10202] —Specifies conditions regarding cancelling and securing contracts. Provides for producer choice of jurisdiction and venue, including arbitration. [Sec. 10203] —Allows growers to discuss contract terms. [Sec. 10204] —Allows producers to seek remedy for violations. [Sec. 10205] —Allows USDA to seek outside counsel to aid in investigations and civil cases. [Sec. 10206] —Prohibits major packers from owning, feeding, or controlling livestock more</p>	<p>Amends the P&amp;S Act as follows: —Requires an annual report from USDA detailing investigations into violations of the P&amp;S Act; [Sec. 11004] —Permits poultry and swine producers to cancel their contracts up to 3 business days after signing, and requires clear disclosure in contracts of cancellation terms; —Requires poultry and swine contracts to contain a conspicuous statement that additional large capital investments may be required during the term of the contract; —Requires USDA to issue rules on such criteria as the reasonable period of time a producer should be given to remedy a breach of contract before it is cancelled; —Contains provisions intended to assist producers deal with contract</p>

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
		than 14 days prior to slaughter. [Sec. 10207] —Directs USDA to promulgate regulations. [Sec. 10208]	disputes, including arbitration terms, venue for any litigation. [Sec. 11005]
<b>Animal Pest and Disease Programs</b>			
Sec. 2506(d) of the 1990 farm bill authorizes appropriations and directs USDA to carry out pseudorabies eradication in U.S. swine populations. Current concerns are that this disease persists in feral populations and may be reintroduced. [21 U.S.C. 114i]	Sense of Congress regarding pseudorabies eradication program that USDA recognize the threat feral swine pose to the domestic swine population, and the need for a surveillance program for monitoring and eradication. [Sec. 11101]	Similar to the House bill, and also recognizing the threat to the entire livestock industry. [Sec. 10301]	Similar to the House bill, also recognizing the threat to the entire livestock industry. [Sec. 11007]
Sec. 10409 of the Animal Health Protection Act (AHPA), enacted as part of the 2002 farm bill, directs USDA to carry out operations and measures to detect, control, or eradicate any livestock pest or disease, incl. animals at slaughterhouse, stockyard, or other concentration point. [7 U.S.C. 8308]	No comparable provision.	Directs USDA to establish and implement a trichinae certification program. Authorizes appropriations of \$1.25 million annually for FY2008-12. [Sec. 10304]	Directs USDA to establish and implement a voluntary trichinae certification program. Requires USDA to use not less than \$6.2 million for the program; authorizes annual appropriations of \$1.5 million, FY2008-2012. [Sec. 11010]
USDA has authority to cooperate with states on laws that exclude, eradicate, and/or control agricultural pests within the AHPA [7 U.S.C. 8301 et seq.] and the Talmadge-Aiken Act [7 U.S.C. 450]. Sections of 21 U.S.C., Title 21 (Food and Drugs) also cover the prevention and spread of contagion. Current concerns are about pesticide-resistant populations of the southern cattle tick in Mexico.	Sense of Congress regarding the cattle fever tick eradication program that the cattle fever tick and the southern cattle tick are vectors of the causal agent of babesiosis, a severe and often fatal disease of cattle; and that implementing a national strategic plan for the cattle fever tick eradication program is a high priority, among other things. [Sec. 11106]	Same as the House bill. [Sec. 10302]	Same as the House and Senate bill. [Sec. 11008]
Sec. 10407(d)(2) of APHA specifies compensation amounts for seizure, quarantine, and disposal of animals that may carry or have been infected with or exposed to pests or diseases, and are moved through interstate commerce or are imported. [7 U.S.C. 8306(d)(2)]	Sense of Congress regarding the voluntary control program for low pathogenic avian influenza program; and that USDA should continue to provide compensation payments to poultry owners and cooperating state agencies at 100% of eligible costs. [Sec. 11105]	Amends AHPA to compensate any poultry contract grower or owner participating in the voluntary control program for low pathogenic avian influenza under the National Poultry Improvement Plan. Payments to cooperating state agencies to be 100% of	Amends the AHPA to require the Secretary to compensate industry participants and state agencies that cooperate in voluntary detection and control programs at 100% of eligible costs. [Sec. 11011]

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
No comparable provision.	No comparable provision.	the eligible costs. [Sec. 10306]	No provision.
Sec. 10411 of AHPA authorizes USDA cooperative agreements with eligible entities, including other governments and associations, to conduct animal health activities. [7 U.S.C. 8310]	No comparable provision.	Sense of Senate that USDA should work with the private insurers to implement an expedited approach for indemnification of livestock producers in cases of catastrophic disease outbreaks. [Sec. 10308]	Permits USDA to enter into cooperative agreements to carry out a national aquatic animal health plan under Sec. 10411 of the AHPA. Requires USDA to determine the nonfederal share of costs (to be either cash or in-kind) on a case-by-case basis. Authorizes such sums as necessary in each fiscal year, FY2008-FY2012. [Sec. 11013]
<b>National Animal Identification System</b>			
No comparable provision in AHPA. Under this authority, in 2004, USDA accelerated work on a voluntary National Animal Identification System (NAIS) to trace animals from slaughter through all premises within 48 hours of an animal disease outbreak.	No comparable provision.	Requires USDA regulations & public comment addressing “protection of trade secrets and other proprietary and/or confidential business information that farmers and ranchers disclose in the course of participation” in an animal ID system. [Sec. 10305]	No provision.
<b>Food Safety Commission</b>			
Sec. 10807 of the Farm Security and Rural Investment Act of 2002 (P.L. 107-171) established a 15-member Food Safety Commission appointed by the President to make recommendations to enhance the U.S. food safety system. Provision not implemented. [21 U.S.C. 341 note]	No comparable provision.	Establishes a Congressional Bipartisan Food Safety Commission to study and make recommendations to modernize food safety programs, including organizational and resource requirements which emphasize prevention and are based on risk assessment and best-available science. Specifies membership requirements, meeting procedures and timetables, and other aspects of the commission’s report. [Sec. 11060]	No comparable provision.



Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
		Requires the President review the report and submit proposed legislation based on recommendations. Expresses Sense of the Senate on the need for additional resources and direction for federal food safety agencies, for agreements between the U.S. and its trading partners, and for comprehensive food safety legislation. [Sec. 11072]	
<b>Foods from Cloned Animals</b>			
FDA had asked companies to voluntarily not introduce meat and milk from cloned animals and offspring until it completes a final risk assessment and guidance on their safety. FDA published the final risk assessment/guidance on 1/15/08; USDA has asked that the moratorium on cloned animals (but not offspring) continue until markets are educated on safety.	No comparable provision. Prohibits FDA from issuing a final risk assessment and lifting the voluntary moratorium until completion of newly mandated National Academy of Sciences and USDA studies on, respectively, the safety and on the market impacts of introducing products from cloned animals. [Sec. 7507]	No comparable provision.	No comparable provision.
<b>Animal Welfare Act</b>			
No comparable provision under the Animal Welfare Act (AWA) [7 U.S.C. 2131 et seq.], which is intended to ensure the humane treatment of research animals, bred for commercial sale, exhibited to the public, or commercially transported; and to prevent animal fighting activities. Authorizes fines up to \$2,500 for violations; each violation and each day is considered a separate offense.	Amends the AWA to prohibit use of live animals for marketing medical devices. Increases the cap for AWA violations to \$10,000 per violation, and specifies that each day, each violation, and each animal subject to a violation is to be considered a separate offense, among other things. [Sec. 11316]	No comparable provision on medical marketing.	Increases maximum fines for AWA violations from \$2,500 to \$10,000 per violation. Other House changes not adopted. [Sec. 14214]
Sec. 7 of the AWA prohibits research facilities from buying dogs or cats except from certain persons regulated under the AWA.	Replaces language in Sec. 7 to expand the definition of a person regulated under this section; and to stipulate permissible sources of dogs and cats for research facilities. Introduces an additional penalty of \$1,000 for each violation of this section of the AWA. [Sec. 11317]	Same as the House provision except a provision directing that use of random source dogs and cats from “Class B dealers” be phased out within 5 years of enactment. [Sec. 11079]	Directs USDA to review “any independent reviews by a nationally recognized panel of experts” on Class B use by researchers, and to report on how any recommendations can be applied at USDA. [Sec. 14216]

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
<p>Sec. 26 of the AWA spells out a series of prohibited acts related to animal fighting and establishes penalties for violations. [18 U.S.C. 49] Enables the federal government to collect costs incurred for caring for seized animals.</p> <p>No comparable AWA provision on importation of young dogs.</p>	<p>No comparable provisions on animal fighting or commercial importation of young dogs.</p>	<p>Amends the AWA to strengthen prohibitions on dog and other animal fighting activities; defines a dog fighting venture; and appears to expand who can collect for costs of care of seized animals. Increases the maximum imprisonment from 3 to 5 years. [Sec. 11076]</p> <p>Amends the AWA to require HHS and USDA regulations prohibiting importing for resale dogs less than 6 months of age, unless USDA determines the dog is in good health and has all necessary vaccinations (exemptions for research or veterinary treatment). [Sec. 3205]</p>	<p>Animal fighting provisions generally reflect Senate language. [Sec. 14207]</p> <p>Dog importation provisions generally reflect Senate language, with additional limited exceptions for those imported into Hawaii. [Sec. 14210]</p>
<b>Disaster Assistance</b>			
<p>Congress periodically provides ad-hoc emergency disaster payments to crop and livestock growers to supplement income following a natural disaster. Most recently, Congress provided emergency supplemental assistance for 2005, 2006, or 2007 production losses. [Sec. 9001 of P.L. 110-28, as amended by P.L. 110-161].</p>	<p>No comparable provision.</p>	<p>Creates permanent authority for a disaster payment program that provides payments to crop and livestock growers who experience significant production losses in a USDA-declared disaster area. For FY2008-12, the program is funded through a transfer of the equivalent of 3.34% of annual customs receipts. Payments are made under new permanent programs: livestock indemnity; emergency livestock assistance; and honey bees, farm raised catfish (as well as crop disaster; tree assistance) [Sec. 12101]</p>	<p>Creates a new Agricultural Disaster Relief “Trust Fund” for crop years 2008-2011, funded through a transfer of the equivalent of 3.08% of annual customs receipts from the U.S. Treasury. Of the five new programs under which payments could be made, three relate to livestock:</p> <p>(1) Livestock Indemnity Program, making payments based on 75% of fair market value of livestock that die in excess of normal mortality rates due to adverse weather;</p> <p>(2) Livestock Forage Disaster Program, providing assistance to ranchers with forage losses due to drought, with eligibility requirements and payments based on a formula in the new law; and</p> <p>(3) Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish, making available a total of up to \$50 million from the Trust Fund</p>

Current Law/Policy	House-Passed Bill (H.R. 2419)	Senate-Passed Substitute Amendment (H.R. 2419)	New Law (P.L. 110-246)
			for emergency relief to producers of these animals with losses due to adverse weather or other conditions. [Sec. 15101]
<b>Other Provisions</b>			
Sec. 375 of the Consolidated Farm and Rural Development Act (Con Act), as amended, established the National Sheep Industry Improvement Center to provide financial assistance for the enhancement and marketing of U.S. sheep or goat products, focusing on infrastructure development. Funding includes mandatory funds of \$28 million for a revolving fund, and appropriations authorized at \$30 million. [7 U.S.C. 2008j]	Reauthorizes appropriations of \$10 million annually (FY2008-12). Eliminates statutory requirement to eventually privatize the revolving fund. [Sec. 6015] No other comparable changes as specified in the Senate bill.	Also eliminates statutory requirement to eventually privatize the revolving fund. Renames the program as the National Sheep and Goat Industry Improvement Center, and provides for new mandatory funding of \$1 million for FY2008, to be available until expended. Authorizes \$10 million annually for FY2008-12 to cover infrastructure development, business planning, production, resource development and market and environmental research. [Sec. 10303]	Similar to Senate provision, but does not rename the program. [Sec. 11009]
No comparable provision.	No comparable provision.	Requires USDA report on the potential economic issues (including costs) associated with animal manure used in normal agricultural operations and as a bioenergy feedstock. [Sec. 10307]	Requires USDA report on animal manure use as agricultural fertilizer, potential impact on consumers and agriculture from limitations on its utilization, and effects on agriculture of increasing its use for bioenergy production. [Sec. 11014]
The 2002 farm bill does not include a separate title for animal agriculture.	No new title; includes most animal agriculture provisions as part of the Miscellaneous Title XI.	Creates new farm bill title, Livestock Marketing, Regulatory, and Related Programs (Title X).	Creates new farm bill title, Livestock (Title XI).

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