

106TH CONGRESS
1ST SESSION

S. 1436

To amend the Agricultural Market Transition Act to provide support for United States agricultural producers that is equal to the support provided to agricultural producers by the European Union, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 26, 1999

Mr. CONRAD introduced the following bill; which was read twice and referred to the Committee on Agriculture, Nutrition, and Forestry

A BILL

To amend the Agricultural Market Transition Act to provide support for United States agricultural producers that is equal to the support provided to agricultural producers by the European Union, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Farm Income and
5 Trade Equity Act of 1999”.

1 **SEC. 2. TRANSITIONAL INTERNATIONAL MARKETING EQ-**
2 **UITY PAYMENTS.**

3 Subtitle B of the Agricultural Market Transition Act
4 (7 U.S.C. 7211 et seq.) is amended by adding at the end
5 the following:

6 **“SEC. 119. TRANSITIONAL INTERNATIONAL MARKETING EQ-**
7 **UITY PAYMENTS.**

8 “(a) IN GENERAL.—Not later than September 30,
9 1999, an owner or producer subject to a contract that is
10 actively engaged in farming may make a 1-time election
11 for each of the 1999 and subsequent fiscal years to—

12 “(1) receive a payment for a loan commodity
13 under this section;

14 “(2) receive a marketing assistance loan for the
15 loan commodity based on the loan rate established
16 under section 132(g); and

17 “(3) forfeit contract payments and marketing
18 assistance loans payable under other provisions of
19 this subtitle and subtitle C.

20 “(b) PAYMENT AMOUNT.—Subject to subsection (f),
21 the amount of a payment made to an owner or producer
22 for a crop of a loan commodity under this section shall
23 be equal to the product obtained by multiplying—

24 “(1) the payment rate determined under sub-
25 section (c); by

1 “(2) the acreage base for the crop determined
2 under subsection (d); by

3 “(3) the payment yield for the crop for the
4 farm determined under subsection (e).

5 “(c) PAYMENT RATE.—

6 “(1) WHEAT, FEED GRAINS, AND OILSEEDS.—

7 “(A) IN GENERAL.—The payment rate for
8 a crop of wheat, corn, barley, and oilseeds
9 under subsection (b)(1) shall be equal to the
10 difference between—

11 “(i) the European Union support level
12 for the crop determined under this para-
13 graph; and

14 “(ii) the loan rate for a marketing as-
15 sistance loan for the crop determined
16 under section 132(g).

17 “(B) EUROPEAN UNION SUPPORT
18 LEVEL.—The European support level for a crop
19 under subparagraph (A)(i) shall be equal to the
20 sum of—

21 “(i) the intervention price paid by the
22 European Union for the crop (in United
23 States dollars) determined under subpara-
24 graph (C); and

1 “(ii) the amount of compensatory pay-
2 ments paid by the European Union for the
3 crop (in United States dollars) determined
4 under subparagraph (D).

5 “(C) INTERVENTION PRICE.—The inter-
6 vention price for a crop under subparagraph
7 (B)(i) shall be determined by—

8 “(i) multiplying—

9 “(I) the European intervention
10 price for the crop in euros per metric
11 ton; by

12 “(II) the average European-
13 United States exchange rate in dollars
14 per euro during the immediately pre-
15 ceding 12 months; and

16 “(ii) dividing the product obtained
17 under clause (i) by the number of bushels
18 per metric ton for the crop.

19 “(D) COMPENSATORY PAYMENTS.—The
20 amount of compensatory payments under sub-
21 paragraph (B)(ii) shall be determined by—

22 “(i) multiplying—

23 “(I) the amount of compensatory
24 payments made by the European

1 Union for the crop in euros per metric
2 ton; by

3 “(II) the average European-
4 United States exchange rate in dollars
5 per euro during the immediately pre-
6 ceding 12 months; and

7 “(ii) dividing the product obtained
8 under clause (i) by the number of bushels
9 per metric ton for the crop.

10 “(E) OTHER FEED GRAINS.—The payment
11 rate for a crop of grain sorghum and oats, re-
12 spectively, under subsection (b)(1) shall be es-
13 tablished at such level as the Secretary deter-
14 mines is fair and reasonable in relation to the
15 payment rate for corn under this paragraph,
16 taking into consideration the feeding value of
17 the commodity in relation to corn.

18 “(2) COTTON AND RICE.—The payment rate for
19 a crop of upland cotton, extra long staple cotton,
20 and rice, respectively, under subsection (b)(1) shall
21 be established at such level as the Secretary deter-
22 mines is fair and reasonable in relation to the pay-
23 ment rate for wheat under this paragraph, taking
24 into consideration the historical price relationship

1 between the commodity and wheat (as determined by
2 the Secretary).

3 “(3) ADJUSTMENT.—The Secretary may adjust
4 the payment rate for a crop of a loan commodity
5 under this subsection to provide support for owners
6 and producers at a level that is consistent with the
7 amount of compensatory payments made by the Eu-
8 ropean Union for the loan commodity.

9 “(d) ACREAGE BASE.—The acreage base for a crop
10 of a loan commodity under subsection (b)(2) shall be 85
11 percent of the contract acreage.

12 “(e) PAYMENT YIELD.—The payment yield for a crop
13 of a loan commodity under subsection (b)(3) shall be the
14 farm program payment yield.

15 “(f) MAXIMUM AMOUNT OF PAYMENTS AND LOAN
16 GAINS.—

17 “(1) LIMITATION ON PAYMENTS.—For any fis-
18 cal year, the total amount of payments made under
19 subsection (b)(1) to a person may not exceed
20 \$40,000.

21 “(2) LIMITATION ON MARKETING LOAN
22 GAINS.—For any crop year, the total amount of any
23 gain realized by a person from repaying marketing
24 assistance loans under subsection (a)(2) for 1 or
25 more loan commodities at a lower level than the

1 original loan rate established for the loan commod-
2 ities under section 132 (other than subsection (g))
3 shall be \$75,000.

4 “(3) REGULATION.—

5 “(A) IN GENERAL.—The Secretary shall
6 promulgate a regulation—

7 “(i) defining the term ‘person’ for
8 purposes of this subsection that ensures, to
9 the maximum extent practicable, that indi-
10 viduals of the same family, entities under
11 the ownership or control of the same cor-
12 poration, or other related parties do not re-
13 ceive multiple payments or marketing as-
14 sistance loans under subsection (a); and

15 “(ii) prescribing such rules as the Sec-
16 retary determines are necessary to ensure
17 a fair and reasonable application of the
18 limitations established under this sub-
19 section.

20 “(B) RELATED PROVISIONS.—The regula-
21 tion shall be consistent with paragraphs (5)
22 through (7) of section 1001 of the Food Secu-
23 rity Act of 1985 (7 U.S.C. 1308).”.

1 **SEC. 3. NONRECOURSE MARKETING ASSISTANCE LOANS.**

2 Section 132 of the Agricultural Market Transition
3 Act (7 U.S.C. 7232) is amended by adding at the end the
4 following:

5 “(g) **ALTERNATIVE LOAN RATE.**—Subject to section
6 119(f), notwithstanding subsections (a) through (f), in the
7 case of an owner or producer described in section 119(a),
8 the loan rate for a crop of a loan commodity shall be 100
9 percent of the simple average price received by producers
10 of the loan commodity, as determined by the Secretary,
11 during the marketing years for the immediately preceding
12 5 crops of the loan commodity, excluding the year in which
13 the average price was the highest and the year in which
14 the average price was the lowest.”.

15 **SEC. 4. INCREASED AGRICULTURAL TRADE ASSISTANCE IN**
16 **RESPONSE TO DIRECT EXPORT SUBSIDIES BY**
17 **EUROPEAN UNION.**

18 Section 301(e) of the Agricultural Trade Act of 1978
19 (7 U.S.C. 5651(e)) is amended—

20 (1) in paragraph (1)—

21 (A) by striking “The” and inserting “Sub-
22 ject to paragraph (3), the”; and

23 (B) by striking subparagraph (E) and in-
24 serting the following:

25 “(E) \$3,850,000,000 for fiscal year
26 2000;”; and

1 (2) by adding at the end the following:

2 “(3) RESPONSE TO DIRECT EXPORT SUBSIDIES
3 BY EUROPEAN UNION.—

4 “(A) CARRYOVER.—Amounts made avail-
5 able under subparagraphs (E) through (G) of
6 paragraph (1) shall remain available until ex-
7 pended.

8 “(B) MINIMUM FUNDING LEVELS.—Sub-
9 ject to paragraph (1) and subparagraphs (A)
10 and (C), for each of fiscal years 2000 through
11 2002, the Commodity Credit Corporation shall
12 make available to carry out the program estab-
13 lished under this section and the dairy export
14 incentive program established under section 153
15 of the Food Security Act of 1985 (15 U.S.C.
16 713a–14) an amount that is equal to the
17 amount the Secretary determines the European
18 Union will expend on direct export subsidies for
19 that fiscal year.

20 “(C) URUGUAY ROUND TRADE AGREE-
21 MENT LIMITATION.—For each of fiscal years
22 2000 through 2002, if the Commodity Credit
23 Corporation is unable to comply with subpara-
24 graph (B) as the result of a limitation imposed
25 by the Uruguay Round Trade Agreement on

1 Agriculture, the Secretary shall increase the
2 amount of assistance made available to carry
3 out title I of the Agricultural Trade Develop-
4 ment and Assistance Act of 1954 (7 U.S.C.
5 1701 et seq.) by an amount that, when com-
6 bined with assistance made available by the
7 Corporation under subparagraph (B), is equal
8 to the amount that the Secretary determines
9 the European Union will expend on direct ex-
10 port subsidies for that fiscal year.”.

11 **SEC. 5. APPLICATION.**

12 (a) **IN GENERAL.**—Except as provided in subsection
13 (b), this Act and the amendments made by this Act shall
14 apply beginning with the 1999 crop of a loan commodity
15 (as defined in section 102 of the Agricultural Market
16 Transition Act (7 U.S.C. 7202)).

17 (b) **AGRICULTURAL TRADE ASSISTANCE.**—The
18 amendments made by section 4 shall apply beginning with
19 fiscal year 2000.

○