



American Soybean Association

Position Paper for Obama Administration Transition Team on Commodities, Livestock, and Trade Issues

Commodities

ASA supports maintaining an effective safety net for soybean producers to protect against declines in commodity prices and farm income that are beyond their control. Farmers are independent entrepreneurs exposed to risks of weather, government policy, competitive and restrictive actions by foreign governments, exchange rate fluctuation, and other factors. Unlike other industries, they are unable to pass changes in these factors on to others in the agricultural marketing system.

ASA strongly supports the 2008 Farm Bill and opposes reopening it through its expiration in 2012. The farm programs included in the Farm Bill provide stability for long-term planning, which should not be disrupted. Regarding the ACRE program, the two-year average of Season Average Prices used in determining the revenue guarantee should be 2007 and 2008 – the two most recent years – as provided in the Farm Bill.

ASA supports maintaining the federal crop insurance program as a vital part of the farm income safety net. Any changes in crop insurance should have the goal of integrating it with other parts of the farm program, including standing disaster assistance, not to weaken its effectiveness.

Livestock

The domestic poultry and pork industries are the most important markets for U.S. soybean farmers. Any regulatory changes affecting these industries should have the goal of strengthening their competitiveness in both the domestic and export markets, not to create conditions that force livestock operations offshore.

Biodiesel

ASA supported development of the U.S. biodiesel industry to ensure a market for U.S. soybean oil which, historically, has been in surplus and has depressed soybean prices. The biodiesel tax incentive and Bioenergy Program payments make U.S. biodiesel producers more competitive with petroleum-based diesel and with biodiesel imports, which benefit from government subsidies such as Differential Export Taxes. Biodiesel production has a minimal impact on food prices.

The biodiesel tax incentive is scheduled to expire on December 31, 2009, and needs to be extended. U.S. biodiesel producers receiving this incentive should continue to be able to sell their production overseas when domestic conditions are uncompetitive.



The Bioenergy Program was reauthorized and funded in the 2008 Farm Bill. Regulations governing this program, currently under review, should provide payments on all domestic biodiesel production – not just on incremental production.

International Trade

U.S. soybean producers depend on export markets for soybeans, soybean meal and oil, and livestock products, for 50 percent of their annual production. ASA strongly supports trade agreements that open important foreign markets, and negotiations that confront sanitary and phytosanitary policies by other countries that restrict market access.

Regarding the Doha WTO negotiations, ASA will accept restrictions on U.S. domestic support provided there is comparable expansion of meaningful market access for soybean and livestock products in key developing country markets. The current Modalities Text makes significant reductions in domestic support that are likely to require legislative changes in the current farm program. However, its provisions on market access include an expansion of permitted Sensitive Products and Special Products, and a Special Safeguard Mechanism, that could actually reduce current market access for soybean and livestock products. It also fails to eliminate Differential Export Taxes, a key priority for ASA and U.S. oilseed processors. Under these circumstances, ASA believes that no agreement is better than a bad agreement.

ASA has strongly supported negotiation of Free Trade Agreements. However, we have been concerned that the criteria for selecting negotiating partners have not been based on developing the best market opportunities for exports of soybean and livestock products. In addition, it is important to address and resolve SPS issues that can negate the benefits of FTAs before initiating negotiations.

ASA strongly supports renewal of Presidential Trade Promotion Authority as soon as possible under the new Administration.

Agricultural Biotechnology

ASA strongly supports agricultural biotechnology as one of the most effective means for increasing yields and reducing production costs. However, the use of biotechnology, including by developing countries, is being restricted by policies adopted by the European Union, including its politically-based and non-transparent process for approving the importation of biotech commodities. ASA supports addressing this policy in a manner that increases access by U.S. producers to the EU market. We also encourage the new Administration to address the EU's traceability and labeling regulations for products derived from biotechnology, which have had the effect of reducing U.S. soybean exports to the EU in half since 2001.

We are concerned by efforts to re-define sustainable agriculture in a way that could preclude biotech commodities and require that products be produced organically. This outcome would seriously jeopardize access for U.S. soybean products in domestic and foreign markets. We are also concerned about the impact of any new regulations governing federal approval of new biotech products.