



A-201-845  
Suspension Agreement  
Public Document  
ITA/E&C/P&N/OP/BAU: Team

TO ALL INTERESTED PARTIES

December 4, 2019

Re: Draft Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico and Draft Statutory Memoranda

On December 4, 2019, the U.S. Department of Commerce (Commerce) and representatives for the Mexican sugar producers/exporters initialed a draft amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico (*see* Attachment 1). In addition, Commerce is placing its corresponding draft statutory memoranda on the record (*see* Attachments 2 and 3). We invite interested parties to comment on the attached draft amendment and draft memoranda. Comments are due to Commerce no later than the close of business on **December 16, 2019**.

Please submit your comments electronically using Enforcement and Compliance's Antidumping and Countervailing Duty Centralized Electronic Service System (ACCESS). An electronically-filed document must be received successfully in its entirety by Commerce's electronic records system, ACCESS, by 5:00 p.m. Eastern Time (ET) on the due date. Likewise, documents excepted from the electronic submission requirements must be filed manually (*i.e.*, in paper form) with the APO/Dockets Unit in Room 18022 and stamped with the date and time of receipt by 5:00 p.m. ET on the due date.

If you have any questions regarding this matter, please contact me at (202) 482-0162.

Sincerely,

Sally C. Gannon  
Director for Bilateral Agreements  
Office of Policy  
Enforcement & Compliance

Attachments

# **ATTACHMENT 1**

**AMENDMENT TO THE AGREEMENT SUSPENDING THE ANTIDUMPING DUTY INVESTIGATION ON SUGAR FROM MEXICO**

The Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico (Agreement) signed by the signatory producers and exporters of Sugar from Mexico (individually, Signatory; collectively, Signatories) and the United States Department of Commerce (Commerce) on December 19, 2014, is amended, as set forth below (Amendment).

If a provision of the Agreement conflicts with a provision of this Amendment, the provision of the Amendment shall supersede the provision of the Agreement to the extent of the conflict. All other provisions of the Agreement and their applicability continue with full force.

Commerce and the Signatories hereby agree as follows:

**Section II (“Definitions”) is amended as follows:**

**Section II.C is replaced with:**

“Effective Date of the Agreement” means the date on which Commerce and the Signatories signed the Agreement. Additionally, the “Effective Date of the Amendment” means the date on which Commerce and the Signatories sign the Amendment. The Amendment applies to all contracts for Sugar from Mexico exported from Mexico on or after October 1, 2019.

**Section II.F is replaced with:**

“Other Sugar” means

- a. Sugar at a polarity of less than 99.2, as produced and measured on a dry basis;
- b. Where such Sugar is Additional U.S. Needs Sugar, as defined in Section II.O, Sugar at a polarity of less than 99.5, as produced and measured on a dry basis; and,
- c. In the event that Section V.B.4.d of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (CVD Agreement) is exercised, Sugar at a polarity specified by USDA that is below 99.5, as produced and measured on a dry basis.

Such Other Sugar must be exported to the United States loaded in bulk and freely flowing (*i.e.*, not in a container, tote, bag or otherwise packaged) into the hold(s) of an ocean-going vessel. To be considered as Other Sugar, if Sugar leaves the Mexican mill in a container, tote, bag or other package (*i.e.*, is not freely flowing), it must be emptied from the container, tote, bag or other package into the hold of the ocean-going vessel for exportation. All other exports of Sugar from Mexico that are not transported in bulk and freely flowing in the hold(s) of an ocean-going vessel will be considered to be Refined Sugar for purposes of the Reference Prices, regardless of the polarity of that Sugar.

**Section II.H is replaced with:**

“Refined Sugar” means

- a. Sugar at a polarity of 99.2 and above, as produced and measured on a dry basis;
- b. Sugar considered to be Refined Sugar under Section II.F;
- c. Where such Sugar is Additional U.S. Needs Sugar as defined in Section II.O, Sugar at a polarity of 99.5 and above, as produced and measured on a dry basis; and
- d. In the event that Section V.B.4.d of the CVD Agreement is exercised, Sugar at a polarity specified by USDA that is 99.5 or above, as produced and measured on a dry basis.

**New Section II.N is added as follows:**

“Intermediary Customer” means trader, processor, or other reseller located outside of the United States who sells Sugar to an unaffiliated customer in the United States.

**New Section II.O is added as follows:**

“Additional U.S. Needs Sugar” means the quantity of Sugar allowed to be exported, over and above the Export Limit calculated under Section V.B.3 of the CVD Agreement, to fill a need identified by USDA in the U.S. market for a particular type and quantity of Sugar, and offered to Mexico pursuant to Section V.B.4.c of the amended CVD Agreement.

**Section VII (“Monitoring of the Agreement”) is amended as follows:**

**Section VII.B (“Compliance Monitoring”) is amended as follows:**

**Section VII.B.4—an additional sentence as follows is added to the end of paragraph 4:**

Commerce may verify polarity testing practices at any Mexican mill and request supporting documentation for polarity test results.

**Section VII.C (“Shipping and Other Arrangements”) is amended as follows:**

**Section VII.C.4 is replaced with the following, with the sentence in italics being added to the language:**

4. Not later than 30 days after the end of each quarter, each Signatory will submit a written statement to Commerce certifying that all sales during the most recently completed quarter were at net prices, after rebates, discounts, or other adjustments, at or above the Reference Prices in effect and were not part of or related to any act or practice which would have the effect of hiding the real price of the Sugar being sold. Further, each Signatory will certify in this same statement that all sales made during the relevant quarter were not part of or related to any bundling arrangement, discounts/free goods/ financing package, swap or other exchange where such arrangement is designed to circumvent the basis of the Agreement. *As part of the certification, each Signatory will submit a listing of the total quantity of Other Sugar and Refined Sugar that was exported during each quarter.*

Each Signatory that did not export Sugar to the United States during any given quarter will

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submit a written statement to Commerce certifying that it made no sales to the United States during the most recently completed quarter. Each Signatory agrees to permit full verification of its certification as Commerce deems necessary. Failure to provide a quarterly certification may be considered a Violation of the Agreement.

**Section VII.C.5 is added as follows:**

5. For each sale made by a Signatory to an Intermediary Customer, the Signatory shall incorporate into its sales contract with the Intermediary Customer the obligation that such customers will abide by the terms of the Agreement, including selling the Sugar from Mexico to the first downstream unaffiliated U.S. customer in accordance with the terms of the Agreement. Further, for each sale made by a Signatory to an Intermediary Customer, the Signatory shall incorporate into its sales contract with the Intermediary Customer a provision requiring the Intermediary Customer to provide Commerce with all sales and other related information Commerce requests.

Further, Signatories and Intermediary Customers must retain evidence in their files to document that these contractual obligations were implemented. Commerce retains its authority to request the Signatory and/or Intermediary Customer to provide such documentation, and Commerce may verify such documentation. Where a Signatory does not have access to the documentation but has obligated the Intermediary Customer to provide it to Commerce, Commerce will request the Intermediary Customer to provide the documentation. Failure by a Signatory and/or Intermediary Customer to provide requested documentation may be considered a Violation under Section VIII of the Agreement.

**Section VII.C.6 is added as follows:**

6. Other Sugar may enter the Customs territory of the United States if the following conditions are met:

Exporters of Other Sugar are required to ensure, through inclusion of obligations in their sales contracts or otherwise, that importers of record of such Other Sugar agree to ensure that Other Sugar is tested for polarity by a laboratory approved by U.S. Customs and Border Protection (CBP) upon entry into the United States, with samples drawn in accordance with CBP standards, and that the importers of record agree to report the polarity test results for each entry to Commerce within 30 days of entry. Such polarity test reports must be filed on the official records of Commerce for both this Agreement and the CVD Agreement. For clarity, sampling will be done in accordance with CBP standards (e.g., CBP Directive No. 3820-001B), or its successor directive as agreed by Commerce and the Signatories, including the CBP requirement that the polarity level of an entry will be the average of the samples from that entry.

Commerce will request that CBP inform the importing public of the requirements for importation of Other Sugar set forth in this sub-section.

**Section VII.C.7 is added as follows:**

7. Penalties for Non-Compliance with Section VII.C.6:

- a. Where Commerce finds that exporters and importers of record of Other Sugar are not complying with Section VII.C.6, Commerce may consider this a Violation under Section VIII.D of the Agreement.
- b. If Commerce finds that issues with meeting the polarity requirements of the Agreement as required by Sections II.F, II.H, VII.C.6 and Appendix I continue to arise, Commerce can at any time terminate the Agreement under Section X.B. Apart from termination, Commerce may take additional steps to ensure compliance with the terms of this Agreement, including action under Section VIII.B.4 of the CVD Agreement.

**Section VIII ("Violations of the Agreement") is amended as follows:**

**Section VIII.D is amended by adding new paragraphs 3 and 4, and moving paragraph 3 to paragraph 5:**

**D.3** Failure by Signatories and Intermediary Customers to provide the required documentation specified in Section VII.C.5.

**D.4** Failure by Signatories and importers of record to comply with the requirements under Section VII.C.6.

**Appendix I is amended as follows:**

**At Appendix I, the following will be changed:**

The FOB plant Reference Price for Refined Sugar is \$0.2800 per pound commercial value (whether freely flowing or in totes weighing one (1) MT or greater as the sugar leaves the mill), as produced and measured on a dry basis.

The FOB plant Reference Price for Other Sugar is \$0.2300 per pound commercial value (whether freely flowing or in totes weighing one (1) MT or greater as the sugar leaves the mill), as produced and measured on a dry basis.

**In addition, the following clause will be added to Appendix I when referencing the Reference Prices.**


Mexican Signatory producers/exporters must ensure that the delivered sales price for all Sugar from Mexico exported to the United States must include all expenses, *e.g.*, transportation, de-bagging, warehousing, handling, and packaging charges, in excess of the FOB plant Reference Price. As specified in Sections VII.B.1 and VII.B.2 of the Agreement, Commerce has the authority to request sales information, and to verify such information, which demonstrates compliance with the Reference Prices and terms of the Agreement.

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\_\_\_\_\_  
Jeffrey I. Kessler  
Assistant Secretary  
for Enforcement and Compliance  
U.S. Department of Commerce

\_\_\_\_\_  
Date

The following party hereby certifies that the members of the Mexican sugar industry agree to abide by all terms of the Amendment to the Agreement:

  
\_\_\_\_\_  
Irwin Altschuler  
Greenberg Traurig, LLP  
Representative for Cámara Nacional de Las Industrias Azucarera y Alcoolera

12-4-19  
\_\_\_\_\_  
Date



# **ATTACHMENT 2**





A-201-845  
Suspension Agreement  
Public Document  
ITA/E&C/P&N/OP/BAU: DWC

December 4, 2019

MEMORANDUM FOR: Jeffrey I. Kessler  
Assistant Secretary for Enforcement and Compliance

FROM: P. Lee Smith *for Cas*  
Deputy Assistant Secretary  
for Policy & Negotiations  
Enforcement and Compliance

SUBJECT: Draft 2019 Amendment to the Agreement Suspending the  
Antidumping Duty Investigation on Sugar from Mexico: U.S.  
Import Coverage, Existence of Extraordinary Circumstances,  
Public Interest, and Effective Monitoring Assessments

Statutory Requirements

On December 19, 2014, the U.S. Department of Commerce (Commerce) and producers/exporters accounting for substantially all imports of Sugar from Mexico signed the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico (the Agreement).<sup>1</sup> On June 30, 2017, Commerce and a representative of producers/exporters who account for substantially all of the imports of Sugar from Mexico signed a finalized amendment to the Agreement (2017 Amendment).<sup>2</sup> On October 18, 2019, the Court of International Trade (CIT) vacated Commerce's amendment to the Agreement due to procedural deficiencies in maintaining a record of *ex parte* communications concerning negotiations of the 2017 Amendment.<sup>3</sup>

Commerce met with representatives of Cámara Nacional de Las Industrias Azucarera y Alcohólera (Mexican Sugar Chamber) (Cámara) and the Government of Mexico on October 29, 2019, to discuss the status of the sugar suspension agreement.<sup>4</sup> Commerce officials also met with the counsel to the American Sugar Coalition (ASC) on October 31, 2019.<sup>5</sup> On October 30, 2019, Commerce held a meeting with CSC Sugar LLC (CSC Sugar) representatives and their

<sup>1</sup> See *Sugar from Mexico: Suspension of Antidumping Investigation*, 79 FR 78039 (December 29, 2014).

<sup>2</sup> See *Sugar From Mexico: Amendment to the Agreement Suspending the Antidumping Duty Investigation*, 82 FR 31945 (July 11, 2017).

<sup>3</sup> See *CSC Sugar v. United States*, Slip Op. 19-132 (October 18, 2019).

<sup>4</sup> See Memorandum to the File, "Meeting with the Government of Mexico and Counsel to Cámara" (October 29, 2019).

<sup>5</sup> See Memorandum to the File, "Meeting with Counsel to the American Sugar Coalition" (October 31, 2019).



counsel.<sup>6</sup> On November 6, 2019, Commerce officials met with representatives from Imperial Sugar and their counsel.<sup>7</sup> On November 4, 2019, Commerce formally opened consultations with Cámara with respect to a possible amendment to the Agreement.<sup>8</sup> On November 6, 2019, Cámara submitted proposed amendments to the Agreement,<sup>9</sup> Commerce released a draft amendment to the Agreement to serve as a starting point in the consultation and renegotiation process,<sup>10</sup> and Commerce held a phone call with counsel to the American Sugar Coalition (ASC).<sup>11</sup> On November 8, 2019, Commerce requested additional comments from interested parties.<sup>12</sup> Commerce received comments on the draft amendments from the International Sugar Trade Coalition (ISTC),<sup>13</sup> the Sweetener Users Association (SUA),<sup>14</sup> CSC Sugar,<sup>15</sup> Cámara,<sup>16</sup> Imperial Sugar,<sup>17</sup> and ASC.<sup>18</sup> On November 15, 2019, Commerce officials met with SUA representatives.<sup>19</sup> Commerce provided an opportunity for parties to submit rebuttal comments,<sup>20</sup> and on November 21, 2019, Commerce received rebuttal comments from ASC,<sup>21</sup> Imperial Sugar,<sup>22</sup> Cámara,<sup>23</sup> CSC Sugar,<sup>24</sup> and SUA.<sup>25</sup>

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<sup>6</sup> See Memorandum to the File, “Meeting with CSC Sugar, LLC” (November 7, 2019).

<sup>7</sup> See Memorandum to the File, “Meeting with Meeting with Imperial Sugar” (November 13, 2019).

<sup>8</sup> See Letter to Cámara, “Consultations on Potential Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico” (November 4, 2019).

<sup>9</sup> See Letter from Cámara “Sugar from Mexico - Proposed Amendments to Suspension Agreement” (November 6, 2019).

<sup>10</sup> See Letter to All Interested Parties, “Release of Draft Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico” (November 6, 2019).

<sup>11</sup> See Memorandum to the File, “Call with Counsel to the American Sugar Coalition” (November 6, 2019).

<sup>12</sup> See Letter to All Interested Parties, “Requesting Additional Comment Regarding the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico” (November 8, 2019).

<sup>13</sup> See Letter from ISTC, “Comments on the Draft Amendment to the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico” (November 12, 2019) (ISTC Comments).

<sup>14</sup> See Letter from SUA, “Sugar from Mexico: Draft Amendment to the Agreement Suspending the Antidumping Duty Investigation” (November 14, 2019) (SUA Comments).

<sup>15</sup> See Letter from CSC Sugar, “Sugar from Mexico: Comments on the Agreement Suspending the Antidumping Duty and Countervailing Duty Investigation” (November 14, 2019) (CSC Sugar Comments).

<sup>16</sup> See Letter from Cámara, “Sugar from Mexico: Comments on Proposed Amendments to Suspension Agreement,” (November 14, 2019) (Cámara Comments).

<sup>17</sup> See Letter from Imperial Sugar, “Sugar from Mexico, Case Nos. C-201-846 and A-201-845, Comments on the Draft Amendments to the Suspension Agreements” (November 14, 2019) (Imperial Sugar Comments).

<sup>18</sup> See Letter from ASC, “Sugar from Mexico: Comments Regarding Proposed Amendments to Suspension Agreements” (November 14, 2019) (ASC Comments).

<sup>19</sup> See Memorandum to the File, “Meeting with SUA” (November 19, 2019).

<sup>20</sup> See Letter to all Interested Parties, “Agreements Suspending the Countervailing Duty (CVD) Investigation and Antidumping Duty (AD) Investigation on Sugar from Mexico – Period for Rebuttal to Interested Party Comments on Proposed Amendments and Clarification on Record-keeping Procedures” (November 15, 2019).

<sup>21</sup> See Letter from ASC, “Sugar from Mexico: Rebuttal Comments Regarding Proposed Amendments to Suspension Agreements” (November 21, 2019) (ASC Rebuttal Comments).

<sup>22</sup> See Letter from Imperial Sugar, “Sugar from Mexico, Case Nos. C-201-846 and A-201-845, Rebuttal to Interested Party Comments on Proposed Amendments to the Suspension Agreements,”(Imperial Sugar Rebuttal Comments) (November 21, 2019)

<sup>23</sup> See Letter from Cámara, Sugar from Mexico – Rebuttal Comments on Proposed Amendments to Suspension Agreement,”( Cámara Rebuttal Comments) (November 21, 2019)

<sup>24</sup> See Letter from CSC Sugar, “Sugar from Mexico: Rebuttal Comments on the Agreement Suspending the Antidumping Duty and Countervailing Duty Investigations,”(CSC Sugar Rebuttal Comments) (November 21, 2019)

<sup>25</sup> See Letter from SUA, “Sugar from Mexico: Period for Rebuttal to Interested Party Comments on Proposed Amendments” (SUA Sugar Rebuttal Comments) (November 21, 2019).

After consulting with parties and receiving the submissions referenced above, on December 4, 2019, Commerce and a representative of exporters who account for substantially all of the imports of Sugar from Mexico initialed a draft amendment to the Agreement<sup>26</sup> the (draft 2019 Amendment or, collectively, the draft amended Agreement).

In accordance with section 734(c)(1) of the Tariff Act of 1930, as amended (the Act), the draft amended Agreement is designed to completely eliminate the injurious effect of exports to the United States, and to prevent the suppression or undercutting of price levels of domestic products by imports of that merchandise. In addition, for each entry of each exporter the amount by which the estimated normal value exceeds the export price (or constructed export price) will not exceed 15 percent of the weighted-average amount by which the estimated normal value exceeded the export price (or constructed export price) for all less-than-fair-value entries of the producer/exporter examined during the course of the investigation (*see* Section VI (“Price Undertaking”) of the Agreement).

In accordance with section 734(c)(1) of the Act and section 351.208(b) of Commerce’s regulations, Commerce may suspend an investigation when signatory exporters, collectively accounting for substantially all of the imports of the subject merchandise, agree to revise their prices to eliminate completely the injurious effect of exports to the United States of that merchandise, as described above. Section 351.208(c) of Commerce’s regulations provides that “substantially all” under section 734 of the Act means “exporters and producers that have accounted for not less than 85 percent by value or volume of the subject merchandise during the period for which the Secretary is measuring dumping or countervailable subsidization in the investigation or such other period that the Secretary considers representative.” Commerce finds that the U.S. import coverage requirement is met for this draft amended Agreement, as detailed below.

Section 734(c) of the Act indicates that extraordinary circumstances must be present for Commerce to suspend an investigation under this section of the law. In accordance with section 734(c)(2) of the Act, Commerce finds, as detailed below, that extraordinary circumstances exist with respect to this draft amended Agreement. Furthermore, Commerce is satisfied that the draft amended Agreement is in the public interest and can be monitored effectively, as required under section 734(d) of the Act and addressed below in this memorandum.

### Comments from Interested Parties

Commerce normally considers parties’ comments and rebuttal comments on a draft suspension agreement or amendment to an agreement and then addresses them, as relevant, through modifications reflected in the final signed agreement or amendment. Regarding initial comments received from interested parties on a proposed amendment text, Commerce at points throughout this draft memorandum has taken the opportunity to explain why these comments do not detract from Commerce’s analysis and, in other cases, support such analysis.

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<sup>26</sup> *See* Letters to All Interested Parties, “Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico” (December 4, 2019) and “Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico” (December 4, 2019).

## U.S. Import Coverage

A representative of Cámara Nacional de Las Industrias Azucarera y Alcohólica (Mexican Sugar Chamber) (Cámara) signed the draft 2019 Amendment on behalf of the Mexican sugar industry. Cámara also signed the original Agreement; at that time, by reviewing U.S. Customs and Border Protection (CBP) data on imports of Sugar from Mexico during the period of investigation (POI) (*i.e.*, January 1 – December 31, 2013), Commerce confirmed that the producers/exporters of sugar to Mexico represented by Cámara accounted for at least 85 percent of the imports of subject merchandise into the United States during the POI.<sup>27</sup> For the original Agreement, Commerce found the CBP data to be reliable and, accordingly, thereby determined that Cámara represented the signatory Mexican sugar producers/exporters accounting for substantially all of the imports during the POI.<sup>28</sup>

Commerce based its finding that the producers/exporters accounted for substantially all of the imports of sugar from Mexico on U.S. Customs and Border Protection (CBP) import data for January 1, 2018 through October 30, 2019<sup>29</sup> and a list of Mexican sugar producers/exporters provided by Cámara Nacional de Las Industrias Azucarera y Alcohólica (Cámara) in its June 12, 2017 Representation Letter.<sup>30</sup> This list identified the Mexican sugar producer/exporters that Cámara was authorized to represent at that time. Commerce intends to confirm that signatory producers/exporters account for substantially all imports of sugar from Mexico by comparing the CBP data with an updated list of producer/exporters from Cámara if the draft amendment is finalized.

Commerce has confirmed this coverage by examining CBP data for Mexico for the period January 1, 2018, through October 30, 2019, to confirm that Cámara's member companies and mills account for at least 85 percent of the imports of subject merchandise into the United States.<sup>31</sup> Therefore, we find that the requirement of section 734(c) of the Act concerning agreement by "substantially all" exporters, as defined in section 351.208(c) of Commerce's regulations, has been satisfied for purposes of this amendment.

## Extraordinary Circumstances

Subsections 734(c)(2)(A)(i) and (ii) of the Act define the term "extraordinary circumstances" as circumstances in which the suspension of the investigation will be more beneficial to the

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<sup>27</sup> See Memorandum to the File, "Release of Customs Entry Data for Respondent Selection in the Antidumping and Countervailing Duty Investigations of Sugar from Mexico," April 25, 2014 ("CBP Entry Data Memorandum"); see also Letter to the Honorable Penny Pritzker, Secretary of Commerce, from Greenberg Traurig, re "Investigation of Sugar from Mexico; Representation of Mexican Sugar Producers/Exporters" (November 25, 2014).

<sup>28</sup> See Section IV of the Agreement.

<sup>29</sup> We are releasing the relevant CBP data, in electronic format (MS Excel), to interested parties that are eligible to receive it under an administrative protective order from Commerce. See Memorandum to the File entitled "Release of Customs Entry Data and Import Coverage Analysis for the Draft Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico" (December 4, 2019) (Import Coverage Memorandum) at Attachment 2.

<sup>30</sup> *Id.* at Attachment 3 (Letter from Cámara, "Sugar from Mexico – Representation of Mexican Sugar Industry" (June 12, 2017) (Representation Letter).

<sup>31</sup> *Id.* at Attachment 1.



domestic industry than continuation of the investigation and in which the investigation is complex.

*Continued Suspension is More Beneficial to the Domestic Industry Than Termination*

As for whether the suspension of the antidumping duty investigation on Sugar from Mexico will be more beneficial to the domestic industry than continuation and thus issuance of the antidumping duty order, we find that the draft amended Agreement will resolve issues that arose following the signing of the Agreement in 2014; such as a shortage in raw sugar for refining in the United States, and that the draft amended Agreement re-establishes effective relief and, in several respects, has distinct advantages when compared with an antidumping duty order.

First, the draft amended Agreement will benefit domestic producers by eliminating the injurious effects of exports of the subject merchandise to the United States, eliminating price suppression or undercutting, and eliminating at least 85 percent of dumping, as required by section 734(c)(1) of the Act.<sup>32</sup> Specifically, the draft amended Agreement sets higher minimum reference prices for sales of Other Sugar and Refined Sugar than the Agreement, and ensures that those reference prices are exclusive of packaging, transportation, and other supplemental costs, *i.e.*, so that it is clear such costs must be added to the base reference prices. The draft 2019 Amendment to the accompanying Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (draft CVD Amendment or, collectively, draft amended CVD Agreement) limits the volume of Mexican sugar exports to the needs of the U.S. market, thereby reducing the likelihood that Sugar from Mexico will oversupply the U.S. market; the higher minimum reference prices in the draft amended Agreement work in conjunction with these provisions in the draft amended CVD Agreement to ensure that prices for the first U.S. sale cannot be set so low as to cause injury to the U.S. industry.<sup>33</sup> Moreover, by specifying that the minimum reference prices are exclusive of packaging, the draft amended Agreement ensures that the minimum reference prices cannot be artificially lowered through the sale of sugar in relatively expensive packaging. By setting minimum reference prices, the draft amended Agreement, in conjunction the limitations on exports under the amended draft amended CVD Agreement, works to prevent price suppression or undercutting resulting from an oversupply of Mexican sugar in the United States.

The draft amended Agreement further eliminates the injurious effects of exports of Mexican sugar to the United States by redefining Refined Sugar and Other Sugar. The Agreement, as originally written, differentiated between “Refined Sugar” at a polarity of 99.5 degrees and above, and “Other Sugar” at a polarity less than 99.5 degrees. The draft 2019 Amendment redefines “Refined Sugar” as sugar at a polarity of 99.2 degrees and above, and “Other Sugar” as sugar at a polarity less than 99.2 degrees and shipped in bulk, freely flowing. These changes, which move the dividing line between Refined and Other Sugar down to 99.2 from 99.5 degrees, and add shipping conditions for Other Sugar, address the concern that a large portion of Other

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<sup>32</sup> See Section VI (“Price Undertaking”) of the Agreement.

<sup>33</sup> See Memorandum to Jeffrey I. Kessler, Assistant Secretary for Enforcement and Compliance, “Draft 2019 Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico: The Prevention of Price Suppression or Undercutting of Price Levels by the Draft Amended AD Agreement (Price Suppression Memorandum) at 15-16, 18.

Sugar has been bypassing cane refiners for direct consumption or end use. Specifically, petitioner ASC has previously asserted that the sale of Mexican semi-refined sugar subject to the lower reference price of Other Sugar set in the original language of the Agreement hinders the competitiveness of U.S. cane refiners by diminishing the supply of Mexican sugar for their processing operations, supplanting their sales of refined sugar, and suppressing U.S. prices for refined sugar.<sup>34</sup> ASC expanded on this in its recent comments, stating that “the result of the 2014 Agreements was a cost-price squeeze that suppressed domestic producer prices for refined sugar, caused sugar prices to reach near forfeiture levels under the U.S. Sugar Program, and otherwise failed to ‘eliminate completely’ the injurious effect of the Mexican sugar imports within the meaning of Sections 704(c) and 734(c) of the Act.”<sup>35</sup>

Semi-refined sugar of a polarity under, but near 99.5 degrees, when packaged to avoid contamination, may be fit for human consumption without any processing to increase its polarity. Indeed, information on the record indicates Mexican “estandar” (standard or semi-refined sugar) is fit for such use, and has a minimum polarity of 99.4 degrees.<sup>36</sup> Such semi-refined sugar functions in the market as the equivalent of Refined Sugar, but was permitted under the original terms of the Agreement to enter at the lower price for Other Sugar.<sup>37</sup> The change in the definition of Other Sugar in terms of polarity, and the requirement that Other Sugar is to be shipped in bulk, freely-flowing, ensure to the fullest extent possible under the draft amended Agreements that sugar that enters subject to the lower reference price is sold in the market segment of sugar that requires further processing.<sup>38</sup>

These changes to the definitions of Refined and Other Sugar ensure to the fullest extent possible, under the draft amended Agreement and draft amended CVD Agreement, the availability of supply of input sugar for U.S. cane refiners. Availability of supply is a particular concern in the market for sugar for further processing, because access to sugar from countries other than Mexico is restricted by U.S. tariff-rate quotas. Short of requesting that the U.S. Department of Agriculture (USDA) take action to permit additional sugar imports, U.S. refiners may not have an economically-viable alternative source of input sugar if Mexican Other Sugar is sold for direct consumption.

Further, the lower polarity threshold discourages “estandar” from being sold directly for end use and without further processing, thereby supplanting refined sugar sales in the U.S. market. Sugar that is under 99.2 degrees in polarity and shipped in bulk, freely flowing – *i.e.*, not in food grade conditions – is extremely likely to require further processing. In May 2016, in response to a shortage of sugar for further processing, USDA requested that Commerce increase the Export Limit and stated that “to ensure that this is the type of sugar for which there is an increasing

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<sup>34</sup> See Letter from the American Sugar Coalition, “Sugar from Mexico: Request to Terminate Suspension Agreements” (June 2, 2017) (ASC June 2 Letter) at Attachment 4, 18-20, placed on the record in ASC Comments at Attachment 1; see also “Sugar from Mexico: Comments Regarding Proposed Amendments to Suspension Agreements” (November 14, 2019) at 3.

<sup>35</sup> See ASC Comments at 3.

<sup>36</sup> See Secretaria de Economía, “Sugar Industry Specifications, NMX-F-084-SCFI-2004” at Sections 3.1 & 5.1 (2004) at Attachment 1 to this Memorandum.

<sup>37</sup> See ASC June 2 Letter at Attachment 4, 18-20, placed on the record in ASC Comments at Attachment 1.

<sup>38</sup> See Price Suppression Memorandum at 13.

demand in the U.S. market, and which also requires further processing, this additional sugar must have a polarity of less than 99.2 degrees.”<sup>39</sup> Thus, in USDA’s view, 99.2 degrees was the appropriate cut-off to ensure that the imported sugar required further processing and met the needs of the U.S. market. Commerce has adopted that standard for all Other Sugar in the draft 2019 Amendment and draft 2019 CVD Amendment, recognizing that although Commerce permitted a small quantity of additional sugar with a polarity below 99.2 degrees based on USDA’s May 2016 request, the ending stocks of cane refiners for the 2015/16 season were still lower than the historical average and shortages of sugar for further processing have persisted.<sup>40</sup> Requiring all Other Sugar to have a polarity under 99.2 degrees is likely to address these shortages.

Although under the Agreement sugar may have entered under the U.S. tariff rate quotas as long as it has a polarity under 99.5 degrees, a more recent analysis of such imports by CBP indicated an average polarity of 98.8 degrees,<sup>41</sup> and there is no evidence that any other country exports to the United States significant quantities of sugar below 99.5 degrees polarity that is also fit for direct consumption. Thus, there is reason to apply a different threshold for shipments of “Other Sugar” from Mexico in the context of this draft amended Agreement, which must completely eliminate the injurious effects of sugar imports from Mexico. However, the draft amended Agreement and draft amended CVD Agreement retain the dividing line of 99.5 degrees in polarity between Refined and Other Sugar for Additional U.S. Needs Sugar, as defined in the respective draft amendments, that is offered to Mexico on or after May 1 of any Export Limit Period (as defined in the draft amended CVD Agreement), except where extraordinary or unforeseen circumstances apply.<sup>42</sup> Mexico has indicated it may be unable to provide sufficient sugar with a polarity below 99.2 degrees after May 1 because such sugar is not produced for its domestic market. As discussed above, Mexican “estandar” contains a polarity of at least 99.4 degrees, and by May 1 Mexico’s harvest season has concluded. The shipping conditions of Other Sugar, however, continue to apply, and thus any additional Other Sugar that is allowed to be exported on or after May 1 is likely to require further processing even if it is of a semi-refined polarity.

In sum, by amending the Agreement to set the threshold polarity between Other Sugar and Refined Sugar at 99.2, and by requiring that Other Sugar be shipped in bulk and freely flowing, the draft amended Agreement will ensure an adequate supply of input material to the U.S. industry for further processing, a crucial benefit that could not be guaranteed with an antidumping duty order.

The draft amended Agreement also provides a more stable and predictable environment for the U.S. industry than would an antidumping duty order. As discussed above, the definitions of Other Sugar and Refined Sugar have been revised through the draft 2019 Amendment so as to ensure a stable supply of sugar in need of further processing for U.S. cane refiners. This supply

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<sup>39</sup> See Letter from Alexis M. Taylor, Deputy Under Secretary, USDA, “Sugar from Mexico and Request for Increase in Mexican Sugar Export Limit” (May 16, 2016) (USDA’s May 16 Letter) and placed on the record of the AD Agreement at Attachment 2 to this Memorandum.

<sup>40</sup> See ASC June 2 Letter at Attachment 4, and on the record in ASC Comments at Attachment 1.

<sup>41</sup> See CBP Quota Bulletin number 16-127 at <https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations> and at Attachment 3 of this Memorandum.

<sup>42</sup> See Section V.B.4.d of the amended CVD Agreement.

could not be guaranteed with an antidumping duty order. Moreover, under an order, duty rates can be adjusted, potentially every year, through administrative reviews. In addition, given the unique parameters of the U.S. sugar market, the issuance of an antidumping duty order has the potential to destabilize the U.S. sugar market, and potentially cause shortages of sugar in the United States.

Finally, it is anticipated that the increase in market certainty and price stability that will result from the draft amended Agreement will aid the domestic industry in its production planning and sales/contracting activities for the upcoming season and that a return to the original 2014 Agreement “would again cause the U.S industry to be starved for ‘Other’ sugar required for refining, and {would lead} to a collapse of the refined sugar price.”<sup>43</sup> In addition, Cámara has noted that “{t}he Mexican sugar industry believes that the 2017 Amendment {have} been working well to meet the goals of the suspension agreement and have brought stability to the North American sweetener market,”<sup>44</sup> and it “expects that there may be significant disruptions to the market, which could result in supply shortage to U.S. refiners”<sup>45</sup> if the provisions that are in this draft 2019 amendment are not implemented. These points are reflected in Imperial Sugar’s comments, which state that “{t}he 99.2 percent threshold remains an appropriate threshold and is critical to ensure an adequate supply of raw sugar for cane refiners like Imperial Sugar.”<sup>46</sup>

### *The Investigation is Complex*

Regarding whether the antidumping duty investigation on Sugar from Mexico is complex, section 734(c)(2)(B) of the Act defines the term “complex” as an investigation involving: (1) a large number of transactions to be investigated or adjustments to be considered; (2) novel issues; or (3) a large number of firms. All three of these circumstances existed in the antidumping duty investigation on Sugar from Mexico, and continue to exist. Specifically, the investigation: (1) covered transactions totaling more than 350 million dollars of sales in the U.S. market, and cost of production figures for 12 mills involving numerous adjustments; (2) raised complex issues, including how the investigation would impact, and be impacted by, USDA’s sugar program and the tariff rate quotas administered by the U.S. Trade Representative;<sup>47</sup> and (3) concerned nearly 50 entities producing/exporting Sugar from Mexico.

Thus, based on the factors discussed above, we find that extraordinary circumstances exist, in accordance with section 734(c)(2) of the Act.

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<sup>43</sup> See ASC Comments at 6-7.

<sup>44</sup> See Cámara Comments at 2.

<sup>45</sup> *Id.* at 3 and 6.

<sup>46</sup> See Imperial Sugar’s Comments at 3.

<sup>47</sup> See Price Suppression Memorandum at 4-6 (describing the U.S. sugar program as administered by USDA and the U.S. Trade Representative) filed on the record in Imperial Sugar Rebuttal Comments at Attachment 5; see also Congressional Research Service Report entitled “U.S. Sugar Program Fundamentals” by Mark A. McMinimy Analyst in Agricultural Policy, (U.S. Sugar Program Fundamentals) (April 6, 2016) available at <https://fas.org/sgp/crs/misc/R43998.pdf> and at Attachment 4 to Memorandum.



## Public Interest

The statute provides that Commerce shall not accept a subsection 734(c) suspension agreement unless “it is satisfied that suspension of the investigation is in the public interest.”<sup>48</sup> A review of the legislative history reveals that Congress did not elaborate on the definition of public interest, stating only that “{t}he committee intends that investigations be suspended only when that action serves the interest of the public and the domestic industry affected.”<sup>49</sup> Neither the statute nor the legislative history defined the term “public interest” as it is used in this context.<sup>50</sup> Therefore, Congress conferred broad discretion upon Commerce in making this assessment.<sup>51</sup>

Commerce’s analysis demonstrates that the draft amended Agreement establishes effective relief and, in a number of respects, has distinct advantages when compared to an antidumping duty order, such that suspension of the antidumping duty investigation remains in the public interest. As discussed above in the “Extraordinary Circumstances” section, the draft amended Agreement benefits domestic producers by eliminating the injurious effects of exports of the subject merchandise to the United States. Under the terms of the draft amended Agreement, the signatory producers/exporters of the subject merchandise who account for substantially all of the imports of that merchandise, as described above, have agreed to revise their prices to eliminate completely the injurious effect of exports to the United States of that merchandise. Furthermore, as discussed above, the amended definitions of Refined Sugar and Other Sugar will ensure an adequate supply of input material to the U.S. industry for further processing, a crucial benefit that could not be guaranteed with an antidumping duty order. Ensuring adequate supply for U.S. cane refiners not only benefits those refiners, but also the general public. If domestic refined sugar prices were to fall, due to continued competition between domestically refined sugar and “estandar” entering at the lower reference price, the U.S. industry may be forced to forfeit sugar that it produced, causing sugar prices to fluctuate dramatically. Since the effective date of the original Agreement, there have been no forfeitures of sugar; and the draft amended Agreement

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<sup>48</sup> See Section 734(d)(1) of the Act.

<sup>49</sup> See *Report of Senate Finance Committee*, S. Rep. 96-249 at 71; see also *Id.* at 54 (discussing similar provision in countervailing duty context).

<sup>50</sup> “As stated by the Supreme Court, “[w]here Congress uses terms that have accumulated settled meaning under either equity or the common law, a court must infer, unless the statute otherwise dictates, that Congress means to incorporate the established meaning of these terms.” *NSK Ltd. v. United States*, 115 F.3d 965, 974 (Fed. Cir. 1997) (quoting *NLRB v. Amax Coal Co.*, 435 U.S. 322, 329 (1981)). Here, the established meaning of the word “satisfied” refers to a highly-subjective state of mind. See *Merriam-Webster’s Collegiate Dictionary* 1038 (10th ed. 1999) (defining “satisfy” as “to make happy: PLEASE”).

<sup>51</sup> The Federal Circuit has explained that Commerce’s “interpretation governs in the absence of unambiguous statutory language to the contrary or unreasonable resolution of language that is ambiguous.” *Ad Hoc Shrimp Trade Action Committee v. United States*, 596 F.3d 1365, 1368 (Fed. Cir. 2010) (*Ad Hoc Shrimp*) (quoting *United States v. Eurodif S.A.*, 555 U.S. 305, 316 (2009)). Similarly, the Federal Circuit has reasoned that, under *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837 (1984), a court must accept Commerce’s reasonable interpretation of a statute when the statute is silent regarding a specific issue, even if the court would have preferred a different interpretation. *SKF USA, Inc. v. United States*, 537 F.3d 1373, 1379 (Fed. Cir. 2008) (citing *Koyo Seiko Co. v. United States*, 36 F.3d 1565, 1570 (Fed. Cir. 1994); see also *Ad Hoc Shrimp*, 596 F.3d at 1369).

strengthens these provisions that provide price stability by ensuring an adequate supply for U.S. cane refiners without the threat of forfeitures.<sup>52</sup> As such, the draft amended Agreement will benefit U.S. producers by ensuring that imports of the subject merchandise are fairly-traded at prices at or above the reference prices and should not, therefore, negatively impact the competitiveness of the domestic industry. This arrangement is more stable and predictable than conditions under an order, whereby Mexican sugar producers and exporters could engage in dumping until requested administrative reviews potentially adjusted the antidumping duty margins.

Third, the draft amended Agreement will protect the international economic interests of the United States. Working in concert with the sugar program administered by USDA, the draft amended Agreement will significantly reduce the likelihood that significant shortages would arise in the U.S. market or USDA would need to purchase forfeited sugar, thereby avoiding increased public debt. Moreover, by setting higher minimum reference prices for Other Sugar and Refined Sugar, in conjunction with the amended polarity threshold and shipping requirements for Other Sugar and Refined Sugar, the draft amended Agreement will prevent significant shortages of sugar in the United States, thereby ensuring a stable supply of sugar for United States consumers. These changes, working in concert with the sugar program administered by the USDA, should continue to enhance the international economic interests of the United States. Moreover, we recognize that the purpose of the dumping law is to alleviate the injury to the sugar industry, and thus, any increase in sugar prices will only be to fairly traded prices, as compared to dumped prices. Accordingly, Commerce continues to conclude that the draft amended Agreements will help ensure a stable supply of sugar for United States consumers, thereby advancing the public interest.

Finally, the draft amended Agreement addresses the availability of the supplies of raw sugar to the United States.<sup>53</sup> As discussed above, the draft amended Agreement will increase the supply of raw sugar by revising the threshold degree of polarity dividing Other Sugar and Refined Sugar. Beginning in March 2016, domestic interested parties reported to Commerce that there was insufficient raw sugar to sustain their cane sugar processing operations. In May 2016, in response to a request from USDA, Commerce increased the Export Limit by 60,000 short tons raw value for Other Sugar with a polarity of less than 99.2 degrees. In its request, USDA cited the “increasing demand in the U.S. market” for sugar that has a polarity below 99.2 degrees and requires further processing.<sup>54</sup> Despite this increase to the Export Limit, the ending stocks of raw cane sugar for the 2015/16 season were significantly lower than the historical average.<sup>55</sup> In addition, “semi-refined” or “estandar” sugar with a polarity between 99.2 and 99.5, which in the Agreement was classified as “Other Sugar,” was exported for direct consumption and therefore

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<sup>52</sup> See USDA’s Dairy and Sweeteners Analysis, “Forfeitures and Purchases Fiscal Year 2001 - Fiscal Year 2016” (June 16, 2017), available at: <https://www.fsa.usda.gov/programs-and-services/economic-and-policy-analysis/dairy-and-sweeteners-analysis/index> and at Attachment 5 to this Memorandum.

<sup>53</sup> USDA defines “raw sugar” as “any sugar not suitable for human consumption without further refinement, regardless of polarity,” available at [https://www.fsa.usda.gov/Internet/FSA\\_File/sugar\\_glossary.pdf](https://www.fsa.usda.gov/Internet/FSA_File/sugar_glossary.pdf) and at Attachment 6 to this Memorandum.

<sup>54</sup> See USDA’s May 16 Letter filed on the record in Imperial Sugar Rebuttal Comments at Attachment 2.

<sup>55</sup> See ASC June 2 Letter at Attachment 4 and on the record in ASC Comments at Attachment 1.

decreased the amount of sugar available for further processing. By revising the degrees of polarity at which Other Sugar and Refined Sugar are defined, the draft amended Agreement will ensure an adequate supply of input material to the U.S. industry for further processing. The draft amended Agreement will therefore enhance, not negatively impact, the competitiveness of the domestic industry producing the like merchandise, and employment and investment in that industry.

Moreover, other factors demonstrate that the draft amended Agreement is in the public interest. As noted above, the Agreement has provided a more stable and predictable environment for the U.S. industry than would an antidumping duty order, and the draft amended Amendment will continue to provide stability and predictability for the U.S. industry. Under an order, duty rates can be adjusted, potentially every year, through administrative reviews. Further, given the unique parameters of the U.S. sugar market, the issuance of an antidumping duty order has the potential to destabilize the U.S. sugar market, and cause shortages of sugar in the United States. The draft Amendments will increase the supply of Other Sugar that reaches U.S. cane refiners for further processing, and reduce the competition between “estandar” and domestically-refined sugar. Under an antidumping duty order, there could be no mandate of the type of sugar imported into the United States; the only remedy available to the U.S. industry would be a duty and there would be no means to increase the likelihood of a steady supply of Other Sugar for further processing. Furthermore, this draft amended Agreement prevents disruptions and uncertainties in the market to the benefit of traders and consumers alike, by allowing Mexican sugar producers and exporters to have continued access to the U.S. market while ensuring that such access is consistent with requirements of section 734(c) of the Act.

CSC Sugar argues that the public interest requirement should include a full economic report to examine the structure of and competition within the U.S. sugar refining industry,<sup>56</sup> and that the negative impact to CSC Sugar as a result of an amendment to the Agreement would affect the competitiveness of the U.S. industry and employment and investment.<sup>57</sup> CSC Sugar does not explain what such an economic report would entail, nor does it cite to support for its claim that the public interest requirement of the Act requires that Commerce undertake the kind of economic report that it suggests. Commerce’s public interest analysis, as explained above, includes consideration of the relative impact on the competitiveness of the domestic industry as a whole, of which CSC Sugar comprises only a small portion. A large majority of the domestic industry, as well as the signatories as represented by Cámara, have expressed support for provisions that are now in the draft 2019 Amendment. Thus, we find that CSC Sugar’s objections do not outweigh the support of the rest of the domestic industry. Further, the public interest requirement of the Act does not require Commerce to undertake the kind of economic report that CSC Sugar suggests in its comments. CSC Sugar’s objections based on the structure of the U.S. sugar refining industry are beyond the scope of Commerce’s draft amended Agreement, which must eliminate the injurious effect of exports to the United States.

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<sup>56</sup> See CSC Sugar Comments at 8.

<sup>57</sup> *Id.* at 9.

CSC Sugar also argues that any renegotiation must procedurally and factually ensure that the fundamental issue of polarity and the public interest be properly addressed.<sup>58</sup> On this point, Commerce agrees with Imperial Sugar and ASC that “Commerce has put in place a process that addresses the procedural issues identified by the Court, and this process is consistent with the statute and regulations.”<sup>59</sup> We also agree with ASC’s statement that “no entity has the right to purchase dumped and subsidized Mexican sugar without paying antidumping and countervailing duties or complying with terms of suspension agreements that eliminate completely the injurious effect of imports from Mexico.”<sup>60</sup> Commerce believes that the draft 2019 Amendment addresses the underlying issues with the original 2014 Agreement, and therefore proposes that the draft 2019 Amendment change the polarity dividing line from 99.5 to 99.2.

CSC Sugar opposes the proposed change of the polarity dividing line from 99.5 to 99.2, asserting that it is unnecessary and aimed at harming CSC Sugar relative to other members of the domestic industry.<sup>61</sup> CSC argues that there is no explanation or any argument from the domestic industry as to the “validity or necessity of maintaining this unnecessary 99.2 polarity requirement”<sup>62</sup> and that there is “hard data that demonstrates the significant hardship faced by CSC.”<sup>63</sup> As noted above, sugar that is under 99.2 degrees in polarity and shipped in bulk and freely flowing – *i.e.*, not in food grade conditions – is likely to require further processing, because of its lower purity and because it has not been packaged to protect from contamination. Semi-refined sugar of a polarity under, but near 99.5 degrees, when packaged to avoid contamination, may be fit for human consumption without any processing to increase its polarity. Mexican “estandar” or “standard sugar” is fit for such use, and has a minimum polarity of 99.4 degrees.<sup>64</sup> Such semi-refined sugar functions as the market equivalent of Refined Sugar, but is permitted under the AD Agreement to enter at the lower price for Other Sugar.<sup>65</sup> By both changing the polarity division and requiring that Other Sugar be shipped in bulk and freely-flowing in an ocean-going vessel, the draft 2019 Amendment ensures that sugar that enters subject to the lower reference price is sold in the market segment of sugar that requires further processing and that an adequate supply of raw sugar reaches cane refiners.<sup>66</sup>

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<sup>58</sup> See Letter from CSC Sugar, “Sugar from Mexico: Rebuttal Comments on the Agreement Suspending the Antidumping Duty and Countervailing Duty Investigations,” (November 21, 2019) (CSC Sugar’s Rebuttal Comments) at 2.

<sup>59</sup> See Imperial’s Rebuttal Comments at 4.

<sup>60</sup> See Letter from ASC, “Sugar from Mexico: Rebuttal Comments Regarding Proposed Amendments to Suspension Agreements” (November 21, 2019) (ASC’s Rebuttal Comments) at 10.

<sup>61</sup> See CSC Sugar Comments at 9-11.

<sup>62</sup> See CSC Sugar Rebuttal Comments at 2.

<sup>63</sup> *Id.* at 3; see also CSC Sugar Comments at Attachment B.

<sup>64</sup> See Secretaria de Economía, “Sugar Industry Specifications, NMX-F-084-SCFI-2004” at Sections 3.1 & 5.1 (2004) at Attachment 2 to this Memorandum.

<sup>65</sup> See ASC June 2 Letter at Attachment 4 at 18-20; see also ASC’s Comments at 2-3.

<sup>66</sup> See Letter from Imperial Sugar Company, “*Sugar from Mexico*, Case Nos. C-201-846 and A-201-845, Rebuttal to Interested Party Comments on Proposed Amendments to the Suspension Agreements” (November 21, 2019) (Imperial Sugar Rebuttal Comments) at 10.

Finally, CSC Sugar argues that any renegotiation must procedurally and factually ensure that the fundamental issue of polarity and the public interest be properly addressed.<sup>67</sup> The procedures being followed in this proceeding are consistent with the applicable statutory and regulatory provisions.

#### Practicability of Effective Monitoring and Enforcement

We find that the draft amended Agreements can be administered and enforced by Commerce. As part of the original Agreement and CVD Agreement (together, Agreements), the Mexican producers/exporters and the Government of Mexico agreed to supply Commerce with all information that Commerce deems necessary to ensure full compliance with the price, polarity, export limits, and other terms and conditions of the Agreements, and that Commerce has the authority to verify that information.<sup>68</sup> Among other provisions, the original Agreements specify that Commerce would monitor and review the operation of the applicable agreement.<sup>69</sup> In order to do so, the original Agreement required Mexican producers/exporters to regularly certify to their compliance with the Agreement, *see* Section VIII.C.4, and to provide, at Commerce's request, documentation confirming the price received on any sale subject to the Agreement.<sup>70</sup> Similarly, the Government of Mexico was required to collect and, at Commerce's request, provide to Commerce certain information regarding exports of Sugar to the United States.<sup>71</sup> Further, the original Agreements permitted Commerce to "conduct verifications of persons or entities handling Signatory merchandise," under the Agreement, *see* Section VII.B.4, and to conduct verification of all information related to the administration of the CVD Agreement, *see* Section VIII.B.2. If Commerce were to determine that sales were made at prices inconsistent with the Agreement, Commerce could undertake consultations with the Mexican producer/exporter responsible, and take certain actions to prevent circumvention of the Agreement.<sup>72</sup> Similarly, if Commerce were to determine that Sugar from Mexico entered the United States in excess of the Export Limit or without a valid Export License, Commerce could undertake consultations with the Government of Mexico and request that the Government reduce the export allocation for the producer/exporter involved by twice the volume of the entry.<sup>73</sup> Both of the Agreements provided for Commerce to take certain enforcement actions should Commerce find that there has been a violation of the applicable agreement.<sup>74</sup> The original CVD Agreement also required the Government of Mexico to take certain enforcement actions against Mexican exporters that are found to have circumvented the Agreements.<sup>75</sup>

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<sup>67</sup> *See* CSC Sugar Rebuttal Comments at 2.

<sup>68</sup> *See, e.g.*, Sections VIII.B.1 and VIII.B.2 and Appendix II of the CVD Agreement; Sections VII. and VIII.C of the Agreement.

<sup>69</sup> *See* Sections VII.A and VIII.B.3 of the Agreement; Sections VIII.A and VIII.B of the CVD Agreement

<sup>70</sup> *See* Section VII.B. of the Agreement.

<sup>71</sup> *See* Section VIII.B of the CVD Agreement.

<sup>72</sup> *See* Section VIII.E of the Agreement.

<sup>73</sup> *See* Sections V.D and VIII.D.2 of the CVD Agreement.

<sup>74</sup> *See* Section VIII of the Agreement; Section IX of the CVD Agreement.

<sup>75</sup> *See* Section VII of the CVD Agreement.

The draft 2019 Amendments have substantially reworked these mechanisms to ensure compliance with the terms of the draft amended Agreement, and to strengthen Commerce's ability to fully evaluate the performance of the draft amended Agreement throughout the course of Commerce's administration of the draft amended Agreement.

#### *Additional Monitoring of Producers/Exporters and Their Customers*

The draft amended Agreement provides for additional monitoring and verification of the information provided by the Mexican producers, exporters, and intermediary customers of Mexican producers/exporters. As discussed above, the original language of the Agreements did not specify whether Commerce had the authority to request or verify certain information from resellers or traders of sugar. Nor was it clear that resellers' or traders' sales of Sugar from Mexico into the United States were subject to the terms of the Agreements. The draft Amendments specifically address Commerce's ability to monitor and verify compliance with the Agreements under these circumstances, *i.e.*, when sugar is not sold directly from the Mexican producer/exporter to the first unaffiliated customer in the United States. In particular, the draft amended Agreement will require Mexican producers/exporters to include certain provisions in their sales contracts with intermediary customers (such as traders, processors, or other resellers) who are not the first unaffiliated purchasers in the United States. Those contractual provisions will require that each purchaser abide by the terms of the draft amended Agreement as though the purchaser were a signatory producer/exporter. Moreover, the draft amended Agreement will require all Mexican producers/exporters (and their purchasers, through contractual provision) to retain evidence in their files to document their compliance with the draft amended Agreement. Further, the draft 2019 Amendment states that Commerce may request the signatory producer/exporter or the intermediary customer to provide supporting documentation and may verify such information. Accordingly, the draft amended Agreement substantially strengthens the ability of Commerce to monitor and verify compliance with the draft amended Agreement when Sugar is not sold directly from the Mexican producer/exporter to the first unaffiliated purchaser in the United States.

#### *Strengthened Monitoring of Polarity of Specific Sugar Shipments*

Further, the draft amended CVD Agreement includes certain enhanced monitoring and compliance mechanisms, including the Government of Mexico's commitment to issue export licenses through its export licensing system that are specific to a contract, rather than shipment-specific. These draft Amendments will strengthen Commerce's ability to precisely tie certain sales to export licenses issued by the Government of Mexico, thereby enabling Commerce to more accurately monitor and verify compliance with the provisions of the Agreement. Moreover, under the original CVD Agreement, the Government of Mexico is required to specify, on export licenses, whether or not exported Other Sugar is intended for further processing in the United States.<sup>76</sup> The draft amended CVD Agreement will additionally require the Government of Mexico to specify, if known, the identity of the entity that is further processing the Other Sugar. This added requirement will improve Commerce's ability to track sales of sugar as it

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<sup>76</sup> See Appendices I and II to the CVD Agreement.



monitors' signatories' compliance with the draft amended Agreement, including whether sales have been made at the correct reference price under the draft amended Agreement.

Additional mechanisms also ensure that the draft amended Agreements can be effectively monitored and enforced. Under the original language of the CVD Agreement, the export license was required to include the polarity of the imported sugar (*see* Appendices I and II to the CVD Agreement), but the CVD Agreement was silent regarding whether testing to confirm the polarity listed on the export license was to occur before or after importation, or the specific testing protocols to be followed. The draft Amendments include critical elements that specify imports of Other Sugar must arrive in the United States in bulk, on vessels, and must be tested for polarity by a CBP-approved laboratory upon entry into the United States. With the addition of the testing requirements, Commerce will be able to determine with greater certainty when specific sales or shipments exceed the polarity for Other Sugar (and, thus, evaluate whether the sale occurred at or above the correct minimum reference price). Further, pursuant to the draft 2019 Amendment, importers must report the polarity test results for every entered shipment to Commerce within 30 days of entry and exporters must ensure compliance by importers in the context of contractual clauses. These requirements will enable Commerce to act expeditiously to identify episodes of non-compliance, and impose penalties on non-compliant shipments, thereby creating a substantial deterrent against non-compliant conduct.

#### *Enhanced Enforcement of Polarity and Price Requirements*

Moreover, pursuant to the draft Amendments, Commerce can enforce compliance with the polarity limits for Other Sugar and ensure that sugar that is, based on its polarity, Refined Sugar is being sold at the minimum reference price for Refined Sugar. The original language of the Agreement defined certain actions that would be considered violations of the Agreement, including sales at net prices below the reference price, and that Commerce could act under section 734(i) of the Act.<sup>77</sup>

The draft Amendments amplify Commerce's ability to enforce the Agreement. First, under the draft amended Agreement, a failure to abide by the polarity testing and reporting requirements may be considered to be a violation of the draft amended Agreement. Second, should Commerce find that issues with the polarity requirements—including the polarity limits for Other and Refined Sugar, the polarity testing requirement, and/or the polarity test reporting requirement—continue to arise, Commerce may terminate the draft amended Agreement, or apply any of the penalties for non-compliance available under the draft amended CVD Agreement.

Additionally, the draft CVD Amendment augments the penalties available to Commerce to enforce both draft amended Agreements. Under the original language of the CVD Agreement, if Commerce were to determine that Sugar from Mexico entered the United States in excess of the Export Limit or without a valid Export License, Commerce could undertake consultations with the Government of Mexico and request that the Government reduce the export allocation for the

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<sup>77</sup> See Sections VIII.A and VIII.D of the Agreement.

producer/exporter involved by twice the volume of the entry.<sup>78</sup> If the entry could not be tied to a specific producer/exporter, Commerce could reduce the Export Limit by twice the volume of the entry.<sup>79</sup>

The draft CVD Amendment enhances this penalty: where Commerce finds that polarity test results are not compliant with the draft amended Agreement's applicable definition of Other Sugar (and therefore, under the draft amended Agreement, the Sugar was sold at below the applicable reference price), the draft amended CVD Agreement provides for penalties that significantly reduce the quota amount Mexico is permitted to import under the draft amended CVD Agreement. Specifically, where Commerce determines that a shipment that entered the United States as Other Sugar has a polarity of above the applicable polarity limit for Other Sugar (and therefore, under the draft amended Agreement, was sold at below the applicable reference price), Commerce will reduce Mexico's Export Limit by double the quantity of the non-compliant shipment. Accordingly, under the draft amended CVD Agreement, the Export Limit reduction will follow from any shipment that fails to comply with the draft amended Agreements' polarity requirements. Further, the Government of Mexico will deduct double the quantity of the non-compliant shipment from the export limit allocation of the specific producer(s)/exporter(s) responsible for the shipment. Finally, if Commerce has penalized the Government of Mexico for polarity non-compliance in a given Export Limit period, Mexico may not be eligible to fill any additional need for sugar in the U.S. market. These are severe penalties designed to encourage compliance with the polarity limits for Other Sugar in both the draft 2019 Amendments and enable Commerce to effectively enforce the polarity requirements set out in both the draft amended Agreements.

Furthermore, under the draft 2019 Amendment, Commerce may consider non-compliance with the polarity testing provision to be a violation of the draft amended Agreement. In addition, if the above-noted provisions prove to be insufficient to ensure compliance with the polarity requirements of the draft 2019 Amendment, the draft amended Amendment further specifies that Commerce may terminate the Agreement or take additional steps to ensure compliance such as increasing the penalty for non-compliance by deducting triple the amount of the non-compliant shipments from Mexico's Export Limit.

The draft 2019 Amendments requiring polarity testing upon import, in conjunction with the draft CVD Amendment penalizing Mexico and the producer(s)/exporter(s) responsible for shipments with polarities that are not compliant by reducing Mexico's Export Limit, will encourage compliance with the polarity provisions of the draft amended Agreements, and enable Commerce to effectively identify and address non-compliance with those provisions.

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<sup>78</sup> See Section V.D of the CVD Agreement.

<sup>79</sup> See Section V.D of the CVD Agreement.

Based on the terms of the draft 2019 Amendments, Commerce's experience and expertise in monitoring and enforcing suspension agreements, and the commitment from the Government of Mexico and the Mexican producers/exporters to abide by the terms of the draft amended Agreements, effective monitoring and enforcement of the draft amended Agreement is practicable.

**ATTACHMENT 1**

**NMX-F-084-SCFI-2004**

**INDUSTRIA AZUCARERA - AZÚCAR ESTÁNDAR -  
ESPECIFICACIONES (CANCELA A LA NMX-F-084-1991)**

**SUGAR INDUSTRY - SUGAR STANDAR - SPECIFICATIONS**

## PREFACIO

En la elaboración de la presente norma mexicana participaron las siguientes empresas e instituciones:

- ASOCIACIÓN DE TÉCNICOS AZUCAREROS DE MÉXICO, A.C.
- CÁMARA NACIONAL DE LAS INDUSTRIAS AZUCARERA Y ALCOHOLERA
- COMITÉ DE LA AGROINDUSTRIA AZUCARERA
- COMITÉ TÉCNICO DE NORMALIZACIÓN NACIONAL DE LA INDUSTRIA AZUCARERA
- CONSORCIO AZUCARERO ESCORPIÓN, S.A. DE C.V.
- FIDEICOMISO DE EMPRESAS EXPROPIADAS DEL SECTOR AZUCARERO
- FONDO DE EMPRESAS EXPROPIADAS DEL SECTOR AZUCARERO
- GRUPO AZUCARERO MÉXICO, S.A. DE C.V.
- GRUPO BETA SAN MIGUEL, S.A. DE C.V.
- INGENIO CENTRAL MOTZORONGO, S.A.
- INGENIO LA GLORIA, S.A.
- INGENIO LOS MOCHIS, S.A. DE C.V.
- INGENIO PLAN DE AYALA, S.A.
- INGENIO PUGA, S.A.
- INGENIO SAN NICOLÁS, S.A.
- INGENIO TAMAZULA, S.A. DE C.V.

- JUNTA DE CONTROVERSIAS AZUCARERAS
- PROMOTORA INDUSTRIAL AZUCARERA, S.A. DE C.V. (PIASA)
- SECRETARÍA DE AGRICULTURA, GANADERÍA, DESARROLLO RURAL, PESCA Y ALIMENTACIÓN
- SECRETARÍA DE SALUD  
Dirección de Normalización Sanitaria.
- SERVICIO DE ADMINISTRACIÓN Y ENAJENACIÓN DE BIENES UNIÓN NACIONAL DE CAÑEROS, CNPR
- UNIÓN NACIONAL DE CAÑEROS, CNPR
- UNION NACIONAL DE PRODUCTORES DE CAÑA DE AZÚCAR, C.N.C.
- UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO  
Facultad de Química.





SECRETARIA DE  
ECONOMIA

## **INDUSTRIA AZUCARERA - AZÚCAR ESTÁNDAR - ESPECIFICACIONES (CANCELA A LA NMX-F-084-1991)**

### **SUGAR INDUSTRY - SUGAR STANDAR - SPECIFICATIONS**

#### **1 OBJETIVO Y CAMPO DE APLICACIÓN**

Esta norma mexicana establece las especificaciones de calidad que debe cumplir el azúcar (sacarosa) estándar que se comercializa en territorio nacional.

#### **2 REFERENCIAS**

Para la correcta aplicación de esta norma mexicana se deben consultar las siguientes normas oficiales mexicanas y normas mexicanas vigentes o las que las sustituyan:

NOM-051-SCFI-1994	Especificaciones generales de etiquetado para alimentos y bebidas no alcohólicas preenvasados, publicada en el Diario Oficial de la Federación el 24 de enero de 1996.
NOM-092-SSA1-1994	Bienes y servicios. Método para la cuenta de bacterias aerobias en placa, publicada en el Diario Oficial de la Federación el 12 de diciembre de 1995.
NOM-110-SSA1-1994	Bienes y servicios. Preparación y dilución de muestras de alimentos para su análisis microbiológico, publicada en el Diario Oficial de la Federación el 16 de octubre de 1995.

NOM-111-SSA1-1994	Bienes y servicios. Método para la cuenta de mohos y levaduras en alimentos, publicada en el Diario Oficial de la Federación el 13 de septiembre de 1995.
NOM-112-SSA1-1994	Bienes y servicios. Determinación de bacterias coliformes. Técnica del número más probable, publicada en el Diario Oficial de la Federación el 19 de octubre de 1995.
NOM-114-SSA1-1994	Bienes y servicios. Método para la determinación de salmonella en alimentos, publicada en el Diario Oficial de la Federación el 22 de septiembre de 1995.
NOM-117-SSA1-1994	Bienes y servicios. Método de prueba para la determinación de cadmio, arsénico, plomo, estaño, cobre, fierro, zinc y mercurio en alimentos, agua potable y agua purificada por espectrometría de absorción atómica, publicada en el Diario Oficial de la Federación el 16 de agosto de 1995.
NOM-120-SSA1-1994	Bienes y servicios. Prácticas de higiene y sanidad para el proceso de alimentos y bebidas no alcohólicas, publicada en el Diario Oficial de la Federación el 28 de agosto de 1995.
NOM-145-SSA1-1995	Productos cárnicos troceados y curados – Productos cárnicos, troceados y madurados – Disposiciones y especificaciones sanitarias, publicada en el Diario Oficial de la Federación el 13 de diciembre de 1999.
NMX-EE-048-SCFI-2003	Industria azucarera - Sacos de polipropileno, sacos con liner de polietileno y sacos laminados para envasar azúcar - Especificaciones y métodos de prueba.
NMX-EE-223-1991	Industria del plástico - Envase y embalaje - Sacos de polietileno para uso industrial - Especificaciones. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 17 de enero de 1992.

NMX-F-079-1986	Azúcar - Determinación de la polarización A 293 K (20°C). Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 16 de diciembre de 1986.
NMX-F-082-1986	Ingenios azucareros - Cenizas sulfatadas en azúcares - Método gravimétrico. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 30 de diciembre de 1986.
NMX-F-253-1977	Cuenta de bacterias mesofílicas aerobias. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 8 de marzo de 1977.
NMX-F-255-1978	Método de conteo de hongos y levaduras en alimentos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 3 de marzo de 1978.
NMX-F-286-1992	Alimentos - Preparación y dilución de muestras de alimentos para análisis microbiológicos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 5 de junio de 1992.
NMX-F-294-1986	Industria azucarera - Determinación de humedad en muestras de azúcares. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 3 de noviembre de 1986.
NMX-F-304-1977	Método general de investigación de salmonella en alimentos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 8 de marzo de 1977.
NMX-F-308-1992	Alimentos - Cuenta de organismos coliformes fecales. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 5 de junio de 1992.
NMX-F-495-1986	Industria azucarera - Determinación de reductores directos en azúcares. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 15 de diciembre de 1986.

NMX-F-498-1987	Ingenios azucareros - Determinación de arsénico en muestreo de azúcares blancos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 20 de julio de 1987.
NMX-F-499-1987	Ingenios azucareros - Determinación de plomo en azúcares blancos y azúcar mascabado (crudo). Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 21 de agosto de 1987.
NMX-F-501-1987	Ingenios azucareros - Determinación de dióxido de azufre en muestras de azúcares blancos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 21 de agosto de 1987.
NMX-F-526-1992	Industria azucarera - Determinación de color por absorbancia en azúcares blancos - Método de prueba. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 20 de marzo de 1992.

### 3 DEFINICIONES

Para los efectos de esta norma, se establece la definición siguiente:

#### 3.1 Azúcar estándar

Es el producto sólido derivado de la caña de azúcar, constituido esencialmente por cristales sueltos de sacarosa, en una concentración mínima de 99,40 % de polarización.

Este tipo de azúcar se obtiene mediante proceso similar al utilizado para producir azúcar crudo (mascabado), aplicando variantes en las etapas de clarificación y centrifugación, con el fin de conseguir la calidad del producto deseada.

### 4 CLASIFICACIÓN

El producto que refiere la presente norma, se clasifica por su grado de calidad en azúcar estándar.

## 5 ESPECIFICACIONES

Para facilitar las especificaciones establecidas en esta norma, es recomendable que en la elaboración del azúcar (sacarosa) estándar, se industrialice materia prima de buena calidad, se apliquen técnicas adecuadas en su proceso y se cuenten con instalaciones higiénicas.

### 5.1 Físicoquímicas

El azúcar estándar producto del objeto de la aplicación de esta norma debe cumplir con las especificaciones establecidas en la tabla 1.

**TABLA 1.- Especificaciones físicoquímicas**

Parámetros de calidad	Unidad	Valores	Nivel	Método de prueba
Polarización	%	99,40	Mínimo	NMX-F-079
Color	U.I.	600	Máximo	NMX-F-526; inciso 10.4
Cenizas (sulfatadas/conductividad)	%	0,25	Máximo	NMX-F-082; incisos 10.5 y 10.6
Humedad	%	0,06	Máximo	NMX-F-294
Azúcares reductores directos	%	0,10	Máximo	NMX-F-495
Dióxido de azufre (sulfitos)	ppm	20,00	Máximo	NMX-F-501; inciso 10.9
Materia insoluble	ppm	N.A.		
Plomo	ppm	0,50	Máximo	NMX-F-499
Arsénico	ppm	1,00	Máximo	NMX-F-498
Partículas metálicas (hierro)	ppm	10,00	Máximo	OPCIONAL
Granulometría:				
Tamaño medio de grano	mm	N.A.		

UI Unidades ICUMSA.

NA No aplica.

### 5.2 Materia extraña

El producto objeto de la aplicación de esta norma, deberá estar libre de impurezas, que se derivan de su almacenamiento, tales como fragmentos de vidrio, plástico, metal, hilos de costal; así como cualquier otro contaminante de origen animal, vegetal o mineral.

5.3 Microbiológicas

El azúcar estándar producto del objeto de esta norma debe cumplir con las especificaciones establecidas en la tabla 2.

**TABLA 2.- Especificaciones microbiológicas**

Parámetro	Unidad	Límite	Método de prueba
Mesofilos aerobios	UFC/g	MÁXIMO 20	NMXF-253; NOM-092-SSA1
Hongos	UFC/g	< 10	NMXF-255; NOM-111-SSA1
Levaduras	UFC/g	< 10	NMXF-255; NOM-111-SSA1
Salmonella sp	-----	AUSENTE EN 25 g	NMXF-304; NOM-114-SSA1
Escherichia coli	NMP/g	AUSENTE	NOM-112-SSA1 NOM-145-SSA1

UFC                    Unidades formadoras de colonias.  
NMP                    Número más probable.

5.4 Sensoriales

El azúcar estándar producto del objeto de esta norma debe cumplir con las especificaciones establecidas en la tabla 3.

**TABLA 3.- Especificaciones sensoriales**

Aspecto	Granulado uniforme
Sabor	Dulce
Color	Marfil Variando el tono del claro al oscuro
Olor	Característico del producto



## **6 ALMACENAMIENTO**

Después de envasado el producto objeto de esta norma, para evitar su contaminación, se debe almacenar en lugares cerrados, frescos, con ventilación, secos, libres de polvo, higiénicos y que estén protegidos contra insectos, roedores, etc.

Vida de anaquel.- estando en condiciones adecuadas de almacenamiento se garantiza dos años la vida de anaquel.

## **7 MÉTODOS DE PRUEBA**

Para verificar las especificaciones de calidad, fisicoquímicas y microbiológicas establecidas en la presente norma, se deben aplicar los métodos de prueba indicados en el capítulo de referencias o en su caso, utilizar los métodos del ICUMSA que se indican en el capítulo de bibliografía.

## **8 MARCADO Y ENVASADO**

### **8.1 Marcado en el envase**

Cada saco o envase individual debe llevar en impresión permanente, legible e indeleble, los datos indicados en la norma oficial mexicana NOM-051-SCFI (ver 2 Referencias) que se establecen a continuación:

- Denominación del producto conforme a la clasificación de esta norma;
- El “contenido neto” de acuerdo con las disposiciones de la Secretaría de Economía (ver inciso 9.1);
- Nombre o razón social y domicilio fiscal del fabricante;
- Serie y número progresivo de fabricación y zafrá correspondiente (debe estar impreso en la parte inferior de los sacos);
- Identificación del lote, y
- La leyenda “Hecho en México”.

Los caracteres deben estar impresos en parte visible en todo momento.

## 8.2 Marcado en el embalaje

Se deben anotar los datos señalados en el inciso 8.1 para identificar el producto y además los concernientes para prevenir accidentes en el manejo y uso de los embalajes.

## 8.3 Envase

### 8.3.1 Envase en sacos de 50 kg

El producto objeto de esta norma se debe envasar en sacos que cumplan con la norma mexicana NMX-EE-048-SCFI (ver 2 Referencias).

### 8.3.2 Envase en sacos menores de 50 kg

El producto objeto de esta norma se debe envasar en un material resistente e inocuo, para garantizar la estabilidad del mismo, evitar su contaminación y no alterar la calidad ni sus especificaciones sensoriales.

## 8.4 Embalaje

Para el embalaje del producto, se deben usar cajas de cartón o contenedores de algún otro material apropiado, con la debida resistencia para proteger el producto, facilitar su manejo en el almacenamiento y distribución y no exponer la integridad de las personas encargadas de su manipulación (ver inciso 9.2).

## 9 APÉNDICE NORMATIVO

9.1 la leyenda "contenido neto" debe ir seguida de los datos cuantitativo y del símbolo de la unidad correspondiente, de acuerdo al sistema general de unidades de medida, expresada en minúsculas, sin pluralizar y sin punto abreviatorio; debe presentarse en el ángulo inferior derecho o centrada en la parte inferior, de manera clara y ostensible, en un tamaño que guarde proporción con el texto más sobresaliente de la información y en contraste con el fondo de la etiqueta. Este dato debe aparecer libre de cualquier otra referencia que le reste importancia.

9.2 las especificaciones de envase y embalaje que deben aplicarse para cumplir con los incisos 8.2 y 8.4, serán las correspondientes a las normas mexicanas de envase y embalaje específicas para cada presentación del producto.

**10 BIBLIOGRAFÍA**

- |       |                   |   |
|-------|-------------------|---|
| 10.1  | NOM008-SCFI-2002  | Sistema General de Unidades de Medida, publicada en el Diario Oficial de la Federación el 27 de noviembre de 2002.  |
| 10.2  | NMXF-084-1991     | Industria azucarera - Azúcar estándar - Especificaciones. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 17 de enero de 1992.                        |
| 10.3  | NMXZ-013-1977     | Guía para la redacción, estructuración y presentación de las normas mexicanas. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 31 de octubre de 1977. |
| 10.4  | GS1/3-7 (2000)    | Determinación de color en azúcar morena.  |
| 10.5  | GS1/3/4/7/8-11    | Determinación de cenizas sulfatadas en azúcar morena.   |
| 10.6  | GS1/3/4/7/8-13    | Determinación de cenizas por conductividad en azúcar morena.  |
| 10.7  | GS2/3-1 (1994)    | Determinación de la polarización del azúcar blanco.   |
| 10.8  | GS2/1/3-15 (1994) | Determinación de humedad en azúcares por desecación.  |
| 10.9  | GS2-33 (1994)     | Determinación de sulfitos en azúcar blanco.   |
| 10.10 | GS2-37 (1994)     | Determinación de la distribución del tamaño de partícula en azúcar blanco.  |
| 10.11 | GS2/3-19 (1994)   | Determinación de sólidos insolubles en azúcar blanco.   |
| 10.12 | GS2/3-43 (1994)   | Determinación de bacterias mesófilas totales en azúcar refinado.  |

- 10.13           GS2/3-47 (1994)           Determinación de levaduras y hongos en azúcar refinado.
- 10.14           ICUMSA.- Publications Department c/o British Sugar Technical Centre Norwich Research Park; Colney Norwich nr4 7ub, England.
- 10.15           Cane sugar handbook, -meade chen- 11 th. Ed. John wiley & sons, inc. New York isbn 0-471-86650-4, versión en español 1991, 1991, ed. Limusa primera edición: 1991 isbn-968-18-3662-6. Impreso en México.
- 10.16           Sugar cane factory control- john h. Payne, 5 th. Ed., elsevier publishing co., Amsterdam 1968.
- 10.17           Methods book (1994) with first (1998) and second (2000) supplements.- international commission for uniform methods of sugar analysis (ICUMSA).
- 10.18           Dirección de investigaciones de salud – Secretaría de Salud - Técnicas para el muestreo y análisis microbiológicos de alimentos.

**11                   CONCORDANCIA CON NORMAS INTERNACIONALES**

Esta norma mexicana no es equivalente a ninguna norma internacional por no existir referencia alguna al momento de su elaboración.

**México D.F., a**

**MIGUEL AGUILAR ROMO**  
**DIRECTOR GENERAL**

**ATTACHMENT 2**



United States Department of Agriculture

Office of the Secretary  
Washington, D.C. 20250

MAY 16 2016

DOC Case No: C-201-846  
Suspension Agreements  
PUBLIC DOCUMENT

The Honorable Penny S. Pritzker  
Secretary of Commerce  
Attention: Enforcement and Compliance  
APO Dockets Unit, Room 18022  
U.S. Department of Commerce  
14<sup>th</sup> and Constitution Avenue, N.W.  
Washington, D.C. 20230

Re: Sugar from Mexico and request for increase in Mexican sugar Export Limit.

Dear Secretary Pritzker:

The U.S. Department of Agriculture (USDA) has determined that there is a need for additional sugar from Mexico in the U.S. market. The demand for raw cane sugar has outpaced supply, and the U.S. raw sugar futures price has been increasing for several months, reflecting this tightness. Under Section V(B)(4) of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (79 FR 78044, December 29, 2014), the Department of Commerce may increase Mexico's sugar Export Limit, if USDA informs the Department of Commerce in writing of any additional need for sugar from Mexico.

USDA is hereby requesting that the Department of Commerce increase the Mexican sugar Export Limit for the period October 1, 2015 through September 30, 2016, by 60,000 short tons raw value of certain "Other Sugar", as defined in the CVD Agreement. Specifically, to ensure that this is the type of sugar for which there is an increasing demand in the U.S. market, and which also requires further processing, this additional sugar must have a polarity of less than 99.2 degrees.

Sincerely,

A handwritten signature in blue ink, appearing to read "Alexis M. Taylor". The signature is fluid and cursive, with a long horizontal stroke at the end.

Alexis M. Taylor  
Deputy Under Secretary  
Farm and Foreign Agricultural Services

**ATTACHMENT 3**

 Official website of the Department of Homeland Security



(<https://www.facebook.com/CBPgov/>)

(<https://instagram.com/customsborder/>)



([www.flickr.com/photos/cbphotos/](https://www.flickr.com/photos/cbphotos/))

(<https://twitter.com/cbp>)

([www.linkedin.com/company/2997?trk=tyah](https://www.linkedin.com/company/2997?trk=tyah))

(<https://www.youtube.com/user/customsborderprotect>)

**U.S. Customs and  
Border Protection**

(/)

# QB 16-127 2017 Raw Sugar Allocations

## COMMODITY:

Raw cane sugar as provided for in Chapter 17, Additional U.S. Note 5

## QUOTA PERIOD:

October 1, 2016 through September 30, 2017

## OPENING DATE:

Monday, October 3, 2016

## RESTRAINT LEVEL:

Argentina	45,281,000	kg
Australia	87,402,000	kg
Barbados	7,371,000	kg
Belize	11,584,000	kg
Bolivia	8,424,000	kg
Brazil	152,691,000	kg
Colombia	25,273,000	kg
Congo	7,258,000	kg
Costa Rica	15,796,000	kg
Cote d'Ivoire	7,258,000	kg
Dominican Republic	185,335,000	kg
Ecuador	11,584,000	kg
El Salvador	27,379,000	kg
Fiji	9,477,000	kg



Gabon	7,258,000	kg
Guatemala	50,546,000	kg
Guyana	12,636,000	kg
Haiti	7,258,000	kg
Honduras	10,530,000	kg
India	8,424,000	kg
Jamaica	11,584,000	kg
Madagascar	7,258,000	kg
Malawi	10,530,000	kg
Mauritius	12,636,000	kg
Mexico	7,258,000	kg
Mozambique	13,690,000	kg
Nicaragua	22,114,000	kg
Panama	30,538,000	kg
Papua New Guinea	7,258,000	kg
Paraguay	7,258,000	kg
Peru	43,175,000	kg
Philippines	142,160,000	kg
South Africa	24,220,000	kg
St. Kitts & Nevis	7,258,000	kg
Swaziland	16,849,000	kg
Taiwan	12,636,000	kg
Thailand	14,743,000	kg
Trinidad-Tobago	7,371,000	kg
Uruguay	7,258,000	kg
Zimbabwe	12,636,000	kg

**HTS NUMBERS:**

First Tariff Field

Second Tariff Field

Low Rate: (CQE required)

1701.13.1000 Blank

1701.14.1000

High Rate: (No CQE required)

9904.17.01 1701.13.5000 or 1701.14.5000

9904.17.02

9904.17.03

9904.17.04

9904.17.05

9904.17.06

Re-export Sugar

1701.13.2000 or 1701.14.2000

#### **REPORTING INSTRUCTIONS:**

Use entry type 02, 06, 07, 12, 23, 32, 38, or 52

All raw cane sugar, HTS numbers 1701.13.1000 or 1701.14.1000, must be sampled in accordance with Customs Directive 3820-001B, dated May 01, 2007.

Report in kilograms (kg)

#### **SPECIAL INSTRUCTIONS:**

An original certificate of quota eligibility (CQE) is required for raw cane sugar entry(s) with country specific allocations for the in-quota duty rate. The CQE must be transmitted electronically via the Automated Broker Interface (ABI) and provide via the Document Imaging System (DIS) upon request.

Any country without a quantity allocation, which is not subject to a United States embargo, may export raw cane sugar, provided it is entered at the over-quota duty rate. These countries are not required to furnish a CQE.

Note: The quantity to be charged for quota purposes is based on a 98.8-degree polarity with a conversion factor of 1.04909. This is to ensure that the individual country quotas do not overfill when the final raw value becomes available. HQ Quota Branch will make the conversion.

**Last modified:** June 23, 2016



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(<https://www.facebook.com/sharer/sharer.php?u=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations>)



(<https://twitter.com/intent/tweet?text=QB+16-127+2017+Raw+Sugar+Allocations&url=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&via=cbp>)



([https://www.linkedin.com/shareArticle?](https://www.linkedin.com/shareArticle?mini=true&url=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&title=QB+16-127+2017+Raw+Sugar+Allocations&summary=&source=)

[https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&title=QB 16-127 2017 Raw Sugar Allocations&summary=&source=](https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&title=QB+16-127+2017+Raw+Sugar+Allocations&summary=&source=))



([https://www.tumblr.com/share/link?](https://www.tumblr.com/share/link?url=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&name=QB+16-127+2017+Raw+Sugar+Allocations&description=)

[https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&name=QB 16-127 2017](https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations&name=QB+16-127+2017+Raw+Sugar+Allocations&description=)

[Raw Sugar Allocations&description=](mailto:?subject=QB+16-127+2017+Raw+Sugar+Allocations&body=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations))



([mailto:?subject=QB 16-127 2017 Raw Sugar Allocations&body=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations](mailto:?subject=QB+16-127+2017+Raw+Sugar+Allocations&body=https://www.cbp.gov/trade/quota/bulletins/qb-16-127-2017-raw-sugar-allocations))

**ATTACHMENT 4**



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# U.S. Sugar Program Fundamentals

**Mark A. McMinimy**

Analyst in Agricultural Policy

April 6, 2016

**Congressional Research Service**

7-5700

[www.crs.gov](http://www.crs.gov)

R43998

## Summary

The U.S. sugar program provides a price guarantee to producers of sugar beets and sugarcane and to the processors of both crops. The U.S. Department of Agriculture (USDA), as program administrator, is directed to administer the program at no budgetary cost to the federal government by limiting the amount of sugar supplied for food use in the U.S. market. To achieve both objectives, USDA uses four tools—as reauthorized without change by the 2014 farm bill (P.L. 113-79) and found in chapter 17 of the Harmonized Tariff Schedules of the United States—to keep domestic market prices above guaranteed levels. These are:

- price support loans at specified levels—the basis for the price guarantee;
- marketing allotments to limit the amount of sugar that each processor can sell;
- import quotas to control the amount of sugar entering the U.S. market;
- a sugar-to-ethanol backstop—available if marketing allotments and import quotas are insufficient to prevent a sugar surplus from developing, which in turn could result in market prices falling below guaranteed levels.

To supplement these policy tools in supporting sugar prices above government loan levels, while avoiding costly loan forfeitures, important administrative changes were adopted in late 2014. These included imposing limits on U.S. imports of Mexican sugar and establishing minimum prices for Mexican sugar imports, actions that fundamentally recast the terms of bilateral trade in sugar. Two U.S. sugar refiners have initiated a legal challenge to the U.S. government’s finding that these changes have eliminated the harm to the U.S. sugar industry, so although this new regime is in effect, a measure of uncertainty about its future remains.

Under the U.S. sugar program, nonrecourse loans that may be taken out by sugar processors, not producers themselves, provide a source of short-term, low-cost financing until a raw cane sugar mill or beet sugar refiner sells sugar. The “nonrecourse” feature of these loans means that processors—to meet their repayment obligation—can exercise the legal right to forfeit sugar offered as collateral to USDA to secure the loan, if the market price is below the effective support level when the loan comes due.

Sugar marketing allotments limit the amount of domestically produced sugar that processors can sell each year. In a 2008 farm bill provision, retained by the 2014 farm bill, USDA each year must set the overall allotment quantity (OAQ) at not less than 85% of estimated U.S. human consumption of sugar. The OAQ is intended to ensure that permitted sales of domestic sugar, when added to imports under U.S. trade commitments, do not depress market prices below loan forfeiture levels for refined beet sugar and raw cane sugar.

The United States imports sugar in order to meet total food demand. The amount of foreign sugar supplied to the U.S. market reflects U.S. commitments made under various trade agreements. The most significant import obligation is the World Trade Organization (WTO) quota commitment, which requires the United States to allow not less than 1.256 million tons of sugar (almost all raw cane) to enter the domestic market from 40 countries. The United States also grants much smaller import quotas to nine countries covered by four free trade agreements. At the same time, a 2008 farm bill provision, also retained in the 2014 farm bill, directs USDA to manage overall U.S. sugar supply, including imports, so that market prices do not fall below effective support levels.

If market prices fall below levels guaranteed by the sugar program, USDA must administer a sugar-for-ethanol program in which it buys domestically produced sugar from the market and sells it to ethanol producers as feedstock for fuel ethanol. A source of controversy over the sugar program is the balance it strikes between the interests of the sugar industry and sugar users.

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## Sugar Policy Overview

The U.S. sugar program is singular among major agricultural commodity programs in that it combines a floor price guarantee with a supply management structure that encompasses both domestic production for human use and sugar imports. The sugar program provides a price guarantee to the processors of sugarcane and sugar beets, and by extension, to the producers of both crops. The U.S. Department of Agriculture (USDA) is directed to administer the program at no budgetary cost to the federal government by limiting the amount of sugar supplied for food use in the U.S. market. To achieve both objectives, USDA uses four tools to keep domestic market prices above guaranteed levels. Measures one through three below were reauthorized through crop year 2018 without change by the 2014 farm bill (P.L. 113-79). The fourth measure is found in long-standing trade law. The four are:

1. price support loans at specified levels—the basis for the price guarantee;
2. marketing allotments to limit the amount of sugar that each processor can sell;
3. a sugar-to-ethanol (feedstock flexibility) backstop—available if marketing allotments and import quotas fail to prevent a price-depressing surplus of sugar from developing (i.e., fail to keep market prices above guaranteed levels);
4. import quotas to control the amount of sugar entering the U.S. market.

In addition to the foregoing policy tools, two agreements signed by the U.S. Department of Commerce (DOC) in late 2014—one with the government of Mexico and another with Mexican sugar producers and exporters—impose annual limits on Mexican sugar exports to the United States and establish minimum prices for imported Mexican sugar.

The current sugar program has its roots in the Agriculture and Food Act of 1981 (P.L. 97-98), according to the USDA.<sup>1</sup> The sugar program that Congress enacted in the 1981 farm bill required the Secretary of Agriculture to support prices of U.S. sugarcane and sugar beets at minimum levels—initially through purchases of processed sugar, and subsequently by offering nonrecourse loans. The legislation also encouraged the President to impose duties, fees or quotas on foreign sugar to prevent domestic prices from moving below established support levels to avoid imposing budgetary costs on the government. In its report on the 1981 farm bill, the Senate Committee on Agriculture, Nutrition and Forestry cited the importance of sugar imports to U.S. sugar supplies, pointing out that volatile world market prices of sugar contributed to sharp fluctuations in U.S. sugar prices, while adding that the United States was alone among sugar producing nations in being without an effective government price support program.<sup>2</sup>

The sugar program has long been a source of political controversy over the degree of government support and market intervention it involves with sharply differing perspectives on the balance of benefits and drawbacks to the program. Critics of the program, including the Coalition for Sugar Reform, which represents consumer, trade and commerce groups, manufacturing associations and food and beverage companies that use sugar, argue the sugar program acts to keep domestic prices far above world sugar prices. In so doing, the Coalition contends the sugar program imposes a hidden tax on consumers and has led to the loss of jobs in the food manufacturing sector by encouraging imports of sugar-containing products and by providing manufacturers with an incentive to move facilities abroad to gain access to lower priced sugar. The American Sugar Alliance, consisting of sugarcane and sugar beet producers, including farmers, processors,

<sup>1</sup> USDA, ERS Sugar & Sweeteners at <http://www.ers.usda.gov/topics/crops/sugar-sweeteners/policy.aspx>.

<sup>2</sup> Report of the Senate Committee on Agriculture, Nutrition, and Forestry to accompany S. 884, May 27, 1981.



refiners, suppliers and sugar workers, is a leading advocate for the U.S. sugar program. It points out that the price support feature of the sugar program fosters a reliable supply of sugar at reasonable prices at no cost to the government. The sugar program, it argues, is necessary to shield the domestic sugar industry from unfair competition from sugar imports at world market prices that it contends are distorted by heavily subsidized foreign sugar that is dumped on the world market at prices that are below production costs (see “Sugar Program Draws Sharply Differing Views” below).

For background on sugar policy debate, see CRS Report R42551, *Sugar Provisions of the 2014 Farm Bill (P.L. 113-79)*, by Mark A. McMinimy.

## Price Support Loans

Nonrecourse loans taken out by a processor of a sugar crop, not producers themselves, provide a source of short-term, low-cost financing until a raw cane sugar mill or beet sugar refiner sells sugar. The “nonrecourse” feature means that processors—to meet their loan repayment obligation—can exercise the legal right to forfeit sugar offered as collateral to USDA to secure the loan, if the market price is below the effective support level when the loan comes due. **Figure 1** and **Figure 2** illustrate the repayment options available to raw cane sugar mills and beet sugar refiners, respectively, and show loan rates and effective support levels for FY2016.

The price levels at which processors can take out loans are referred to as “loan rates.” The 2014 farm bill made no changes in the sugar program, so the current rates date from the 2008 farm bill, P.L. 110-246. The raw cane sugar loan rate (18.75¢/lb) is lower than the refined beet sugar loan rate (24.09¢/lb) to reflect its unprocessed state. The raw sugar loan rate is lower because raw sugarcane must be further processed by a cane refinery to have the same value and characteristics as refined beet sugar for food use. These loan rates are national averages. Actual loan rates are adjusted by region to reflect marketing cost differentials.

The minimum market price that a processor wants to receive in order to remove the incentive to forfeit sugar and instead repay a price support loan, though, is higher than the loan rate. This “effective support level,” also called the loan forfeiture level, represents all of the costs that processors need to offset to make it economically viable to repay the loan. These costs equal the loan rate, *plus* interest accrued over the nine-month term of the loan, *plus* certain marketing costs. The effective support level for 2015-crop (FY2016) of raw cane sugar is 20.87¢/lb; for refined beet sugar, it ranges from 24.4¢ to 26.04¢/lb, depending on the region.

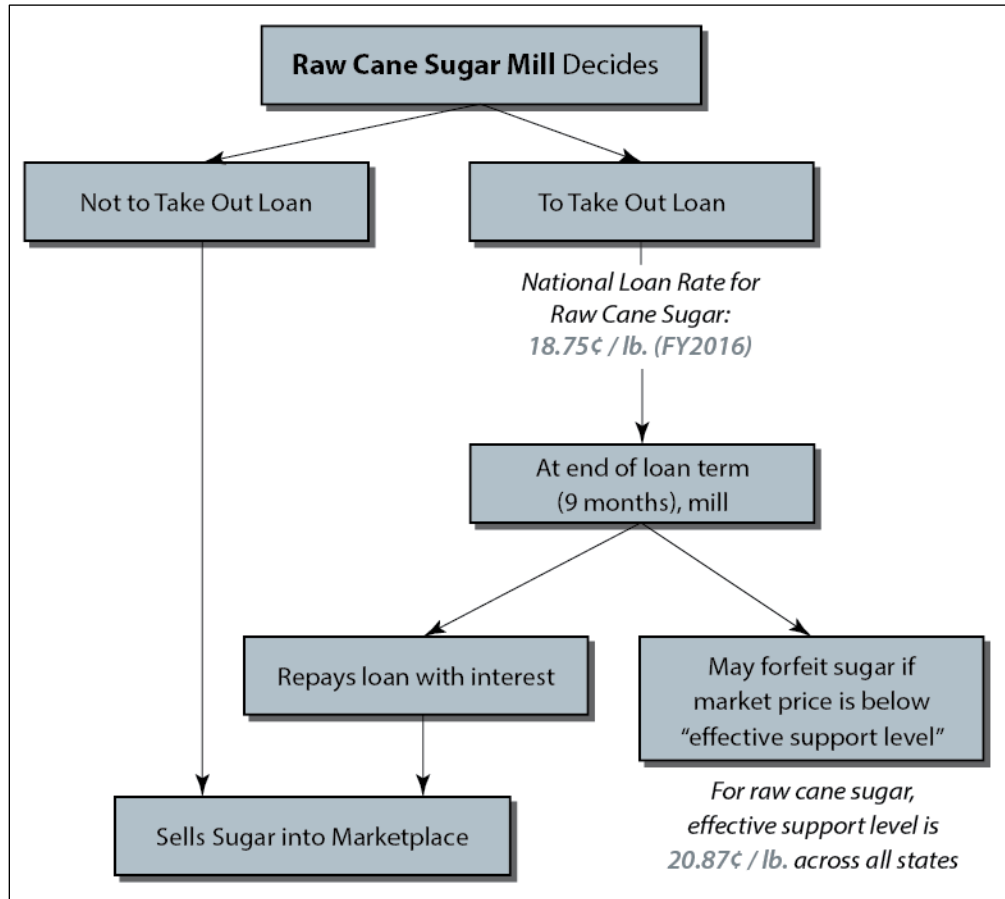
If market prices are below these loan forfeiture levels when a price support loan usually comes due (i.e., July to September), and a processor hands over sugar earlier pledged to obtain this loan rather than repaying it, USDA records a budgetary expense (i.e., an outlay). If this occurs, USDA gains title to the sugar and is responsible for disposing of this asset.

Two suspension agreements the DOC signed in December 2014—one with the Government of Mexico and another with Mexican sugar producers and exporters—have substantially modified the terms for importing sugar from Mexico and may have the practical effect of raising the effective support level.<sup>3</sup> For one, Mexican sugar is an important source of the U.S. sugar supply, with imports of Mexican sugar averaging 15% of the sum of U.S. production plus imports during

<sup>3</sup> See Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico at <http://enforcement.trade.gov/agreements/sugar-mexico/CVD-Agreement.pdf>; also, Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico at <http://enforcement.trade.gov/agreements/sugar-mexico/AD-Agreement.pdf>.

the three marketing years prior to the onset of the suspension agreements from 2011/2012 to 2013/2014.<sup>4</sup> Imports of sugar from Mexico in 2014/2015, the year the suspension agreements took effect, represented 11% of the total of U.S. production plus imports.<sup>5</sup> The agreements (see “Suspension Agreements Recast Sugar Trade with Mexico” below) establish minimum prices for Mexican sugar imports that are at, or above, effective U.S. support levels. These minimum prices are calculated at Mexican plants, so transportation costs to the U.S. processor or end user would add several cents per pound to the delivered cost of Mexican sugar. As a result, prices of imported Mexican sugar should track well above levels that would encourage U.S. loan forfeitures.

**Figure I. Price Support Loan Making Process for Raw Cane Sugar**

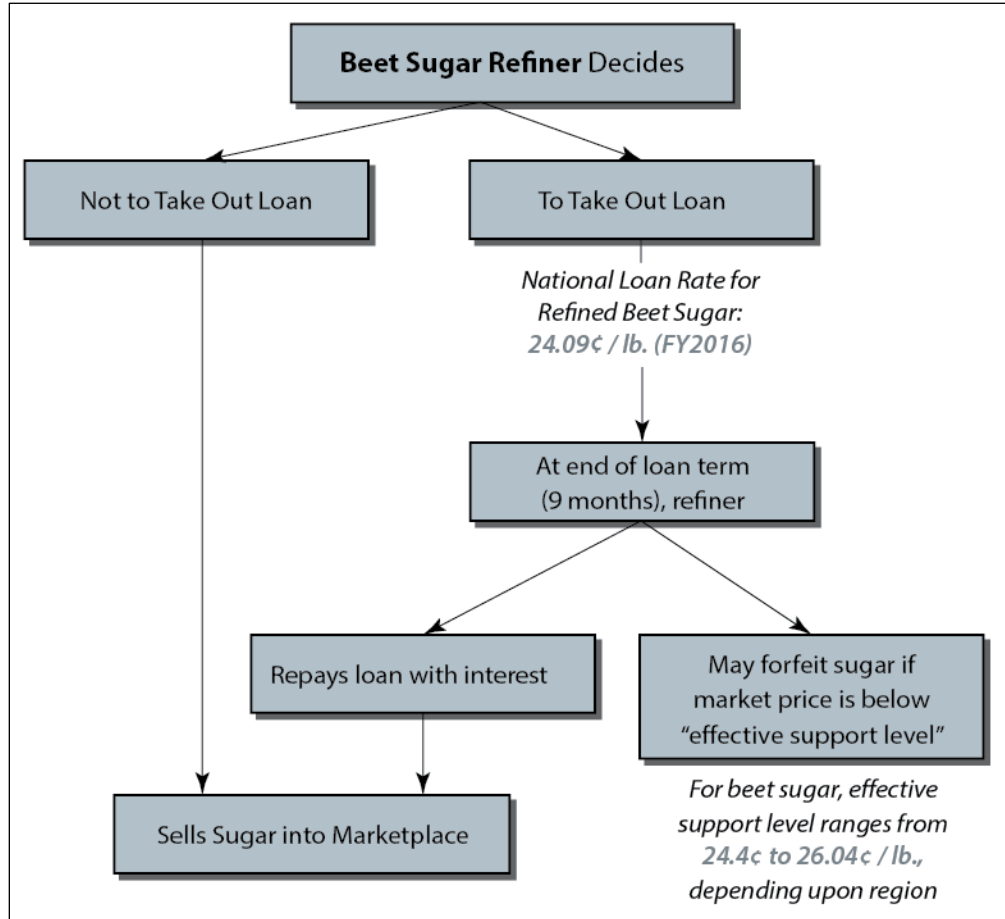


**Note:** As of March 30, 2016, USDA data indicates that mills that process sugarcane had 509,255 short tons of 2015-crop raw cane sugar under loan valued at \$195.9 million. This represented 13.6% of USDA’s March 2016 estimate of raw cane sugar production from the 2015 sugarcane crop.

<sup>4</sup> The marketing year for U.S. sugar is the same as the U.S. government’s fiscal year: October 1-September 30.

<sup>5</sup> USDA, Economic Research Service, *Sugar and Sweeteners Outlook*, March 15, 2016.

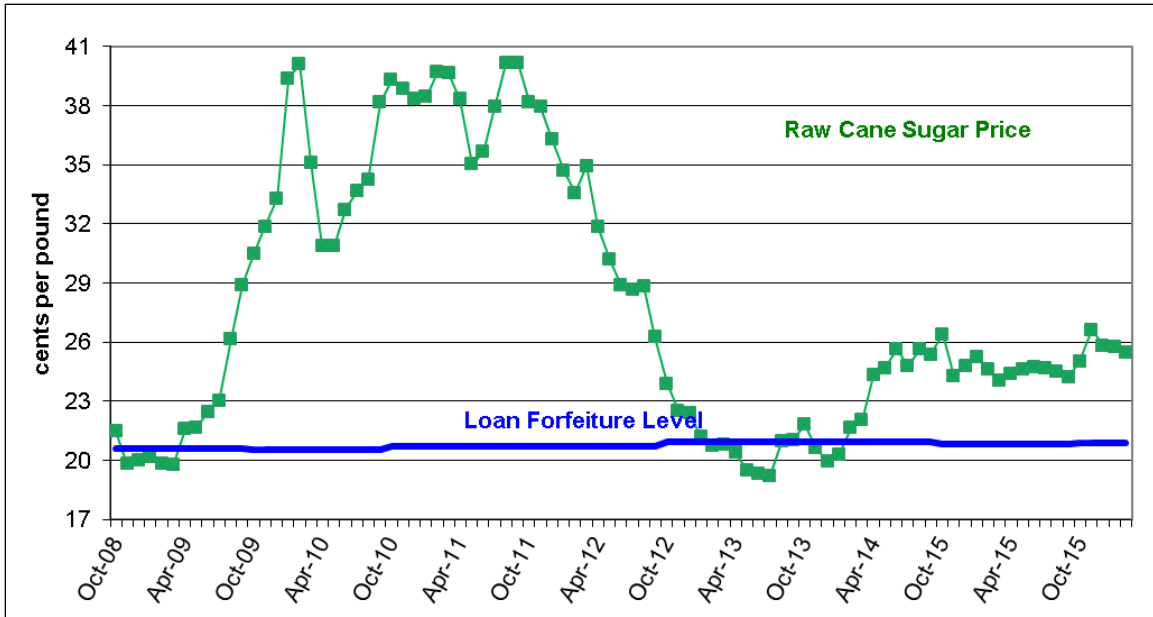
**Figure 2. Price Support Loan Making Process for Refined Beet Sugar**



**Note:** As of March 30, 2016, USDA indicates that processors of sugar beets had 1,129,250 short tons of 2015 crop beet sugar and in-process beet sugar under loan valued at \$500 million. This represented 23% of USDA’s March 2016 estimate of refined beet sugar production from the 2015 sugar beet crop.

Market prices for raw cane sugar and refined beet sugar since the 2008 farm bill provisions took effect were higher than loan forfeiture levels until mid-year 2013 (Figure 3 and Figure 4, respectively). Toward the end of FY2013, market prices that were below these effective support levels prompted processors to forfeit, or hand over, to USDA 381,875 tons of sugar (4.3% of FY2013 U.S. sugar output valued at almost \$172 million). USDA actions taken to avert these forfeitures, and then to dispose of sugar acquired as a result of these forfeitures, are detailed below in “Sugar Purchases and Exchanges for Import Rights” and “Feedstock Flexibility Program for Bioenergy Producers.”

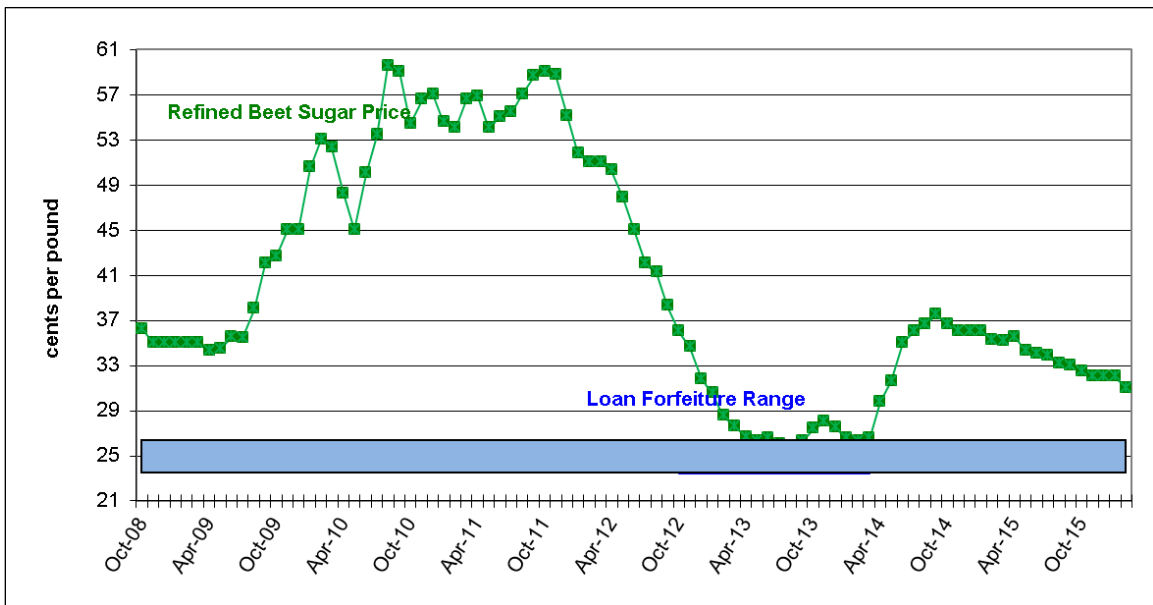
**Figure 3. Raw Cane Sugar Prices Have Been Above Loan Forfeiture Level Since the 2008 Farm Bill Except in Early FY2009, Late FY2013, and Early FY2014**



**Source:** USDA, Economic Research Service, for price data; USDA, Farm Service Agency, for loan forfeiture level.

**Note:** Raw cane sugar market price is the average futures price for the nearby month contract for domestic #16, traded in New York City on the Intercontinental Exchange (ICE).

**Figure 4. Refined Beet Sugar Prices Have Stayed Above Loan Forfeiture Range Since the 2008 Farm Bill Until February 2016**



**Source:** USDA, Economic Research Service, for price data; USDA, Farm Service Agency, for loan forfeiture range.

**Note:** The market price for refined beet sugar is the quoted price for wholesale refined beet sugar in Midwest markets, as published by *Milling and Baking News*.

## Tools for Balancing Supplies and Supporting Prices

The government sets annual limits on the quantity of domestically produced sugar that can be sold for human use. It also restricts the level of imports that may enter the domestic market through tariff-rate quotas and via an import limitation agreement with Mexico. This is done to avoid costs during times when an imbalance between sugar supplies and demand could lead to low prices and sugar forfeitures under the loan program.

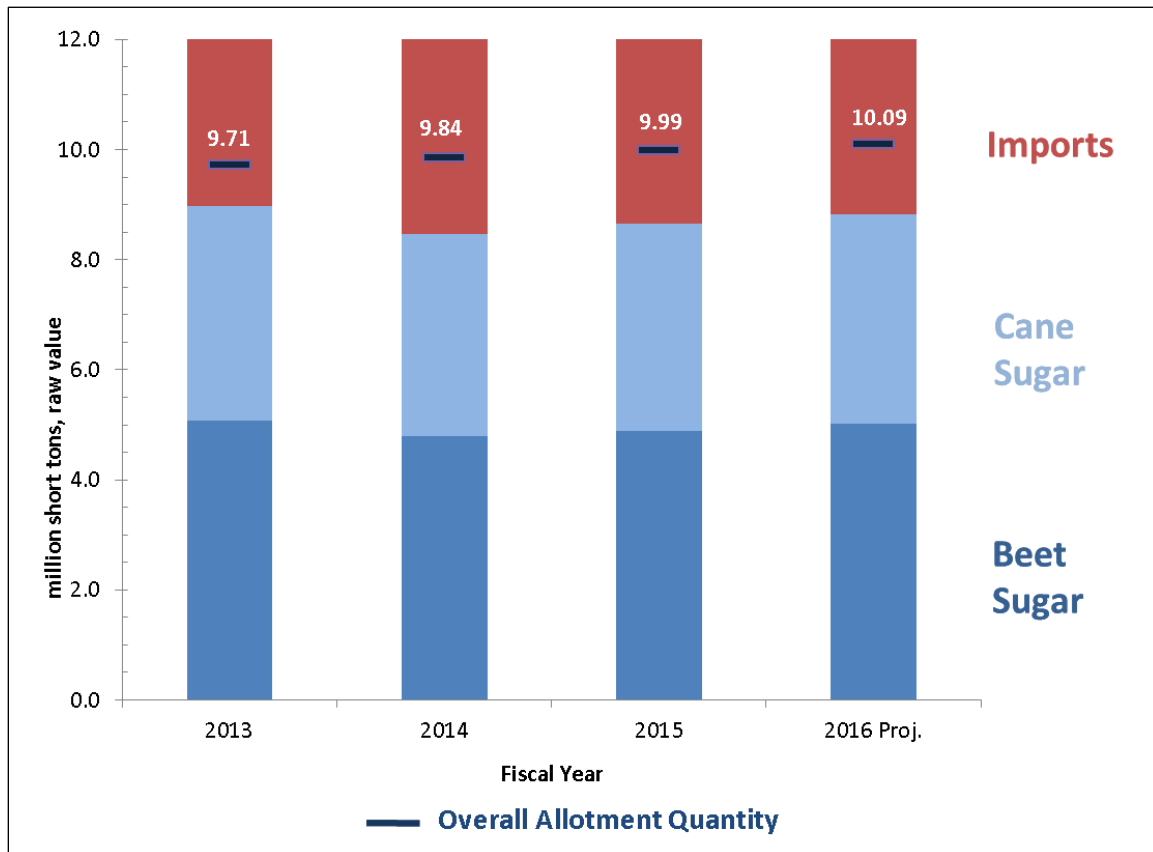
### Marketing Allotments

Sugar marketing allotments limit the amount of domestically produced sugar that processors can sell each year. They do not, however, limit how much beet and cane farmers can produce, nor do they limit how much sugar beets and sugarcane that beet refiners and raw sugar mills can process. In a 2008 farm bill provision that was retained in the 2014 farm bill, USDA is required each year to set the overall allotment quantity (OAQ) at not less than 85% of estimated U.S. human consumption of sugar for food. This task is carried out by the USDA's Commodity Credit Corporation (CCC) at the beginning of each fiscal year. The OAQ is intended to ensure that permitted sales of domestic sugar, when added to imports under U.S. trade commitments, do not depress market prices below loan forfeiture levels for refined beet sugar and raw cane sugar. Sugar production that is in excess of a processors' marketing allotment may not be sold for human consumption except to allow another processor to meet its allocation or for export.

In recent years, U.S. sugar production has consistently fallen short of the OAQ, averaging 88% of the OAQ threshold during the most recent three completed years from FY2013 through FY2015. Over this same period, U.S. sugar production has amounted to 74% of U.S. human use of sugar.

**Figure 5** illustrates the persistent gap between domestic sugar production, the higher levels of the OAQ, and U.S. domestic consumption for human use. Substantial quantities of sugar have been imported to cover the shortfall between domestic output and human consumption. For this reason, market participants view USDA's decisions on setting import quotas rather than marketing allotments as having more of an impact on market price levels (see "Import Quotas").

The national OAQ is split between the beet and cane sectors and then allocated to processing companies based on previous sales and production capacity. If either sector is not able to supply sugar against its allotment, USDA has authority to reassign such a "shortfall" to imports.

**Figure 5. Overall Allotment Quantity Compared to Total U.S. Sugar Supply**

**Source:** Derived by CRS from USDA sugar program announcements and USDA's World Agricultural Supply and Demand Estimates reports.

**Note:** Imports shown occur under terms of U.S. trade commitments and are discussed in more detail in the next section.

## Import Quotas

The United States imports sugar in order to meet total food demand. From FY2013 through FY2015, imports accounted for 30% of U.S. sugar used in food and beverages. The amount of foreign sugar supplied to the U.S. market reflects U.S. commitments made under various trade agreements. At the same time, a 2008 farm bill provision—one retained in the 2014 farm bill—directs USDA to manage overall U.S. sugar supply, including imports, so that market prices do not fall below effective support levels. The most significant import limit is the World Trade Organization (WTO) quota commitment, which requires the United States to allow not less than 1.256 million tons, raw value, of sugar (almost all raw cane) to enter the domestic market from 40 countries (equivalent to 1.139 million metric tons, raw value [MTRV]). The raw cane sugar tariff-rate quota (TRQ), representing 98% of the WTO minimum quota commitment of the United States, is allocated based on trade in sugar from 1975 to 1981, years during which this trade was relatively unrestricted.

The United States also grants much smaller import quotas to the six countries covered by the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA), and to Colombia, Panama, and Peru under separate free trade agreements (FTAs). For calendar year 2016, the TRQ

under these FTAs totals 140,580 MTRV for the DR-CAFTA countries, 53,000 tons for Colombia, 7,325 tons for Panama, and 2,000 tons for Peru.

Beyond these defined import commitments, unrestricted, duty-free access to Mexican sugar under the North American Free Trade Agreement (NAFTA) introduced uncertainty over how much sugar Mexico would ship north in any year. To illustrate, U.S. imports of Mexican sugar since 2008 have ranged from a low of about 800,000 tons in FY2010 to a high of almost 2.1 million tons in FY2013. This variability (**Figure 6**) in part reflects large swings in the amount of Mexican sugar available for export in any year, depending on the impact of drought in some years in Mexico's sugarcane-producing regions, and the degree to which U.S. exports of cheaper high-fructose corn syrup displace Mexican consumption of Mexican-produced sugar.

During the three most recently completed marketing years, FY2013-FY2015, Mexico was by far the largest source of U.S. sugar imports, supplying 55% of total U.S. sugar imports on average over this period. Reflecting Mexico's unique status as an unrestricted supplier up until December 2014, its annual shipments varied from a high of 2.1 million short tons, raw value (STRV)<sup>6</sup>, comprising 66% of U.S. sugar imports in FY2013, to a low of 1.5 million STRV, comprising 43% of U.S. imports in FY2015. Sugar entering the United States under tariff-rate quota programs during these three years amounted to 36% of all imports, with DR-CAFTA countries supplying a subtotal of nearly 4% of total U.S. sugar imports (**Figure 6**).

To address the market uncertainty expected from imports of Mexican sugar once it achieved unrestricted access in 2008, the 2008 farm bill introduced a new policy to regulate imports, and this policy was retained by the 2014 farm bill. The farm bill directed that at the beginning of each marketing year (October 1) USDA was required to set the WTO quotas for raw cane and refined sugar at the minimum level—1.256 million STRV—necessary to comply with this trade commitment (**Figure 6**). In case of an emergency shortfall of sugar prior to April 1, due to either weather or war, USDA was directed to increase these quotas. After April 1 (the midpoint of the marketing year), USDA may increase the WTO raw sugar quota consistent with the dual objectives of maintaining sugar prices above loan forfeiture levels and providing for adequate supplies of raw and refined sugar in the domestic market. Any increase in the import quota is temporary in that it applies only until the next marketing year, which begins on October 1.

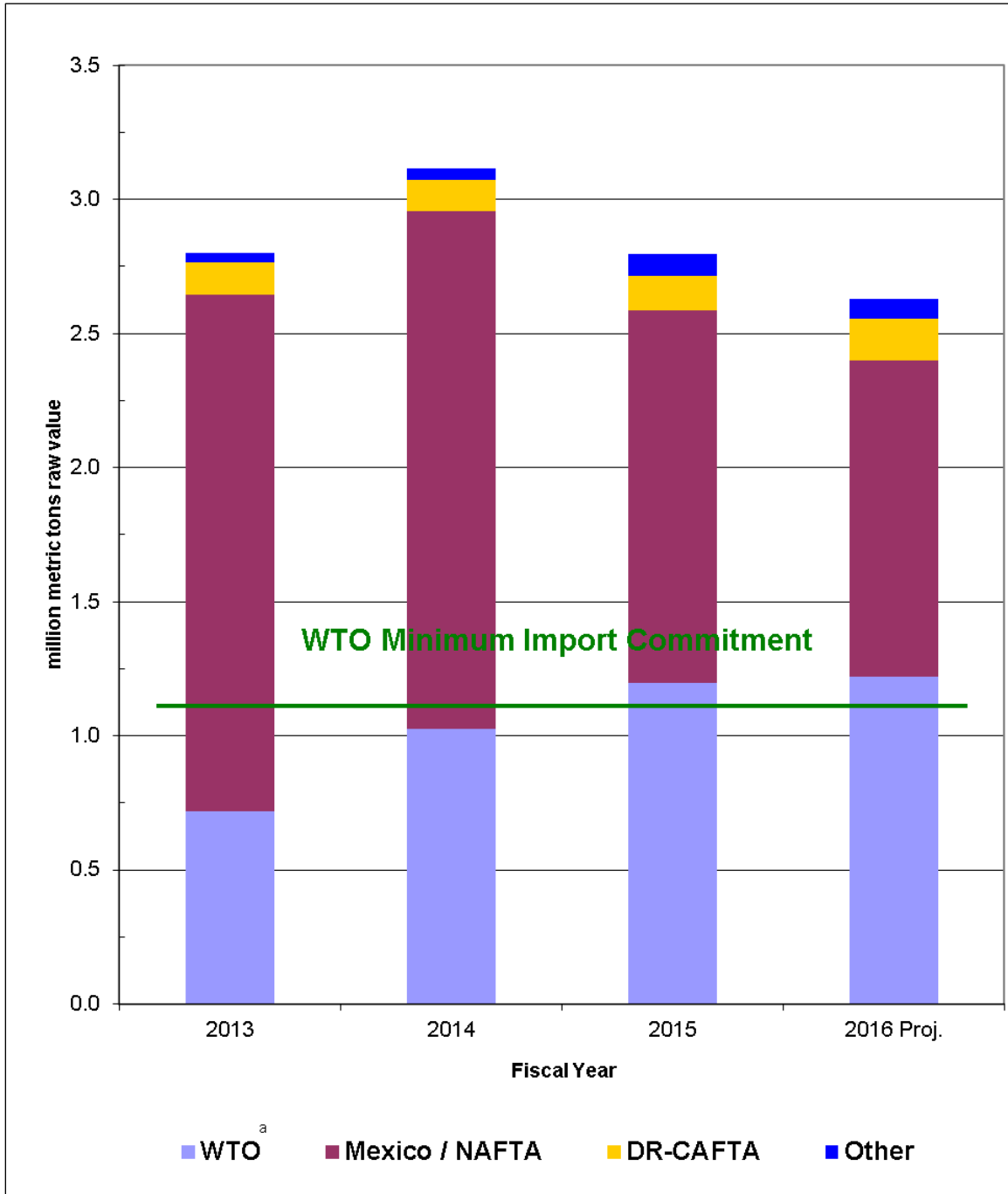
### TPP Agreement and U.S. Sugar Imports

The Trans-Pacific Partnership (TPP) is a regional FTA that the United States concluded with 11 other Pacific Ocean-facing nations in October 2015 and was signed by the participating governments in February 2016. Among its provisions, the United States agreed to make available additional amounts of TRQ sugar exports to five countries. The total quantity involved amounts to 86,300 metric tons (MT) of sugar and sugar-containing products. Recipients of the additional TRQ sugar are Australia (65,500 MT), Canada (19,200 MT), Vietnam (1,500 MT), Malaysia (500 MT), and Japan (100 MT). If the agreement is implemented, this additional TRQ sugar would represent about 3% of U.S. sugar imports in FY2014/2015. Any additional sugar imports under TPP would not be expected to increase the likelihood of forfeitures under the U.S. sugar program; more likely, they would displace a portion of Mexican sugar exports to the United States. The reason for this outcome is that under the U.S.-Mexico bilateral suspension agreements of December 2014, Mexico has, in effect, become the "swing" (or residual) supplier of sugar to the U.S. market, so additional TRQ sugar would be expected to displace shipments of Mexican sugar. Importantly, the TPP agreement will not have the force of law for the United States unless Congress enacts implementing legislation.<sup>7</sup>

<sup>6</sup> A short ton is equivalent to 2,000 pounds. Raw value is a factor of 1.07 of refined value, according to USDA, except for Mexican sugar for which raw value is a factor of 1.06 of the actual weight of the shipped product.

<sup>7</sup> For additional background on the TPP agreement, see CRS Report R44278, *The Trans-Pacific Partnership (TPP): In Brief*, by Ian F. Fergusson, Mark A. McMinimy, and Brock R. Williams.

**Figure 6. U.S. Sugar Imports, by Trade Agreement**  
Raw Cane and Refined Sugar



**Source:** USDA Economic Research Service, Foreign Agricultural Service, and World Agricultural Outlook Board.

**Notes:** Imports for domestic food/beverage use only; excludes sugar imported for the sugar re-export program.

a. Imports under the WTO commitment have typically fallen short of the quantity of sugar that eligible countries with a quota can sell to the U.S. market. For FY2016, USDA projects a shortfall of 27,956 tons as of March 2016. The projected shortfall compares with actual shortfalls of 65,682 tons in FY2015, 214,859 tons in FY2014, and 515,441 tons in FY2013.



## Suspension Agreements Recast Sugar Trade with Mexico

While the 2014 farm bill reauthorized the sugar program intact for five years through 2018 crops, events since enactment of the farm bill have materially altered the program. A major change with substantial repercussions for the U.S. sugar program in late 2014 concerned the treatment of imported sugar from Mexico. From 2008 until December 2014, Mexican sugar exports were accorded unrestricted, duty-free access to the U.S. market under NAFTA. Two suspension agreements that the U.S. government signed with the Government of Mexico and with Mexican sugar producers and exporters in December 2014 have fundamentally altered trade in sugar with Mexico while creating ripple effects for the sugar program and for sugar users. The two suspension agreements stem from parallel countervailing duty (CVD) and antidumping (AD) investigations initiated in the spring of 2014 by the International Trade Commission (ITC) and the International Trade Administration (ITA) of the DOC in response to a petition filed by the American Sugar Coalition (ASC). The ASC represents sugarcane and sugar beet producers, processors, refiners, and sugar workers. Sections 704 and 734 of the Tariff Act of 1930 (19 U.S.C. §1671(c) and §1673(c)), as amended, provide the legal authority for the CVD and AD suspension agreements.

Preliminary findings in the CVD investigation determined that the Mexican government was subsidizing Mexican sugar exports.<sup>8</sup> The AD investigation concluded as a preliminary matter that Mexican sugar was being dumped into the U.S. market, that is, sold at less than fair value—defined as below the sale price in Mexico, or below the cost of production.<sup>9</sup> The investigations determined these actions had injured the U.S. sugar industry, and based on these preliminary findings, the DOC imposed cumulative duties on U.S. imports of Mexican sugar to be deposited by U.S. importers of sugar, ranging from 2.99% to 17.01% under the CVD order, and from 39.54% to 47.26% under the AD order.

In December 2014, the U.S. Department of Commerce (DOC) entered into suspension agreements with the Government of Mexico and with Mexican sugar industry interests.<sup>10</sup> Under the CVD agreement that DOC entered into with the Government of Mexico and the AD order that DOC signed with Mexican sugar producers and exporters, the DOC agreed to suspend both the CVD and AD investigations and to remove the duties it had imposed on imports of Mexican sugar. In return, the Government of Mexico agreed to relinquish the unrestricted access to the U.S. sugar market it had negotiated under NAFTA. Further, the Mexican government and Mexican producer groups and exporters also agreed to observe the certain restrictions on Mexican sugar exports to the United States.

The two suspension agreements have substantially recast U.S. sugar trade with Mexico by imposing three fundamental changes on Mexican sugar exports to the United States.

- Mexico's previously unlimited sugar exports to the U.S. market are henceforth limited to an assessment of U.S. needs, defined as the residual of projected U.S. human use less domestic production and imports from tariff-rate quota countries.

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<sup>8</sup> See U.S. Department of Commerce Fact Sheet of August 26, 2014, at <http://enforcement.trade.gov/download/factsheets/factsheet-mexico-sugar-ad-prelim-082614.pdf>.

<sup>9</sup> See U.S. Department of Commerce Fact Sheet of October 27 at <http://enforcement.trade.gov/download/factsheets/factsheet-mexico-sugar-ad-prelim-102714.pdf>.

<sup>10</sup> For the text of the two agreements suspending countervailing duties and antidumping duties, see <http://enforcement.trade.gov/agreements/sugar-mexico/index.html>.

- Refined sugar exports from Mexico are limited to 53% of Mexico's allowable quantity in any given marketing year (October 1 to September 30), whereas previously no such restriction was in place.
- Mexican sugar is subject to minimum reference prices of \$0.26 per pound for refined sugar and \$0.2225 for all other sugar.<sup>11</sup> Prior to the agreements, no floor price was imposed.

To determine the quantity of Mexican sugar that may be imported into the United States in a given marketing year under the suspension agreements, DOC is tasked with making an initial calculation of the domestic requirement for Mexican sugar in July. This quantity is subject to a recalculation in September, December, and March that may result in increases in quantity from the initial calculation. The agreement with the government of Mexico suspending countervailing duties states that Mexico's export limit is determined according to a calculation of U.S. needs that is based on a U.S. sugar carryover of 13.5%.<sup>12</sup> The carryover, or stocks-to-use ratio (SUA), is the quantity of sugar available at the end of the marketing year (September 30) expressed as a percentage of annual usage. This formula has been a point of concern for some U.S. sugar users. The Sweetener Users Association, for one, has argued that an SUA of 13.5% is too restrictive of supplies and runs the risk of creating shortages in the domestic sugar market.<sup>13</sup> In commenting on the draft suspension agreements, the Sweetener Users Association contended that an SUA of at least 14.5%, if not 15.5%, would be a more appropriate level.

In addition to imposing limits on the quantity of Mexican sugar that may be imported into the U.S. market, the agreements limit the concentration of Mexican sugar imports over the course of the marketing year to not more than 30% of the assessment of U.S. needs from October 1 through December 31 and not more than 55% from October 1 through March 31. For instance, in the wake of the agreement the initial export limit on Mexican sugar of 1,162,604.75 metric tons raw value for the 2014/2015 marketing year was subsequently increased to 1,383,969.68 metric tons raw value, which became effective on March 30, 2015.

### Potential Effects on Government Outlays and Sugar Prices

In practice, the changes ushered in by the suspension agreements should greatly facilitate the USDA's task of operating the sugar program at no cost to the government, as Congress directed in the 2014 farm bill. Prior to the suspension agreements, imports of sugar from Mexico represented the only unmanaged source of supply under the sugar program. The USDA's ability to administer the sugar program at no net cost has been at issue since the 2012/2013 crop year, when net government outlays for the sugar program spiked to \$259 million. That year, large quantities of domestic sugar under loan were forfeited in the face of excess supplies and low market prices. This obligated USDA to dispose of the forfeited sugar at a significant loss under the Feedstock Flexibility Program (FFP) and via exchanges in which the agency provided swapped forfeited domestic sugar for the right to import certain quantities of sugar.<sup>14</sup>

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<sup>11</sup> Prices are based on dry weight, commercial value, f.o.b. at Mexican plants.

<sup>12</sup> See agreement suspending countervailing duties at <http://enforcement.trade.gov/agreements/sugar-mexico/index.html>.

<sup>13</sup> See "Comments of Sweetener User Association on Draft Agreements Suspending Antidumping and Countervailing Duty Investigations on Sugar from Mexico of November 18, 2014," <http://sugarreform.org/wp-content/uploads/2014/11/SUA-Comments-re-Draft-Agreements.pdf>,

<sup>14</sup> See U.S. International Trade Commission publication 4467, Sugar from Mexico, p. 27, [http://usitc.gov/publications/701\\_731/pub4467.pdf](http://usitc.gov/publications/701_731/pub4467.pdf).

In an analysis issued in March 2015, the Food and Agricultural Policy Institute (FAPRI) at the University of Missouri projected net government outlays for the sugar program under two scenarios: with the suspension agreements, and without them. FAPRI concluded that under the suspension agreements net government outlays for sugar would be zero over marketing years 2016 through 2024. Without the agreements, FAPRI projected that annual outlays would average \$16 million a year during marketing years 2016 through 2018, declining to \$8 million a year on average from 2019 through 2024.<sup>15</sup>

In its March 2015 Baseline for Farm Programs, the Congressional Budget Office (CBO) projects government outlays for the sugar program at zero over the period FY2015 through FY2019. From FY2020 through FY2025 CBO projects outlays totaling \$115 million, reflecting a likely re-examination of the agreement after five years and the potential for policy uncertainty over Mexican sugar imports thereafter.<sup>16</sup> The USDA projects no sugar program costs through FY2026 based on the *USDA Agricultural Projections to 2025* analysis, which assumes no changes in government agricultural policies and that existing trade arrangements remain in place.<sup>17</sup>

Assessing the potential for the suspension agreements to add to costs borne by sugar-using industries and consumers, the Coalition for Sugar Reform, representing consumer, trade, and commerce groups; manufacturing associations; and food and beverage companies that use sugar, contends that the suspension agreements will result in higher sugar prices for U.S. users and consumers. Following the signing of the suspension agreements in December 2014, the Coalition asserted, “These agreements will ensure that any Mexican sugar needed to adequately supply the U.S. market must be priced well above world market prices—prices that are even higher than mandated by the U.S. sugar program.”<sup>18</sup> The American Sugar Alliance, a coalition of sugar producers, including farmers, processors, refiners, sugar suppliers and workers, has expressed support for the agreements, contending they will foster free and fair trade in sugar, while benefiting U.S. sugar farmers, workers, consumers, and taxpayers.<sup>19</sup>

Considering that Mexican sugar is a significant source of U.S. sugar supplies that can vary in quantity from one year to the next, and considering also that minimum prices of Mexican sugar are at U.S. loan levels, or above them, without including transportation costs to U.S. destinations, it is evident that pricing on Mexican sugar should be well above U.S. loan levels as long as the suspension agreements remain in effect. Transportation from Mexican mills adds several cents per pound to the cost of sugar delivered to U.S. plants—as much as \$0.03 to \$0.06 per pound, according to FAPRI.

## Two Sugarcane Refiners Challenging Suspension Agreements

Whether the new framework around trade in Mexican sugar imposed by the suspension agreements will remain in effect is not entirely certain. The agreements have no termination date, but the signatories may terminate them at any time. The suspended CVD and AD investigations

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<sup>15</sup> Impacts of the U.S.-Mexico Antidumping and Countervailing Duty Suspension Agreement, FAPRI, March 27, 2015, at <http://www.fapri.missouri.edu/wp-content/uploads/2015/03/FAPRI-MU-Bulletin-07-15.pdf>.

<sup>16</sup> Telephone conversation of April 1, 2015, with Dave Hull, Congressional Budget Office.

<sup>17</sup> See USDA, Economic Research Service, *Sugar and Sweeteners Outlook, March 15, 2016*, <http://www.ers.usda.gov/media/2030300/sss-m-331-mar2016-final.pdf>.

<sup>18</sup> Coalition for Sugar Reform press release of December 22, 2014, at <http://sugarreform.org/wp-content/uploads/2011/07/CSR-AD-CVD-Agreements-Signed-12-22-14-FINAL.pdf>.

<sup>19</sup> American Sugar Alliance press release of March 19, 2015, at <http://www.sugaralliance.org/itc-suspension-agreements-remove-the-injury-caused-by-unfairly-traded-mexican-sugar-5245/>.

are subject to a review after five years. More immediately, two U.S. sugarcane refiners—Imperial Sugar Company and AmCane Sugar LLC—are challenging the agreements. In January 2015, the two companies petitioned the U.S. International Trade Commission (ITC), contending the agreements do not eliminate completely the injurious effect of sugar imports from Mexico as the law permitting such agreements requires.<sup>20</sup> In a unanimous decision issued in March 2015, the ITC concluded the agreements do eliminate entirely the injurious effect of Mexican sugar imports.<sup>21</sup> In the wake of the ITC’s determination, the two cane refiners filed petitions with the U.S. Court of International Trade, contending that the ITC’s determination was not supported by the evidence and was not in accordance with the governing statute. The complaints have been consolidated by the court and were under review as of the end of March 2016.

On a separate track, the two cane refining companies also petitioned the DOC to continue the CVD and AD investigations to final determinations. In early May 2015, the DOC determined the two sugar-refining companies had standing under the law to make such a petition and announced it would resume the CVD and AD investigations.<sup>22</sup> Pending final determinations in these investigations, the terms of the suspension agreements remained in force. In September 2015, the DOC issued its final determinations, affirming its preliminary findings that, prior to the entry into force of the suspension agreements, Mexican sugar exports were being subsidized by the government and dumped into the U.S. market at prices below their fair market value. The DOC found that dumping margins on Mexican sugar ranged from 40.48% to 42.14%, depending on the producer/exporter, and that government subsidies on exported sugar ranged from 5.78% to 43.93%. Following these determinations, the ITC reaffirmed its earlier finding that the U.S. sugar industry was injured as a result of these practices.<sup>23</sup> As a consequence, the suspension agreements remain in force pending a decision by the U.S. Court of International Trade.

## Mechanisms Aimed at Countering Low Prices

In addition to domestic marketing allotments and import quotas and limits, USDA has two policy mechanisms to help prevent prices from slipping below effective loan forfeiture levels, thereby limiting program costs that might otherwise accrue to the government as a result of substantial loan forfeitures. These include offering CCC sugar to processors in exchange for surrendering rights to import tariff-rate quota sugar; purchasing sugar from processors in exchange for surrendering tariff-rate quota sugar; and removing sugar from the human food market by purchasing sugar from processors for resale to ethanol producers for fuel ethanol production.

## Sugar Purchases and Exchanges for Import Rights

To dispose of sugar owned by CCC without increasing the risk of loan forfeitures, the farm bill authorizes USDA to transfer ownership of CCC-owned sugar in exchange for rights to purchase tariff-rate quota sugar, or certificates of quota entry, which carry a low tariff rate or zero tariff. From July to September 2013, USDA completed four sugar “exchanges” in an effort to bolster market prices and forestall loan forfeitures of some 2012 crop sugar. Two exchanges involved

<sup>20</sup> CVD: 19U.S.C. §1671c(c); AD: 19 U.S.C. §1673c(c).

<sup>21</sup> See U.S. ITC press release of March 19, 2015, at [http://www.usitc.gov/press\\_room/news\\_release/2015/er031911436.htm](http://www.usitc.gov/press_room/news_release/2015/er031911436.htm).

<sup>22</sup> Federal Register notice of May 4, 2015, at <https://www.federalregister.gov/articles/2015/05/04/2015-10253/sugar-from-mexico-continuation-of-antidumping-and-countervailing-duty-investigations>.

<sup>23</sup> See ITC, *Sugar from Mexico*, [https://www.usitc.gov/publications/701\\_731/pub4577.pdf](https://www.usitc.gov/publications/701_731/pub4577.pdf).

bids made by refiners and brokers for sugar acquired by USDA from processors as a result of loan forfeitures in return for surrendering import rights. Two other exchanges involved USDA purchasing sugar from processors, which then was exchanged for import rights that cane refiners and brokers surrendered to USDA. The latter two initiatives were taken to reduce the amount of sugar expected to be supplied to the U.S. market and were implemented by USDA using 1985 farm bill authority. This cost reduction provision authorizes USDA to purchase a supported commodity deemed to be in surplus if such action results in program savings.

## Feedstock Flexibility Program for Bioenergy Producers

If market prices fall to levels that threaten to result in loan forfeitures, the Secretary of Agriculture may purchase surplus sugar and sell it to bioenergy producers to avoid forfeitures. In the event that forfeitures of sugar loans do occur, the Secretary is required to administer a sugar-for-ethanol program using domestic sugar intended for food use. The objective of this Feedstock Flexibility Program (FFP) is to permanently remove sugar from the market for human consumption by diverting it into a non-food use—ethanol. When the Secretary activates this program, USDA will purchase surplus and other sugar acquired from processors and then sell that sugar to bioenergy producers for processing into fuel-grade ethanol and other biofuels. Competitive bids would be used by USDA to purchase sugar from processors and also to sell that sugar (together with any sugar forfeited by processors) to ethanol producers. An exception to the requirement to activate this program is that forfeited sugar may be sold back into the market for human food use in the event of an emergency shortfall of sugar. In August and September 2013, USDA activated this program as remaining loans came due and sugar prices headed below effective support levels (**Figure 3** and **Figure 4**).

## Sugar Program Draws Sharply Differing Views

The sugar program has long been the subject of controversy, both among lawmakers and among competing interests within the sugar market. In part, disagreement over the sugar program has centered on whether it strikes the right balance between government support for the domestic sugar industry in the face of subsidized foreign sugar and the cost this support may impose on sugar users and consumers in the form of marketplace distortions and potentially higher sugar prices than might otherwise prevail.

From one side of this controversy, the American Sugar Alliance (ASA), representing U.S. sugar industry interests, asserts that even though U.S. sugar producers are among the most efficient in the world, they cannot compete with foreign subsidies that encourage the production of surpluses that are dumped onto the world market at prices that are often below the cost of production.<sup>24</sup> As to the competitiveness of U.S. sugar prices, ASA issued the results of a study from 2015 that indicated that U.S. retail prices of sugar in 2014 were below the average for developed countries and also below the average retail price in some major exporting countries, including Brazil and Australia.<sup>25</sup>

The Sugar Users Association, representing companies that use sweeteners in their business operations, has a very different perspective on this issue, contending that the sugar program is

<sup>24</sup> See testimony of Jack Roney, American Sugar Alliance, before the House Committee on Agriculture, October 21, 2015, at [http://agriculture.house.gov/uploadedfiles/10.21.15\\_roney\\_testimony.pdf](http://agriculture.house.gov/uploadedfiles/10.21.15_roney_testimony.pdf).

<sup>25</sup> See *Global Retail Sugar Prices*, July 2015, <https://sugaralliance.org/wp-content/uploads/2015/08/SIS-Global-Sugar-Price-Survey-2015-Summary.pdf>.

poorly designed. In particular, it argues that TRQ allocations are dated and that this has the effect of restricting export quotas to certain countries that in some cases either cannot fill their entire quotas or may not ship any sugar to the United States. As such, it asserts the TRQ program tends to distort and destabilize the U.S. sugar market, which it argues has led to job losses in sugar-using food industries.<sup>26</sup>

As to whether the sugar program harms consumers through higher sugar prices, an analysis issued in 2013 by the Center for Agricultural and Rural Development at Iowa State University concluded that eliminating the U.S. sugar program—including marketing allotments and import quotas and tariffs that restrict the availability of sugar for domestic human use—would increase U.S. consumers' welfare by between \$2.9 billion and \$3.5 billion each year while also supporting a modest increase in employment in the U.S. food processing industry.<sup>27</sup> The paper was commissioned by the Sweetener Users Association.

The ITC took a narrower approach to this question in a report from 2013 that analyzed the potential effects of removing only the existing restrictions on U.S. sugar imports.<sup>28</sup> The ITC concluded that removing sugar import restrictions would result in a meaningful decline in U.S. sugar production and employment within the sugar production and processing sectors in tandem with a substantial expansion in total U.S. sugar imports. As for sugar prices, the report projected that the elimination of import restrictions would produce welfare gains for U.S. consumers amounting to \$1.66 billion over the period 2012-2017, equating to a yearly benefit of \$277 million.

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<sup>26</sup> See Thomas Earley, oral statement on behalf of the Sweetener Users Association to the U.S. International Trade Commission, March 19, 2013, <http://www.sweetenerusers.org/Tom%20Earley%20ITC%20SUA%20Oral%20statement%20-%203-19-13%20FINAL.pdf>.

<sup>27</sup> See *The Impact of the Sugar Program Redux*, 2013, at <http://www.card.iastate.edu/publications/synopsis.aspx?id=1183>.

<sup>28</sup> See *The Economic Effects of Significant U.S. Import Restraints* (Publication 4440) at <http://www.usitc.gov/publications/332/pub4440.pdf>.



## Administrative Year in the Sugar Program

The text box below sets out specific dates, and calendar windows, for undertaking key administrative actions that are integral to managing the U.S. sugar program.

### U.S. Sugar Program Calendar of Administrative Actions

**In July**, DOC is to calculate the “export limit” for Mexican sugar for the U.S. market for the upcoming marketing year (October-September), which is to be 70% of the projection of the “target quantity of U.S. needs” for Mexican sugar based on the USDA’s July World Agricultural Supply and Demand Estimates (WASDE) report. The export limit becomes effective October 1.

**On September 1**, the Secretary of Agriculture is to announce the amount of sugar (if any) that the Commodity Credit Corporation (CCC) is to purchase prior to the end of the current marketing year (September 30) to avoid loan forfeitures. Any purchases are to be resold for ethanol production under the Feedstock Flexibility Program (FFV).

**In September**, a subsequent calculation of the target quantity of U.S. needs is to be carried out based on the September WASDE with the export limit to remain at 70% of the target quantity. The new export limit quantity cannot be below the export limit announced in July.

**By September 30**, USDA must announce sugar loan rates for the year beginning October 1.

**By October 1**, USDA is to establish domestic human consumption of sugar for the new marketing year (October-September) and also establish domestic marketing allotments for sugarcane and sugar beet processors.

**By October 1**, the Secretary of Agriculture sets initial sugar import quotas for the new marketing year (October-September) at the minimum levels that are required to comply with international trade agreements, except for refined sugar.

**By October 1**, USDA is to announce the amount of sugar, if any, the CCC is to purchase in current crop year that is to be made available for sale under the FFV, and to re-estimate this amount and provide notice by Jan. 1, April 1, and July 1.

**From October 1 to March 31**, the Secretary of Agriculture may increase the import quota for refined sugar, but only in the event of war or natural disaster.

**In December**, DOC is to recalculate the target quantity for Mexican sugar for the current marketing year based on the December WASDE report. The export limit is to be raised to 80% of target quantity as of January 1. The new export limit quantity cannot be below the September export limit.

**In March**, DOC is to recalculate the target quantity for Mexican sugar based on the March WASDE report. The export limit is to be raised to 100% of target quantity as of April 1. The new export limit quantity cannot be below the December export limit.

**Prior to April 1**, DOC may increase the export limit on Mexican sugar to address potential shortages in the U.S. market.

**From April 1**, the Secretary may increase the Overall Allotment Quota and the tariff rate quotas that restrain imports of sugar in the event of an emergency shortfall of sugar.

**From April 1**, tariff rate quotas on imported sugar may be increased as long as doing so will not threaten to result in forfeitures under the sugar loan program.

**After April 1**, DOC may increase the export limit on Mexican sugar in response to a written request from USDA citing the need for additional imports of Mexican sugar.

## **Author Contact Information**

Mark A. McMinimy  
Analyst in Agricultural Policy  
mmcminimy@crs.loc.gov, 7-2172



**ATTACHMENT 5**

Raw cane loan rate	\$	0.1798	\$	0.1799	\$	0.1793	\$	0.1793	\$	0.1800	\$	0.1800	\$	0.1800	\$	0.1800	\$	0.1850	\$	0.1875	\$	0.1875	\$	0.1875	\$	0.1875	\$	0.1875	\$	0.1875
Refined beet loan rate	\$	0.2282	\$	0.2254	\$	0.2288	\$	0.2288	\$	0.2300	\$	0.2300	\$	0.2300	\$	0.2300	\$	0.2377	\$	0.2409	\$	0.2409	\$	0.2409	\$	0.2409	\$	0.2409	\$	0.2409

actual pounds

	FY02	FY03	FY04	FY05	FY06	FY07	FY08	FY09	FY10	FY11	FY12	FY13	FY14	FY15	FY16
<u>Forfeitures (pounds):</u>	16,659,699		32,000,000	48,000,000								170,750,000	593,000,000		
Cane Sugar	-		-	-								140,750,000	90,000,000		
Beet Sugar	16,659,699		32,000,000	28,000,000								30,000,000	463,000,000		
In Process Beet Sugar				20,000,000								-	40,000,000		

total dollars

<u>Forfeitures (dollars):</u>	3,678,462		7,616,000	9,675,200								34,568,950	138,799,500		
Cane Sugar	-		-	-								27,389,950	17,514,000		
Beet Sugar	3,678,462		7,616,000	6,157,200								7,179,000	111,965,500		
In Process Beet Sugar				3,518,000								-	9,320,000		

actual pounds

<u>Purchases (pounds):</u>												521,611,462			
Cane Sugar												155,316,600			
Beet Sugar												366,294,862			

total dollars

<u>Purchases (dollars):</u>												120,196,018			
Cane Sugar												30,665,968			
Beet Sugar												89,530,050			

**ATTACHMENT 6**

## USDA's Domestic Sugar Program and Reporting Glossary Terms

**Beet sugar** means sugar that is processed directly or indirectly from sugar beets, sugar beet molasses or in-process beet sugar whether produced domestically or imported.

**Cane juice** means water containing the sucrose extracted from crushed sugarcane.

**Cane sugar** means sugar derived directly or indirectly from sugarcane produced in the United States, including sugar produced from sugarcane molasses.

**Cane sugar refiner** means a person in the U.S. Customs Territory that refines raw cane sugar through affination or defecation, clarification, and further purification by absorption or crystallization.

**Cane syrup** means concentrated cane juice from which no sucrose has been extracted. Weight is based on sugar solids contained.

**CCC** means the Commodity Credit Corporation.

**Deliveries** means the movement of refined sugar from a cane sugar refiner, a sugar beet processor, a sugarcane processor, or a trader, to end-users or brokers for consumption, either as sugar or for use in products containing sugar, including sugar delivered to manufacturers for use in products to be exported.

**Direct-consumption sugar** means any sugar which is not to be further refined or improved in quality, whether such sugar is principally of crystalline structure or is liquid sugar, edible molasses, sugar syrup, or cane syrup.

**Edible molasses** means molasses that is not to be further refined or improved in quality and that is to be distributed for human consumption, either directly or in molasses-containing products.

**Entry:** For purposes of USDA sugar reporting, "Entry" of sugar can only be reported after the reporting company has a completed Entry Summary form (CBP Form 7501), or equivalent electronic form if using the Automated Broker Interface (ABI). Documents must be retained for 5 years.

**Exports:** For purposes of USDA sugar reporting, USDA uses the U.S. Customs and Border Protection (CBP) definition of export. For evidence of export to Mexico, a pedimento (Mexican Customs Form) from the importer must be obtained. For export to Canada, a Canadian Customs B-3 must be obtained. For countries other than Canada and Mexico, the report of an export may be made only after a Shippers Export Declaration (SED Form 7525-V) is obtained. Documents must be retained for 5 years. Exports are recorded in the month coinciding with the transaction date noted on the Custom's form.

**Extraction Rate:** Extraction rate refers to the percent of sucrose obtained from processing sugar beets or sugarcane, compared to the sucrose content in the sugar beet or sugarcane before processing -- pounds sucrose obtained/pound sucrose before slicing/crushing.

**Fiscal year** means that year beginning October 1 and ending the following September 30, i.e., FY 2008 is the period from October 1, 2007 - September 30, 2008.

**FSA** means the Farm Service Agency.

**Imports:** For purposes of USDA sugar reporting, an "Import" has occurred when a good has physically cleared through U.S. Customs and Border Protection processing for "entry", either entering consumption channels immediately or entering after withdrawal for consumption from bonded warehouses under Customs custody or from Foreign Trade Zones. Physical arrival of sugar that is only entered into a bonded warehouse or a Foreign Trade Zone does not constitute an import for USDA reporting purposes. Imports are recorded in the month coinciding with the transaction date noted on the Custom's form. You must be the "importer of record" to record an import.

**In-process beet sugar** means the intermediate product, as CCC determines produced from processing sugar beets. Like sugar beets, it is considered an input into the production of sugar regardless of whether it is produced domestically or imported. Domestically produced in-process beet sugar is eligible for a loan, but does not count against a processor's marketing allocation upon sale.

**In-process cane sugar** means the intermediate sugar containing product, as CCC determines, produced in the processing of sugarcane. It is not raw sugar, nor is it suitable for direct human consumption. Domestically produced in-process cane sugar is eligible for a loan and counts against a processor's marketing allocation upon sale.

**Inventory held for others** means inventory that has been sold (title has transferred) but has not been delivered.

**Invert sugar** means a mixture of glucose (dextrose) and fructose (levulose) formed by the hydrolysis of sucrose.

**Liquid sugar** means a direct-consumption sugar which is not principally of crystalline structure and which contains, or which is to be used for the production of, any sugars principally not of crystalline structure which contain soluble non-sugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 percent or less of the total soluble solids. Liquid sugar is exclusive of cane syrup and edible molasses.

**Market or marketing** means the transfer of title associated with the sale or other disposition of sugar for human consumption in United States commerce. A marketing also includes a sale of sugar under the Feedstock Flexibility Program, the forfeiture of sugar loan collateral under the

Sugar Loan Program, exportation of sugar from the United States customs territory eligible to receive credits under re-export programs for refined sugar or sugar containing products administered by the Foreign Agricultural Service, or the sale of sugar eligible to receive credit for the production of polyhydric alcohol under Polyhydric Alcohol program (see part 1530 of this title) administered by the Foreign Agricultural Service, and for any integrated processor and refiner, the movement of raw cane sugar into the refining process.

**Molasses** means thick syrup which is a byproduct of processing sugar beets or sugarcane, or of refining raw cane sugar. Weight is based on sugar solids contained.

**Other sugar** means any sugar suitable for human consumption that does not require further refinement. May include refined crystalline, liquid sugar, edible molasses, sugar syrups and cane syrups.

**Over-allocation sales** means all sales of sugar that have been sold over the processors' allocation quantity.

**Person** means an individual, corporation, association, marketing or processing cooperative, joint stock company, estate or trust, or other legal entity.

**Plant capacity** means the maximum capability, on a short tons per day basis, of a processing or refining facility to process sugar beets (cleaned and tared), sugarcane, and/or raw sugar.

**Processing facility** means a distinct physical facility, at a single location, which processes sugarcane, sugar beets, or molasses into sugar.

**Processing inputs** means the quantity of raw materials (e.g., sugarcane, sugar beets, raw sugar, and molasses) used in processing or refining operations.

**Processor stocks** means all stocks that have not been previously sold.

**Production** means the output of beet sugar from the processing by sugar beet processors of domestically produced sugar beets, sugar beet molasses or in-process beet sugar whether produced domestically or imported; the output of cane sugar (including edible molasses and cane syrup) by sugarcane processors of domestically produced sugarcane or sugarcane molasses; or the output of sugar (including edible molasses and sugar syrup) from the processing by cane sugar refiners of raw cane sugar or imported molasses.

**Raw sugar** means any sugar not suitable for human consumption without further refinement, regardless of polarity.

**Raw value** means of any quantity of sugar means its equivalent in terms of raw sugar testing 96 sugar degrees, as determined by a polarimetric test performed under procedures recognized by the International Commission for Uniform Methods of Sugar Analysis (ICUMSA). Direct-consumption sugar derived from sugar beets and testing 92 or more sugar degrees by the

polariscope shall be translated into terms of raw value by multiplying the actual number of pounds of such sugar by 1.07. Sugar derived from sugarcane and testing 92 sugar degrees or more by the polariscope shall be translated into terms of raw value in the following manner: raw value =  $\{[(\text{actual degree of polarization} - 92) \times 0.0175] + 0.93\} \times \text{actual weight}$ . For sugar testing less than 92 sugar degrees by the polariscope, derive raw value by dividing the number of pounds of the “total sugar content” (i.e., the sum of the sucrose and invert sugars) thereof by 0.972.

**Receipts** mean the quantity of domestically-sourced raw materials (e.g., sugarcane, sugar beets, raw sugar, refined sugar, liquid sugar, syrups, and molasses) received by the processing facility, refining facility, liquid station or otherwise.

**Refined crystalline sugar** means centrifugal, crystalline sugar (including "high-polarity" sugar from raw cane mills, and "soft" or "brown" sugars) which is not to be further refined or improved in quality.

**Refining facility** means a distinct physical facility, at a single location, which processes raw sugar or imported molasses into refined sugar.

**Re-export credit** occurs when a licensee under the Refined Sugar Re-Export Program exports sugar, or transfers sugar to a licensee of the Sugar-Containing Products Re-Export Program or the Polyhydric Alcohol Program. At that point, the licensee receives a credit on his license. He can subsequently import raw cane sugar, outside of any quota or high-tier duty. Imports are recorded on his license as a debit. Over time, debits and credits will balance; at any time, the license cannot exceed 50,000 metric tons raw value on either the debit or the credit side.

**Re-export Program** is designed to facilitate the use of domestic refining capacity to export refined sugar into the world market. The program establishes a license against which a refiner can export domestically produced refined sugar and later import world raw sugar, import world raw sugar for refining and distribution into the domestic market and later export refined sugar, or import raw sugar, refine it and export it into the world market. The program was implemented to mitigate the imposition of restrictive quotas, which reduced the quantity of raw sugar allowed to enter the U.S. domestic market. Imports of sugar under HTS 1701.11.20 are permitted only for those importers who hold a license issued by the U.S. Department of Agriculture. The regulations are found at 7 CFR 1530, which implements authority given to the Secretary of Agriculture in Additional U.S. note 6 to chapter 17 of the HTS.

**Region** (FSA designated areas for reporting sugar deliveries)

- **New England** - Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.
- **Middle Atlantic** - New York, New Jersey, and Pennsylvania.
- **North Central** - Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.

- South - Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.
- West - Alaska, Hawaii, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, and California.
- Puerto Rico - entered separately and included with U.S. total.

**Stocks** means inventory of sugar on hand at the beginning and at the end of the calendar month for which data are being reported.

**Sucrose** means a disaccharide carbohydrate having the chemical formula  $C_{12}H_{22}O_{11}$ .

**Sugar** means any grade or type of saccharine product derived, directly or indirectly, from sugarcane, sugar beets, sugarcane molasses, sugar beet molasses or in-process beet sugar whether domestically produced or imported and consisting of, or containing, sucrose or invert sugar, including raw sugar, refined crystalline sugar, edible molasses, edible cane syrup, liquid sugar, and in-process cane sugar.

**Sugar for allotments** means any grade or type of saccharine product processed, directly or indirectly, from sugarcane or sugar beets (including sugar produced from sugar beet or sugarcane molasses), produced for human consumption, and consisting of, or containing, sucrose or invert sugar, including raw sugar, refined crystalline sugar, edible molasses, edible cane syrup, and liquid sugar.

**Sugar beet processor** means an allocation holder who commercially produces sugar, directly or indirectly, from sugar beets, sugar beet molasses, or in-process beet sugar whether domestically produced or imported, has a viable processing facility and a supply of sugar beets for the applicable allotment year.

**Sugarcane processor** means an allocation holder who commercially produces sugar, directly or indirectly, from sugarcane, has a viable processing facility and a supply of sugarcane for the applicable allotment year.

**Sugar syrup** means a direct-consumption liquid sugar with a sucrose content of less than 94 percent of the total soluble solids. Weight is based on sugar solids contained.

**Swap** means when a sugar company delivers sugar for the account of another sugar company due to freight savings. In turn the company who delivers the sugar to another sugar company's customer will report such transaction to USDA as a shipment/return of swap sugar. The receiving sugar company will report the transaction as a receipt of swap sugar.

**Syrup** means a viscous, concentrated sugar solution resulting from the evaporation of water, or the remaining liquor after crystallization of sugar from a solution.



**Tolling** means when company A has a product (ex: molasses and thick juice) that is owned by company B. Company A converts the product to refined sugar and sends it back to company B. Company B maintains ownership of it.

**Ton** means a short ton or 2,000 pounds.

**USDA** means the United States Department of Agriculture.

**Weight Shrink/Gain:** means the percent change in sugar beet weight from the time of piling, until the time of slicing. Shrink should be entered as a (-) negative.

# **ATTACHMENT 3**



A-201-845  
Suspension Agreement  
Public Document  
ITA/F&C/P&N/OP/BAU: Team

December 4, 2019

**MEMORANDUM FOR:** Jeffrey I. Kessler  
Assistant Secretary  
for Enforcement and Compliance

**FROM:** P. Lee Smith *for Chris*  
Deputy Assistant Secretary  
for Policy & Negotiations  
Enforcement and Compliance

**Subject:** Draft 2019 Amendment to the Agreement Suspending the  
Antidumping Duty Investigation on Sugar from Mexico: The  
Prevention of Price Suppression or Undercutting of Price Levels  
by the Draft Amended AD Agreement

## SUMMARY

On December 19, 2014, the U.S. Department of Commerce (Commerce) and Mexican sugar producers/exporters signed the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico (AD Agreement).<sup>1</sup> On December 4, 2019, Commerce and a representative of producers/exporters who account for substantially all of the imports of sugar from Mexico initialed a draft amendment to the AD Agreement (the draft 2019 Amendment or, collectively, the draft amended AD Agreement). The draft amended AD Agreement establishes additional mechanisms to ensure that the injurious effect of unfairly traded exports to the United States is eliminated completely. Among other things, the draft amended AD Agreement continues to mandate that for each entry of each exporter of subject merchandise, the amount by which the estimated normal value exceeds the export price (or constructed export price) will not exceed 15 percent of the weighted-average amount by which the estimated normal value exceeded the export price (or constructed export price) for all entries of the producer/exporter examined during the course of the investigation.<sup>2</sup> In addition, the draft amended AD Agreement establishes higher reference prices for the sale of subject merchandise compared to the original AD Agreement, to ensure that the suppression or undercutting of price levels of domestic products by imports of subject merchandise is prevented. This memorandum addresses the prevention of the suppression or undercutting of price levels of domestic products by imports of Mexican sugar, based on the reference prices contained in Appendix I of the draft amended AD Agreement.

<sup>1</sup> See *Sugar from Mexico: Suspension of Antidumping Investigation*, 79 FR 78039 (December 29, 2014) (AD Agreement).

<sup>2</sup> See draft amended AD Agreement at Section VI and Appendix II.



## LEGAL STANDARD

Pursuant to section 734(c) of the Tariff Act of 1930, as amended (the Act), Commerce may enter into a suspension agreement with producers/exporters representing substantially all<sup>3</sup> of the imports of subject merchandise if such an agreement eliminates completely the injurious effects of dumping. As the antidumping duty (AD) law is intended to remedy sales at “less than fair value,”<sup>4</sup> Commerce ensures that injurious effects are remedied primarily through an agreement to revise prices in such a way that price suppression and undercutting will be prevented.<sup>5</sup> Neither the Act nor Commerce’s regulations contain a definition of price “suppression” or “undercutting.” Moreover, the legislative history of this provision does not contain any discussion of the terms “suppression” or “undercutting.” Because the Act is ambiguous, Commerce has discretion as to how these terms may reasonably be interpreted.<sup>6</sup>

In determining how best to interpret the terms within the context of the draft amended AD Agreement, guidance can be drawn from canons of statutory construction, which provide that “all parts of a statute { } are construed together.”<sup>7</sup> Moreover, “{i}dential words used in different parts of the same, or a similar, statute usually have the same meaning.”<sup>8</sup> Accordingly, in developing a reasonable definition of price suppression or undercutting, it is instructive to examine section 771(7) of the Act, which references price suppression and undercutting in setting out the procedures that the United States International Trade Commission (ITC) must follow in making its material injury determinations.

The statute directs the ITC to consider various factors, including price, when determining whether a domestic industry is materially injured by imports of merchandise subject to an investigation. Specifically, Section 771(7)(C) of the Act provides that:

- (ii) Price -- In evaluating the effect of imports of such merchandise on prices, the {ITC} shall consider whether --

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<sup>3</sup> See 19 CFR 351.208(c) (defining exporters that account for “substantially all” as “exporters and producers that have accounted for not less than 85 percent by volume or value of the subject merchandise”).

<sup>4</sup> See Section 731 of the Act.

<sup>5</sup> Agreements also require that exporters make entries consistent with section 734(c)(1)(B) of the Act, which requires elimination of 85 percent of dumping.

<sup>6</sup> See, e.g., *United States v. Eurodif S.A.*, 555 U.S. 305, 306 (2009) (holding that Commerce’s “interpretation governs in the absence of unambiguous statutory language to the contrary or unreasonable resolution of language that is ambiguous”); see also *Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc.*, 467 U.S. 837, 843-44 (1984) (requiring deference to an agency’s reasonable interpretation of an ambiguous statute it is charged with administering).

<sup>7</sup> See Norman J. Singer, *Sutherland Stat. Const.* § 51:1 (7th ed. revised 2012). In addition, “each part or section should be construed in connection with every other part or section to produce a harmonious whole.” Norman J. Singer, *Sutherland Stat. Const.* § 46:5 (7th ed. revised 2014); see also Norman J. Singer, *Sutherland Stat. Const.* § 51.03 (6th ed. 2000) (“each section of a law which deals with the same subject matter must be read in pari materia with other sections on the same subject.”). See Norman J. Singer, *Sutherland Stat. Const.* § 46:6 (7th ed. revised 2014); see also Norman J. Singer, *Sutherland Stat. Const.* § 46:6 (7th ed. 2007) (“the same words used twice in the same act are presumed to have the same meaning”).

<sup>8</sup> See Norman J. Singer, *Sutherland Stat. Const.* § 46:6 (7th ed. revised 2014); see also Norman J. Singer, *Sutherland Stat. Const.* § 46:6 (7th ed. 2007) (“the same words used twice in the same act are presumed to have the same meaning”).

- (I) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.<sup>9</sup>

Similarly, when the ITC analyzes the threat of material injury, it considers, among other factors, “whether imports of the subject merchandise are entering {the United States} at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports . . . .”<sup>10</sup>

Assuming that subsections 771(7)(C)(ii) and (7)(F)(i)(IV) of the Act were intended to be parallel, a comparison of the phrase “depressing or suppressing” in subsection 771(7)(F)(i)(IV) to “depresses prices . . . or prevents price increases which otherwise would have occurred” in subsection 771(7)(C)(ii) indicates that the term price “suppression” can reasonably be interpreted as generally encompassing import pricing practices that depress prices or prevent price increases that otherwise would have occurred. The legislative history to section 771(7)(C) supports such an interpretation. The Senate Report, for example, states that the ITC “would consider whether there has been significant price undercutting . . . and whether such imports have depressed or suppressed such prices to a significant degree.”<sup>11</sup>

If a reasonable interpretation of the term “suppression” in section 734(c) of the Act is the “prevent {ion of} price increases which otherwise would have occurred,” it follows that Commerce may enter into a section 734(c) suspension agreement if it determines that imports of the subject merchandise under the agreement will not prevent price increases or undercut price levels of the affected domestic products. Finally, as noted above, because section 734(c) of the Act, Commerce’s regulations, and the pertinent legislative history do not contain any discussion of the terms “suppression” or “undercutting,” the interpretation and application of these terms is committed to Commerce’s discretion.

Commerce recognizes that the requirement to prevent price suppression and undercutting is by definition forward looking based upon the terms of section 734(c)(1)(A). Determining whether an agreement successfully meets that standard therefore would require an examination of some time period after the agreement is in place. Given the temporal nature of section 734(c)(1)(A), Commerce draws upon section 771(7)(C)(ii) of the Act in its interpretative analysis. That provision states that the ITC in its price analysis “shall consider whether there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States,” and whether “the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.” By contrast, section 734(c)(1)(A) of the Act allows for such agreements if price suppression or undercutting “will be prevented.”

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<sup>9</sup> See Section 771(7)(C) of the Act (*emphasis added*).

<sup>10</sup> See Section 771(7)(F)(i)(IV) of the Act (*emphasis added*).

<sup>11</sup> See S. Rep. 96-249 at 87, *reprinted in* 1979 U.S.C.C.A.N. 381, 473 (1979).

## ANALYSIS

### **Summary of Factors Examined**

Based on the analysis detailed in this memorandum, Commerce preliminarily determines that the draft amended AD Agreement, the amended product categories, and the amended reference prices contained therein, fulfill the statutory requirement, set forth in section 734(c)(1)(A) of the Act, that the draft amended AD Agreement prevent the suppression or undercutting of price levels of domestic products by imports of sugar from Mexico. In determining what reference prices should be established in this draft amended AD Agreement to prevent price suppression or undercutting, Commerce analyzed how possible reference prices compared to other pricing of sugar in the U.S. market. Further, Commerce analyzed possible reference prices in relation to several other significant factors, as discussed below. As a result of these analyses, Commerce is satisfied that the reference prices stipulated in the draft amended AD Agreement meet the statutory obligation to prevent price suppression or undercutting.

In determining the appropriate minimum prices, *i.e.*, reference prices, to set in this draft amended AD Agreement for imports of sugar from Mexico entering the United States, Commerce considered a variety of factors that affect price formation in the U.S. market. Among other factors, Commerce considered the state of the industry, market conditions that affect price (such as the U.S. sugar program), and, in particular, the loan forfeiture prices of sugar for U.S. producers under the U.S. sugar program. In addition, Commerce examined historical pricing patterns for sugar by U.S. producers selling in the U.S. market and the differences between pricing of sugar at different polarity levels. Further, Commerce examined the amended reference prices in relation to the draft amended AD Agreement's requirement that signatory producers/exporters of Mexican sugar eliminate 85 percent of the dumping for each entry of sugar from Mexico.<sup>12</sup> Commerce also considered provisions of the draft amendment to the accompanying Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico (the draft 2019 CVD Amendment or, collectively, the draft amended CVD Agreement), which limit the quantity of imports of sugar from Mexico into the United States, based upon forecasts provided by the United States Department of Agriculture (USDA).<sup>13</sup> Based upon Commerce's examination of these factors, Commerce finds that it has established minimum prices that ensure the prevention of price suppression or price undercutting by imports of sugar from Mexico under the terms of the draft amended AD Agreement.

### **State of the Industry**

Commerce's analysis with respect to the draft amended AD Agreement's reference prices, and their ability to prevent price suppression or undercutting in the domestic market, is informed in a critical way by the current structure of the U.S. sugar market and how that market operates under

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<sup>12</sup> See draft amended AD Agreement at section VI and Appendix II.

<sup>13</sup> See *Sugar from Mexico: Suspension of Countervailing Duty Investigation*, 79 FR 78044 (December 29, 2014) (CVD Agreement); see also Memorandum to All Interested Parties, "Draft Amendment to the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico" (December 4, 2019) (Draft Amended CVD Agreement).

statutory programs administered by the U.S. government. Importantly, the United States government, under statutory authority vested in USDA, carefully manages the U.S. sugar market through the U.S. sugar program. The U.S. sugar program relies on “price supports, domestic marketing allotments, and tariff-rate quotas (TRQs) to influence the amount of sugar available to the U.S. market.”<sup>14</sup> The U.S. sugar program was created by Congress in the Agriculture and Food Act of 1981 and has been reauthorized with some modifications in successive legislation.<sup>15</sup> Importantly, the program is required to operate, to the maximum extent possible, at no cost to the Federal Government by avoiding loan forfeitures to the Commodity Credit Corporation (CCC),<sup>16</sup> a Federal corporation within USDA that was created in part to stabilize, support, and protect farm income and prices.<sup>17</sup>

*Price Supports:* Under the U.S. sugar program, USDA provides domestic price support by means of its Sugar Loan Program, which provides nonrecourse loans to processors of domestically-grown sugarcane and sugar beets.<sup>18</sup> The Agricultural Improvement Act of 2018 (2018 Farm Bill) provides USDA’s Farm Service Agency (FSA) with the authority to administer these nonrecourse loans for the 2019 through 2023 crops on behalf of the CCC.<sup>19</sup> Such loans provide U.S. sugar producers with interim financing at harvest time to meet cash flow needs which might otherwise require them to sell their commodities when market prices are typically at harvest-time lows.<sup>20</sup> This allows producers to store production at harvest, thereby facilitating more orderly marketing throughout the crop year.<sup>21</sup> Specifically, the 2018 Farm Bill provides for USDA to make nonrecourse loans available to processors of domestically-grown sugarcane and sugar beets at specified rates, or “forfeiture prices,” for raw cane<sup>22</sup> and refined beet sugar, respectively.<sup>23</sup> The program gives sugar processors the option to retire these loans by forfeiting the in-process sugar and syrup used as collateral.<sup>24</sup> This “forfeiture price” effectively establishes a floor under the price of sugar produced in the United States.

*Quantitative Limits:* In addition to setting a price floor on domestic sugar via price supports, the U.S. sugar program regulates the sugar market through quantitative limits on both domestic supply and imports. USDA establishes domestic marketing allotments for sugar sold in the

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<sup>14</sup> See Attachment 1: USDA’s Economic Research Service (ERS), “Sugar & Sweeteners – Policy,” available at <http://www.ers.usda.gov/topics/crops/sugar-sweeteners/policy.aspx>.

<sup>15</sup> *Id.*

<sup>16</sup> *Id.*

<sup>17</sup> See Attachment 2: USDA, “Commodity Credit Corporation,” available at <https://www.usda.gov/ccc>.

<sup>18</sup> See Attachment 1.

<sup>19</sup> See Attachment 3: USDA’s FSA, “The 2018 Farm Bill – What Is New and What Has Changed” at 5 (2019) available at [https://www.farmers.gov/sites/default/files/documents/FSA-FarmBill2018\\_WhatsChangedExpanded-19.pdf](https://www.farmers.gov/sites/default/files/documents/FSA-FarmBill2018_WhatsChangedExpanded-19.pdf).

<sup>20</sup> See Attachment 1.

<sup>21</sup> See Attachment 4: USDA’s FSA, “Commodity Loans” available at <https://www.fsa.usda.gov/programs-and-services/price-support/commodity-loans/index>.

<sup>22</sup> See Attachment 5: USDA defines “raw sugar” as “any sugar not suitable for human consumption without further refinement, regardless of polarity,” available at [https://www.fsa.usda.gov/Internet/FSA\\_File/sugar\\_glossary.pdf](https://www.fsa.usda.gov/Internet/FSA_File/sugar_glossary.pdf).

<sup>23</sup> See Attachment 1. With regard to the sugar program, the 2018 Farm Bill generally extended the provisions of the 2014 Farm Bill and made few changes. See Attachment 6: Congressional Research Service, “The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison” at CRS-65 (February 22, 2019).

<sup>24</sup> “Producers have the option to deliver the pledged sugar collateral to CCC as full payment for the loan at maturity.” See Attachment 4.

United States for domestic human consumption by domestic sugar beet and sugarcane processors. As USDA has explained, “the overall allotment quantity (OAQ) is determined subject to two conditions: 1) domestic sugar prices remain above forfeiture levels and 2) the OAQ is at least 85 percent of estimated deliveries for domestic human consumption for the marketing year (October to September).”<sup>25</sup>

Under the U.S. sugar program, the United States also establishes TRQ allotments for imports of raw cane sugar, refined sugars, sugar syrups, specialty sugar, and sugar-containing products.<sup>26</sup> Pursuant to the Uruguay Round Agreements Act, USDA establishes for each federal fiscal year (beginning October 1) the TRQ volumes that govern the amount of imports of raw cane sugar, refined sugar, sugar syrups, specialty sugars, and sugar-containing products that may enter the United States, allowing a certain quantity of sugar to enter the country under a low tariff.<sup>27</sup> (Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities.) The United States Trade Representative allocates the TRQs among various countries pursuant to the United States’ WTO commitments.<sup>28</sup> According to USDA, these import restrictions are intended to fulfill U.S. commitments under the various international agreements.<sup>29</sup> In accordance with the terms of the North American Free Trade Agreement (NAFTA), imports of sugar from Mexico are not subject to quantitative limitations.<sup>30</sup>

In addition, USDA’s World Agricultural Outlook Board (WAOB) coordinates, reviews, and approves the monthly *World Agricultural Supply and Demand Estimates* (WASDE) report that includes data on “U.S. Sugar Supply and Use.”<sup>31</sup>

### **Price Restriction**

The statute directs that an antidumping duty suspension agreement accepted under section 734(c) must eliminate completely the injurious effect of exports to the United States of subject merchandise. One of the means by which the draft amended AD Agreement satisfies this requirement is the price restriction provision contained in the draft amended AD Agreement. The draft amended AD Agreement contains reference prices below which the signatory producers/exporters agree not to sell the subject merchandise (*i.e.*, minimum prices). The draft amended AD Agreement defines Refined Sugar as having a polarity of 99.2 or above (except in

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<sup>25</sup> See Attachment 1.

<sup>26</sup> See Attachment 7: USDA’s Foreign Agricultural Service, “Sugar Import Program,” available at <http://www.fas.usda.gov/programs/sugar-import-program>; see also Attachment 8: USDA’s ERS, “Sugar & Sweeteners – Trade,” available at <http://www.ers.usda.gov/topics/crops/sugar-sweeteners/trade.aspx>; see also Attachment 9: United States Trade Representative, “Sugar,” available at <https://ustr.gov/issue-areas/agriculture/sugar>.

<sup>27</sup> See Attachment 7 and Attachment 9.

<sup>28</sup> See Attachment 9.

<sup>29</sup> See Attachment 7.

<sup>30</sup> Section 201(b) of the North American Free Trade Agreement Implementation Act, 19 U.S.C. 3331(b), authorized the President to proclaim accelerated schedules of duty elimination consistent with Article 302(3) of the NAFTA. See Presidential Proclamation 8180 of September 28, 2007, To Provide for Duty Elimination for Certain Goods of Mexico Under the North American Free Trade Agreement. 72 FR 56171 (October 2, 2007).

<sup>31</sup> See, e.g., Attachment 10: *World Agricultural Supply and Demand Estimates*, WASDE – 593 (October 10, 2019) at 16. (WASDE reports are available at <http://www.usda.gov/oce/commodity/wasde/>.)



the case of Additional U.S. Needs Sugar),<sup>32</sup> and sets a reference price for that sugar at \$0.2800, or 28.00 cents per pound (lb.), as produced and measured on a dry basis. For sugar with a polarity below 99.2, defined as Other Sugar (except in the case of Additional U.S. Needs Sugar),<sup>33</sup> the reference price is \$0.2300, or 23.00 cents/lb., as produced and measured on a dry basis.<sup>34</sup> Both prices are on a Free On Board (FOB) plant basis, whether freely flowing or in totes weighing one (1) MT or greater as the sugar leaves the mill. In addition, with regard to the amended reference prices, the draft amended AD Agreement stipulates that Mexican signatory producers and exporters must ensure that the delivered sales price for all sugar from Mexico exported to the United States must include all expenses, *e.g.*, transportation, de-bagging, warehousing, handling, and packaging charges, in excess of the FOB plant Reference Price.<sup>35</sup> Thus, the draft amended AD Agreement emphasizes that, when setting sales prices, the producers/exporters of Mexican sugar must account for all costs and expenses incurred up until delivery to the first unaffiliated customer in the United States, in addition to the noted reference prices.

In Commerce's analysis determining that the draft amended AD Agreement meets the statutory public interest criterion, in accordance with section 734(d)(1) of the Act, Commerce determined that the reference prices in the draft amended AD Agreement will ensure that sugar imports from Mexico are fairly-traded. Specifically, Commerce stated the following:

Under the terms of the amended Agreement, the signatory producers/exporters of the subject merchandise who account for substantially all of the imports of that merchandise, as described above, have agreed to revise their prices to eliminate completely the injurious effect of exports to the United States of that merchandise. Furthermore, . . . the amended definitions of Refined Sugar and Other Sugar will ensure an adequate supply of input material to the U.S. industry for further processing, a crucial benefit that could not be guaranteed with an antidumping duty order. . . . As such, the amended Agreement will benefit U.S. producers by ensuring that imports of the subject merchandise are fairly-traded at prices at or above the reference prices and should not, therefore, negatively impact the competitiveness of the domestic industry.<sup>36</sup>

In determining what reference prices should be established in the draft amended AD Agreement for Refined Sugar and Other Sugar to prevent price suppression or undercutting, consistent with

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<sup>32</sup> Where sugar from Mexico is Additional U.S. Needs Sugar, as defined in section II.O of the draft amended AD Agreement, any such Refined Sugar has a polarity of 99.5 and above, or other polarity designated by USDA, as produced and measured on a dry basis.

<sup>33</sup> Where sugar from Mexico is Additional U.S. Needs Sugar, as defined in section II.O of the draft AD Agreement, any such Other Sugar has a polarity of less than 99.5, or other polarity as designated by USDA, as produced and measured on a dry basis.

<sup>34</sup> See draft amended AD Agreement at Appendix I.

<sup>35</sup> *Id.*

<sup>36</sup> See Memorandum to Jeffrey I. Kessler, Assistant Secretary for Enforcement and Compliance, "Draft 2019 Amendment to the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico: U.S. Import Coverage, Existence of Extraordinary Circumstances, Public Interest, and Effective Monitoring Assessments" (December 4, 2019).

section 734(c)(1)(A) of the Act, Commerce analyzed how possible reference prices compared to other pricing of sugar in the U.S. market.

In the draft amended AD Agreement, the polarity division between Refined Sugar and Other Sugar that is not Additional U.S. Needs Sugar, 99.2 degrees and above versus below 99.2 degrees, respectively, differs from the 99.5 polarity division between refined and raw sugar (99.5 and above versus below 99.5, respectively) contemplated by the Harmonized Tariff Schedule of the United States (HTSUS).<sup>37</sup> Since the original AD agreement was signed, it has not been apparent that any other country exports or has historically exported to the United States significant quantities of sugar below 99.5 degrees polarity that is also fit for direct consumption, whereas under the original AD Agreement Mexico exported to the United States significant quantities of “estandar” sugar that may fall under 99.5 degrees but is fit for direct consumption.<sup>38</sup> Thus, there is reason to apply a different threshold for shipments of Other Sugar from Mexico in the context of this draft amended AD Agreement, which must completely eliminate the injurious effects of sugar imports from Mexico. Therefore, for purposes of this reference price analysis, we have determined that it is reasonable to compare Other Sugar prices in the draft amended AD Agreement to raw sugar prices used in other contexts, such as the U.S. sugar program and the TRQs. Further, with respect to the reference prices for Refined Sugar in the draft amended AD Agreement, we have determined that it is likewise reasonable to compare these prices to refined sugar prices in other contexts, such as the U.S. sugar program and the TRQs.

#### *Comparison of Amended Reference Prices with USDA Forfeiture Prices*

At the outset of the proceeding, one of the allegations of the petitioners in the petition was that a flood of low-priced imports of sugar from Mexico drove prices below forfeiture rates set for the USDA’s sugar program.<sup>39</sup> In 2017, the petitioners renewed these concerns regarding certain sugar prices falling near the forfeiture level.<sup>40</sup> Today, in 2019, the petitioners raise the same concerns.<sup>41</sup> The forfeiture rates represent important minimum prices for U.S. sugar set by Congress in the 2018 Farm Bill. If Mexican imports of sugar were to depress prices enough to cause such forfeitures it would undermine U.S. government policy, set by Congress, and could be costly for American taxpayers. Accordingly, Commerce considered the 2018 Farm Bill

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<sup>37</sup> See Attachment 11: U.S. International Trade Commission’s Harmonized Tariff Schedule of the United States (HTSUS) (2019), “Chapter 17: Sugars and Sugar Confectionary,” at 17-1. For the purposes of importation into the United States, the HTSUS classifies raw sugar as “sugar whose content of sucrose by weight, in the dry state, corresponds to a polarimeter reading of less than 99.5 degrees.” *Id.*

<sup>38</sup> See Letter to Wilbur Ross, Secretary of Commerce, from the American Sugar Coalition and Its Members, “Sugar from Mexico: Comments Regarding Proposed Amendments to Suspension Agreements” at Attachment 4 (November 14, 2019) (ASC Comments) (“In other words, through September 2015, Mexican exports {i.e. direct consumption imports} that bypassed refiners were increasing.”).

<sup>39</sup> See Attachment 12: “Petitions for the Imposition of Antidumping Duties and Countervailing Duties on Imports of Sugar from Mexico” before the International Trade Administration of the United States Department of Commerce and the United States International Trade Commission, on behalf of the American Sugar Coalition and its Members: American Sugar Cane League, American Sugarbeet Growers Association, American Sugar Refining, Inc., Florida Sugar Cane League, Hawaiian Commercial and Sugar Company, Rio Grande Valley Sugar Growers, Inc., Sugar Cane Growers Cooperative of Florida and the United States Beet Sugar Association” at 52 (March 28, 2014).

<sup>40</sup> See ASC Comments at Attachment 1.

<sup>41</sup> See generally, ASC Comments.

forfeiture prices when determining the reference price levels and whether the reference prices in the draft amended AD Agreement are sufficient to prevent prices suppression or undercutting.

Commerce first compared possible amended reference prices to the 2018 Farm Bill forfeiture prices for the various sugar-producing regions of the United States.<sup>42</sup> As described above, the 2018 Farm Bill provides for USDA to make nonrecourse loans available to processors of domestically-grown sugarcane and sugar beets at specified rates for raw cane and refined beet sugar, respectively. Specifically, for each of the 2019 through 2023 crop years, the 2018 Farm Bill specifies the national average loan rates for raw cane sugar as 19.75 cents/lb. and for refined beet sugar as 25.37 cents/lb.<sup>43</sup> These loan rates are adjusted to reflect the processing location of the sugar pledged as collateral. Thus, the regional fiscal year 2020 crop loan rates for raw cane sugar range from 19.07 cents/lb. to 20.50 cents/lb. The regional fiscal year 2020 crop loan rates for refined beet sugar range from 25.03 cents/lb. to 26.67 cents/lb.<sup>44</sup> As noted previously, the forfeiture prices represent floor prices at which U.S. producers may forfeit their in-process sugar and syrup loan collateral instead of selling their sugar in the market. The loan forfeiture prices provide an important benchmark for determining effective reference prices aimed at preventing price suppression or undercutting of sugar prices in the U.S. market. Forfeiture prices represent minimum prices established by Congress to provide price support to U.S. sugar producers. Ensuring that the reference prices for Refined Sugar and Other Sugar are above the respective forfeiture prices will contribute to maintaining U.S. sugar prices at a sufficiently high level to avoid forfeitures by U.S. producers. In this way, the draft amended AD Agreement's reference prices operate in a manner consistent with the U.S. sugar program to maintain the program's Congressionally-mandated price support and ensure loans are not forfeited under the program.<sup>45</sup>

Regarding Refined Sugar, the draft amended AD Agreement's reference price of 28.00 cents/lb. for Refined Sugar is 2.62 cents/lb., or 10.32 percent, higher than the 2018 Farm Bill's national average loan rate of 25.38 cents/lb. for refined beet sugar. Compared to the original AD Agreement, the 28.00 cents/lb. reference price for Refined Sugar in the draft amended AD Agreement is a two cent/lb., or an eight percent, increase from the 26.00 cents/lb. reference price. This increase is necessary in order for the reference price for Refined Sugar to remain above the most recent highest regional crop loan rate of 26.67 cents/lb. (California) for refined beet sugar.<sup>46</sup> Commerce also notes that the 2018 Farm Bill's increase of refined beet sugar loan rates to 25.38 cents/lb.<sup>47</sup> brings that price close to the minimum price for Refined Sugar in the original AD Agreement. Considering this, the increase to 28.00 cents/lb. will help ensure that domestic sugar producers have room to increase their prices above the forfeiture prices when competing with Mexican sugar imports. This further assures that price suppression will be prevented.

Regarding Other Sugar, the draft amended AD Agreement's reference price of 23.00 cents/lb. is

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<sup>42</sup> See Attachment 13: USDA's FSA, "USDA Announces Fiscal Year 2020 Sugar Loan Rates, Allotment and Marketing Allocations, and Feedstock Flexibility Program Updates" (September 27, 2019).

<sup>43</sup> *Id.*

<sup>44</sup> *Id.*

<sup>45</sup> See Attachment 1.

<sup>46</sup> See Attachment 13.

<sup>47</sup> See Attachment 6 at CRS-65

3.25 cents/lb., or 16.46 percent, higher than the 2018 Farm Bill's national average loan rate of 19.75 cents/lb for raw cane sugar.<sup>48</sup> Compared to the original AD Agreement, the 23.00 cents/lb. reference price for Other Sugar is a 0.75 cent/lb., or a three percent, increase from the 22.25 cents/lb. reference price in the original AD Agreement. This increase maintains some parity with Congress' increase of the forfeiture price of raw cane sugar in the 2018 Farm Bill, which was raised from 18.75 cents per lb. to 19.75 cents per lb.<sup>49</sup> Additionally, the increase ensures that the reference price for Other Sugar is higher than the most recent highest regional loan rate for raw cane sugar of 20.50 cents/lb. (Louisiana).<sup>50</sup>

As noted above, the Refined Sugar and Other Sugar reference prices in the draft amended AD Agreement are stated on an FOB plant basis, whether freely flowing or in totes weighing one (1) MT or greater as the sugar leaves the mill, meaning that the actual sales prices in the United States will be even higher, once the appropriate packaging, transportation and other costs are added to result in delivered prices in the United States. In fact, the draft 2019 Amendment contains an explicit statement regarding the charges producers and exporters of sugar from Mexico must ensure are captured in a delivered price to the United States' customer, as follows:

Mexican Signatory producers/exporters must ensure that the delivered sales price for all Sugar from Mexico exported to the United States must include all expenses, *e.g.*, transportation, de-bagging, warehousing, handling, and packaging charges, in excess of the FOB plant Reference Price. As specified in Sections VII.B.1 and VII.B.2 of the Agreement, Commerce has the authority to request sales information, and to verify such information, which demonstrates compliance with the Reference Prices and terms of the Agreement.<sup>51</sup>

Thus, the reference prices mandated in the draft amended AD Agreement will result in prices for sugar imports from Mexico into the United States that are well above the 2018 Farm Bill loan forfeiture prices and will ensure that Mexican sugar import prices will not fall below those forfeiture prices. The revised reference prices ensure that prices for sugar imports from Mexico will not contribute to price declines in the U.S. market that may lead to forfeitures by U.S. producers. The reference prices in the draft amended AD Agreement thus work in concert with the U.S. sugar program to prevent the suppression or undercutting of U.S. domestic price levels for sugar.

#### *Comparison of Amended Reference Prices with Economic Research Service Prices*

In determining reference prices for Refined and Other Sugar, Commerce also considered how these prices compared to U.S. prices for raw and refined sugar as compiled by USDA's Economic Research Service (ERS). Commerce analyzed data up to the period where the original AD Agreement applied in order to establish a comparison between the original AD Agreement and the draft amended AD Agreement. Specifically, Commerce compared the draft amended

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<sup>48</sup> See Attachment 13.

<sup>49</sup> See Attachment 6 at CRS-65

<sup>50</sup> See Attachment 13.

<sup>51</sup> See draft amended AD Agreement at Appendix I.

AD Agreement's reference price for Refined Sugar, 28.00 cents/lb., to U.S. wholesale prices for refined beet sugar in Midwest markets, as compiled by ERS for the period from 1987 through 2017.<sup>52</sup> Using a publicly-available transportation cost estimate of 3.00 cents/lb.<sup>53</sup> for refined sugar, and assuming other add-ons to the FOB plant reference price such as interest and storage charges, Commerce finds that the resulting estimated price for Refined Sugar is above the average of historical U.S. prices shown for refined sugar in Attachment 10. Specifically, an estimated price of 31.00 cents/lb. (28.00 cents reference price plus 3.00 cents for transportation cost) is above the average U.S. price for refined beet sugar shown for 1987 through 2017 (30.00 cents/lb. by calendar year or 29.91 cents/lb. by fiscal year).<sup>54</sup>

Commerce also compared the amended Refined Sugar reference price of 28.00 cents/lb., plus 3.00 cents for transportation cost, for a total of 31.00 cents/lb., to the average of the U.S. wholesale prices for refined beet sugar in Midwest markets for the 2013 through 2017 fiscal-year average of 30.99 cents/lb.<sup>55</sup> The estimated price of 31.00 cents/lb. for Refined Sugar under the draft amended AD Agreement is essentially equivalent to this five-year average of 30.99 cents/lb. covering the period just before the original AD Agreement went into effect through the end of 2017. Therefore, raising the Refined Sugar reference price to 28.00 cents/lb. ensures that imported Mexican Refined Sugar will be sold at or above a price (with the estimated transportation cost added on) that approximates the five-year average of U.S. wholesale refined beet sugar prices.<sup>56</sup>

Similarly, Commerce compared the draft amended AD Agreement's reference price for Other Sugar of 23.00 cents/lb. to U.S. prices for raw sugar, duty-fee paid, New York, as compiled by ERS for the period from 1987 through 2017.<sup>57</sup> Using the same publicly-available transportation cost estimate of 3.00 cents/lb., and assuming other add-ons to the FOB plant reference price such as interest and storage charges, Commerce finds that the resulting estimated price for Other Sugar is above the average of historical U.S. prices shown for raw sugar in Attachment 11.<sup>58</sup> Specifically, an estimated price of 26.00 cents/lb. (23.00 cents reference price plus 3.00 cents for

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<sup>52</sup> See Attachment 14: "Table 5 - U.S. wholesale refined U.S. beet sugar price, Midwest markets, monthly, quarterly, and by calendar and fiscal year," available at <http://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables.aspx>.

<sup>53</sup> See Attachment 15: Memorandum to Paul Piquado, Assistant Secretary for Enforcement and Compliance, "The Prevention of Price Suppression or Undercutting of Price Levels by the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico" at 9 (February 6, 2015) (citing John Beghin and Amani Elobeid, "The Impact of the U.S. Sugar Program Redux" (May 2013)); see also Letter to Wilbur Ross, Secretary of Commerce, from Imperial Sugar Company, "Sugar from Mexico, Case Nos. C-201-846 and A-201-845, Rebuttal to Interested Party Comments on Proposed Amendments to the Suspension Agreements" at Exhibit 1, Attachment 2 (November 21, 2019) ("And the transportation costs {for world market sugar} can be anything from 2 cents a pound to 4 cents a pound.").

<sup>54</sup> See Attachment 14.

<sup>55</sup> *Id.*

<sup>56</sup> *Id.*

<sup>57</sup> See Attachment 16: "Table 4—U.S. raw sugar price, duty-fee paid, New York, monthly, quarterly, and by calendar and fiscal year," at <http://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables.aspx>.

<sup>58</sup> *Id.*

transportation cost) is above the U.S. raw sugar prices shown for 1987 through 2017 (23.51 cents/lb. by calendar year or 23.46 cents/lb. by fiscal year).<sup>59</sup>

In addition, Commerce compared the amended Other Sugar reference price of 23.00 cents/lb., plus 3.00 cents for transportation cost, for a total of 26.00 cents/lb., to the average of the U.S. prices for raw sugar, duty-fee paid, New York, for the 2013 through 2017 fiscal-year average of 24.81 cents/lb.<sup>60</sup> The estimated price of 26.00 cents/lb. for Other Sugar under the draft amended AD Agreement is higher than this five-year average of 24.81 cents/lb. Therefore, raising the Other Sugar reference price to 23.00 cents/lb. ensures that imported Mexican Other Sugar will be sold at or above a price (with the estimated transportation cost added on) that approximates the recent five-year average of U.S. raw sugar prices.<sup>61</sup>

#### *Amended Definitions of Other Sugar and Refined Sugar*

Moreover, the revised reference prices work in conjunction with other aspects of the draft 2019 Amendment, in particular the revised definitions of Other Sugar and Refined Sugar. Specifically, the draft 2019 Amendment revises the reference price categories by designating sugar from Mexico with a polarity of 99.2 and above as Refined Sugar subject to the reference price for such sugar.<sup>62</sup> Further, the draft 2019 Amendment defines “Other Sugar” as sugar at a polarity of less than 99.2 degrees and shipped in bulk, freely flowing.<sup>63</sup> New provisions in the draft amended AD Agreement, which move the dividing line between Refined and Other Sugar down to 99.2 from 99.5 degrees, and add shipping conditions for Other Sugar, address the U.S. domestic industry’s concern<sup>64</sup> that a large portion of Other Sugar under the original AD Agreement bypassed cane refiners for direct consumption or end use.

The petitioners have asserted that the sale of Mexican “estandar” (standard or semi-refined sugar), which is subject to the lower reference price for Other Sugar in the original AD Agreement, hinders the competitiveness of U.S. cane refiners by diminishing the supply of Mexican sugar for their processing operations, supplanting their sales of refined sugar, and suppressing U.S. prices for refined sugar.<sup>65</sup> Semi-refined sugar of a polarity under, but near 99.5 degrees, when packaged to avoid contamination, may be fit for human consumption without any processing to increase its polarity. Indeed, information on the record indicates Mexican “estandar” is fit for such use and has a minimum polarity of 99.4 degrees.<sup>66</sup> Such semi-refined sugar functions in the market as the equivalent of Refined Sugar, but was permitted under the terms of the original AD Agreement to enter at the lower reference price for Other Sugar.<sup>67</sup>

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<sup>59</sup> *Id.*

<sup>60</sup> *Id.*

<sup>61</sup> *Id.*

<sup>62</sup> See draft amended AD Agreement at section II.H.

<sup>63</sup> *Id.* at section II.F.

<sup>64</sup> See Letter to Wilbur Ross, Secretary of Commerce from Imperial Sugar Company, “Sugar from Mexico, Case Nos. C-201-846 and A-201-845, Comments on the Draft Amendments to the Suspension Agreements” at 2-3 (November 14, 2019).

<sup>65</sup> See, e.g., ASC Comments at 2-3.

<sup>66</sup> See Attachment 17: Secretaria de Economia, “Sugar Industry Specifications, NMX-F-084-SCFI-2004” at sections 3.1 & 5.1 (2004).

<sup>67</sup> See ASC Comments at 2-3.

The draft 2019 Amendment’s revised definitions for Other and Refined Sugar ensure that sugar with a polarity of 99.2 through just below 99.5, including “estandar,” which could be sold at the Other Sugar reference price under the original AD Agreement, will now be sold at or above the higher Refined Sugar reference price in accordance with the modification. Among other things, the polarity change ensures that imports of sugar from Mexico with a polarity of less than 99.5 that is suitable for consumption without further processing, and thus might compete with U.S.-produced refined sugar, are subject to the higher reference price for Refined Sugar. For sugar with a polarity of between 99.2 up to 99.5, the shift to the higher reference price category of Refined Sugar results in a substantial reference price increase of 5.75 cents/lb. (from 22.25 cents/lb. for Other Sugar under the original AD Agreement, to 28.00 cents/lb. for Refined Sugar under the draft amended AD Agreement). This represents a 26 percent increase in the reference price for Mexican sugar with a polarity below 99.5, but at or above 99.2. This shift in price will prevent sales in the United States of sugar from Mexico that may serve as a substitute for Refined Sugar at prices that undercut domestic Refined Sugar prices.

Based on the comments of interested parties, Commerce also believes that the price differential increase between Refined Sugar and Other Sugar is appropriate. In the draft amended AD Agreement, the price differential between the prices for Refined and Other Sugar was increased by 1.25 cents, a 33 percent increase, from the differential between the two respective reference prices in the original AD Agreement. The petitioners alleged that under the original AD Agreement, the price spread between Refined Sugar and Other Sugar was distorted.<sup>68</sup> Historically, cheaper Other Sugar became more expensive than Refined Sugar—this is contrary to the minimum price relationship between raw sugar and refined sugar in the 2018 Farm Bill<sup>69</sup> and contrary to ordinary reason (one would expect that prices for a more processed product would have a premium compared to a less processed product).<sup>70</sup> This increase in the price differential will help prevent the suppression of Refined Sugar prices.

The change in the definition of Other Sugar in terms of polarity, and the requirement that Other Sugar is to be shipped in bulk, freely flowing, via ocean-going vessel, ensure under the draft amended AD Agreement that sugar subject to the lower reference price is sold in the market segment of sugar that requires further processing (and, thus, enters in a similar state to “raw sugar”<sup>71</sup> as defined by USDA). The shipping requirements increase the probability that cane refiners will receive enough sugar for their operations in two ways. First, the shipping requirements mean that Other Sugar will arrive in the United States in a “raw,” *i.e.*, non-food-grade state. This sugar is likely to require further processing, because it shipped “freely flowing” and thus has not been packaged to protect from contamination. Second, the petitioners state that “{a}ll cane sugar refiners, as defined by the U.S. Department of Agriculture (‘USDA’), can receive bulk sugar directly from ocean going vessels,”<sup>72</sup> meaning that U.S. cane refiners are more likely to have the ability to receive bulk sugar from ocean-going vessels than other

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<sup>68</sup> See, e.g., ASC Comments at 5-6 and Attachment 2.

<sup>69</sup> See generally, Attachment 6 at CRS-65.

<sup>70</sup> See ASC Comments at 5.

<sup>71</sup> See Attachment 5.

<sup>72</sup> See Letter to Wilbur Ross, Secretary of Commerce, from the American Sugar Coalition and Its Members, “Sugar from Mexico: Rebuttal Comments Regarding Proposed Amendments to Suspension Agreements” at 9-10 and Exhibit 1 (November 21, 2019) (ASC Rebuttal Comments).

potential users. Taken together, the shipping requirements in the draft amended AD Agreement will increase and ensure the stability of supply of Other Sugar that reaches U.S. cane refiners for further processing.

In addition, the change in definitions of Refined Sugar and Other Sugar will facilitate monitoring and verification by Commerce. The Government of Mexico's export licensing system regulates the issuance of licenses at the polarities for Other Sugar and Refined Sugar consistent with the draft amended AD and CVD Agreements' definitions.<sup>73</sup> The draft amended AD Agreement contains robust polarity testing and monitoring requirements as the sugar arrives in the United States. As a result, for a sale of Other Sugar, Commerce can request polarity testing documentation from the foreign producer, compare it to the type of sugar listed on the Mexican export license, and check those documents against the polarity documentation submitted to Commerce pursuant to section VII.C.6 of the draft amended AD Agreement.

Furthermore, altering the definitions of Refined Sugar and Other Sugar helps ensure that Mexican "estandar" sugar does not undercut refined sugar prices. As discussed above, estandar sugar competes with refined sugar in the U.S. market, and if treated as Other Sugar per the terms of the original AD Agreement, may undercut and/or suppress domestic refined sugar prices. A higher price for estandar sugar – which the revised definitions achieve, in combination with the revised reference prices – helps ensure that such competition will not injure domestic producers of refined sugar.

The change in the draft amended AD Agreement's pricing structure works in conjunction with the revised structure for the Export Limit established in the companion draft amended CVD Agreement.<sup>74</sup> The revised Export Limit, which requires that imports of Other Sugar comprise a greater percentage of total imports (from at least 47 percent to at least 70 percent of the Export Limit in any given Export Limit Period), will further ensure that an adequate supply of Other Sugar from Mexico for further processing reaches U.S. sugarcane refiners. Revising the Export Limit will provide a robust enforcement mechanism, administered by the Government of Mexico and monitored by Commerce, for ensuring that an adequate supply of Other Sugar from Mexico for further processing reaches U.S. sugarcane refiners. This is because the Government of Mexico amends its own regulations to conform with the terms of the CVD suspension agreement.<sup>75</sup> Additionally, the Government of Mexico carefully manages and monitors its exports for compliance with the Export Limit.<sup>76</sup> Thus, the revised export limit, effectuated by the Government of Mexico's export licensing system and Commerce's own monitoring of import data, provides a mechanism that limits imports of Refined Sugar from Mexico and thereby

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<sup>73</sup> See generally Letter to Wilbur Ross, Secretary of Commerce, from the Government of Mexico, Sugar from Mexico CVD Agreement: Rebuttal Comments and Factual Information to Rebut, Clarify, or Correct Factual Information in the Comments Submitted by Other Parties on Proposed Amendment" at Exhibit 1 (November 21, 2019) (GOM Rebuttal Comments).

<sup>74</sup> See draft amended CVD Agreement at section V and sections II.F and II.G (wherein "Export Limit" and "Export Limit Period," respectively, are defined).

<sup>75</sup> See GOM Rebuttal Comments at 4-5, Exhibit 1, and Exhibit 2.

<sup>76</sup> *Id.* at Exhibit 1. The GOM also regularly submits reports to Commerce pursuant to section VIII.B.1.a and b. of the CVD Agreement. See Attachment 18: Letter to Wilbur Ross, Secretary of Commerce, from the Government of Mexico, "Report on sugar export data for the period of July 1st, 2019 to July 31st, 2019 and information on sugar quota allocation" (October 7, 2019).



increases the likelihood that U.S. sugarcane refiners receive adequate supplies of Other Sugar for their processing needs.

Thus, the increased reference prices for Refined Sugar and Other Sugar in the draft 2019 Amendment, when analyzed together with the amended definitions for Refined and Other Sugar and the change to the Export Limit in the accompanying draft amended CVD Agreement, address concerns regarding the prevention of price suppression and/or undercutting in the U.S. market by supporting domestic price levels and also will ensure an adequate supply of sugar from Mexico for U.S. sugarcane refiners. Accordingly, Commerce finds that the draft amended AD Agreement, in conjunction with the import restrictions in the draft amended CVD Agreement, prevents the suppression and undercutting of domestic price levels, as required by the Act.

## **Other Factors**

### **Requirement to Eliminate 85 Percent of Dumping**

Under the draft amended AD Agreement, consistent with the original AD Agreement, each signatory producer/exporter of sugar from Mexico agrees that, for each entry of sugar from Mexico, the amount by which the estimated normal value exceeds the export price (or constructed export price, as applicable) will not exceed fifteen percent of the weighted-average amount by which the estimated normal value exceeded the export price (or constructed export price) for all less-than-fair-value entries of the producer/exporter examined during the course of the underlying AD investigation, in accordance with the antidumping duty laws, regulations, and procedures.<sup>77</sup> Commerce determined weighted-average AD margins ranging from 40.74 to 42.14 percent in the underlying investigation.<sup>78</sup> The AD Agreement also points to calculation methodologies for normal value, export price, and constructed export price, as detailed in Appendix II to the AD Agreement.<sup>79</sup> These provisions have not been changed by the draft 2019 Amendment. Therefore, under the draft amended AD Agreement, signatory producers/exporters must continue to both make their sales at or above the applicable reference prices stated in Appendix I, as revised by the draft 2019 Amendment, as well as to eliminate 85 percent of the dumping, in accordance with the terms of the draft amended AD Agreement. In other words, in pricing their sugar for the U.S. market, Mexican producers and exporters must take into account not only the amended reference prices but also the requirement to eliminate 85 percent of the dumping in accordance with the draft amended AD Agreement's guidance.

### **Volume Restriction**

The AD Agreement entered into force on December 19, 2014, together with the parallel CVD Agreement.<sup>80</sup> Section V of the draft amended CVD Agreement institutes a new structure for the

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<sup>77</sup> See AD Agreement at section VI and Appendix II.

<sup>78</sup> See *Sugar From Mexico: Final Determination of Sales at Less Than Fair Value*, 80 FR 57341 (September 23, 2015).

<sup>79</sup> See AD Agreement at Appendix II.

<sup>80</sup> See CVD Agreement at 79 FR 78047.

Export Limits that more effectively restricts the amount of sugar that Mexico exports to the United States.<sup>81</sup> In addition, the draft amended CVD Agreement modifies the ratio of Refined to Other Sugar in a given Export Limit Period and clarifies the calculation of the shipping patterns that prevent oversupply during particular periods of the crop year.<sup>82</sup> In Commerce’s analysis of whether the draft amended CVD Agreement meets the statutory public interest criterion, Commerce indicated that the volume restrictions will support price stability in the U.S. market. Specifically, Commerce stated the following:

Under the terms of the draft amended {CVD} Agreement, the GOM continues to restrict the volume of imports of subject merchandise into the United States, tying exports of sugar to the residual needs of the U.S. market, and thereby eliminating completely the injurious effect of exports to the United States of that merchandise.<sup>83</sup> The draft amended {CVD} Agreement supports price stability and predictability for consumers by halting an oversupply of Mexican sugar in the United States. By continuing to calculate the Export Limit based on U.S. needs, the draft amended {CVD} Agreement ensures the availability of sugar to the United States for U.S. sugar processors, as well as the general public.<sup>84</sup>

The Export Limits mandated by the draft amended CVD Agreement are designed to ensure a consistent and adequate supply of sugar in the U.S. market while preventing an oversupply of certain types of sugar from Mexico that could negatively impact domestic price levels. Because of concerns raised by the petitioners that adequate supplies of Other Sugar were not reaching the U.S. cane refiners, the CVD Agreement will also be amended.<sup>85</sup> The draft amended CVD Agreement thus buttresses the draft amended AD Agreement’s terms aimed at preventing price suppression or undercutting of sugar prices in the U.S. market, by both preventing an oversupply of sugar that could negatively impact prices and by ensuring an adequate input supply of sugar to U.S. cane refiners to support their operations. The draft amended CVD Agreement’s Export Limits reflect the basic economic tenet that a seller with limited quantitative access to a market will seek to obtain the highest price possible for such goods, in order to maximize revenue; in a market with quantitative limits, lower prices are likely to lead to less revenue rather than increased market share. Thus, similar to the Congressionally-mandated U.S. sugar program, the draft amended AD Agreement and the draft amended CVD Agreement work together by establishing volume restrictions and price supports that will prevent price declines. In crafting the law with regard to suspension agreements, Congress recognized that the conditions of trade, competition, and development in a particular industry will determine the effects of specific volumes on prices. As no “specific numerical standard” exists for what level of imports would be price suppressive, each suspension agreement must be tailored to the circumstances of the market and industry.<sup>86</sup>

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<sup>81</sup> See draft amended CVD Agreement at section V.B.

<sup>82</sup> *Id.* at sections V.C.3 and V.C.2, respectively.

<sup>83</sup> *Id.* at section V.

<sup>84</sup> See Memorandum to Jeffrey I. Kessler from P. Lee Smith, “Draft 2019 Amendment to the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico: Existence of Extraordinary Circumstances, Public Interest, and Effective Monitoring Assessments” (December 4, 2019).

<sup>85</sup> See draft amended CVD Agreement.

<sup>86</sup> See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1171 (CIT 1992), citing H. Rep. No. 100-40 at 131

In this case, the draft amended AD Agreement and the draft amended CVD Agreement will foster stability in the U.S. sugar market by means of reference prices and export limits, respectively. While the specific terms of the draft amended AD Agreement ensure the prevention of the suppression or undercutting of domestic sugar price levels by imports of sugar from Mexico, the draft amended CVD Agreement's quantitative restriction will create a market condition that furthers the draft amended AD Agreement's objectives through export limits.<sup>87</sup> The draft amended CVD Agreement's terms, thus, work in concert with the draft amended AD Agreement's terms and with the existing features of the U.S. sugar program. The draft amended CVD Agreement limits supply from Mexico, while the U.S. sugar program manages supply from all other sources, including U.S. producers. With the advent of these amended agreements, the U.S. sugar market continues to be regulated in terms of both floor prices and supply limitations on sugar imports from Mexico, creating market conditions that prevent price suppression or price undercutting. Thus, the draft amended AD Agreement's provisions will effectively eliminate the injurious effects of exports of sugar from Mexico and prevent price suppression or undercutting.

### **Cooperation with USDA**

As noted above, USDA has historically played a key role in managing the U.S. sugar market. Commerce closely consulted with USDA while finalizing the original AD Agreement and CVD Agreement to understand: (1) how the U.S. sugar program and market operate and (2) how any suspension agreements would be harmonized with the requirements of the U.S. sugar program to stabilize the market and avoid shortages of sugar for U.S. consumers. Since the effective date of the original AD Agreement, Commerce has consulted with USDA regularly, and both the AD Agreement and the CVD Agreement contain provisions under which information will be shared between Commerce and USDA.<sup>88</sup> In particular, a key component of the Export Limit calculation in the CVD Agreement is the information in USDA's WASDE reports.<sup>89</sup> Further, the relevant provisions in the AD Agreement and the CVD Agreement which necessitate this inter-relationship between Commerce and USDA will continue to be in force under the draft amended AD and CVD Agreements. While finalizing the respective draft amendments to the AD and CVD Agreements, Commerce consulted closely with USDA to ensure a continued close alignment with the objectives of the U.S. sugar program and the TRQs.

### **Compliance of the draft amended AD Agreement with Requirements of Section 734(c)**

Commerce finds that the reference prices for Refined Sugar and Other Sugar instituted in the draft amended AD Agreement will prevent the suppression or undercutting of domestic price

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(1987).

<sup>87</sup> As noted, the draft amended CVD Agreement creates a market condition that facilitates one of the critical aims of the draft amended AD Agreement, which is to prevent price suppression or undercutting. In the event the draft amended CVD Agreement is terminated while the draft amended AD Agreement remains in force, Commerce expects to re-examine the issue of price suppression and undercutting. To the extent that Commerce finds price suppression or undercutting cannot be prevented, Commerce would seek to amend or terminate the any amended AD Agreement, as necessary.

<sup>88</sup> See draft amended AD Agreement at sections VII.A.2 and VIII.C; see also draft amended CVD Agreement at sections V.B.4 and VIII.A.2.

<sup>89</sup> See draft amended CVD Agreement at section II.R.

levels by imports of sugar from Mexico. As detailed above, the definitions of Refined and Other Sugar in the draft amended AD Agreement changed from those in the language of the original AD Agreement, and the reference prices for Refined and Other Sugar increased. When packaging, transportation and other costs are accounted for (*i.e.*, added on to the reference prices), the FOB plant-based reference prices will result in sales prices in the U.S. market that are well above the corresponding 2018 Farm Bill loan forfeiture prices, thereby providing an assurance that sugar imports from Mexico will not contribute to price declines that may lead to forfeitures in the U.S. market. These reference prices also compare favorably to U.S. market prices as compiled by USDA's ERS, indicating that the prices for sales of sugar from Mexico in the United States under the terms of the draft amended AD Agreement will be on par with or above U.S. sugar market prices and, thus, will not undercut or suppress domestic price levels.

As also described above, the draft amended AD Agreement requires further that each signatory sugar producer's and exporter's sales prices take into account not only the relevant reference price but also ensure that the dumping margin (if any) for that sale does not exceed 15 percent of the applicable AD margin determined in the underlying AD investigation. In addition, the companion draft amended CVD Agreement contains provisions that limit the supply of Mexican sugar into the U.S. market, thereby fostering stability and preventing oversupply, which could lead to declining prices for sugar in the U.S. market. Thus, the draft amended CVD Agreement's features will support the draft amended AD Agreement's ability to prevent the suppression or undercutting of domestic sugar price levels by imports of sugar from Mexico. Therefore, based on the analysis detailed in this memorandum, Commerce determines that the draft amended AD Agreement meets its statutory obligation under section 734(c)(1) to eliminate completely the injurious effect of sugar exports to the United States from Mexico.

# **ATTACHMENT 1**



United States Department of Agriculture  
Economic Research Service

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## Policy

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- [Disposition of Sugar Owned by the CCC](#)
- [Sugar Tariff-Rate Quotas and Other Trade Measures](#)
- [Re-Export Programs](#)
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The U.S. sugar program uses price supports, domestic marketing allotments, and tariff-rate quotas (TRQs) to influence the amount of sugar available to the U.S. market. The program supports U.S. sugar prices above comparable levels in the world market. The origin of the program can be traced to legislation in the Agriculture and Food Act of 1981 (1981 Farm Bill). The program has been reauthorized with some modifications in succeeding Farm Acts. An important aspect of the program is that it operates, to the maximum extent possible, at no cost to the Federal Government by avoiding loan forfeitures to USDA's Commodity Credit Corporation (CCC).

A new measure introduced in the Food, Conservation, and Energy Act of 2008 (2008 Farm Bill) and continued in the Agricultural Act of 2014 (2014 Farm Bill) to help avoid loan forfeitures is the Feedstock Flexibility Program (FFP). The FFP will divert sugar in excess of domestic food consumption requirements to ethanol production. The main challenge to the program comes from sugar imports from Mexico that now enter duty-free under the terms of the North American Free Trade Agreement (NAFTA). As of 2015, however, sugar imports from Mexico are constrained from entering the United States due to the result of an anti-dumping (AD) and countervailing duty (CVD) case initiated by members of the U.S. sugar industry in 2014. The terms of the agreement limit the price at which Mexican sugar can be shipped into the United States, as well as restrict quantities based on a calculation of the supplies needed to fulfill U.S. demand.

### Domestic Price Support

The 2014 Farm Bill provides for USDA to make loans available to processors of domestically grown sugarcane and to domestic processors of sugar beets at set loan-rate levels for fiscal years (FY) 2014-

18. Loans are taken for a maximum term of 9 months and must be liquidated along with interest charges by the end of the fiscal year in which the loan was made. Unlike most other commodity programs, the sugar program makes loans to processors and not directly to producers. The reason is that sugarcane and sugar beets, being bulky and very perishable, must be processed into sugar before they can be traded and stored. To qualify for loans, processors must agree to provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers. USDA has the authority to establish minimum producer payment amounts.

The loans are nonrecourse. When a loan matures, USDA must accept sugar pledged as collateral as payment in full, in lieu of cash repayment of the loan, at the discretion of the processor. "In-process" sugar and syrups must be converted into raw cane or refined beet sugar at no cost to the CCC before being eligible for forfeiture. The processor is not required to notify USDA of the intention to forfeit the sugar under loan. The loan rates for raw cane and beet sugar are set in the 2014 Farm Bill:

- The loan rates for FY 2011-18 are 18.75 cents per pound for raw sugar, and
- 24.09 cents per pound for refined beet sugar.

The 2014 Farm Bill allows processors to obtain loans for in-process sugar and syrups at 80 percent of the loan rate.

## Flexible Marketing Allotments

Sugar sold in the United States for domestic human consumption by domestic sugar beet and sugarcane processors is subject to marketing allotments as a way to guarantee the sugar loan program operates at no cost to the Federal Government. The overall allotment quantity (OAQ) is determined subject to two conditions: 1) domestic sugar prices remain above forfeiture levels and 2) the OAQ is at least 85 percent of estimated deliveries for domestic human consumption for the marketing year (October to September). Allotments are in effect the entire year; there are no criteria for suspension. During the course of the marketing year, USDA is required to adjust allotment quantities to avoid the forfeiture of sugar to CCC.

OAQ allocations are divided between refined beet sugar at 54.35 percent of the overall quantity and raw cane sugar at 45.65 percent of the overall quantity. For cane sugar, Hawaii is allotted 325,000 short tons, raw value (STRV). The allocations for the mainland cane-sugar-producing States (Florida, Louisiana, and Texas) are assigned based on the States' and processors' production histories. Beet sugar processors are assigned allotments based on their sugar production histories. The 2014 Farm Bill sets out allocation conditions for new entrants and for the effect of the sale of factories between processors.

The 2014 Farm Bill provides for a number of contingencies that could require reassignment of allotments during the crop year. If a cane processor that has been allocated an OAQ share cannot market the share, it is reassigned to the other processors within the same State, taking into account their ability to make up the deficit and also the interests of producers served by the processors. If the deficit cannot be eliminated by this step, then the remainder is allocated to the other cane-producing States, and then to the processors in those States. If the deficit still is not eliminated, it is assigned to the CCC for sale from CCC inventories. If CCC inventories are insufficient to cover the deficit, then the deficit is assigned to imports. The procedure for a beet-sugar-processor deficit is similar, except there is no reassignment based on States where processing takes place. There is no provision for cane sugar OAQ deficits to be reassigned to beet sugar processors, or for beet sugar OAQ deficits to be reassigned to cane sugar processors.

The 2014 Farm Bill explicitly states that sugar forfeited to the CCC counts against marketing allotments made in the year in which the loan to the processor was made. This clarification reinforces that sugar in excess of a processor's allotment at the end of the marketing year cannot be forfeited.

Other marketings counting against allotments include a sale of sugar under the FFP; export of sugar from the U.S. Customs Territory eligible to receive credits under re-export programs for refined sugar or sugar-containing products administered by USDA's Foreign Agricultural Service (FAS); sale of sugar eligible to receive credit for the production of polyhydric alcohol under the FAS-administered Polyhydric Alcohol Program; and for any integrated processor and refiner, the movement of raw cane sugar into the refining process.

## Feedstock Flexibility Program

The Feedstock Flexibility Program operates to avoid sugar loan forfeitures to the CCC by requiring the diversion of sugar from food use to ethanol production. On September 1 (1 month before the end of the marketing year), the Secretary of Agriculture announces the amount of sugar (if any) for the CCC to purchase and to be made available for sale to ethanol producers. Raw, refined, and in-process sugars are eligible for purchase. Such sugar can be purchased from any marketer located in the United States. Sugar purchased from a sugarcane or sugar beet processor is counted against that processor's marketing allotment.

## Disposition of Sugar Owned by the CCC

The 2014 Farm Bill provides for specific ways to dispose of sugar owned by the CCC without increasing future forfeiture risk. Like the Farm Security Act of 2002 (2002 Farm Bill) and the 2008 Farm Bill, the 2014 Farm Bill includes the payment-in-kind (PIK) authority to transfer ownership of CCC sugar to processors in exchange for reductions in production through reduced sugar crop planting. For area already planted, the processor cannot commercially market the crop other than as a [bioenergy](#) feedstock.

The 2014 Farm Bill explicitly authorizes the sale of CCC sugar for the production of ethanol and for the buyback of certificates of quota entry (also referred to as certificates for quota eligibility, or CQEs) to reduce tariff-rate quota imports. To comply with the goal of preventing sugar forfeitures, the 2014 Farm Bill prohibits the sale of CCC sugar for domestic human consumption. (Such sales would seem to be permissible if they resulted from a reassignment of OAQ from a sugar processor to the CCC, as provided for under the 2002, 2008, and 2014 Farm Bills. In this instance, the likelihood of sugar forfeiture would seem to be minimal.)

## Sugar Tariff-Rate Quotas and Other Trade Measures

The United States establishes separate tariff-rate quotas (TRQs) for imports of raw cane sugar and refined sugar (also called "certain other sugars, syrups, and molasses"). Prior to the start of the fiscal year (October 1-September 30), the Secretary of Agriculture announces the quantity of sugar that may be imported at the preferential in-quota tariff rate during that fiscal year. There is no limit to the quantity that may be imported at the higher over-quota tariff rate.

Under the Uruguay Round [Agreement on Agriculture](#) (AoA), the United States agreed to make available for import a minimum quantity of raw and refined sugar each marketing year. This amount is equal to 1.139 million metric tons, raw value (MTRV), or 1.256 million STRV. Included in this amount is a commitment to import at least 22,000 MTRV, or 24,251 STRV, of refined sugar. The United States administers additional TRQs on imports of various sugar-containing products that originally had been subject to absolute quotas under Section 22 of the Agricultural Adjustment Act of 1933. There are four of these additional TRQs, none of which apply to Mexico under NAFTA.

According to the [Harmonized Tariff Schedule of the United States](#) (Ch.17, Additional U.S. Note 5 (a) (ii)), whenever the Secretary of Agriculture believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices, the Secretary may modify any quantitative limitations that have previously been established, but not below the minimum quantities under the AoA.



The raw cane sugar TRQ is currently allocated by the [Office of the U.S. Trade Representative \(USTR\)](#) to 40 countries, based on a representative period (1975-81) when trade was relatively unrestricted. The refined sugar tariff-rate quota is currently allocated to Canada and Mexico, and there is a quantity of refined sugar that is available to all countries on a first-come, first-served basis. Likewise, there is an allocation for specialty sugars, which is also on a first-come, first-served basis.

The in-quota tariff for sugar is equal to 0.625 cents per pound. Most countries have the low-tier tariff waived under either the Generalized System of Preferences (see page 3 of *Agricultural Trade Preferences and the Developing Countries*, [link below](#)) or the Caribbean Basin Initiative, or under U.S. free trade agreements. The over-quota tariff is 15.36 cents per pound for raw sugar and 16.21 cents per pound for refined sugar. In addition to the over-quota tariffs, there are safeguard duties based on the value or quantity of the imported sugar. Currently, these duties are based on value.

## [Agricultural Trade Preferences and the Developing Countries](#)

### **Re-Export Programs**

The United States also operates two reexport programs, as well as a sugar-for-polyhydric alcohol import program, to help U.S. sugar refiners and manufacturers of sugar-containing products compete in world markets. The Refined Sugar Re-Export Program establishes a license against which a company can import sugar at world prices for refining and sale to replace sugar in the market that has been exported as refined sugar or as sugar in sugar-containing products. The Sugar-Containing Products Re-Export Program allows U.S. participants to buy sugar at world prices for use in products that will be exported onto the world market. Raw cane-sugar imports under these programs are not subject to the sugar TRQs. All refined sugars derived from either sugar beets or sugarcane are substitutable under these programs.

### **Dominican Republic-Central American Free Trade Agreement**

Under the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA), there are specific provisions for trade in sugar. The United States establishes country-specific TRQs for the DR-CAFTA countries, starting at a total of 107,000 metric tons in 2006 (year 1) and growing to 151,140 metric tons in year 15, thereafter growing by 2,640 metric tons per year into perpetuity. A 2,000-metric-ton TRQ, with no growth, is established for Costa Rica for specialty sugar. Each country's duty-free access will be the lesser of its trade surplus or its TRQ for that year. Provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.

### **Suspension Agreements for Sugar Imported from Mexico**

Beginning in January 2015, sugar imports from Mexico are subject to the terms of two agreements suspending a 2014-initiated AD and CVD investigation conducted concurrently by the U.S. International Trade Commission and the Department of Commerce. The agreements were amended in June 2017. Preliminary investigations found that sugar imported from Mexico had injured the domestic industry and that duties should be assessed against sugar imports from Mexico. The suspension agreements were signed between the Department of Commerce and the Government of Mexico in December 2014. The terms of the agreements included an Export Limit, primarily determined by a calculation of U.S. Needs that used a formula with USDA's World Agricultural Supply and Demand Estimates (WASDE) as the parameters. The terms also specified that sugar imported from Mexico was subject to Reference Prices, which were minimums for sugar shipped from Mexico to the United States.

The Reference Prices in the amended agreement were set at:

- 28 cents per pound by dry weight commercial value for refined sugar (polarity greater than or equal to 99.2), and
- 23 cents per pound by dry weight commercial value for raw sugar (polarity less than 99.3) loaded in a bulk vessel and freely flowing (not in a container, tote, bag, or otherwise packaged).

## Reports

[Sugar and Sweeteners Outlook: November 2019](#)

- [Feed Outlook: November 2019](#)

- [A Deeper Look Into the USDA Crop Baseline Projections to 2028, With a Focus on Trade](#)

- [Sugar and Sweeteners Outlook: October 2019](#)

- [Feed Outlook: October 2019](#)

[See all](#)

## Amber Waves Articles

[Oil Prices and Ethanol Demand Drive Changes in Agricultural Commodity Production in Brazil](#)

- [U.S.-Cuba Agricultural Trade: Past, Present, and Possible Future](#)

- [Complex Array of Factors Influence World Sugar Prices](#)

- [Indian Sugar Market More Volatile](#)

- [U.S. Sugar Program at a Crossroads](#)

## Data

[Sugar and Sweeteners Yearbook Tables](#)

- [Agricultural Baseline Database](#)

- [Foreign Agricultural Trade of the United States \(FATUS\)](#)

- [International Food Consumption Patterns](#)

## Topics

### Crops

- [Agricultural Baseline](#)

- [Farm & Commodity Policy](#)

- [International Markets & U.S. Trade](#)

- [U.S. Agricultural Trade](#)

**Last updated:** Tuesday, August 20, 2019

**For more information contact:** Michael J. McConnell

# **ATTACHMENT 2**



# Commodity Credit Corporation

The Commodity Credit Corporation (CCC or the Corporation) is a wholly-owned Government corporation created in 1933 under a Delaware charter and reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the [Commodity Credit Corporation Charter Act](#) (PDF, 53 KB).

CCC funds are used to implement specific programs established by Congress as well as to carry out activities under the broad authorities of the CCC Charter Act. At this time, the principal programs established by Congress that are funded by CCC include:

- Domestic farm income, price support and conservation programs under various statutes including the Agricultural Act of 2014;
- Foreign market development and other international activities of the Department of Agriculture under several statutes including the Agricultural Trade Act of 1978;
- Activities of the United States Agency for International Development under Title II of the Food For Peace Act.



## Organization

CCC is managed by a Board of Directors (Board) subject to the general supervision and direction of the Secretary of Agriculture. Under the CCC Charter Act, the Secretary is an ex-officio director and chairperson of the Board. The Board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States. Officers of CCC maintain liaison with other governmental officials such as the United State Trade Representative and private entities and organizations with interests in CCC-funded operations. CCC programs must be approved by the Board of Directors or the Secretary of Agriculture. Currently, all members of the Board and all Corporation officers are USDA officials. To learn more about the Commodity Credit Corporation bylaws, please visit the [CCC bylaws](#) (PDF, 355 KB).

CCC does not have any employees, using the employees of federal agencies in the conduct of its operations. Domestic agricultural price and income support programs and the Conservation Reserve Program are carried out primarily through the personnel and facilities of the Farm Service Agency (FSA). International programs are carried out by the Foreign Agricultural Service (FAS) and the United States Agency for International Development (USAID). The majority of CCC conservation programs are implemented by the Natural Resources and Conservation Service (NRCS). Other USDA agencies, such as the Agricultural Marketing Service and Rural Development Mission area agencies, also carry out CCC programs or, as directed by Congress, utilize funds of the Corporation to implement specified programs. CCC is authorized to contract for the use of privately-owned facilities in carrying out its activities.

## **CCC Board of Directors**

Sonny Perdue, Chairperson, Secretary of Agriculture

Stephen Censky, Vice Chairperson, Deputy Secretary of Agriculture

Bill Northey, President and Member, Under Secretary, Farm Production and Conservation

Ted McKinney, Member, Under Secretary, Trade and Foreign Agricultural Affairs

Gregory Ibach, Member, Under Secretary, Marketing and Regulatory Programs

Stephen Vaden, Member, General Counsel

Gary Washington, Member, USDA Chief Information Officer

Vacant



## Financing

CCC has an authorized capital stock of \$100 million held by the United States with the authority to have outstanding borrowing of up to \$30 billion at any one time. Its capital structure is replenished each year by appropriations to restore net realized losses on support operations and to reimburse costs of other programs.

## Borrowing

Funds are borrowed from the Treasury and may also be borrowed from private lending agencies and others. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury as required by the Act of March 8, 1938 (15 U.S.C. 713a-4). Reservation of borrowing authority for these purposes has not been required for many years.

Interest on borrowings from the Treasury (and on capital stock) is paid at a rate based upon the average interest rate of all outstanding marketable obligations (of comparable maturity date) of the United States as of the preceding month. Interest may also be paid on other notes and obligations at a rate prescribed by the Corporation and approved by the Secretary of the Treasury.





## Appropriations

Under Section 2 of Public Law 87-155, the Act of August 17, 1961 (15 U.S.C. 713a-11), annual appropriations are authorized for each fiscal year, commencing with 1961, to reimburse CCC for net realized losses. The Omnibus Budget Reconciliation Act of 1987 amended Public Law 87-155 to authorize that CCC be reimbursed for its net realized losses by means of a current, indefinite appropriation as provided in annual appropriations acts.

## Programs

### Commodity Programs

1. [Agriculture Risk Coverage/Price Loss Coverage](#) provides a safety net to agricultural producers when there is a substantial drop in prices or revenue for covered commodities.
2. [Marketing Assistance Loans](#) and [Sugar Loans](#) to provide flexibility between harvest and marketing of a covered commodity.

### Conservation Programs

1. The [Agricultural Conservation Easement Program](#) has two components: agricultural land easements to protect agricultural land by limiting non-agricultural land uses; and wetland reserve easements to restore, protect and enhance wetlands through the purchase of wetlands reserve easements.
2. [Conservation Reserve Program](#) assists farm owners and operators in conserving and improving soil, water, air, and wildlife resources by converting highly erodible and

other environmentally-sensitive acreage to a long-term resource-conserving cover.

3. The [Conservation Stewardship Program](#) encourages participants to undertake new conservation activities in addition to maintaining and managing existing conservation activities.
4. The [Environmental Quality Incentives Program](#) provides assistance to landowners who face serious natural resource challenges (such as soil erosion, air quality, water quality and quantity, and the sustainability of fish and wildlife habitat) that impact soil, water and related natural resources, including cropland, grazing lands, nonindustrial forestlands, wetlands, and wildlife habitat.
5. Under the [Regional Conservation Partnership Program](#), producers receive technical and financial assistance, in cooperation with USDA partners, to address water quality and quantity, soil erosion, wildlife habitat, drought mitigation, flood control, and other regional priorities.

## Dairy Programs

1. [Dairy Margin Coverage \(DMC\)](#) is a voluntary risk management program for dairy producers by offering catastrophic coverage and various levels of buy-up coverage to manage the risk of price fluctuations.
2. [Dairy Indemnity Payment Programs](#) provides payments to dairy producers when a public regulatory agency directs them to remove raw milk from the commercial market because it has been contaminated by pesticides and other residues.

## Livestock and Disaster Programs

1. [Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish](#) provides assistance to eligible producers for losses due to disease, adverse weather, or other conditions such as blizzards and wildfires not covered Livestock Forage Disaster Program or Livestock Indemnity Program.
2. [Livestock Forage Disaster Program](#) compensates eligible livestock producers that have suffered grazing losses due to drought or fire on land that is native or improved pastureland with permanent vegetative cover or planted specifically for grazing.
3. [Livestock Indemnity Program](#) provides benefits to producers for livestock deaths in excess of normal mortality caused by adverse weather or by attacks by animals



reintroduced into the wild by the Federal Government.

4. [Noninsured Crop Disaster Assistance Program](#) provides financial assistance to producers of noninsurable crops to protect against natural disasters that result in lower yields, crop losses, or prevented planting.
5. [Tree Assistance Program](#) provides financial assistance to qualifying orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines damaged by natural disasters.

## **Export and Foreign Assistance Programs**

1. [Export Credit Guarantee Program \(GSM-102\)](#) provides guarantees to U.S. exporters to encourage financing of commercial exports of U.S. agricultural commodities.
2. [Facility Guarantee Program](#) provides guarantees to U.S. exporters of manufactured goods and services to improve or establish agriculture-related facilities and infrastructure in emerging markets that will facilitate exports of U.S. agricultural commodities.
3. [Food for Progress Program](#) helps developing countries and emerging democracies modernize their agricultural sectors and expand trade through capacity building activities.
4. [Foreign Market Development Cooperator Program](#) provides cost-share assistance to nonprofit commodity and agricultural trade associations to maintain and develop foreign markets for United States agricultural commodities and products.
5. [Market Access Program](#) encourages the development, maintenance, and expansion of commercial export markets for U.S. agricultural commodities and products by reimbursing participating organizations for a portion of the costs of carrying out overseas marketing and promotional activities.
6. [Technical Assistance for Specialty Crops Program](#) assists U.S. organizations by providing funding for projects that seek to remove, resolve, or mitigate sanitary, phytosanitary, and technical barriers that prohibit or threaten the export of U.S. specialty crops.
7. [Emerging Markets Program](#) assists U.S. entities in developing, maintaining, or expanding exports of U.S. agricultural commodities and products by funding activities that enhance emerging markets' food and rural business systems including reducing trade barriers.

8. [Quality Samples Program](#) encourages the development and expansion of export markets for U.S. agricultural commodities by assisting U.S. entities in providing commodity samples to potential foreign importers to promote a better understanding and appreciation for the high quality of U.S. agricultural commodities.

## Other Domestic Programs

1. [Agricultural Management Assistance Program](#) provides cost-share assistance to producers in States in which Federal Crop Insurance Program participation is historically low.
2. [Biomass Crop Assistance Program](#) provides incentives to farmers, ranchers, and forest landowners to establish, cultivate, and harvest eligible biomass for heat, power, bio-based products, research, and advance biofuels.
3. [Feedstock Flexibility Program](#) allows for the purchase of sugar to be sold for the production of bioenergy to avoid forfeitures of sugar loan collateral under the Sugar Program.

## Assistance for Farmers Impacted by Unjustified Retaliation

1. [Market Facilitation Program](#) provides direct payments to producers of commodities impacted by trade actions of foreign governments. This support helps farmers managed disrupted markets, deal with surplus commodities, and expand and develop new markets at home and abroad.
2. [Food Purchase and Distribution Program](#) provides funding to purchase unexpected surplus of affected commodities such as fruits, nuts, rice, legumes, beef, pork, and milk for distribution to food banks and other nutrition programs.
3. [Trade Promotion Program](#) assists the private sector in developing new export markets for domestic farm products.

## Commodity Credit Corporation Budget Estimates

1. See [CCC Budget Estimates](#) (PDF, 939 KB) for additional information.

## Commodity Credit Corporation Reporting

1. See [CCC Audits](#) for additional information.

2. The [CCC FY 2018 Audit](#) (PDF, 5.3 MB)



# **ATTACHMENT 3**



## Farm Service Agency

# The 2018 Farm Bill – What Is New and What Has Changed

The Agriculture Improvement Act of 2018 (the 2018 Farm Bill), signed by President Trump on Dec. 20, 2018, reauthorizes all programs administered by the Farm Service Agency (FSA) and makes modifications to most of them. Most of the programs are authorized through 2023. A select few are authorized and funded indefinitely.

### Safety Net, Price Support, and Conservation Overview

- The Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs are continued with some modifications. ARC and PLC are authorized from 2019 to 2023 for all covered commodities, including seed cotton. Producers may make a new election to obtain either ARC or PLC for the 2019 crop year. That election also applies for the 2020 crop year. Producers may change elections annually during the 2021 through 2023 crop years. Owners can update the farm's PLC payment yield beginning with the 2020 crop year.
- Commodity loan rates increased for all crops except minor oilseeds, wool, mohair, honey, peanuts, and upland cotton. Marketing loan gains (MLGs) and loan deficiency payments (LDPs) are no longer subject to payment limitations, actively engaged in farming and cash-rent tenant rules.
- Buy-up coverage under the Noninsured Crop Disaster Assistance Program (NAP) is now part of permanent program authorization. Basic coverage has a payment limitation of \$125,000 per person and legal entity, while the payment limitation for buy-up coverage is a separate \$300,000. Service fees for applications for coverage have increased, while the premium amounts for buy-up NAP coverage are unchanged.
- The Livestock Indemnity Program (LIP), the Emergency Assistance for Livestock, Honeybees, and Farm-Raised Fish Program (ELAP), the Livestock Forage Disaster Program (LFP), and the Tree Assistance Program (TAP) remain authorized and have minimal changes.
- The Dairy Margin Coverage Program (DMC) has replaced the Margin Protection Program for Dairy (MPP). If an operation makes a one-time election to participate in DMC from enrollment through 2023, the operation is eligible to receive a 25 percent discount on the existing margin coverage rates. The maximum level for operations with covered production history of less than five million pounds is increased to \$9.50. A dairy operation that enrolled in MPP any year from 2014-2017 may be eligible to receive a refund of premiums paid if the premium paid exceeds the MPP payments received by the operation. Producers who enrolled in the Livestock Gross Margin for Dairy Cattle program (LGM) in 2018 may enroll in 2018 MPP retroactively.
- The acreage cap for the Conservation Reserve Program (CRP) gradually increases to 27 million acres by 2023. At least 8.6 million acres must be devoted to continuous practices and 2 million acres to grassland. Two pilot programs are authorized: CLEAR 30 (Clean Lakes, Estuaries, and Rivers Initiative) and the Soil Health and Income Protection Pilot Program (SHIPP).



## The 2018 Farm Bill – FSA: What Is New and What Has Changed

### Credit Overview

- The Direct Farm Ownership loan limit is increased to \$600,000 and the Guaranteed Farm Ownership loan limit is increased to \$1,750,000.
- The Direct Operating loan limit is increased to \$400,000 and the Guaranteed Operating loan limit is increased to \$1,750,000.
- A farmer or rancher may receive both a \$50,000 Farm Ownership Microloan and a \$50,000 Operating Microloan. Previously, microloans were limited to a combined total of \$50,000 for both Farm Ownership and Operating Microloans.

### Average Adjusted Gross Income (AGI)

- AGI compliance provisions are unchanged. Persons and legal entities whose average AGI exceeds \$900,000 are ineligible for payments under most programs administered by FSA and the Natural Resources Conservation Service (NRCS).
- The Secretary may waive the AGI limitation on a case-by-case basis if the Secretary determines that environmentally sensitive land of special significance would be protected as a result of such waiver.

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

### Payment Limitation

A comparison of payment limitation applications under the 2014 Farm Bill as amended and under the 2018 Farm Bill.

Program – each row represents a separate payment	Per Person or Legal Entity Annual Payment and/or Acreage Limitation under the 2014 Farm Bill, as amended	Per Person or Legal Entity Annual Payment or Acreage Limitation under the 2018 Farm Bill
ARC, PLC, LDP, and MLG payments – other than peanuts	\$125,000	\$125,000 <i>Now excludes LDPs and MLGs</i>
ARC, PLC, LDP, and MLG payments – peanuts	\$125,000	\$125,000 <i>Now excludes LDPs and MLGs</i>
CRP – annual rental payment and incentive payment	\$50,000	\$50,000
ECP – per disaster event	\$200,000	\$500,000
EFRP – per disaster event	\$500,000	\$500,000
ELAP, LFP, and LIP	A single \$125,000 limitation for ELAP, LFP, and LIP for each year 2014 - 2016; a single \$125,000 limitation for ELAP and LFP for each of the 2017 and 2018 years	<ul style="list-style-type: none"> <li>• \$125,000 for each of the 2019 and subsequent years for LFP</li> </ul>
TAP	500 acres and \$125,000 for the 2014 – 2016 crop years and a 1,000 acre per year limitation for 2017 and subsequent years	<ul style="list-style-type: none"> <li>• 1,000 acre per year limitation for 2017 and subsequent years</li> </ul>
NAP	\$125,000	<ul style="list-style-type: none"> <li>• Basic 50/55 coverage: \$125,000</li> <li>• Buy-up coverage: \$300,000</li> </ul>

- The definition of “family member” that is part of a farming operation has expanded to include first cousin, niece, and nephew to the existing list which consists of great grandparent, grandparent, parent, child (including legally adopted children and stepchildren), grandchild, great grandchild, sibling of the family members in the farming operation, and spouse of family members. This term is used to identify joint operations that are comprised entirely of family members, which are not subject to the restriction on the number of members that may qualify as actively engaged in farming.

### Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC)

- Covered commodities include wheat, oats, barley, corn, grain sorghum, rice, soybeans, sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, dry peas, lentils, small chickpeas, large chickpeas, peanuts, and seed cotton.
- Producers must make a one-time irrevocable election between ARC and PLC that applies to 2019 and 2020. A farm’s election may be changed annually for 2021, 2022, and 2023 crop years.
- The failure of producers on a farm to make a unanimous election in 2019 will result in the farm not being



## The 2018 Farm Bill – FSA: What Is New and What Has Changed

eligible for 2019 payments. For the 2020-2023 crops, unless they make new elections, they are deemed to have made the same election as they did for the 2015-2018 crop years.

- Farms that devoted their entire cropland acres to being planted to grass, or idle or fallow from Jan. 1, 2009, through Dec. 31, 2017, are ineligible to receive ARC/PLC payments from 2019 through 2023. These farms may be eligible for the Grassland Conservation Initiative program administered by NRCS.
- Producers on a farm that have 10 or less base acres are ineligible for ARC/PLC payments on that farm except if the producer is a socially disadvantaged, limited resource, or beginning farmer or rancher. Another exception to this provision applies if the sum of the base acres on the farm, when combined with the base acres of other farms in which the producer has an interest, is more than 10 acres.
- **County Agriculture Risk Coverage (ARC-CO)**
  - Payments are issued when the actual county crop revenue of a covered commodity is less than the ARC-CO guarantee for the covered commodity. Yields are based on county data, not farm data.
  - The actual or benchmark county yield for a county will be based on RMA yields established for a county-wide insurance product, if available.
  - Payments will be based on physical location of the farm.
  - A separate actual crop revenue and guarantee will be established for irrigated and nonirrigated covered commodities.
- **Individual Agriculture Risk Coverage (ARC-IC)**
  - Payments are issued when the producer's actual individual crop revenues, summed across all covered commodities planted on the farm, are less than ARC individual guarantees summed across those covered commodities on the farm.
- **PLC**
  - For 2019-2023, payments are issued when the effective reference price is greater than the applicable effective price for the crop year.
  - The effective reference price for a covered commodity for a crop year will be calculated as the lesser of:
    - 115 percent of the reference price, or
    - the greater of:
      - the reference price, or
      - 85 percent of the previous five-year Olympic average of the marketing year price.
  - Owners can update the farm's PLC payment yield beginning with the 2020 crop year. The formula to update yields is PLC payment is equal to:
    - The product obtained, times
    - 90 percent of the average yield per planted acre on the farm for the 2013 through 2017 crop years, excluding any crop year where the crop was not planted (if in any year where the crop was planted, the farm's yield is below 75 percent of the county average, use 75 percent of the county average), times
    - The national yield for the covered commodity from 2008-2012, divided by
    - The national yield for the covered commodity from 2013-2017
      - this ratio cannot be less than 90 percent nor greater than 100 percent





## Commodity Loans

- The 2018 Farm Bill extends loan authority through 2023 for wheat, corn, grain sorghum, barley, oats, upland cotton, extra-long staple (ELS) cotton, long grain rice, medium/short grain rice, soybean, other oilseeds (sunflower seed, flaxseed, canola, rapeseed, safflower seed, mustard seed, crambe, and sesame seed), dry peas, lentils, small chickpeas, large chickpeas, graded and nongraded wool, mohair, honey, peanuts, and sugars (beet and cane).
- LDPs and MLGs are available through 2023 and are no longer subject to payment limitation or payment eligibility, including actively engaged in farming.
- Contaminated commodities, which contain mercurial compounds, toxin producing molds, such as aflatoxin, other substances poisonous to humans or animals, or any contamination in food commodities, are eligible to receive the full loan rate as a recourse loan, which means the commodity may not be delivered or forfeited to CCC in satisfaction of the loan indebtedness, and must be repaid in full on or before the loan maturity date at principal plus interest only.
- For crop years 2019-2023, loan rates increased for all commodities except oilseeds, wool, mohair, honey, and peanuts, and upland cotton.



The 2018 Farm Bill – FSA: What Is New and What Has Changed

Commodity	Loan Rates Per Unit Crop Years 2014 through 2018	Loan Rates Per Unit Crop Years 2019 through 2023
Wheat	\$2.94/bu.	\$3.38/bu.
Corn	\$1.95/bu.	\$2.20/bu.
Grain Sorghum	\$1.95/bu.	\$2.20/bu.
Barley	\$1.95/bu.	\$2.50/bu.
Oats	\$1.39/bu.	\$2.00/bu.
Upland Cotton	<ul style="list-style-type: none"> <li>• Simple average of the adjusted world price (AWP) for the two immediately preceding market years</li> <li>• In no case will the loan rate be less than \$0.45/lb. or more than \$0.52/lb.</li> </ul>	<ul style="list-style-type: none"> <li>• Simple average of AWP for the two immediately preceding market years</li> <li>• In no case will the loan rate be less than \$0.45/lb. or more than \$0.52/lb.</li> <li>• The loan rate will not equal less than 98 percent of the loan rate for the base loan rate from the preceding year.</li> </ul>
ELS Cotton	\$0.7977/lb.	\$0.95/lb.
<u>Rice</u> <ul style="list-style-type: none"> <li>• Long Grain</li> <li>• Medium/Short Grain</li> </ul>	\$6.50/cwt	\$7.00/cwt
Soybeans	\$5.00/bu.	\$6.20/bu.
<u>Oilseeds</u> Sunflower (oil and non-oil types, Flaxseed, Canola, Rape-seed, Safflower Seed, Mustard Seed, Crambe, and Sesame Seed)	\$10.09/cwt	\$10.09/cwt
Dry Peas	\$5.40/cwt	\$6.15/cwt
Lentils	\$11.28/cwt	\$13.00/cwt
Small Chickpeas	\$7.43/cwt	\$10.00/cwt
Large Chickpeas	\$11.28/cwt	\$14.00/cwt
Graded Wool	\$1.15/lb.	\$1.15/lb.
Nongraded Wool	\$0.40/lb.	\$0.40/lb.
Mohair	\$4.20/lb.	\$4.20/lb.
Honey	\$0.69/lb.	\$0.69/lb.
Peanuts	\$355/ton	\$355/ton
<u>Sugar</u> <ul style="list-style-type: none"> <li>• Beet Sugar, Refined</li> <li>• Cane Sugar, Raw Value</li> </ul>	<ul style="list-style-type: none"> <li>• \$0.2409/lb.</li> <li>• \$0.1875/lb.</li> </ul>	<ul style="list-style-type: none"> <li>• \$0.2409/lb.</li> <li>• \$0.1975/lb.</li> </ul>

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

### Dairy Programs

- **Dairy Margin Coverage Program**

- The Dairy Margin Coverage Program (DMC) replaces the Margin Protection Program for dairy producers (MPP).
- Operations may annually elect to receive coverage on a percentage of the operation’s production history in five percent increments to not exceed 95 percent. The 25 percent minimum coverage percentage no longer applies.

<b>Dairy Margin Coverage: Premium Fees Paid by Producers</b>		
Coverage Level	Tier 1 Premium (per cwt) Covered production history less than 5 million pounds	Tier 2 Premium (per cwt) Covered production history greater than 5 million pounds
\$4.00	None	None
\$4.50	\$0.0025	\$0.0025
\$5.00	\$0.005	\$0.005
\$5.50	\$0.030	\$0.100
\$6.00	\$0.050	\$0.310
\$6.50	\$0.070	\$0.650
\$7.00	\$0.080	\$1.107
\$7.50	\$0.090	\$1.413
\$8.00	\$0.100	\$1.813
\$8.50	\$0.105	N/A
\$9.00	\$0.110	N/A
\$9.50	\$0.150	N/A

- A dairy operation which participated in MPP from 2014-2017 may be eligible to apply for a refund of the premiums the operation paid. This is calculated by the total of premiums paid by the operation from 2014-2017 minus the amount of indemnity payments made to the operation during the same timeframe. For this payment, producers may elect either:
  - Option 1: 75 percent of the repayment can be used toward a credit used for 2019 dairy margin coverage, or
  - Option 2: 50 percent of the repayment taken as a direct cash repayment.
- Producers who participated in the 2018 LGM program and were ineligible to enroll in 2018 MPP are eligible to enroll in 2018 MPP. Payments will be made retroactively.

- **Milk Donation Program**

- Dairy farmers, cooperatives, and processors may donate milk to eligible organizations which provide nutrition assistance to individuals in low-income groups.
- Producers are eligible for reimbursement of qualified expenses.

- **Dairy Indemnity Payment Program (DIPP)**

- DIPP, which provides payments to dairy producers when a public regulatory agency directs them to remove their milk from the commercial market because it has been contaminated by pesticides and other residues, has been reauthorized till 2023.

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

### Conservation

- The 2018 Farm Bill reauthorizes the Conservation Reserve Program (CRP), including the Conservation Reserve Enhancement Program (CREP) and the Farmable Wetlands Program (FWP), and authorizes two new CRP pilot programs, CLEAR 30 devoted to the Clean Lakes, Estuaries, and Rivers (CLEAR) priority of the 2018 Farm Bill and the Soil Health and Income Protection Pilot Program (SHIPP).
- CRP**
  - CRP participants establish and maintain valuable land cover to help improve water quality, prevent soil erosion, and reduce loss of wildlife habitat on cropland under 10-15-year contracts (with the opportunity to re-enroll). FSA provides participants with rental and incentive payments and cost-share assistance.
  - By 2023 the acreage limit for CRP is 27 million, with at least 8.6 million acres devoted to continuous practices and two million acres for grassland practices. This includes a target of at least 40 percent of continuous CRP acres to water quality practices that are considered part of the CLEAR (Clean Lakes, Estuaries, and Rivers) Initiative.

Payment type	Conditions
<b>Annual rental payments</b>	The annual rental payment is limited to a percentage of the estimated average county rental rate: <ul style="list-style-type: none"> <li>General Enrollment: 85 percent</li> <li>Continuous Enrollment: 90 percent</li> </ul>
<b>Cost-Share Payments</b>	<ul style="list-style-type: none"> <li>Pays 50 percent of the cost of establishing practices</li> <li>Limited to 50 percent of the actual cost of seed.</li> </ul>
<b>Practice Incentive Payments (PIP)</b>	For new continuous enrollment, an incentive payment is required of no more than 50 percent of the actual cost of establishing all measures and practices, including seed costs related to the establishment of cover.
<b>Signing Incentive Payments (SIP)</b>	For new continuous enrollment, an incentive payment is required at time of enrollment equal to 32.5 percent of the amount of the 1st year annual rental payment.

Note: CREP payments may vary.

- Other additions to CRP include expanded opportunities for haying, grazing, and other management tools, cost-share for fencing and other water distribution practices, and the opportunity for land that was under a 15-year CRP contract that expired in 2017 or 2018 to reenroll.
- Pilot Programs**
  - CLEAR 30**
    - CRP participants with contracts that expire on or after Dec. 20, 2018, may choose to enroll their land in CLEAR 30. This program prioritizes practices that help benefit water resources, such as grass sod waterways, contour grass sod strips, prairie strips, filter strips, riparian buffers, wetland or wetland buffers, saturated buffers, or other similar water quality practices. Contracts under CLEAR 30 are enrolled for 30 years.
    - Participants will receive 30 annual payments equal to what they would have received under continuous CRP.

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

- **SHIPP**

- Eligible land must be located in the prairie pothole region and have a cropping history, have been planted in the three previous years before enrollment, and be less-productive than other land on the farm. Land that was in
- CRP during these three previous years is not eligible. Subject to certain conditions, harvesting for seed, haying, and grazing outside the primary nesting season is allowed.
- No more than 15 percent of eligible land per farm may enroll.
- Contracts are from 3-5 years.
- Annual rental payments:
  - 50 percent of the average county rental rate for the applicable county, and
  - 75 percent of the average county rental rate for the applicable county for beginning, limited resource, socially disadvantaged, or veteran farmers.
- There is no cost-share for practice establishment except for beginning, limited resource, socially disadvantaged, or veteran farmers.
- Enrollment ends on Dec. 31, 2020.

### Emergency Conservation Program (ECP)

- ECP provides emergency cost-share assistance to farmers and ranchers to help rehabilitate farmland and rangeland damaged by natural disasters. In general, producers receive up to 75 percent cost-share for installing practices to restore land to a condition similar to that existing prior to the natural disaster. Limited resource producers have historically been allowed to receive up to 90 percent cost-share, and the 2018 Farm Bill expands that opportunity to socially disadvantaged and beginning farmers and ranchers.
- A 25 percent advance payment will be allowed for repair or replacement of fencing.
- Previously, participants were limited to a \$200,000 payment limit for ECP. The 2018 Farm Bill increases the ECP payment limitation to \$500,000 per disaster.

### Biomass Crop Assistance Program (BCAP)

- BCAP provides incentives to farmers, ranchers, and forest landowners to establish, cultivate, and harvest eligible biomass for heat, power, bio-based products, research, and advanced biofuels. The 2018 Farm Bill eliminates the mandatory funding provision and adds algae as an eligible biomass material.

### Noninsured Crop Disaster Program (NAP)

- NAP provides financial assistance to producers of crops that are not eligible for crop insurance to protect against lower yields or crops unable to be planted due to natural disasters.
- NAP provides basic coverage equivalent to the catastrophic level risk protection plan of insurance coverage. This is based on the amount of prevented planting in excess of 35 percent of intended acreage at 55 percent of the average market price, or loss of yield or value in excess of 50 percent of expected production or value at 55 percent of the average market price (or other determined prices) for the crop.
- NAP also offers higher levels of coverage (buy-up) ranging from 50 to 65 percent of production, in five percent increments, or the same prevented planted coverage level of more than 35 percent of intended acreage at 100 percent of the average market price. Buy-up coverage is now permanently authorized under the program and does not expire in 2023.

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

- Coverage, payment limitations, and service fees for NAP have all changed with the 2018 Farm Bill.
  - Producers who elect higher levels of coverage must also pay a premium equal to:
    - The producer’s share of the crop, times
    - The number of eligible acres devoted to the crop, times
    - The approved yield per acre, times
    - The coverage level, times
    - The average market price, times
      - Note: Producers may now elect to use the contract price or other prices such as local, organic, or direct market price instead of the average market price.
  - A 5.25 percent premium fee.
  - The payment limitation per producer and legal entity has increased to \$300,000 for buy-up coverage; it remains at \$125,000 for basic coverage.
  - Service fees have increased to \$325 per crop per county, and to \$825 per producer per county, not to exceed \$1,950 per producer.

### Disaster Programs

- **Emergency Assistance for Livestock, Honey Bees, and Farm-raised Fish (ELAP)**
  - ELAP provides emergency assistance to eligible producers of livestock, honeybees, and farm-raised fish for losses due to disease (including cattle tick fever), adverse weather, or other conditions, such as blizzards and wildfires that are not covered by LFP and LIP. In addition to covering the cost related to gathering livestock to treat for cattle tick fever, ELAP will now cover the cost related to gathering livestock to inspect for cattle tick fever.
- **Livestock Indemnity Program (LIP)**
  - LIP provides benefits to livestock producers for livestock deaths or injuries in excess of normal mortality caused by adverse weather or attacks by animals that have been reintroduced into the wild by the federal government. “Cold” is now considered a covered eligible loss for unweaned livestock without regard to any management practice, vaccination protocol, or lack of vaccination.
  - LIP now covers diseases that are caused or transmitted by a vector and are not controlled by vaccination or an acceptable management practice. These diseases were previously covered under ELAP.
- **Tree Assistance Program (TAP)**
  - TAP provides financial assistance to eligible orchardists and nursery tree growers to replant or rehabilitate eligible trees, bushes, and vines lost by natural disasters.
  - For beginning or veteran farmers or ranchers, the reimbursement costs for TAP increased from 65 percent to 75 percent for replanting lost trees, bushes, and vines; and from 50 percent to 75 percent for the cost of pruning, removal, and other costs incurred for salvaging existing trees, bushes, and vines.
- **Organic Cost-Share Certification Program (OCCSP)**
  - OCCSP has funding for each fiscal year through FY 2023, which will remain available until expended.

## The 2018 Farm Bill – FSA: What Is New and What Has Changed

### Farm Loan Program

- **Direct Farm Ownership Experience**

- The 2018 Farm Bill modifies the existing three-year experience requirement for Direct Farm Ownership loans by including the following as experience:
  - 16 hours of post-secondary education in an agriculture-related field
  - Successful completion of a farm management curriculum offered by a cooperative extension service, community college, adult vocational agriculture program, non-profit organization, or land-grant college or university.
  - One-year experience as a farm laborer with substantial management responsibility
  - Successful completion of an internship, mentorship, or apprenticeship in day-to-day farm management
  - Significant business management experience
  - Honorable discharge from the armed forces
  - Successful repayment of a youth loan
  - Established relationship with a counselor in the Service Corps of Retired Executives (SCORE) program who has experience in farming or ranching

- **Limit Increases**

- Direct Farm Ownership loan limit increases from \$300,000 to \$600,000 and increases the Guaranteed Farm Ownership loan limit from \$1,429,000 to \$1,750,000. The Guaranteed loan limit continues to be adjusted annually based on inflation.
- The Direct Operating loan limit increases from \$300,000 to \$400,000 and increases the Guaranteed Operating loan limit from \$1,429,000 to \$1,750,000. The Guaranteed loan limit continues to be adjusted annually based on inflation.
- The 2018 Farm Bill increases access to credit under the microloan program. Previously, Microloans were limited to a total of \$50,000 for both Farm Ownership and Operating Microloans. The 2018 Farm Bill now applies this limit separately. A farmer or rancher may receive both a \$50,000 Farm Ownership Microloan and a \$50,000 Operating Microloan.
- With the passage of the 2018 Farm Bill, equitable relief may be granted on direct farm ownership, operating, or emergency loans to certain farmers or ranchers who failed to comply with the terms of the loan due to an action of, or the advice of, an FSA employee.
- All socially disadvantaged and beginning farmers will receive a guarantee equal to 95 percent, rather than the typical 90 percent guarantee.
- The 2018 Farm Bill allows borrowers who have received a debt write down or restructuring of a farm loan are eligible for an Emergency Loan.
- The scope of eligible issues covered under the USDA Agricultural Mediation Program has expanded.
  - New issues to be covered include:
    - The National Organic Program
    - Lease issues
    - Family farm transition
    - Farmer-neighbor disputes
  - Additionally, use of mediation grant funds is expanded to include providing credit counseling.
- Pending decisions by the Secretary, FSA has authority to implement a relending program to resolve ownership and succession on farmland with multiple owners.

# **ATTACHMENT 4**





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## Commodity Loans

**View:**

## Daily Commodity Rates

[Daily LDP Rates \(/programs-and-services/price-support/ldp-rates/index\)](/programs-and-services/price-support/ldp-rates/index)

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[Archived LDP/PCP \(https://apps.fsa.usda.gov/acrf/\)](https://apps.fsa.usda.gov/acrf/)

## Weekly Commodity Rates

[Pulse Crop LDP Rates \(/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/pulses.xls\)](/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/pulses.xls) (Excel)

[Peanut LDP Rates \(/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/peanuts.xls\)](/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/peanuts.xls) (Excel)

[Wool and Mohair LDP Rates](#) (Excel)

[Cotton LDP Rates \(/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/cotton\\_rates.xls\)](/Assets/USDA-FSA-Public/usdafiles/Price-Support/Excel/Weekly-LDP-Rates/cotton_rates.xls) (Excel)

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[Monthly CCC Honey Survey Prices \(/Assets/USDA-FSA-Public/usdafiles/EPAS/PDF/honey\\_30\\_day\\_arr.pdf\)](/Assets/USDA-FSA-Public/usdafiles/EPAS/PDF/honey_30_day_arr.pdf) (pdf)

## Non-Recourse Marketing Assistance Loan

Marketing assistance loans provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. Allowing producers to store production at harvest facilitates more orderly marketing of commodities throughout the year.

Marketing assistance loans for covered commodities are non-recourse because the commodity is pledged as loan collateral and producers have the option of delivering the pledged collateral to the Commodity Credit Corporation (CCC) in satisfaction of the repayment of the outstanding loan for the loan at maturity. A settlement value is determined and applied to the outstanding loan principal and interest.

Market loan repayment provisions specify, under certain circumstances, that producers may repay loans at less than principal plus accrued interest and other charges. Alternatively, loan deficiency payment (LDP) provisions specify that, in lieu of securing a loan, producers may be eligible for an LDP. For ELS cotton, LDP provisions do not apply and ELS cotton marketing assistance loans must be repaid at the loan rate plus interest.

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## Recourse Marketing Assistance Loan

Recourse loans must be repaid at principal plus interest. The recourse loan commodity cannot be delivered or forfeited in satisfaction of the outstanding loan.

## Marketing Assistance Loan and LDP Eligibility

For a commodity to be eligible for a marketing assistance loan or a loan deficiency payment (LDP), the producer must have beneficial interest in the commodity in addition to other eligibility requirements. For information, read the fact sheet Nonrecourse marketing Assistance Loans and Loan Deficiency Payments ([http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/mal\\_ldp\\_2016.pdf](http://www.fsa.usda.gov/Assets/USDA-FSA-Public/usdafiles/FactSheets/2016/mal_ldp_2016.pdf)).

## Commodity Certificate Exchange

On February 3, 2016, USDA issued a press release on the implementation of the Commodity Certificate Exchange ([/news-room/news-releases/2016/nr\\_20160203\\_rel\\_0008](/news-room/news-releases/2016/nr_20160203_rel_0008)) (CCE). As provided for in the 2016 Consolidated Appropriations Act enacted in December 2015, agricultural producers who have a commodity pledged as collateral for a marketing assistance loan can now purchase a commodity certificate that can be immediately exchanged for their outstanding loan collateral. Commodity certificates are available beginning with the 2015 crop pledged as collateral and will be valid only in situations where the application loan rate exceeds the exchange rate. For more information, read the fact sheet Commodity Certificate Exchange (</Assets/USDA-FSA-Public/usdafiles/Price-Support/pdf/Fact-Sheets/Commodity%20Certificate%20Exchange%20Fact%20Sheet.pdf>).



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# **ATTACHMENT 5**

## USDA's Domestic Sugar Program and Reporting Glossary Terms

**Beet sugar** means sugar that is processed directly or indirectly from sugar beets, sugar beet molasses or in-process beet sugar whether produced domestically or imported.

**Cane juice** means water containing the sucrose extracted from crushed sugarcane.

**Cane sugar** means sugar derived directly or indirectly from sugarcane produced in the United States, including sugar produced from sugarcane molasses.

**Cane sugar refiner** means a person in the U.S. Customs Territory that refines raw cane sugar through affination or defecation, clarification, and further purification by absorption or crystallization.

**Cane syrup** means concentrated cane juice from which no sucrose has been extracted. Weight is based on sugar solids contained.

**CCC** means the Commodity Credit Corporation.

**Deliveries** means the movement of refined sugar from a cane sugar refiner, a sugar beet processor, a sugarcane processor, or a trader, to end-users or brokers for consumption, either as sugar or for use in products containing sugar, including sugar delivered to manufacturers for use in products to be exported.

**Direct-consumption sugar** means any sugar which is not to be further refined or improved in quality, whether such sugar is principally of crystalline structure or is liquid sugar, edible molasses, sugar syrup, or cane syrup.

**Edible molasses** means molasses that is not to be further refined or improved in quality and that is to be distributed for human consumption, either directly or in molasses-containing products.

**Entry:** For purposes of USDA sugar reporting, "Entry" of sugar can only be reported after the reporting company has a completed Entry Summary form (CBP Form 7501), or equivalent electronic form if using the Automated Broker Interface (ABI). Documents must be retained for 5 years.

**Exports:** For purposes of USDA sugar reporting, USDA uses the U.S. Customs and Border Protection (CBP) definition of export. For evidence of export to Mexico, a pedimento (Mexican Customs Form) from the importer must be obtained. For export to Canada, a Canadian Customs B-3 must be obtained. For countries other than Canada and Mexico, the report of an export may be made only after a Shippers Export Declaration (SED Form 7525-V) is obtained. Documents must be retained for 5 years. Exports are recorded in the month coinciding with the transaction date noted on the Custom's form.

**Extraction Rate:** Extraction rate refers to the percent of sucrose obtained from processing sugar beets or sugarcane, compared to the sucrose content in the sugar beet or sugarcane before processing -- pounds sucrose obtained/pound sucrose before slicing/crushing.

**Fiscal year** means that year beginning October 1 and ending the following September 30, i.e., FY 2008 is the period from October 1, 2007 - September 30, 2008.

**FSA** means the Farm Service Agency.

**Imports:** For purposes of USDA sugar reporting, an "Import" has occurred when a good has physically cleared through U.S. Customs and Border Protection processing for "entry", either entering consumption channels immediately or entering after withdrawal for consumption from bonded warehouses under Customs custody or from Foreign Trade Zones. Physical arrival of sugar that is only entered into a bonded warehouse or a Foreign Trade Zone does not constitute an import for USDA reporting purposes. Imports are recorded in the month coinciding with the transaction date noted on the Custom's form. You must be the "importer of record" to record an import.

**In-process beet sugar** means the intermediate product, as CCC determines produced from processing sugar beets. Like sugar beets, it is considered an input into the production of sugar regardless of whether it is produced domestically or imported. Domestically produced in-process beet sugar is eligible for a loan, but does not count against a processor's marketing allocation upon sale.

**In-process cane sugar** means the intermediate sugar containing product, as CCC determines, produced in the processing of sugarcane. It is not raw sugar, nor is it suitable for direct human consumption. Domestically produced in-process cane sugar is eligible for a loan and counts against a processor's marketing allocation upon sale.

**Inventory held for others** means inventory that has been sold (title has transferred) but has not been delivered.

**Invert sugar** means a mixture of glucose (dextrose) and fructose (levulose) formed by the hydrolysis of sucrose.

**Liquid sugar** means a direct-consumption sugar which is not principally of crystalline structure and which contains, or which is to be used for the production of, any sugars principally not of crystalline structure which contain soluble non-sugar solids (excluding any foreign substances that may have been added or developed in the product) equal to 6 percent or less of the total soluble solids. Liquid sugar is exclusive of cane syrup and edible molasses.

**Market or marketing** means the transfer of title associated with the sale or other disposition of sugar for human consumption in United States commerce. A marketing also includes a sale of sugar under the Feedstock Flexibility Program, the forfeiture of sugar loan collateral under the

Sugar Loan Program, exportation of sugar from the United States customs territory eligible to receive credits under re-export programs for refined sugar or sugar containing products administered by the Foreign Agricultural Service, or the sale of sugar eligible to receive credit for the production of polyhydric alcohol under Polyhydric Alcohol program (see part 1530 of this title) administered by the Foreign Agricultural Service, and for any integrated processor and refiner, the movement of raw cane sugar into the refining process.

**Molasses** means thick syrup which is a byproduct of processing sugar beets or sugarcane, or of refining raw cane sugar. Weight is based on sugar solids contained.

**Other sugar** means any sugar suitable for human consumption that does not require further refinement. May include refined crystalline, liquid sugar, edible molasses, sugar syrups and cane syrups.

**Over-allocation sales** means all sales of sugar that have been sold over the processors' allocation quantity.

**Person** means an individual, corporation, association, marketing or processing cooperative, joint stock company, estate or trust, or other legal entity.

**Plant capacity** means the maximum capability, on a short tons per day basis, of a processing or refining facility to process sugar beets (cleaned and tared), sugarcane, and/or raw sugar.

**Processing facility** means a distinct physical facility, at a single location, which processes sugarcane, sugar beets, or molasses into sugar.

**Processing inputs** means the quantity of raw materials (e.g., sugarcane, sugar beets, raw sugar, and molasses) used in processing or refining operations.

**Processor stocks** means all stocks that have not been previously sold.

**Production** means the output of beet sugar from the processing by sugar beet processors of domestically produced sugar beets, sugar beet molasses or in-process beet sugar whether produced domestically or imported; the output of cane sugar (including edible molasses and cane syrup) by sugarcane processors of domestically produced sugarcane or sugarcane molasses; or the output of sugar (including edible molasses and sugar syrup) from the processing by cane sugar refiners of raw cane sugar or imported molasses.

**Raw sugar** means any sugar not suitable for human consumption without further refinement, regardless of polarity.

**Raw value** means of any quantity of sugar means its equivalent in terms of raw sugar testing 96 sugar degrees, as determined by a polarimetric test performed under procedures recognized by the International Commission for Uniform Methods of Sugar Analysis (ICUMSA). Direct-consumption sugar derived from sugar beets and testing 92 or more sugar degrees by the

polariscope shall be translated into terms of raw value by multiplying the actual number of pounds of such sugar by 1.07. Sugar derived from sugarcane and testing 92 sugar degrees or more by the polariscope shall be translated into terms of raw value in the following manner: raw value =  $\{[(\text{actual degree of polarization} - 92) \times 0.0175] + 0.93\} \times \text{actual weight}$ . For sugar testing less than 92 sugar degrees by the polariscope, derive raw value by dividing the number of pounds of the “total sugar content” (i.e., the sum of the sucrose and invert sugars) thereof by 0.972.

**Receipts** mean the quantity of domestically-sourced raw materials (e.g., sugarcane, sugar beets, raw sugar, refined sugar, liquid sugar, syrups, and molasses) received by the processing facility, refining facility, liquid station or otherwise.

**Refined crystalline sugar** means centrifugal, crystalline sugar (including "high-polarity" sugar from raw cane mills, and "soft" or "brown" sugars) which is not to be further refined or improved in quality.

**Refining facility** means a distinct physical facility, at a single location, which processes raw sugar or imported molasses into refined sugar.

**Re-export credit** occurs when a licensee under the Refined Sugar Re-Export Program exports sugar, or transfers sugar to a licensee of the Sugar-Containing Products Re-Export Program or the Polyhydric Alcohol Program. At that point, the licensee receives a credit on his license. He can subsequently import raw cane sugar, outside of any quota or high-tier duty. Imports are recorded on his license as a debit. Over time, debits and credits will balance; at any time, the license cannot exceed 50,000 metric tons raw value on either the debit or the credit side.

**Re-export Program** is designed to facilitate the use of domestic refining capacity to export refined sugar into the world market. The program establishes a license against which a refiner can export domestically produced refined sugar and later import world raw sugar, import world raw sugar for refining and distribution into the domestic market and later export refined sugar, or import raw sugar, refine it and export it into the world market. The program was implemented to mitigate the imposition of restrictive quotas, which reduced the quantity of raw sugar allowed to enter the U.S. domestic market. Imports of sugar under HTS 1701.11.20 are permitted only for those importers who hold a license issued by the U.S. Department of Agriculture. The regulations are found at 7 CFR 1530, which implements authority given to the Secretary of Agriculture in Additional U.S. note 6 to chapter 17 of the HTS.

**Region** (FSA designated areas for reporting sugar deliveries)

- **New England** - Maine, New Hampshire, Vermont, Massachusetts, Rhode Island, and Connecticut.
- **Middle Atlantic** - New York, New Jersey, and Pennsylvania.
- **North Central** - Ohio, Indiana, Illinois, Michigan, Wisconsin, Minnesota, Iowa, Missouri, North Dakota, South Dakota, Nebraska, and Kansas.



- South - Delaware, Maryland, District of Columbia, Virginia, West Virginia, North Carolina, South Carolina, Georgia, Florida, Kentucky, Tennessee, Alabama, Mississippi, Arkansas, Louisiana, Oklahoma, and Texas.
- West - Alaska, Hawaii, Montana, Idaho, Wyoming, Colorado, New Mexico, Arizona, Utah, Nevada, Washington, Oregon, and California.
- Puerto Rico - entered separately and included with U.S. total.

**Stocks** means inventory of sugar on hand at the beginning and at the end of the calendar month for which data are being reported.

**Sucrose** means a disaccharide carbohydrate having the chemical formula  $C_{12}H_{22}O_{11}$ .

**Sugar** means any grade or type of saccharine product derived, directly or indirectly, from sugarcane, sugar beets, sugarcane molasses, sugar beet molasses or in-process beet sugar whether domestically produced or imported and consisting of, or containing, sucrose or invert sugar, including raw sugar, refined crystalline sugar, edible molasses, edible cane syrup, liquid sugar, and in-process cane sugar.

**Sugar for allotments** means any grade or type of saccharine product processed, directly or indirectly, from sugarcane or sugar beets (including sugar produced from sugar beet or sugarcane molasses), produced for human consumption, and consisting of, or containing, sucrose or invert sugar, including raw sugar, refined crystalline sugar, edible molasses, edible cane syrup, and liquid sugar.

**Sugar beet processor** means an allocation holder who commercially produces sugar, directly or indirectly, from sugar beets, sugar beet molasses, or in-process beet sugar whether domestically produced or imported, has a viable processing facility and a supply of sugar beets for the applicable allotment year.

**Sugarcane processor** means an allocation holder who commercially produces sugar, directly or indirectly, from sugarcane, has a viable processing facility and a supply of sugarcane for the applicable allotment year.

**Sugar syrup** means a direct-consumption liquid sugar with a sucrose content of less than 94 percent of the total soluble solids. Weight is based on sugar solids contained.

**Swap** means when a sugar company delivers sugar for the account of another sugar company due to freight savings. In turn the company who delivers the sugar to another sugar company's customer will report such transaction to USDA as a shipment/return of swap sugar. The receiving sugar company will report the transaction as a receipt of swap sugar.

**Syrup** means a viscous, concentrated sugar solution resulting from the evaporation of water, or the remaining liquor after crystallization of sugar from a solution.

**Tolling** means when company A has a product (ex: molasses and thick juice) that is owned by company B. Company A converts the product to refined sugar and sends it back to company B. Company B maintains ownership of it.

**Ton** means a short ton or 2,000 pounds.

**USDA** means the United States Department of Agriculture.

**Weight Shrink/Gain:** means the percent change in sugar beet weight from the time of piling, until the time of slicing. Shrink should be entered as a (-) negative.

# **ATTACHMENT 6**



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# The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison

February 22, 2019

Congressional Research Service

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R45525



## The 2018 Farm Bill (P.L. 115-334): Summary and Side-by-Side Comparison

R45525

February 22, 2019

**Mark A. McMinimy,**  
Coordinator  
Section Research Manager

Congress sets national food and agriculture policy through periodic omnibus farm bills that address a broad range of farm and food programs and policies. The 115<sup>th</sup> Congress established the direction of farm and food policy for five years through 2023 by enacting the Agricultural Improvement Act of 2018, which the President signed into law on December 20, 2018, as P.L. 115-334.

The Congressional Budget Office (CBO) has scored the cost of programs with mandatory spending—such as nutrition programs, commodity support programs, major conservation programs, and crop insurance—in the enacted 2018 farm bill at \$867 billion over a 10-year budget window of FY2019-FY2028. This amount is budget neutral compared with CBO's baseline scenario of an extension of 2014 farm bill (P.L. 113-79) programs with no changes. CBO estimates that over the five-year life of the law (FY2019-FY2023), outlays will amount to \$428 billion, or \$1.8 billion above the baseline scenario. In general, the new law largely extends many major programs through FY2023, thereby providing an overlay of continuity with the existing framework of agriculture and nutrition programs even as it modifies numerous programs, alters the amount and type of program funding that certain programs receive, and exercises discretion not to reauthorize some others.

The enacted 2018 farm bill extends agricultural commodity support programs largely along existing lines while modifying them in various ways. For instance, producers acquire greater flexibility, compared with prior law, to switch between the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) revenue support programs. Producers may update program yields that factor into payments under PLC, while a newly added escalator could raise a commodity's reference price under the program. The law also makes several modifications to ARC, including introducing a trend-adjusted yield that has the potential to raise ARC revenue guarantees for producers. Other changes include an increase in marketing assistance loan rates for a number of crops and revising the definition of *family farm* to include nephews, nieces, and cousins, making these individuals eligible for farm program payments. The law modifies dairy programs, including renaming the Margin Protection Program as Dairy Margin Coverage (DMC) and revising it to expand the margin protection between milk prices and feed costs that milk producers may purchase, as well as lowering the cost of this coverage for the first 5 million pounds of milk produced. Loan rates under the sugar program are increased.

The Supplemental Nutrition Assistance Program (SNAP), the largest domestic nutrition assistance program, is reauthorized through FY2023. The law amends SNAP in a number of ways, including making changes to policies intended to reduced errors and fraud in SNAP, limiting fees that electronic benefit transfer processors may charge, and requiring nationwide online acceptance of SNAP benefits. Not included in the enacted bill are provisions in the House-passed bill that would have expanded work requirements and SNAP employment and training programs. The enacted bill does make certain modifications to these elements of the program, such as expanding the employment and training activities that a state may provide. Beyond SNAP, the law amends programs that distribute U.S. Department of Agriculture foods to low-income households, and it increases funding for The Emergency Food Assistance Program (TEFAP).

The enacted farm bill addresses agricultural conservation on several fronts. For one, it reauthorizes the two largest working lands programs—the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP)—while reducing the overall funding allocated for these two programs. It also reauthorizes the primary land retirement program, the Conservation Reserve Program (CRP), allowing it to expand from a maximum of 24 million acres in FY2019 to 27 million acres in FY2023 while offsetting the added cost of any enrollment increase through lower payments to participants. The law also expands grazing and commercial uses on CRP acres and provides options for new and limited resource producers for transitioning CRP land.

The enacted 2018 farm bill addresses a range of issues of importance to rural America, including combatting substance abuse by prioritizing assistance under certain programs, by expanding broadband access and providing additional authorized appropriations to that end and by amending the definition of *rural* by excluding certain groups of individuals from population-based criteria. The credit title increases the maximum loan amount for guaranteed loans, and these amounts are adjusted for inflation thereafter. The ceiling for direct loans is also raised, among other changes.

Among the broad and diverse array of other provisions in the law are provisions intended to facilitate the commercial cultivation, processing, and marketing of hemp. Among these, hemp with low levels of the psychoactive ingredient in

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marijuana is excluded from the statutory definition of *marijuana*. The law creates a new hemp program under USDA oversight and makes hemp an eligible crop under the federal crop insurance program. The enacted 2018 farm bill also strengthens the National Organic Program and increases funding for organic agricultural research.

Within the Miscellaneous title, the livestock industry is the object of several initiatives to guard against disease outbreaks and strengthen the response to such events. These include the establishment of the National Animal Disease Preparedness Response Program and the National Animal Vaccine and Veterinary Countermeasures Bank. The law also addresses USDA organizational changes in recent years, requiring USDA to reestablish the position of Under Secretary for Rural Development and creating a Rural Health Liaison, among other changes. Among its provisions, the Forestry title addresses the accumulation of biomass in many forests and the consequent risk of wildfires by establishing, reauthorizing, and modifying various assistance programs to promote wood use and biomass removal.

With these programs, policies, and initiatives codified into law, the job that remains is for USDA, other federal agencies, and entities designated by the enacted farm law to implement the will of Congress through regulatory actions and other administrative measures. As implementation of the farm law proceeds, Congress may find it prudent to monitor this process and to provide direction and feedback through the exercise of its oversight responsibilities.

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## Introduction

Congress has been active in establishing federal policy for the agricultural sector on an ongoing basis since the 1930s. Over the years, as economic conditions and technology have evolved, Congress has regularly revisited agricultural policy through periodic farm legislation. Across these decades, the breadth of policy areas addressed through such farm bills has expanded beyond providing support for a limited number of agricultural commodities to include establishing programs and policies that address a broad spectrum of related areas. These include agricultural conservation, credit, rural development, domestic nutrition assistance, trade and international food aid, organic agriculture, forestry, and support for beginning and veteran farmers and ranchers, among others.

The Agriculture Improvement Act of 2018 (P.L. 115-334), known as the “2018 farm bill,” was enacted on December 20, 2018, approximately eight months after the bill was introduced (**Table 1**).<sup>1</sup> In the House, the Agriculture Committee reported the bill on April 18, 2018, by a vote of 26-20. An initial floor vote on May 18, 2018, failed in the House by a vote of 198-213, but floor procedures allowed that vote to be reconsidered (H.Res. 905). The House passed H.R. 2 in a second vote of 213-211 on June 21, 2018. In the Senate, the Agriculture Committee reported its bill (S. 3042) on June 13, 2018, by a vote of 20-1. The Senate passed its bill as an amendment to H.R. 2 by a vote of 86-11 on June 28, 2018. Conference proceedings to resolve the differences between the House- and Senate-passed versions of H.R. 2 officially began on September 5, 2018, and concluded in December 2018 with Senate passage of H.R. 2 on a vote of 87-13 and House passage by a vote of 369-47 (H.Rept. 115-1072).

**Table 1. Legislative Action on the 2018 Farm Bill**

	House		Senate		Conference Report Approval			Public Law
	Cmte.	Passage	Cmte.	Passage	Report	House	Senate	
<b>2018 farm bill</b>	4/18/2018	5/18/2018	6/13/2018	6/28/2018	12/10/2018	12/12/2018	12/11/2018	12/20/2018
<b>Agriculture Improvement Act of 2018</b>	H.R. 2	H.R. 2	S. 3042	H.R. 2	H.Rept. 115-1072	H.R. 2	H.R. 2	P.L. 115-334
	Vote of 26-20	Initial vote failed by 198-213	Vote of 20-1	Vote of 86-11		Vote of 369-47	Vote of 87-13	
Covers 2019-2023 crops or until 9/30/2023	5/3/2018 H.Rept. 115-661	Reconsidered under H.Res. 905 6/21/2018 Passed by vote of 213-211						

**Source:** CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018*.

The enacted 2018 farm bill continues a tradition of multi-year farm bills that would establish policy for a broad array of agriculture and nutrition assistance programs. To this end, P.L. 115-334 addresses agriculture and food policy across 12 titles. These titles cover commodity support programs, agricultural conservation, trade and international food aid, domestic nutrition assistance, credit, rural development, research and extension, forestry, horticulture, crop insurance, and a variety of other policies and initiatives.<sup>2</sup>

<sup>1</sup> CRS Report R45210, *Farm Bills: Major Legislative Actions, 1965-2018*.

<sup>2</sup> The disparity between the 11 titles in the House-passed bill and the 12 titles in the Senate-passed bill was resolved in

The Congressional Budget Office (CBO) projected at enactment that outlays of the 2018 farm bill will amount to \$428 billion over the five-year life of the law (FY2019-FY2023). Most of this projected spending—\$326 billion, or 76%—is in the nutrition title for the Supplemental Nutrition Assistance Program (SNAP). The remaining 24%—\$102 billion of projected outlays—stems primarily from agricultural programs, including crop insurance, farm commodity programs, and conservation. CBO estimated that the conference agreement for the 2018 farm bill will be budget neutral over a 10-year period (FY2019-FY2028). CBO estimated that in its first five years, the enacted 2018 farm bill will increase spending by \$1.8 billion, compared with a simple extension of the 2014 farm bill, but that this initial increase will be entirely offset in the second five years of the budget window. The “**Budgetary Impact**” section of this report provides additional detail at the level of individual titles and major programs.

The policymaking environment for the 2018 farm bill differed materially from that of the 2014 farm bill, reflecting lower farm income levels in recent years and disruptions to agricultural exports beginning in 2018. The U.S. Department of Agriculture (USDA) forecasts that for 2018, net cash farm income—a measure of the profitability of farming—will be about one-third below the levels of 2012 and 2013, which were the highest in the last 40 years adjusted for inflation.<sup>3</sup> The decline in net cash farm income over this period reflects lower farm prices for many commodities. U.S. farm exports, which provide critical support to U.S. agricultural commodity prices and farm profitability, have been disrupted since early 2018 by a series of trade disputes involving major U.S. agricultural export markets—including China, Canada, Mexico, and the European Union—that has led to the imposition of tariffs by these trading partners on a range of U.S. farm product exports.<sup>4</sup> The decline in farm income, coupled with uncertainty about prospects for agricultural exports, may well have played a role in shaping a set of policies in the enacted farm bill that provide farmers and ranchers with a degree of continuity for the next five years.

This report provides an analysis of the budgetary implications of both bills, followed by summaries identifying some of the changes contained in the enacted 2018 farm bill compared with prior law. These summaries are followed by tables containing a title-by-title analysis of all of the policies and provisions in the enacted 2018 farm bill compared to the House- and Senate-passed versions of H.R. 2 and with the expired 2014 farm bill.

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the conference-passed version, which retains a separate title for energy programs as provided for in the Senate-passed version of H.R. 2, as compared with the House-passed version, which combined the agricultural energy programs with the rural infrastructure and economic development title.

<sup>3</sup> CRS Report R45117, *U.S. Farm Income Outlook for 2018*.

<sup>4</sup> CRS Report R45310, *Farm Policy: USDA's Trade Aid Package*.

**Table 2. Farm Bill Key CRS Policy Staff**

<b>Policy Issue</b>	<b>Name</b>
Farm Bill Budget	Jim Monke
Commodity Support	Randy Schnepf
APHIS	Sahar Angadjivand
Dairy Policy	Joel Greene
Sugar Policy	Mark McMinimy
Crop Insurance	Isabel Rosa
Disaster Assistance	Megan Stubbs
Conservation and Environment	Megan Stubbs
International Food Aid	Randy Schnepf
Domestic Food and Nutrition Assistance	Randy Alison Aussenberg
Agricultural Credit	Jim Monke
Rural Development	Tadlock Cowan
Agricultural Research	Tadlock Cowan
Forestry	Katie Hoover
Agriculture-Based Biofuels/Bioenergy	Kelsi Bracmort
Horticulture and Organic Agriculture	Renée Johnson
Livestock/Animal Agriculture	Joel Greene
Textiles	Michaela Platzer
Pesticide Regulation	Jerry H. Yen
Fish and Wildlife	R. Eliot Crafton
Endangered Species	Pervaze A. Sheikh
Hazardous Chemical Management	Scott D. Szymendera
Clean Water Act	Laura Gatz
Child Nutrition and School Meals	Kara Clifford Billings
Fisheries and Seafood	Harold Upton
Trade	Anita Regmi

## Budgetary Impact<sup>5</sup>

The allocation of federal spending is one way to measure the activities covered by a farm bill, both by how much is spent in total and by how a new law changes policy. CBO estimates are the official measures when bills are considered and are based on long-standing budget laws and rules.<sup>6</sup>

A farm bill authorizes funding in two ways: It authorizes and pays for **mandatory** outlays with multi-year budget estimates when the law is enacted. It also sets the parameters for **discretionary** programs and authorizes them to receive future appropriations but does not provide funding. Mandatory programs often dominate farm bill policy and the debate over the farm bill budget.

**Figure 1** illustrates the \$428 billion, five-year total of projected mandatory outlays at enactment for the life of the 2018 farm bill (FY2019-FY2023). **Figure 2** shows program-level detail for agriculture-specific programs, particularly the farm commodity and conservation titles. The nutrition title is the largest component of the farm bill budget, followed by crop insurance, farm commodity programs, and conservation.

### *Baseline*

The budgetary impact of mandatory spending proposals is measured relative to an assumption that certain programs continue beyond the end of the farm bill. The benchmark is the CBO **baseline**—a projection at a particular point in time of future federal spending on mandatory programs under current law. The baseline provides funding for reauthorization, reallocation to other programs, or offsets for deficit reduction. Generally, many programs (such as the farm commodity programs or supplemental nutrition assistance) are assumed to continue in the baseline as if there were no change in policy and the program did not expire. However, some programs are not assumed to continue beyond the end of a farm bill.<sup>7</sup>

The CBO baseline used to develop the 2018 farm bill was released in April 2018.<sup>8</sup> It projected that if the 2014 farm bill, as amended as of April 2018, were extended, farm bill programs would cost \$867 billion over the next 10 years, FY2019-FY2028.<sup>9</sup> Most of that amount, 77%, was in the nutrition title for the Supplemental Nutrition Assistance Program (SNAP). The remaining 23%, \$203 billion baseline (the first and fourth data columns in **Table 3**), was for agricultural programs, mostly in crop insurance, farm commodity programs, and conservation. Other titles of the farm bill contributed about 1% of the baseline, some of which are funded primarily with discretionary spending.

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<sup>5</sup> This section was written by Jim Monke, Specialist in Agricultural Policy.

<sup>6</sup> CRS Report 98-560, *Baselines and Scorekeeping in the Federal Budget Process*.

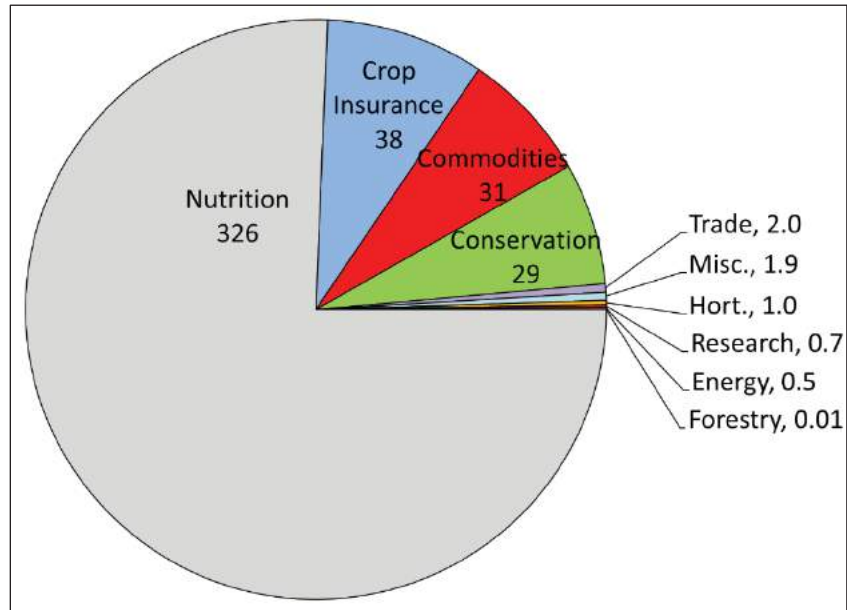
<sup>7</sup> CRS Report R44758, *Farm Bill Programs Without a Budget Baseline Beyond FY2018*.

<sup>8</sup> CBO, “Baseline Projections for Selected Programs,” April 2018, <https://www.cbo.gov/about/products/baseline-projections-selected-programs>, and at the title level in the table notes in CBO, “Cost Estimates for H.R. 2 as passed by the House of Representatives and as passed by the Senate,” July 24, 2018, <https://www.cbo.gov/publication/54284>.

<sup>9</sup> Although the farm bill is a five-year authorization (the 2018 farm bill covers FY2019-FY2023), budget rules required it to be measured over a 10-year budget window. During legislative development, the farm bill may have been presented more in terms of its effect over the 10-year budget window than the intended five-year duration of the law. Separately, statements about the total cost of the farm bill may be in terms of its five-year outlays (i.e., projected spending over the five-year life of the farm bill). Both lengths of time are appropriate measures depending on one’s perspective.

**Figure 1. Projected Outlays Under the Agriculture Improvement Act of 2018, by Title**

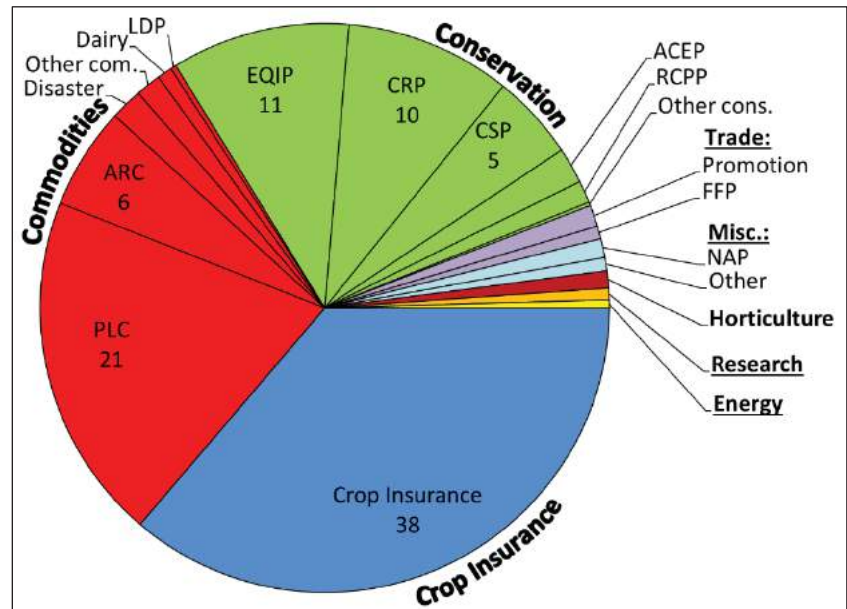
(Five-year projected mandatory outlays at enactment, billions of dollars, FY2019-FY2023)



**Source:** CRS. Compiled from CBO, “Baseline Projections,” April 2018, at the title level as shown in “Cost Estimates for H.R. 2, July 24, 2018; and CBO cost estimate of the conference agreement, December 11, 2018.

**Figure 2. Projected Agriculture Outlays in the Agriculture Improvement Act of 2018**

(Five-year projected mandatory outlays at enactment, billions of dollars, FY2019-FY2023)



**Source:** CRS, using CBO Baseline for USDA Mandatory Farm Programs, April 2018; at the title level as shown in “Cost Estimates for H.R. 2, July 24, 2018;” and CBO cost estimate of the conference agreement, December 11, 2018.

**Notes:** PLC = Price Loss Coverage, ARC = Agricultural Risk Coverage, LDP = Loan Deficiency Payments, EQIP = Environmental Quality Incentives Program, CRP = Conservation Reserve Program, CSP = Conservation

Stewardship Program, ACEP = Agricultural Conservation Easement Program, RCPP = Regional Conservation Partnership Program, FFP = Food for Progress, NAP = Noninsured Crop Disaster Assistance Program.

**Table 3. Budget for a 2018 Farm Bill: Baseline, Scores, and Outlays, by Title**

(outlays in millions of dollars, five- and 10-year totals)

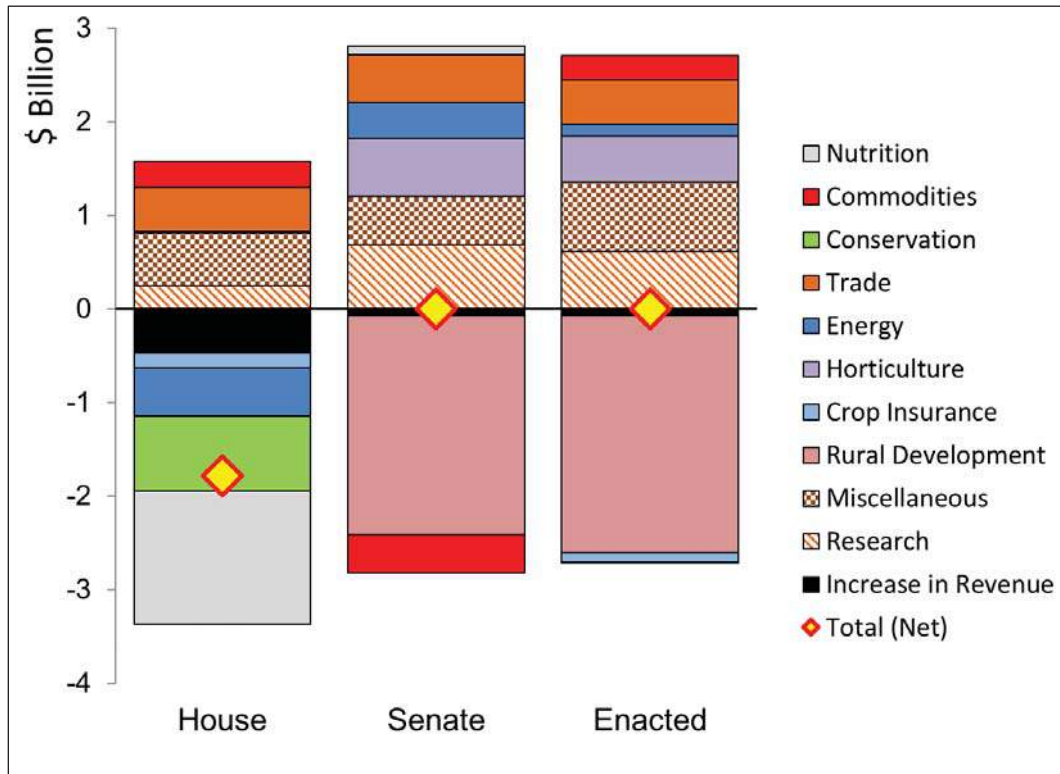
Farm Bill Titles	5 years (FY2019-FY2023)			10 years (FY2019-FY2028)		
	April 2018 CBO baseline	Score of P.L. 115-334	Projected outlays at enactment	April 2018 baseline	Score of P.L. 115-334	Projected outlays at enactment
Commodities	31,340	+101	31,440	61,151	+263	61,414
Conservation	28,715	+555	29,270	59,754	-6	59,748
Trade	1,809	+235	2,044	3,624	+470	4,094
Nutrition	325,922	+98	326,020	663,828	+0	663,828
Credit	-2,205	+0	-2,205	-4,558	+0	-4,558
Rural Development	98	-530	-432	168	-2,530	-2,362
Research	329	+365	694	604	+615	1,219
Forestry	5	+0	5	10	+0	10
Energy	362	+109	471	612	+125	737
Horticulture	772	+250	1,022	1,547	+500	2,047
Crop Insurance	38,057	-47	38,010	78,037	-104	77,933
Miscellaneous	1,259	+685	1,944	2,423	+738	3,161
Subtotal	426,462	+1,820	428,282	867,200	+70	867,270
- Increase revenue	-	+35	35	-	+70	70
Total	426,462	+1,785	428,247	867,200	+0	867,200

**Source:** CRS. Compiled from CBO, “Baseline Projections,” April 2018, <https://www.cbo.gov/about/products/baseline-projections-selected-programs>, and at the title level in the table notes in CBO, “Cost Estimates for H.R. 2,” <https://www.cbo.gov/publication/54284>, July 24, 2018; and CBO cost estimate of the conference agreement for H.R. 2, <https://www.cbo.gov/publication/54880>, December 11, 2018.

**Note:** Baseline for the Credit title is negative because of receipts to the Farm Credit System Insurance Fund. Baseline in Rural Development for the “cushion of credit” account exists elsewhere in the government. Funding for the Noninsured Crop Disaster Assistance Program was in the Miscellaneous title in the April 2018 baseline, where it remains for this table.



**Figure 3. CBO Scores of the House, Senate, and Enacted 2018 Farm Bills, by Title**  
(projected change in 10-year mandatory outlays relative to baseline, FY2019-FY2028)



**Source:** CRS, using the CBO cost estimates for H.R. 2 as passed by the House of Representatives and the amendment to H.R. 2 as passed by the Senate, <https://www.cbo.gov/publication/54284>, July 24, 2018; and CBO cost estimate of the conference agreement for H.R. 2, <https://www.cbo.gov/publication/54880>, December 11, 2018.

**Note:** Does not show amounts less than \$50 million.

### Score

When a new bill is proposed that would affect mandatory spending, CBO estimates the **score** (cost impact) in relation to the baseline. Changes that increase spending relative to the baseline have a *positive* score; those that decrease spending relative to the baseline have a *negative* score. Budget enforcement rules use these baselines and scores to follow “PayGo” and other budget rules (that in part may require no increase to the federal deficit).<sup>10</sup> The score (change) of the enacted 2018 farm bill is shown by title in the second and fifth columns in **Table 3**.

**Figure 3** shows the title-level scores that are made by the enacted 2018 farm bill and the House and Senate bills that preceded the conference agreement. **Table 4** contains the more detailed section-by-section CBO score of the enacted 2018 farm bill.

- Relative to the baseline, the overall score of the 2018 farm bill is budget neutral over a 10-year period. The farm bill increases spending in the first five years by

<sup>10</sup> For example, CRS Report RL31943, *Budget Enforcement Procedures: The Senate Pay-As-You-Go (PAYGO) Rule*.

- \$1.8 billion (**Table 3**).<sup>11</sup> The House-passed bill would have decreased 10-year outlays by \$1.8 billion; the Senate-passed bill was budget neutral (**Figure 3**).<sup>12</sup>
- Scores of separate titles show both increases and decreases. Generally, the enacted farm bill follows the score of the Senate bill more closely than the House bill (**Figure 3**). In the enacted law, most of the reductions are from changes in the Rural Development title. Six titles have increased outlays over the 10-year period, including farm Commodities, Trade, Research, Energy, Horticulture, and Miscellaneous. The Conservation and Nutrition titles have increases over the first five years but are budget neutral over the 10-year period (**Table 3**).
  - Within some titles, the net score may be a combination of increases and decreases across provisions. This is particularly notable in the Conservation title, which reallocates spending across programs more than in other titles (**Table 4**).

For several of the “programs without baseline” from the 2014 farm bill,<sup>13</sup> the 2018 farm bill provides continuing funding and, in some cases, permanent baseline. Twenty-three of the 39 such programs received continued mandatory funding in the 2018 farm bill (see footnotes in **Table 4**).

- Fourteen of the programs without baseline received mandatory funding during FY2019-FY2023 *but no baseline* beyond the end of the farm bill.
- Nine of the programs without baseline received mandatory funding *and permanent baseline* beyond the end of the farm bill. Three of these programs were combined with six others into six provisions in the 2018 farm bill.
- In addition, five provisions in the 2018 farm bill created new programs without baseline for the next farm bill.

### *Projected Outlays at Enactment*

When a new law is passed, the **projected cost at enactment** equals the **baseline** plus the **score** (the third and sixth columns of **Table 3**). This sum becomes the foundation of the new law and may be compared to future CBO baselines as an indicator of how actual costs transpire as the law is implemented and market conditions change.

As presented above, **Figure 1** illustrates the projected outlays at enactment for the life of the 2018 farm bill (FY2019-FY2023). **Figure 2** shows program-level detail for agriculture-specific programs, particularly the Farm Commodity and Conservation titles. Most of \$428 billion five-year total amount (76%) is in the Nutrition title for SNAP. The remaining 24%, \$102 billion of projected outlays, is for agricultural programs, mostly in crop insurance (8.9%), farm commodity programs (7.3%), and conservation (6.8%).

<sup>11</sup> CBO, “Cost Estimate of the Agriculture Improvement Act of 2018 (Conference Agreement on H.R. 2),” <https://www.cbo.gov/publication/54880>, December 11, 2018.

<sup>12</sup> CBO, “Cost Estimates for H.R. 2 as passed by the House of Representatives and as passed by the Senate,” <https://www.cbo.gov/publication/54284>, July 24, 2018.

<sup>13</sup> See CRS In Focus IF10780, *Farm Bill Primer: Programs Without Baseline Beyond FY2018*.



**Table 4. CBO Score of the Agriculture Improvement Act of 2018, as Enacted, by Section**

(projected change in mandatory outlays relative to April 2018 baseline, millions of dollars)

	Fiscal year										5 years		10 years	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-23	2019-28		
<b>Title I—Commodities</b>														
Dairy Risk Management Payments	-19	-15	-26	-11	-15	+20	-39	-49	-39	-64	-86	-257		
ARC-County <sup>a</sup>	+0	+0	-24	-28	-28	-20	-23	-20	-22	-20	-81	-186		
Repeal Dairy Product Donation Program	-5	-5	-6	-6	-6	-5	-6	-6	-5	-5	-28	-54		
ARC-Individual <sup>a</sup>	+0	+0	-1	-1	-1	-1	-1	-1	-1	-1	-2	-5		
Tree Assistance Program	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+2	+4		
Cattle Tick Fever Inspections	+1	+1	+1	+1	+1	+1	+1	+1	+1	+1	+4	+7		
Administrative Units for Large Counties	+0	+0	+1	+1	+1	+1	+1	+1	+1	+1	+3	+7		
Livestock Indemnity Payments	+1	+1	+1	+1	+1	+1	+1	+1	+1	+1	+4	+8		
Modified Sugar Loan Rates	+0	+0	+0	+0	+0	+1	+1	+2	+2	+3	+1	+9		
Payment Limitations for Supplemental Disaster Implementation <sup>b</sup>	+2	+1	+1	+1	+1	+1	+1	+1	+1	+1	+8	+15		
Payment Limitations—Family Definition	+15	+1	+0	+0	+0	+0	+0	+0	+0	+0	+16	+16		
Milk Donation Program	+4	+4	+4	+4	+4	+4	+4	+4	+4	+4	+20	+40		
Margin Protection Premium Refund Credit 75%	+9	+5	+5	+5	+5	+5	+5	+5	+5	+5	+29	+54		
Dairy Risk Management, Livestock Gross Margin	+58	+0	+0	+0	+0	+0	+0	+0	+0	+0	+58	+58		
Modified Marketing Assistance Loan Rates <sup>a</sup>	+1	+10	+13	+14	+14	+13	+14	+14	+16	+14	+52	+123		
PLC <sup>a</sup>	+0	+27	+22	+16	+16	+13	+12	+10	+10	+10	+81	+136		
Annual ARC/PLC Enrollments <sup>a</sup>	+0	+0	-65	+23	+38	+26	+26	+26	+36	+28	-4	+137		
<b>Subtotal, Title I</b>	<b>+67</b>	<b>+30</b>	<b>-74</b>	<b>+21</b>	<b>+57</b>	<b>+84</b>	<b>+24</b>	<b>+16</b>	<b>+36</b>	<b>+2</b>	<b>+101</b>	<b>+263</b>		

	Fiscal year										5 years		10 years	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-23	2019-28		
<b>Title II—Conservation</b>														
Conservation Stewardship Program	-25	-358	-796	-1,103	-1,387	-1,562	-1,768	-1,810	-1,808	-1,808	-3,669	-12,426		
Conservation Reserve Program	+38	-52	-110	-80	+15	+119	+33	+37	-0	+1	-189	-0		
Grassroots Source Water Protection Program <sup>b</sup>	+2	+2	+1	+0	+0	+0	+0	+0	+0	+0	+5	+5		
Voluntary Public Access and Habitat Incentive <sup>b</sup>	+10	+10	+10	+10	+10	+0	+0	+0	+0	+0	+50	+50		
Feral Swine Eradication and Control Pilot <sup>c</sup>	+15	+25	+20	+10	+5	+0	+0	+0	+0	+0	+75	+75		
Watershed Rehabilitation/Operations <sup>d</sup>	+2	+8	+19	+29	+37	+42	+45	+45	+45	+45	+95	+317		
Regional Conservation Partnership Program	+80	+141	+157	+174	+191	+200	+200	+200	+200	+200	+742	+1,742		
Agricultural Conservation Easement Program	+73	+151	+177	+187	+198	+197	+198	+199	+199	+200	+786	+1,779		
EQIP and CSP	+170	+356	+539	+692	+903	+1,019	+1,100	+1,184	+1,233	+1,257	+2,660	+8,451		
<b>Subtotal, Title II</b>	<b>+365</b>	<b>+283</b>	<b>+17</b>	<b>-81</b>	<b>-29</b>	<b>+15</b>	<b>-192</b>	<b>-146</b>	<b>-131</b>	<b>-106</b>	<b>+555</b>	<b>-6</b>		
<b>Title III—Trade</b>														
Agricultural Trade Promotion and Facilitation <sup>d</sup>	+47	+47	+47	+47	+47	+47	+47	+47	+47	+47	+235	+470		
<b>Subtotal, Title III</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+47</b>	<b>+235</b>	<b>+470</b>		
<b>Title IV—Nutrition</b>														
Interstate Data Matching Multiple Issuances	+0	-6	-25	-40	-60	-75	-90	-90	-95	-95	-131	-576		
Quality Control Improvements	-48	-48	-48	-48	-48	-48	-48	-48	-48	-48	-240	-480		
Assistance for Community Food Projects	-4	-4	-4	-4	-4	-4	-4	-4	-4	-4	-20	-40		
Child Support Enforcement Cooperation	+1	+3	+1	+1	+0	+0	+0	+0	+0	+0	+5	+5		
Food Distribution on Indian Reservations	+0	+3	+3	+4	+4	+4	+4	+4	+4	+4	+14	+34		
Longitudinal Data for Research	+0	+11	+11	+1	+3	+5	+5	+5	+5	+5	+26	+51		
Improvements to EBT System	+0	+3	+8	+14	+21	+15	+8	+1	+2	+2	+46	+74		
Simplified Homeless Housing Costs	+3	+8	+8	+8	+8	+8	+8	+8	+8	+8	+35	+75		

	Fiscal year										5 years		10 years	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-23	2019-28		
Emergency Food Assistance Program	+12	+24	+23	+23	+23	+19	+20	+20	+21	+21	+105	+206		
Employment and Training for SNAP	+19	+24	+24	+24	+24	+24	+24	+24	+24	+24	+115	+234		
Schumacher Nutrition Incentive Program <sup>d</sup>	+6	+16	+28	+43	+50	+52	+54	+56	+56	+56	+143	+417		
<b>Subtotal, Title IV</b>	<b>-12</b>	<b>+33</b>	<b>+29</b>	<b>+26</b>	<b>+21</b>	<b>-0</b>	<b>-19</b>	<b>-24</b>	<b>-27</b>	<b>-27</b>	<b>+98</b>	<b>+0</b>		
<b>Title V—Credit</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>		
<b>Title VI—Rural Development</b>														
Reduction in Interest to Cushion of Credit	-50	-150	-350	-380	-400	-400	-400	-400	-400	-400	-1,330	-3,330		
Modify Loans Under Rural Electrification	+800	+0	+0	+0	+0	+0	+0	+0	+0	+0	+800	+800		
<b>Subtotal, Title VI</b>	<b>+750</b>	<b>-150</b>	<b>-350</b>	<b>-380</b>	<b>-400</b>	<b>-400</b>	<b>-400</b>	<b>-400</b>	<b>-400</b>	<b>-400</b>	<b>-530</b>	<b>-2,530</b>		
<b>Title VII—Research and Extension</b>														
Emerging Agricultural Production Research <sup>c</sup>	+2	+2	+2	+2	+2	+0	+0	+0	+0	+0	+10	+10		
Scholarships for Students at 1890 Institutions <sup>c</sup>	+0	+10	+10	+10	+10	+0	+0	+0	+0	+0	+40	+40		
Foundation for Food and Agriculture Research <sup>b</sup>	+0	+185	+0	+0	+0	+0	+0	+0	+0	+0	+185	+185		
Organic Agriculture Research and Extension <sup>d</sup>	+17	+19	+23	+29	+43	+50	+50	+50	+50	+50	+130	+380		
<b>Subtotal, Title VII</b>	<b>+19</b>	<b>+216</b>	<b>+35</b>	<b>+41</b>	<b>+55</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+365</b>	<b>+615</b>		
<b>Title VIII—Forestry</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>	<b>+0</b>		
<b>Title IX—Energy</b>														
Biobased Market Program <sup>b</sup>	+2	+3	+3	+3	+3	+1	+0	+0	+0	+0	+14	+15		
Bioenergy Program for Advanced Biofuels <sup>b</sup>	+2	+4	+5	+7	+7	+5	+3	+2	+0	+0	+25	+35		
Biorefinery Assistance <sup>b</sup>	+0	+10	+20	+23	+18	+5	+0	+0	+0	+0	+70	+75		
<b>Subtotal, Title IX</b>	<b>+4</b>	<b>+17</b>	<b>+28</b>	<b>+32</b>	<b>+28</b>	<b>+11</b>	<b>+3</b>	<b>+2</b>	<b>+0</b>	<b>+0</b>	<b>+109</b>	<b>+125</b>		
<b>Title X—Horticulture</b>														
Multiple Crop and Pesticide Use Survey <sup>c</sup>	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+1	+1		

	Fiscal year										5 years		10 years	
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-23	2019-28		
Organic Production and Market Data Initiatives <sup>b</sup>	+1	+1	+1	+1	+1	+0	+0	+0	+0	+0	+5	+5		
Organic Certification/Trade Tracking and Data <sup>b</sup>	+1	+1	+1	+1	+1	+0	+0	+0	+0	+0	+5	+5		
National Organic Certification Cost Share <sup>b</sup>	+0	+0	+8	+8	+8	+0	+0	+0	+0	+0	+24	+24		
Local Agriculture Market Program <sup>d</sup>	+28	+38	+50	+50	+50	+50	+50	+50	+50	+50	+215	+465		
<b>Subtotal, Title X</b>	<b>+30</b>	<b>+40</b>	<b>+60</b>	<b>+60</b>	<b>+60</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+50</b>	<b>+250</b>	<b>+500</b>		
<b>Title XI—Crop Insurance</b>														
Increase CAT Coverage Administrative Fee	-1	-12	-14	-14	-14	-14	-14	-14	-14	-14	-55	-125		
Funding for Research and Development	-0	-4	-5	-5	-5	-5	-5	-5	-5	-5	-18	-40		
Enterprise Units Across County Lines	-0	-3	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27		
Program Administration	-0	-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-18		
Crop Production on Native Sod	-0	-0	-1	-1	-1	-1	-1	-1	-1	-1	-2	-4		
Submission of Policies and Materials to Board	+0	+0	+1	+1	+1	+1	+1	+1	+1	+1	+3	+8		
Research and Development Authority	+0	+1	+2	+2	+2	+2	+2	+2	+2	+2	+6	+13		
Treatment of Forage and Grazing	+1	+9	+10	+10	+10	+10	+10	+10	+10	+10	+40	+90		
<b>Subtotal, Title XI</b>	<b>-1</b>	<b>-10</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-12</b>	<b>-11</b>	<b>-47</b>	<b>-104</b>		
<b>Title XII—Miscellaneous</b>														
Extension of Merchandise Processing Fee	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	+0	-371		
Sheep Production and Marketing Grants <sup>b</sup>	+1	+1	+0	+0	+0	+0	+0	+0	+0	+0	+2	+2		
Wool Research and Promotion <sup>b</sup>	+0	+2	+2	+2	+2	+0	+0	+0	+0	+0	+9	+10		
National Oilheat Research Alliance	+7	+7	+7	+7	+7	+7	+7	+7	+7	+7	+35	+70		
Pima Agriculture Cotton Trust Fund <sup>b</sup>	+16	+16	+16	+16	+16	+0	+0	+0	+0	+0	+80	+80		
Wool Apparel Manufacturers Trust Fund <sup>b</sup>	+0	+30	+30	+30	+30	+0	+0	+0	+0	+0	+120	+120		
Emergency Citrus Trust Fund <sup>c</sup>	+25	+25	+25	+25	+25	+0	+0	+0	+0	+0	+125	+125		

	Fiscal year										5 years	10 years
	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028	2019-23	2019-28
Animal Disease Prevention and Management	+60	+48	+6	+6	+29	+30	+30	+30	+30	+30	+149	+299
Farming Opportunities Training and Outreach <sup>d</sup>	+27	+30	+33	+35	+41	+45	+48	+48	+49	+50	+166	+404
<b>Subtotal, Title XII</b>	<b>+136</b>	<b>+159</b>	<b>+119</b>	<b>+122</b>	<b>+149</b>	<b>+82</b>	<b>+85</b>	<b>+85</b>	<b>-285</b>	<b>+87</b>	<b>+685</b>	<b>+738</b>
<b>Total Changes in Direct Spending</b>	<b>+1,406</b>	<b>+664</b>	<b>-101</b>	<b>-124</b>	<b>-25</b>	<b>-73</b>	<b>-365</b>	<b>-333</b>	<b>-672</b>	<b>-307</b>	<b>+1,820</b>	<b>+70</b>
Increases in Revenue: Title XII—Oil/heat	+7	+7	+7	+7	+7	+7	+7	+7	+7	+7	+35	+70
<b>Net Effect on the Deficit</b>	<b>+1,399</b>	<b>+657</b>	<b>-108</b>	<b>-131</b>	<b>-32</b>	<b>-80</b>	<b>-372</b>	<b>-340</b>	<b>-679</b>	<b>-314</b>	<b>+1,785</b>	<b>-0</b>

**Source:** CRS, sorted within titles using the CBO cost estimate of the conference agreement for H.R. 2, <https://www.cbo.gov/publication/54880>, December 11, 2018.

**Notes:** + denotes additional spending or, in the case of revenue, additional revenue. – denotes reduced spending.

- a. The scoring effect is delayed because the farm commodity programs operate by “crop year” (when the crop is harvested), and some payments are delayed by statute into a later fiscal year. For example, ARC and PLC payments for the 2019 crop year (the first covered by the 2018 farm bill) do not occur by statute until FY2021. Payments under the marketing loan program are delayed generally by one fiscal year.
- b. Denotes a 2014 farm bill “program without baseline” that received new funding in the 2018 farm bill over FY2019-2023 but not permanent baseline. (The complete list of programs without baseline prior to the farm bill is identified in CRS Report R44758, *Farm Bill Programs Without a Budget Baseline Beyond FY2018*.)
- c. Denotes a new “program without baseline” created in the 2018 farm bill.
- d. Denotes a 2014 farm bill “program without baseline” that received new funding in the 2018 farm bill over FY2019-2028 and permanent baseline. The six provisions noted here cover nine programs from the list of programs without baseline because of consolidation within (1) trade programs; (2) farmers market, local food, and rural entrepreneurship programs; and (3) beginning farmer and outreach programs.

## Title-by-Title Summaries

### Commodities<sup>14</sup>

Title I of the 2018 farm bill authorize support programs for dairy, sugar, and covered commodities—including major grain, oilseed, and pulse crops—as well as agricultural disaster assistance. Major field-crop programs include the Price Loss Coverage (PLC) and Agricultural Risk Coverage (ARC) programs and the Marketing Assistance Loan (MAL) program (see **Table 5**). The dairy program involves protecting a portion of the margin between milk and feed prices. The sugar program provides a combination of price support, limits on imports, and processor/refiner marketing allotments. Four disaster assistance programs that focus primarily on livestock and tree crops were permanently authorized in the 2014 farm bill. These disaster assistance programs provide federal assistance to help farmers recover financially from natural disasters, including drought and floods. Title I also includes several administrative provisions that suspend permanent farm law from 1938 and 1949 that would otherwise impose antiquated and potentially disruptive price support programs; assign payment limits for individuals, joint ventures or partnerships, and corporations; specify the adjusted gross income (AGI) threshold for program payment eligibility; and identify other details regarding payment attribution and eligibility.

The 2018 farm bill extends authority for most current commodity programs but with some modifications to the ARC, PLC, and MAL programs; dairy; sugar; and agricultural disaster assistance.

Under the 2014 farm bill, producers were allowed a one-time choice between ARC and PLC on a commodity-by-commodity basis, with payments made on 85% of each commodity's base acres (i.e., historical program acres that are eligible for ARC and PLC payments). To increase producer flexibility, the 2018 farm bill provides producers the option in 2019 of switching between ARC and PLC coverage, on a commodity-by-commodity basis, effective for both 2019 and 2020. Beginning in 2021, producers again have the option to switch between ARC and PLC but on an annual basis for each of 2021, 2022, and 2023. Producers may remotely and electronically sign annual contracts for ARC and PLC. Producers also have the option to sign a multi-year contract for the ARC and PLC programs. If no initial choice is made, then the program defaults to whichever program was in effect under the 2014 farm bill. Base acres that have not been planted to a commodity eligible to participate in these programs during the 2009-2017 period are not eligible to receive ARC and PLC payments under the 2018 farm bill. However, as a concession to the affected farms, these base acres may be enrolled in the Conservation Stewardship Program for five years at an annual program payment rate of \$18 per acre.

Two changes to the PLC program include the option for producers to update their program yields (used in the PLC payment formula) based on 90% of the average yield for 2013-2017, using a yield plug of 75% of the county average for each year where the farm program yield is less, excluding any years with zero yields, and adjusting downward for any national trend yield growth. In addition, an escalator provision was added that could potentially raise a covered commodity's effective reference price (used to determine the PLC per-unit payment rate) by as

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<sup>14</sup> This section was written by Randy Schnepf (farm commodity support) and Mark McMinimy (sugar), Specialists in Agricultural Policy; Joel Greene (dairy), Analyst in Agricultural Policy; and Megan Stubbs (disaster assistance), Specialist in Agricultural Conservation and Natural Resources Policy.

much as 115% of the statutory PLC reference price based on 85% of the five-year Olympic average<sup>15</sup> of farm prices.

The 2018 farm bill also specifies several changes to the ARC program. Under the 2014 farm bill, USDA's National Agricultural Statistics Service (NASS) data for county average yields was used for calculating both ARC benchmark and actual revenues. Under the 2018 farm bill, data from USDA's Risk Management Agency (RMA) will be the primary source for county average yield data. Where RMA data is not available, USDA will determine the data source considering data from NASS or the yield history of representative farms in the state, region, or crop-reporting district. This data reprioritization is intended to improve the integrity of the ARC program and avoid the disparity in ARC payments that some neighboring counties experienced in recent years. Also, up to 25 counties nationwide that meet certain criteria—larger than 1,400 square miles and with more than 190,000 base acres—may subdivide for purposes of calculating the ARC benchmark and actual revenue. This change is expected to allow ARC calculations to better reflect significant yield deviations within a county. Also, ARC will use a trend-adjusted yield, as is done by RMA for the federal crop insurance program. This has the potential to raise ARC revenue guarantees for producers. Finally, the five-year Olympic average county yield calculations will increase the yield floor (substituted into the formula for each year where the actual county yield is lower) to 80%, up from 70%, of the transitional county yield.<sup>16</sup> This yield calculation is used to calculate the ARC benchmark county revenue guarantee.

Marketing assistance loan rates are increased for several program crops, including barley, corn, grain sorghum, oats, extra-long-staple cotton, rice, soybeans, dry peas, lentils, and small and large chickpeas. Commodities excluded from the loan rate increase are upland cotton, peanuts, minor oilseeds, nongraded wool, mohair, and honey. Marketing assistance loan rates are used to establish the maximum payment under PLC. Thus, raising the loan rate for a commodity lowers its potential PLC program payment rate.

No changes were made to the “actively engaged in farming” criteria used to determine whether an individual is eligible for farm program payments. With respect to payment limits and the AGI limit, the 2018 farm bill leaves both the payment limit of \$125,000 per individual (\$250,000 per married couple) and the AGI limit of \$900,000 unchanged, but it modifies the eligibility criteria for commodity program payment eligibility. However, MAL program benefits are exempted from inclusion under payment limits. Thus, payment limits apply only to combined ARC and PLC payments. Also, the definition of *family farm* is expanded to include first cousins, nieces, and nephews, thus increasing the potential pool of individuals eligible for individual payment limits on family farming operations.

The enacted bill also amends the permanent agricultural disaster assistance programs. The law expands payments for livestock losses caused by disease and for losses of unweaned livestock that occur before vaccination. The law also expands the definition of *eligible producer* to include Indian tribes or tribal organizations and increases replanting and rehabilitation payment rates for beginning and veteran orchardists. The law amends the limits on payments received under select disaster assistance programs—of the four disaster assistance programs, only the livestock Forage Program (LFP) is not subject to the \$125,000/person payment limit. The AGI requirements are left unchanged.

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<sup>15</sup> The Olympic average excludes the high- and low-price years from calculation of the average.

<sup>16</sup> RMA uses transitional yields (or T-Yields) in the operation of the federal crop insurance program whenever a producer does not have at least four consecutive years of records on crop yields. They are based on the 10-year historical county average. A producer is assigned a portion of the T-Yield based on the amount of available data.



The Noninsured Crop Disaster Assistance Program (NAP) is also amended. The enacted bill amends crop eligibility to include crops that may be covered by select forms of crop insurance but only under whole farm plans or weather index policies. It also amends the payment calculation to consider the producer's share of the crop, raises the service fees and creates separate payment limits for catastrophic (\$125,000/person) and buy-up (\$300,000/person) coverage. The law makes buy-up coverage permanent, and adds data collection and program coordination requirements.

The 2018 farm bill significantly revises the Margin Protection Program (MPP) for milk producers that was established in the 2014 farm bill. The new dairy program—Dairy Margin Coverage (DMC)—provides lower producer-paid premium rates for milk coverage of 5 million pounds or less (Tier I), adds margin coverage at higher levels of coverage, and allows producers to cover a larger quantity of milk production. DMC is authorized through December 31, 2023.

The DMC program will pay participating dairy producers the difference (when positive) between a producer-selected margin and the national milk margin (calculated as the all-milk price minus an average feed cost ration). The feed ration formula is unchanged from MPP. For a \$100 administrative fee, participating dairy producers are automatically covered at the \$4.00 per hundredweight (cwt) margin level. Producers may buy additional margin coverage from \$4.50/cwt to \$9.50/cwt on the first 5 million pounds of production, compared with \$5.50/cwt to \$8.00/cwt under MPP. Also, producers may now cover from 5% to 95% of their production history, compared with 25% to 90% under MPP.

Under DMC, premiums for Tier I coverage above \$4.00/cwt are significantly reduced from MPP to incentivize dairy producers to buy higher levels of margin coverage. For example, under MPP, an \$8.00 margin cost \$0.142/cwt, but under DMC, the cost is \$0.10/cwt. The premiums for the newly available coverage for margins of \$8.50, \$9.00, and \$9.50 are established at \$0.105/cwt, \$0.11/cwt, and \$0.15/cwt, respectively. For production of over 5 million pounds (Tier II coverage), the premium rates for \$4.50 and \$5.00 margins are also reduced compared with MPP, but margin coverage is only available up to \$8.00, and the premium rates are generally higher than under MPP.

Another change under the 2018 farm bill is that dairy producers will receive a 25% discount on premiums if they select and lock in their margin and production coverage levels for the entire five years of the DMC program. Otherwise, producers may continue to select coverage levels annually. Also under DMC, dairy producers may apply for repayment of the premiums, less any payments received, that were paid under MPP during 2014-2017. If dairy producers opt to apply repayments to future DMC premiums, they are to receive credit for 75% of the eligible repayment. Otherwise, they may opt for a direct cash payment of 50% of the eligible repayment.

Unlike MPP, the DMC program allows dairy producers to participate in both margin coverage and the Livestock Gross Margin-Dairy (LGM-D) insurance program that insures the margin between feed costs and a designated milk price. In addition, producers who were excluded from participating in MPP in 2018 because their milk production was enrolled in LGM-D may retroactively participate in MPP.

The 2018 farm bill reauthorizes the Dairy Forward Pricing Program, the Dairy Indemnity Program, and the Dairy Promotion and Research Program through FY2023. The act repeals the Dairy Product Donation Program enacted in the 2014 farm bill. It also establishes a milk donation program designed to simplify donations of fluid milk that producers, processors, and cooperatives make to food banks and feeding organizations. The donation program is funded at \$9 million for FY2019 and \$5 million in each following fiscal years. Also, the act amends the formula for the Class I skim milk price used for calculating the Class I price under Federal Milk Marketing Orders.



The farm bill requires USDA to conduct studies on whether the national feed cost ration is representative of actual feed costs used in the margin calculation and on the cost of corn silage versus the feed cost of corn, and it directs USDA to report alfalfa hay prices in the top five milk-producing states.

## **Conservation<sup>17</sup>**

USDA administers a number of agricultural conservation programs that assist private landowners with natural resource concerns. These can be broadly grouped into working lands programs, land retirement and easement programs, watershed programs, emergency programs, technical assistance, and other programs. The enacted bill amends portions of programs in all of these categories (see **Table 6**). However, the general focus of the enacted 2018 farm bill is on the larger working lands, land retirement, and easement programs. All major conservation programs were reauthorized with varying degrees of amendments.

Farm bill conservation programs are authorized to receive mandatory funding through the Commodity Credit Corporations (CCC). Generally, the law reallocates mandatory funding within the title among the larger programs and pays for increases in the short term with reductions in the long term. CBO projects that the enacted bill would increase funding for conservation by \$555 million in the short term (FY2019-FY2023) and reduce funding by \$6 million in the long term (FY2019-FY2028).

### **Working Lands Programs**

In general, working lands programs provide technical and financial assistance to help farmers improve land management practices. The two largest working lands programs—Environmental Quality Incentives Program (EQIP) and Conservation Stewardship Program (CSP)—account for more than half of all conservation program funding. Total funding for both programs is reduced under the enacted bill, compared with prior law, but in different ways and to different degrees.

CSP provides financial and technical assistance to producers to maintain and improve existing conservation systems and to adopt additional conservation activities in a comprehensive manner on a producer's entire operation. The House bill would have repealed CSP and created a stewardship contract within EQIP, whereas the Senate bill would have reauthorized CSP and reduce program enrollment. The enacted bill creates a mix of both the House and Senate proposals with amendments. The law reauthorizes CSP but amends how the program limits future enrollment. The program is shifted away from an acreage limitation under prior law (10 million acres annually) to limits based on funding (\$700 million in FY2019 increasing to \$1 billion in FY2023), a reduction from prior law. The savings from limiting CSP in this manner are redistributed to EQIP and other farm bill conservation programs within the title. The enacted bill also amends CSP's ranking criteria; contract renewal requirements; payments for cover crops, grazing management, and comprehensive conservation plan development; and organic certification allocations. A new grassland conservation initiative is also added to CSP.

EQIP is reauthorized and expanded in the enacted bill. EQIP provides financial and technical assistance to producers and land owners to plan and install structural, vegetative, and land management practices on eligible lands to alleviate natural resource problems. The enacted bill increases EQIP funding in annual increments from \$1.75 billion in FY2019 to \$2.025 billion in FY2023. A number of amendments to EQIP focus on water quality and quantity-related practices, soil health improvement, and wildlife habitat improvement. The bill reduces the allocation for

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<sup>17</sup> This section was written by Megan Stubbs, Specialist in Agricultural Conservation and Natural Resources Policy.

livestock-related practices from 60% to 50% and increases the allocation for wildlife-related practices from 5% to 10%. Water conservation system payments are expanded to irrigation and drainage entities with limitations. Conservation Innovation Grants, a subprogram under EQIP, is expanded to include community colleges, on-farm innovation, and soil health trials.

### **Land Retirement and Easement Programs**

Land retirement and easement programs provide federal payments to private agricultural landowners for accepting permanent or long-term land-use restrictions. The largest land retirement program—the Conservation Reserve Program—is reauthorized and expanded under the enacted 2018 farm bill. CRP provides annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource-conserving plantings. Under the new law, annual CRP enrollment is increased incrementally from 24 million acres in FY2019 to 27 million by FY2023. Within this limit, CRP is required to enroll up to 2 million acres in grasslands contracts and up to 8.6 million acres in continuous contracts. To offset this increased enrollment level, the enacted bill reduces payments to participants, including cost-share payments, annual rental payments, and incentive payments. Annual rental payments are limited to 80% of the county average for general enrollment and 90% for continuous enrollment. The enacted bill also makes a number of other changes that would further expand grazing and commercial uses on CRP acres as well as transition options for new and limited resource producers. Under CRP, new pilot programs are created, such as CLEAR 30 (Clean Lakes, Estuaries, and Rivers and Soil Health and Income Protection Pilot), while existing subprograms are reauthorized and codified (e.g., Conservation Reserve Enhancement Program and Farmable Wetlands Program).

The Agricultural Conservation Easement Program (ACEP) is reauthorized and amended in the 2018 farm bill. ACEP provides financial and technical assistance through two types of easements: (1) agricultural land easements that limit nonagricultural uses on productive farm or grasslands and (2) wetland reserve easements that protect and restore wetlands. Most of the changes to ACEP focus on the agricultural land easements in which USDA enters into partnership agreements with eligible entities to purchase agricultural land easements from willing landowners. Additional flexibilities are provided to ACEP-eligible entities, including amendments to nonfederal cost share requirements, consideration of geographical differences, terms and conditions of easements, and certification criteria of eligible entities. Several amendments reduce the roll of USDA in the administration of ACEP agricultural land easements, including amendments to the certification of eligible entities, the right of easement enforcement, and planning requirements. Changes to wetland reserve easements center on compatible use and vegetative cover requirements. The enacted bill increases overall funding from \$250 million in FY2018 to \$450 million annually for FY2019-FY2023.

### **Other Conservation Programs**

The new farm bill reauthorizes and amends the Regional Conservation Partnership Program (RCPP) by shifting the program away from enrolling land through existing conservation programs to a standalone program with separate contracts and agreements. The program is to continue to enter into agreements with eligible partners, and these partners are to continue to define the scope and location of the project, provide a portion of the project cost, and work with eligible landowners to enroll in RCPP contracts. The scope of eligible activities under RCPP is expanded to include activities that may be carried out under additional covered programs. RCPP funding is increased to \$300 million annually for FY2019-FY2023 from \$100 million annually under prior law. The enacted bill provides additional flexibilities to partners, including the

makeup of a partner's project contribution, guidance and reporting requirements, agreement renewals, and the application process.

The enacted bill also includes amendments to conservation programs and provisions with originating authorities outside of farm bill legislation, primarily various watershed and emergency conservation programs. The law also requires reports be provided to Congress on natural resources and on various pilot programs and trials.

## **Trade<sup>18</sup>**

The trade title—Title III of the enacted 2018 farm bill—addresses statutes concerning U.S. international food aid and agricultural export programs (see **Table 7**). Under the farm bill authority, U.S. international food assistance is distributed through three main programs: (1) Food for Peace (emergency and nonemergency food aid), (2) Food for Progress (agricultural development programs), and (3) the McGovern-Dole International Food for Education and Child Nutrition program (school lunch and feeding programs). The largest of these, the Food for Peace (FFP) program, receives about \$1.5 billion in annual appropriations. Traditionally, these three programs have relied on donated U.S. agricultural commodities as the basis for their activities. However, recent farm bills have increasingly added flexibility to purchase food in local markets or to directly transfer cash or vouchers to needy recipients. The U.S. Agency for International Development administers FFP, while the Foreign Agricultural Service of USDA administers the other two programs.

The bill reauthorizes all international food aid programs as well as certain operational details such as prepositioning of agricultural commodities and micronutrient fortification programs. P.L. 115-334 also adds a provision requiring that food vouchers, cash transfers, and local and regional procurement of non-U.S. foods avoid market disruption in the recipient country. Under prior law, this requirement applied only to U.S. commodities. The enacted law amends FFP by eliminating the requirement to *monetize*—sell on local markets to fund development projects—at least 15% of FFP commodities. It also increases the minimum level of FFP funds allocated for nonemergency assistance from \$350 million to \$365 million each year while maintaining the maximum annual allocation of 30% of FFP funds.

P.L. 115-334 amends the McGovern-Dole program by authorizing up to 10% of annual appropriated funds to be used to purchase food in the country or region where it will be distributed. Prior law required all commodities provided under the program be produced in the United States. The bill also extends authority for several related international programs, including the Farmer-to-Farmer program, Bill Emerson Humanitarian Trust, and Global Crop Diversity Trust, as well as two associated fellowship programs: Cochran Fellowships and Borlaug Fellowships.

P.L. 115-334 consolidates the existing U.S. export promotion programs—the Market Access Program (MAP), the Foreign Market Development Program (FMDP), the Emerging Markets Program (EMP), and Technical Assistance for Specialty Crops (TASC)—into one section, establishing permanent mandatory funding for those programs. It also establishes a Priority Trade Fund, from which the Secretary can provide additional funding to the export promotion programs. The programs are authorized to receive \$255 million in annual mandatory CCC funds for FY2019-FY2023. Of that money, not less than \$200 million is to be spent on MAP, not less than \$34.5 million on FMDP, not more than \$8 million on EMP, not more than \$9 million on TASC,

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<sup>18</sup> This section was written by Randy Schnepf, Specialist in Agricultural Policy; Anita Regmi, Analyst in Agricultural Policy; and Alyssa Casey, Analyst in Agricultural Policy.

and \$3.5 million on the Priority Trade Fund. While the MAP and FMDP funding reflects 2014 farm bill funding levels for those programs, EMP and TASC are each authorized at \$1 million less than in the 2014 farm bill. Another change is that MAP and FMDP funds can now also be spent on authorized programs in Cuba.

The law also reauthorizes direct credits or export credit guarantees for the promotion of agricultural exports to emerging markets of not less than \$1 billion in each fiscal year through 2023. Further, the new law authorizes the appropriation of up to \$2 million annually through 2023 to assist with the removal of non-tariff and other trade barriers to U.S. agricultural products produced with biotechnology and other agricultural technologies. And the law adds a requirement that USDA facilitate the inclusion of more tribal food and agricultural products in federal trade-related activities and international trade missions.

## **Nutrition<sup>19</sup>**

The enacted farm bill's Nutrition title amends a variety of aspects of SNAP and related nutrition assistance programs (see **Table 8**). While the enacted provisions incorporate some of the SNAP policies included in the House- and/or Senate-passed bills, the Nutrition title does not include the House-passed bill's expansion of work requirements and SNAP employment and training (E&T) programs. The law reauthorizes SNAP and related programs for five years through the end of FY2023. CBO estimates the Nutrition title's impact on direct spending (in outlays) is cost-neutral over the 10-year period (FY2019-FY2028). While certain policies are estimated to *increase* spending by approximately \$1.1 billion, all others total to an estimated *decrease* in spending by approximately \$1.1 billion.

**SNAP Eligibility and Benefit Calculation.** The enacted 2018 farm bill's Nutrition title largely maintains current SNAP eligibility and benefit calculation rules. After debate over work requirements for SNAP, the enacted conference report maintains both the existing general work requirements and the time limit for non-disabled adults without dependents to receive SNAP, with a few amendments:

- While prior law allowed states to exempt up to 15% of those subject to the time limit from the time limit, the 2018 farm bill reduces such exemptions to 12%.
- The conference report expands the SNAP E&T activities that a state may provide and emphasizes supervised job search over unsupervised job search programs.
- The new law increases one stream of mandatory E&T funding by approximately \$14 million and prioritizes specified E&T activities for receiving any reallocated funding.

On benefit calculation, the new law requires states to conduct a simplified calculation for homeless households and also requires certain updates or studies of certain aspects of benefit calculation. Among other eligibility-related provisions that were not adopted, the House-passed bill would have limited categorical eligibility while amending asset limits, limited how utilities may have been calculated in benefit calculation, expanded work requirements to include individuals 50-59 years old and individuals with children over the age of six, made it more difficult for states to qualify for waivers from work requirements, and increased the earned income deduction. (**Table 8** expands upon the eligibility and benefit calculation differences between the bills).

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<sup>19</sup> This section was written by Randy Alison Aussenberg, Specialist in Nutrition Assistance Policy; and Kara Clifford Billings, Analyst in Social Policy.

**SNAP fraud, errors, and related state administration.** The enacted 2018 farm bill includes policies intended to reduce errors and fraud in SNAP. The enacted farm bill establishes a nationwide National Accuracy Clearinghouse to identify concurrent enrollment in multiple states and requires state action on information that could change benefit amounts. It increases USDA's oversight of state systems and the quality control system. The enacted bill also repeals funding for state performance awards.

**Electronic Benefit Transfer (EBT) and retailers.** The enacted Nutrition title contains policy changes for SNAP's EBT system and benefit redemption. It places limits on the fees EBT processors may charge, shortens the time frame for storing and expunging unused benefits, changes the authorization requirements for farmers' market operators with multiple locations, and requires USDA to conduct other specified retailer and EBT system oversight. The new law requires the nationwide implementation of the online acceptance of SNAP benefits and authorizes a pilot project to test SNAP recipients' use of mobile technology to redeem their SNAP benefits.

**Other SNAP-related grants.** The enacted 2018 farm bill makes changes to other SNAP-related funding (E&T, a type of SNAP-related grants, is discussed above). The enacted Nutrition title reauthorizes the Food Insecurity Nutrition Incentive (FINI) grant program, renaming it the Gus Schumacher FINI, and provides for evaluation, training, and technical assistance. As added by the 2014 farm bill, this program funds projects that incentivize participants to purchase fruits and vegetables. The 2018 farm bill expands these SNAP incentive programs, increasing mandatory funding, and, within FINI's funding, establishes grants for produce prescription projects to serve individuals eligible for SNAP or Medicaid in households with or at risk of developing a diet-related health condition. The new law increases FINI funding by \$417 million over 10 years.

In addition to FINI's fruit and vegetable incentives or prescriptions, the Nutrition title also includes policies—but not federal funding—for retailer incentive programs and authorizes, with discretionary funding, pilot projects to focus on milk consumption. On nutrition education (SNAP-Ed), the new law makes some policy changes, such as requiring an electronic reporting system, but it does not change the program's funding.

**Food distribution programs.** The Nutrition title reauthorizes and makes some policy changes to the nutrition assistance programs that distribute USDA foods to low-income households. The law includes changes to the Food Distribution Program on Indian Reservations, including requiring the federal government to pay at least 80% of administrative costs and creating a demonstration project for tribes to purchase their own commodities. The Nutrition title reauthorizes the Commodity Supplemental Food Program and increases the length of certification periods.

The enacted bill also increases funding for The Emergency Food Assistance Program. CBO estimates that the increases will amount to an additional \$206 million over 10 years. Included in this cost estimate is \$4 million for each of FY2019-FY2023 for newly authorized projects to facilitate the donation of raw/unprocessed commodities by agricultural producers, processors, and distributors to emergency feeding organizations.

**Other nutrition programs and policies.** The enacted 2018 farm bill also continues the Senior Farmers' Market Nutrition Program and its mandatory funding. The enacted bill reduces funding for the Community Food Projects competitive grant program, providing \$5 million per year instead of \$9 million. Though generally the school meals programs are reauthorized outside of the farm bill, the 2018 farm bill continues the \$50 million set-aside for USDA's fresh fruit and vegetable purchases for schools and requires USDA to take certain actions to enforce school meals' Buy American requirements. The enacted bill also authorizes new programs and discretionary funding for Public-Private Partnerships and Micro-Grants for Food Security.



## Credit<sup>20</sup>

The Credit title (Title V) of the 2018 farm bill reauthorizes and makes several changes to provisions in the Consolidated Farm and Rural Development Act that governs the USDA farm loan programs (7 U.S.C. 1921 *et seq.*). It also modifies the Farm Credit Act that governs the Farm Credit System (12 U.S.C. 2001 *et seq.*) and reauthorizes the State Agricultural Loan Mediation Program (7 U.S.C. 5101; see **Table 9**).

For the USDA farm loan programs, the 2018 farm bill adds specific criteria (e.g., coursework, military service, mentoring) that the Secretary may use to reduce the requirement for three years of farming experience in order for beginning farmers to qualify for loans. It also raises the maximum loan size for guaranteed loans (both farm ownership and farm operating) to \$1.75 million per borrower in 2019, adjusted for inflation thereafter, from a lower statutory base of \$700,000 established in 1996 (\$1.4 million in 2018 after adjusting for inflation). For direct loans, the new farm bill increases the farm ownership loan limit to \$600,000 and the farm operating loan limit to \$400,000, both from \$300,000 under prior law. For beginning and socially disadvantaged farmers, it increases the percentage of loans that may be guaranteed to 95%, generally from 80%-90%.

The State Agricultural Loan Mediation Program is reauthorized through FY2023, and the range of issues covered by the program is expanded.

For the government-chartered cooperative Farm Credit System (FCS), the 2018 farm bill eliminates obsolete references to outdated names and transition periods from the 1980s and 1990s. It clarifies that FCS entities may share privileged information with the Farm Credit Administration (FCA) for regulatory purposes without altering the privileged status elsewhere, and it expands FCA's jurisdiction to hold accountable "institution-affiliated parties" (including agents and independent contractors). It also repeals a compensation limit for FCS bank boards of directors.

For the Federal Agricultural Mortgage Corporation (FarmerMac), the new farm bill increases the acreage exception—subject to a study by FCA—from 1,000 acres to 2,000 acres for the dollar limit to remain a qualified loan.

For the Farm Credit System Insurance Corporation (FCSIC), which insures repayment of certain FCS debt obligations, the 2018 farm bill provides greater statutory guidance regarding the powers and duties of the FCSIC when acting as a conservator or receiver of a troubled FCS institution and the rights and duties of parties affected by an FCS institution being placed into a conservatorship or receivership. These are largely modeled after provisions that apply to depository institutions that are insured by the Federal Deposit Insurance Corporation.

The enacted 2018 farm bill also directs four studies about agricultural credit: (1) an annual FSA report about its farm loan program that includes various performance characteristics, demographics, and participation by beginning and socially disadvantaged farmers; (2) an FCA study about the risks and capitalization of loans in the portfolios of FCS and FarmerMac and the feasibility of increasing the acreage for FarmerMac qualified loans; (3) a Government Accountability Office (GAO) study about credit availability for socially disadvantaged farmers; and (4) a GAO study about the credit needs of Indian tribes and members of Indian tribes.

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<sup>20</sup> This section was written by Jim Monke, Specialist in Agricultural Policy, with assistance for the FCS Insurance Corporation from Raj Gnanarajah, Analyst in Financial Economics, and David H. Carpenter, Legislative Attorney.

## Rural Development<sup>21</sup>

The Rural Development title of the enacted 2018 farm bill (P.L. 115-334) addresses rural development policies including broadband deployment, opioid abuse and rural health, and business and infrastructure development (see **Table 10**).

The law adds a new section to the Rural Development Act of 1972 authorizing the Secretary to temporarily prioritize assistance under certain USDA Rural Development loan and grant programs to respond to a public health emergency. P.L. 115-334 also directs the Secretary to prioritize assistance under certain programs between FY2019 and FY2025 to combat substance use disorder. It directs the Secretary to make available 20% of Distance Learning and Telemedicine Program funds for telemedicine projects that provide substance use disorder treatment services. It also gives priority for assistance under the Community Facilities Program and Rural Health and Safety Education Program to entities providing substance use prevention, treatment, and recovery services. The new law also allows loans or loan guarantees provided to a community facility or rural entity to be used to refinance a rural hospital's debt obligation.

P.L. 115-334 includes provisions that address access to broadband in rural communities. The law amends the Rural Broadband Access Loan and Loan Guarantee Program to allow USDA to provide grants, in addition to loans and loan guarantees, to fund broadband deployment projects. It increases authorized appropriations for broadband projects from \$25 million to \$350 million annually for FY2019-FY2023. Prior law established minimum acceptable levels of broadband service for a rural area for the purposes of this program as 4 megabits per second (Mbps) download and 1 Mbps upload. P.L. 115-334 increases these minimum acceptable levels to 25 Mbps download and 3 Mbps upload. The new law also reauthorizes the Rural Gigabit Network Pilot Program established in the 2014 farm bill (P.L. 113-79) and renames the program Broadband Innovative Advancement. It also codifies the Community Connect Grant Program and authorizes discretionary funding for the program of \$50 million annually for FY2019-FY2023. The new law also establishes a Rural Broadband Integration Working Group to identify barriers and opportunities for broadband deployment in rural areas.

The enacted 2018 farm bill directs the Northern Border Regional Commission to establish a new State Capacity Building Grant Program to provide grants to support economic and infrastructure development in commission states. P.L. 115-334 also establishes a Council on Rural Community Innovation and Economic Development to enhance federal efforts to address the needs of rural areas by creating working groups within the council to focus on job acceleration and integration of smart technologies in rural communities and making recommendations to the Secretary of Agriculture.

P.L. 115-334 reauthorizes the Rural Energy Savings Program and amends the program to allow financing of off-grid and renewable energy and energy storage systems. It increases authorized discretionary funding for the Emergency and Imminent Community Assistance Water Program from \$35 million per year to \$50 million per year for FY2019-FY2023. It also decreases authorized discretionary funding to capitalize revolving water and wastewater loan funds from \$30 million per year to \$15 million per year for FY2019-FY2023.

P.L. 115-334 amends the definition of *rural* in the ConAct (P.L. 92-419) to exclude from population-based criteria individuals incarcerated on a "long-term or regional basis" and to exclude the first 1,500 individuals who reside in housing located on military bases. It also amends

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<sup>21</sup> This section was written by Alyssa Casey, Analyst in Agricultural Policy.

the Housing Act of 1949 to allow any area defined as a rural area between 1990 and 2020 to remain classified as such until receipt of the 2030 decennial census.

Among its other changes, the enacted 2018 farm bill establishes a new technical assistance and training program to assist communities in accessing programs offered through the Rural Business-Cooperative Service. In addition, it amends the Cushion of Credit Payments Program to cease new deposits and modify the interest rate structure that borrowers receive. It also allows borrowers to withdraw deposits from cushion of credit accounts to prepay loans under USDA's Rural Utilities Service without a prepayment penalty through FY2020. The new law amends the Rural Economic Development Loan and Grant Program to authorize \$10 million per year in discretionary funding for FY2019-FY2023 and \$5 million per year in mandatory funding for FY2022-FY2023. The law also repeals several unfunded programs, including the Rural Telephone Bank, the Rural Collaborative Investment Program, and the Delta Region Agricultural Development Grants Program.

## Research<sup>22</sup>

USDA is authorized under four major laws to conduct agricultural research at the federal level and to provide support for cooperative research, extension, and postsecondary agricultural education programs in the states through formula funds and competitive grants to land-grant universities (see **Table 11**). The enacted Agriculture Improvement Act of 2018 (P.L. 115-334, Title VII) reauthorizes funding for these activities through FY2023 with either mandatory funding or discretionary funding that is subject to annual appropriations.

Several new research areas in the High Priority Research and Extension program are designated as high priorities: macadamia tree health, national turfgrass research, fertilizer management, cattle fever ticks, and laying hen and turkey research. The law also reauthorizes the Organic Agriculture Research and Extension Initiative (OREI) and increases mandatory funding levels to \$30 million annually for FY2019-FY2023. The Specialty Crop Research Initiative (SCRI) is reauthorized through FY2023 and will continue to include carve-out funding for the Emergency Citrus Disease Research and Extension Program. SCRI also expands program eligibility to include “size-controlling rootstock systems for perennial crops” and “emerging and invasive species,” among other production practices and technologies.

The enacted law provides new programs for the 1890 land-grant institutions and 1994 tribal colleges of agriculture, authorizes new support for urban and indoor agricultural production, authorizes new funding for industrial hemp research and development, and authorizes an initiative supporting advanced agricultural research. Other provisions reauthorize and extend national genetic resources programs, OREI, and SCRI. The research title also makes changes to the Foundation for Food and Agriculture Research and reauthorizes several programs relating to agricultural biosecurity.

The law creates a new scholarship program for students attending 1890 land-grant universities (Historically Black Colleges and Universities). Authorized grants are for young African American students who commit to pursuing a career in the food and agricultural sciences. Another provision of the law also establishes at least three Centers of Excellence, each to be led by an 1890 institution. The centers are to concentrate research and extension activities in one or more defined areas, including nutrition, wellness and health, farming systems and rural prosperity, global food security and defense, natural resources, energy and the environment, and emerging technologies. A similar program, New Beginnings for Tribal Students, is to offer competitive grants to 1994

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<sup>22</sup> This section was written by Tadlock Cowan, Analyst in Natural Resources and Rural Development.



tribal agriculture colleges to support recruiting, tuition, experiential learning, student services, counseling, and academic advising to increase the retention and graduation rates of tribal students at 1994 land-grant colleges. Another provision will make 1994 tribal colleges that offer an associate's degree or a baccalaureate eligible to participate in McIntire-Stennis forestry research support.

Several provisions authorize research and development funding for industrial hemp production. Under the Critical Agricultural Materials Act, hemp will now be included as an industrial product eligible for support. In amending and expanding a provision in the 2014 farm bill (Section 7606, P.L. 113-79), the Secretary is directed to conduct a study of hemp production pilot programs to determine the economic viability of domestic production and sale of hemp. A new provision creates a "Hemp Production" subtitle under the Agricultural Marketing Act of 1946, expanding the existing statutory definition of *hemp* and expanding eligibility to other producers and groups, including tribes and territories. States or Indian tribes wanting primary regulatory authority over hemp production will be required to implement a plan with specific requirements to further monitor and regulate their production of hemp.

A provision of the research title creates new programs supporting advanced agricultural research and urban, indoor, and emerging agricultural production systems. A new Agriculture Advanced Research and Development Authority (AGARDA) is established as a component of the Office of the Chief Scientist to examine the applicability for advanced research and development in food and agriculture through a pilot program that targets long-term and high-risk research. Focal areas include acceleration of novel, early-stage innovative agricultural research; prototype testing; and licensing and product approval under the Plant Protection Act and the Animal Health Protection Act, among other innovative research tools that might be used in the discovery, development, or manufacture of a food or agricultural product.

The Secretary is to develop and make publicly available a strategic plan setting forth the agenda that AGARDA will follow and provide for consultation with other federal research agencies; the National Academies of Sciences, Engineering, and Medicine; and others. There are provisions in the AGARDA program to expedite contract and grant awards and the appointments of highly qualified scientists and research program managers without regard to certain statutes governing appointments in the competitive federal service. The fund will have an authorized appropriation of \$50 million each year for FY2019-FY2023. The program terminates at the end of FY2023.

The enacted bill also authorizes a new Urban, Indoor, and Emerging Agricultural Production, Research, Education, and Extension Initiative. The provision authorizes the Secretary to make competitive grants to facilitate development of urban and indoor agricultural production systems and emerging harvesting, packaging, and distribution systems and new markets. The grants could also support methods of remediating contaminated urban sites (e.g., brownfields); determining best practices in pest management; exploring new technologies to minimize energy, lighting systems, water, and other inputs for increased food production; and studying new crop varieties and agricultural products to connect to new markets. The provision provides mandatory and discretionary spending of \$4 million and \$10 million, respectively, for each year for FY2019-FY2023. In addition, there is authorization of \$14 million for a study of urban and indoor agriculture production under the 2017 Census of Agriculture, including data on community gardens, rooftop gardens, urban farms, and hydroponic and aquaponic farm facilities.

## Forestry<sup>23</sup>

Similar to previous farm bills, the forestry title in the enacted 2018 farm bill (P.L. 115-334, Title VIII) includes provisions related to forestry research and establishes, modifies, or repeals several programs to provide financial and technical assistance to nonfederal forest landowners (see **Table 12**).<sup>24</sup> The forestry title also includes several provisions addressing management of the National Forest System (NFS) lands managed by the USDA Forest Service and the public lands managed by the Bureau of Land Management (BLM) in the Department of the Interior.

Forestry assistance and research programs are primarily authorized under three main laws: the Cooperative Forestry Assistance Act,<sup>25</sup> the Forest and Rangeland Renewable Resources Research Act,<sup>26</sup> and the Healthy Forests Restoration Act.<sup>27</sup> Many forestry programs are permanently authorized to receive such sums as necessary in annual discretionary appropriations and thus do not require reauthorization in the farm bill. Some programs, however, are not permanently authorized and expired at the end of FY2018. The 2018 farm bill reauthorizes, through FY2023, four such programs: the Healthy Forests Reserve Program, Rural Revitalization Technology, National Forest Foundation, and funding for implementing statewide forest resource assessments. The 2018 farm bill also provides explicit statutory authorization and congressional direction for current programs that were operating under existing, but broad, authorizations. For example, the farm bill authorizes the Landscape Scale Restoration program to provide financial assistance for large restoration projects that cross landownership boundaries, providing statutory direction for an assistance program that has been operating since FY2015 based on authorities provided in the 2014 farm bill. The 2018 farm bill also modifies or repeals some existing assistance programs. For example, the bill amends the permanent authorization for the Semiarid Agroforestry Research Center and establishes an FY2023 expiration.

The forestry title also addresses issues related to the accumulation of biomass in many forests and the associated increased risk for uncharacteristic wildfires on both federal and nonfederal land. In Part III of Subtitle F, the Timber Innovation Act incorporates provisions from both the House- and Senate-passed bills to establish, reauthorize, and modify assistance programs to promote wood innovation for energy use and building construction and to facilitate the removal of forest biomass. The law also authorizes up to \$20 million in annual appropriations to provide financial assistance to states for hazardous fuel reduction projects that cross landownership boundaries. The law also reduces the annual authorization for the Forest Service's hazardous fuels management program from \$760 million annually to \$660 million annually and adds a sunset date of FY2023 to the authorization. In addition, the law repeals other biomass-related programs, such as the Biomass Commercial Utilization Program, a biomass energy demonstration project, and a wood fiber recycling research program.

The 2018 farm bill contains a provision that changes how the Forest Service and BLM comply with the requirements under the National Environmental Policy Act<sup>28</sup> for management activities

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<sup>23</sup> This section was written by Katie Hoover, Specialist in Natural Resource Policy.

<sup>24</sup> The Agriculture Committees have jurisdiction over forestry issues generally and any national forest not reserved from the public domain. The House Committee on Natural Resources and the Senate Committee on Energy and Natural Resources have jurisdiction over public lands generally, including national forests reserved from the public domain.

<sup>25</sup> P.L. 95-313, 16 U.S.C. §§2101-2114.

<sup>26</sup> P.L. 95-307, 16 U.S.C. §§1641 *et seq.*

<sup>27</sup> P.L. 108-148, 16 U.S.C. §§6501-6591c. For more information on these programs, see CRS Report R45219, *Forest Service Assistance Programs*.

<sup>28</sup> P.L. 91-109, 42 U.S.C. §§4321-4347. For more information, see CRS Report RL33152, *The National Environmental*

involving sage grouse and/or mule deer habitat. The law establishes a categorical exclusion for specified activities under which projects up to 4,500 acres would not be subject to the requirements to prepare an environmental assessment or environmental impact statement. This provision was in the Senate-passed version of the bill. The House-passed version would have established 10 other categorical exclusions for various activities and would have also changed some of the consultation requirements under the Endangered Species Act.<sup>29</sup> The enacted farm bill also includes provisions from the House bill related to the Forest Service’s authority to designate insect and disease treatment areas on NFS lands and procedures intended to expedite the environmental analysis for specified priority projects within those areas.<sup>30</sup> Specifically, the enacted farm bill adds hazardous fuels reduction as a priority project category and authorizes larger projects.

The enacted farm bill also addresses miscellaneous federal and tribal forest management issues. For example, the law expands the availability of Good Neighbor Agreements to include federally recognized Indian tribes and county governments and authorizes tribes to enter into contracts to perform specified forest management activities on tribal land. The enacted bill also reauthorizes the Collaborative Forest Landscape Restoration Program to receive appropriations through FY2023, raises the authorized level to \$80 million, and authorizes the Secretary to issue waivers to extend projects beyond the initial 10 years. In addition, the enacted farm bill also authorizes the conveyance of NFS land through lease, sale, or exchange. The enacted bill expands the Small Tracts Act, reauthorizes the Facility Realignment and Enhancement program, authorizes the Forest Service to lease administrative sites, and includes provisions for specific parcels.<sup>31</sup> The law also establishes two watershed protection programs on NFS lands and authorizes the Secretary to accept cash or in-kind donations from specified nonfederal partners to implement projects associated with one of those programs.

## Energy<sup>32</sup>

The Energy title (Title IX) supports agriculture-based renewable energy. In the 2018 farm bill, the energy title extends eight programs and one initiative through FY2023 (see **Table 13**). It repeals one program and one initiative—the Repowering Assistance Program and the Rural Energy Self-Sufficiency Initiative. It establishes one new grant program, the Carbon Utilization and Biogas Education Program, which is focused on the education and utilization of carbon sequestration as well as biogas systems. The title also amends the eligible material definition for the Biomass Crop Assistance Program to include algae. Further, the law modifies the definitions of *biobased product* (to include renewable chemicals), *biorefinery* (to include the conversion of an intermediate ingredient or feedstock), and *renewable energy systems* (to include ancillary infrastructure such as a storage system).

Mandatory program funding is less than what was provided in earlier farm bills. The 2018 farm bill authorizes a total of \$375 million in mandatory funding for FY2019-FY2023. The 2014 farm bill authorized a total of \$694 million in mandatory funding over its five-year life. Mandatory

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*Policy Act (NEPA): Background and Implementation.*

<sup>29</sup> P.L. 93-205, 16 U.S.C. §1531 *et seq.* For more information, see CRS Report RL31654, *The Endangered Species Act: A Primer*.

<sup>30</sup> For more information on the forestry provisions in the 2014 farm bill, see CRS Report R43431, *Forestry Provisions in the 2014 Farm Bill (P.L. 113-79)*.

<sup>31</sup> For more information on Forest Service land disposal, see CRS Report RL34273, *Federal Land Ownership: Acquisition and Disposal Authorities*.

<sup>32</sup> This section was written by Kelsi Bracmort, Specialist in Natural Resources and Energy Policy.

funding is provided for the Biobased Markets Program (\$15 million over five years), the Biorefinery Assistance Program (\$75 million over five years), the Bioenergy Program for Advanced Biofuels (\$35 million over five years), the Rural Energy for America Program (\$250 million over five years), and the Feedstock Flexibility Program for Bioenergy Producers, which is authorized for such sums as necessary for five years but with outlays projected to amount to \$0 according to CBO. Mandatory funding is not provided for the Biodiesel Fuel Education Program, the Biomass Research and Development Initiative, the Biomass Crop Assistance Program, or the new Carbon Utilization and Biogas Education Program. The farm bill also authorizes discretionary appropriations, subject to annual appropriations action.

## **Horticulture<sup>33</sup>**

The 2018 farm bill reauthorizes many of the existing farm bill provisions supporting farming operations in the specialty crop, certified organic agriculture, and local foods sectors. These provisions cover several programs and policies benefitting these sectors, including block grants to states, support for farmers markets, data and information collection, education on food safety and biotechnology, and organic certification, among other market development and promotion initiatives (see **Table 14**).

Provisions affecting the specialty crop and certified organic sectors are not limited to the Horticulture title (Title X) but are contained within several other titles. Among these are programs in the Research, Nutrition, and Trade titles, among others. Related programs outside the Horticulture title include SCRI and OREI in the research title, as well as the Fresh Fruit and Vegetable Program and Section 32 purchases for fruits and vegetables under the Nutrition title, among other farm bill programs.

The new law makes changes both to farmers markets and local foods promotion programs, combining and expanding the Farmers Market Promotion Program and Local Food Promotion Program, along with the Value-Added Agricultural Product Market Development Grants program, to create a new "Local Agriculture Market Program" with an expanded mission and mandatory funding of \$50 million for FY2019 and each year thereafter, plus authorized appropriations. The law also includes several provisions from S. 3005 (Urban Agriculture Act of 2018) supporting urban agriculture development (including new programs and authorization for both mandatory and discretionary funding in the Miscellaneous, Research, Conservation, and Crop Insurance titles).

The new law also makes changes to USDA's National Organic Program (NOP) and related programs, addressing concerns about organic import integrity by including provisions that strengthen the tracking, data collection, and investigation of organic product imports, including certain provisions in H.R. 3871 (Organic Farmer and Consumer Protection Act of 2017). It also amends the eligibility and consultation requirements of the National Organic Standards Board, among other changes. The law reauthorizes NOP appropriations above current levels while reauthorizing current funding for the Organic Production and Market Data Initiatives and for technology upgrades to improve tracking and verification of organic imports. It also expands mandatory funding for the National Organic Certification Cost Share Program.

The new law also includes a number of provisions that further facilitate the commercial cultivation, processing, and marketing of industrial hemp in the United States. These provisions were in the Senate-passed bill and contained within the Horticulture title as well as the Research, Crop Insurance, and Miscellaneous titles of the enacted farm bill. Many of these provisions

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<sup>33</sup> This section was written by Renée Johnson, Specialist in Agricultural Policy.

originated from introduced versions of the Hemp Farming Act of 2018 (S. 2667; H.R. 5485). Chief among these provisions is an amendment to the Controlled Substances Act (21 U.S.C. 802(16)) to exclude hemp from the statutory definition of *marijuana* as redefined in the 2018 farm bill, provided it contains not more than a 0.3% concentration of delta-9 tetrahydrocannabinol—marijuana’s primary psychoactive chemical. The law also creates a new hemp program under the Agricultural Marketing Act of 1946 (7 U.S.C. Section 1621 *et seq.*) establishing a regulatory framework for hemp production (under USDA’s oversight), expands the statutory definition of *hemp*, and expands eligibility to produce hemp to a broader set of producers and groups, including tribes and territories. States or Indian tribes that seek primary regulatory authority over hemp production would be required to implement a “plan” to further monitor and regulate hemp production. States and tribal governments without USDA-approved plans would be subject to plans established by USDA to monitor and regulate hemp production. Without a license issued by USDA, it is unlawful to produce hemp in a state or tribal domain. Other provisions in the law’s crop insurance title make hemp producers eligible to participate in federal crop insurance programs, while provisions in the Research title of the law make hemp production eligible for certain USDA research and development programs.

## Crop Insurance<sup>34</sup>

The federal crop insurance program offers subsidized crop insurance policies to farmers. Farmers can purchase policies that pay indemnities when their yields or revenues fall below guaranteed levels. While the majority of federal crop insurance policies cover yield or revenue losses, the program also offers policies with other types of guarantees, such as index policies that trigger an indemnity payment based on weather conditions.

The Federal Crop Insurance Corporation (FCIC), a government corporation within USDA, pays part of the premium (about 63% on average in crop year 2017) while policy holders—farmers and ranchers—pay the balance. Private insurance companies, known as Approved Insurance Providers, deliver the policies in return for administrative and operating subsidies from FCIC. Approved Insurance Providers also share underwriting risk with FCIC through a mutually negotiated Standard Reinsurance Agreement. The USDA Risk Management Agency administers the federal crop insurance program.

The Crop Insurance title (Title XI) of the enacted 2018 farm bill (P.L. 115-334) makes several modifications to the existing federal crop insurance program (**Table 15**). CBO projects that the 2018 farm bill will decrease outlays for crop insurance relative to baseline levels by \$104 million during the FY2019-FY2028 period. This projected reduction represents around 0.1% of projected crop insurance outlays over the same time period, during which outlays are projected to total about \$78 billion.

Within the 2018 farm bill’s Crop Insurance title, the section with the highest projected increase in outlays (\$90 million increase over FY2019-FY2028, Section 11109) expands coverage for forage and grazing by authorizing catastrophic level coverage for insurance plans covering grazing crops and grasses. It also allows producers to purchase separate crop insurance policies for crops that can be both grazed and mechanically harvested on the same acres during the same growing season and to receive independent indemnities for each intended use.

Two other sections of the 2018 farm bill have projected outlay increases compared with prior law. One modifies the FCIC board’s research and development authority in several ways, including redefining *beginning farmer or rancher* as an individual having actively operated and managed a

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<sup>34</sup> This section was written by Isabel Rosa, Analyst in Agricultural Policy.



farm or ranch for less than 10 years, thus making these individuals eligible for federal subsidy benefits available for the purposes of research, development, and implementation of whole-farm insurance plans (\$13 million increase over FY2019-FY2028, Section 11122). The other section that is projected to result in higher outlays authorizes FCIC to waive certain viability and marketability requirements in considering proposals from private submitters to develop a policy or pilot program relating to the production of hemp (\$8 million increase over FY2019-FY2028, Section 11113).

The 2018 farm bill adds hemp to the definition of *eligible crops* for federal crop insurance subsidies (Sections 11101 and 11119) and also adds hemp to the list of crops whose policies may cover post-harvest losses (Section 11106). Most federal crop insurance policies do not cover post-harvest losses. Prior to the 2018 farm bill, coverage of post-harvest losses was limited to potatoes, sweet potatoes, and tobacco.

The section in the 2018 farm bill with the highest projected reduction in outlays (\$125 million over FY2019-FY2028, Section 11110) raises the administrative fee for catastrophic level coverage from \$300 to \$655 per crop per county. Four other sections also scored projected reductions in outlays, according to CBO. These sections relate to consolidation and reduction of funding for certain research and development contracts and partnerships (\$40 million over FY2019-FY2028, Section 11123); the expansion of enterprise units across county lines (\$27 million over FY2019-FY2028, Section 11111); the reduction of funds available for review, compliance, and program integrity (\$18 million over FY2019-FY2028, Section 11118); and modifications to how producer benefits are reduced when producing crops on native sod (\$4 million over FY2019-FY2028, Section 11114).

## Miscellaneous<sup>35</sup>

The Miscellaneous title (Title XII) of the Agriculture Improvement Act of 2018 covers a wide array of issues across six subtitles, including livestock, agriculture and food defense, historically underserved producers, Department of Agriculture Reorganization Act of 1994 Amendments, other miscellaneous provisions, and general provisions. The enacted provisions are organized by subtitle in **Table 16**. Those provisions that were located in the Miscellaneous titles of the House- and Senate-passed bills but were moved to other titles in the enacted bill, along with those provisions that were not enacted, are listed at the end of **Table 16**.

The livestock subtitle of the enacted 2018 farm bill establishes the National Animal Disease Preparedness Response Program (NADPRP) and the National Animal Vaccine and Veterinary Countermeasures Bank (NAVVCB), both under the National Animal Health Laboratory Network (NAHLN) in the Animal Health Protection Act (7 U.S.C. Section 8308a). The NADPRP is to address risks to U.S. livestock associated with the introduction of animal diseases and pests. The new law directs the NAVVCB to maintain significant quantities of vaccine and diagnostic products to respond to animal disease outbreaks. It also directs the NAVVCB to prioritize foot-and-mouth disease. The act authorizes mandatory funding of \$120 million for FY2019-FY2022 and \$30 million for FY2023 and for each fiscal year thereafter. In addition, \$30 million is authorized to be appropriated annually for FY2019-FY2023 for NAHLN, with as such sums as necessary appropriated for the NADPRP and NAVVCB.

Among other livestock provisions, the act authorizes appropriations for the Sheep Production and Marketing Grant Program; provides for a study on a livestock dealer statutory trust; adds llamas, alpacas, live fish, and crawfish to the list of covered animals under the Emergency Livestock

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<sup>35</sup> This section was written by Joel Greene, Analyst in Agricultural Policy.

Feed Assistance Act; calls for a report on the guidance and outreach USDA's Food Safety and Inspection Service provides to small meat processors; and establishes regional cattle and carcass grading centers.

Within the Agriculture and Food Defense subtitle of the enacted bill, the USDA Office of Homeland Security, as authorized in the 2008 farm bill (P.L. 110-246), is repealed and reestablished under the Department of Agriculture Reorganization Act of 1994 (7 U.S.C. Section 6901 *et seq.*). Under the new authorities, USDA is required to conduct Disease and Pest of Concern Response Planning, establish a National Plant Diagnostic Network to monitor threats to plant health, and establish a National Plant Disease Recovery System for long-term planning. The section also amends the criteria for considering the impact on research performance when biological agents or toxins are added to the Biological Agents and Toxins List.

The Historically Underserved Producers subtitle expands USDA activities for beginning, socially disadvantaged, and veteran farmers and ranchers. It prioritizes youth agricultural employment and volunteer programs and promotes the role of youth-serving organizations and school-based agricultural education programs. It also establishes a Tribal Advisory Committee to advise USDA on tribal and Indian affairs. The new law authorizes \$50 million in discretionary funding for FY2019-FY2023 for the Farming Opportunities Training and Outreach program and provides mandatory funding for the program that increases from \$30 million in FY2019 to \$50 million in FY2023. The act also establishes within USDA an Office of Urban Agriculture and Innovative Production to promote urban, indoor, and emerging agricultural practices.

The 2018 farm bill includes conforming amendments that address USDA reorganizational changes that created the Under Secretary for Trade and Foreign Agricultural Affairs, the Under Secretary for Farm Production and Conservation, and the Assistant to the Secretary for Rural Development. For one, the act requires USDA to re-establish the position of Under Secretary of Agriculture for Rural Development that USDA abolished and replaced with an Assistant to the Secretary for Rural Development in its May 2017 reorganization. The new law amends the duties and provisions of the USDA Military Veterans Agricultural Liaison and the Office of Chief Scientist and creates a Rural Health Liaison. It further requires USDA to conduct a civil rights analysis on actions, policies, or decisions that may impact employees, contractors, or beneficiaries of USDA programs based on membership in a federally protected group.

The Other Miscellaneous Provisions and General Provisions subtitles contain 40 provisions that address a wide variety of issues. For example, the Protecting Animals with Shelter provision authorizes USDA—in consultation with the Departments of Justice, Housing and Urban Development, and Health and Human Services—to provide grants for emergency and transitional shelter for victims of domestic and dating violence, sexual assault, and stalking and their pets. Other animal-related provisions ban the slaughter of dogs and cats, impose a ban on animal fighting in U.S. territories, and require a report on the importation of dogs.

The enacted 2018 farm bill reauthorizes the Pima Cotton; the Wool Apparel Manufacturers; and the Wool Research, Development, and Promotion trust funds. It also establishes the Emergency Citrus Disease Research and Development Trust Fund to address invasive citrus diseases and pests. The act extends for 10 years the National Oilheat Research Alliance. It further establishes a Commission on Farm Transition to study issues affecting transitioning farms to the next generation and establishes a Century Farms program to recognize farms that have been owned by the same family and in operation for at least 100 years.

In addition, the enacted bill requires USDA to conduct and issue various studies and reports on a variety of topics, among which are food waste; the business centers of the Natural Resources Conservation Service, the Farm Service Agency, and the Risk Management Agency; the number

of personnel in USDA agencies each year; the effect of absentee landlords; the level of funding that would allow the National Institute of Food and Agriculture to address evolving research and extension needs in rural and farming communities; an FDA food labeling regulation (81 *Fed. Reg.* 33742); and the impact of rice ratooning and post-disaster flooding on migratory birds.

The enacted 2018 farm bill directs USDA to restore exemptions for weighing and inspection services that were included in the United States Grain Standards Act (USGSA) in 2003 that were revoked when the USGSA was reauthorized in 2015. The act requires the U.S. Fish and Wildlife Service to clarify that the green sea urchin is exempt from the export permission requirements of the Endangered Species Act (16 U.S.C. Section 1538(d)(1) and its licensing regulations. The act also amends the Controlled Substance Act (21 U.S.C. Section 802(16)) to exclude industrial hemp from the statutory definition of *marijuana*.



# Provisions of the 2018 Farm Bill by Title Compared with the House- and Senate-Passed Bills (H.R. 2) and with Prior Law

Table 5. Commodities

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Commodity Program Terms</b>			
<b>Actual crop revenue.</b> The amount determined by the Secretary under the Agriculture Risk Coverage (ARC) program for each covered commodity for a crop year. (7 U.S.C. 9011(1))	Same as current law. (§1111(1)).	Continues current law.	Continues current law.
<b>ARC.</b> Coverage provided under the ARC program. (7 U.S.C. 9011(2))	Same as current law. (§1111(2)).	Continues current law.	Continues current law.
<b>ARC guarantee.</b> The amount determined by the Secretary under the ARC program for each covered commodity for a crop year. (7 U.S.C. 9011(3))	Same as current law. (§1111(3)).	Continues current law.	Continues current law.
<b>Base acres.</b> For purposes of calculating farm program payments, base acres are the number of historical program acres of a specific covered commodity on a farm as established under the 2008 farm bill, as in effect on September 30, 2013 (except upland cotton), subject to adjustments (see 7 U.S.C. 90112 below). (7 U.S.C. 9011(4))	Individual crop-specific base acres are retained, as in effect as under the 2014 farm bill subject to any reallocation, adjustment, or reduction as described in Section 1112. (§1111(4))	Continues current law.	Continues current law.
<b>County coverage.</b> Type of coverage under the ARC program to be obtained by the producer at the county level. (7 U.S.C. 9011(5))	No comparable definition.	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Covered commodities.</b> Wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long-grain rice, medium-grain rice, pulse crops, soybeans, other oilseeds, and peanuts. Effective beginning with the 2018 crop year, the term <i>covered commodity</i> includes seed cotton. <b>(7 U.S.C. 9011(6))</b></p>	<p>Wheat, oats, and barley (including wheat, oats, and barley used for haying and grazing), corn, grain sorghum, long-grain rice, medium-grain rice, pulse crops, soybeans, other oilseeds, seed cotton, and peanuts. <b>(§1111(5))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Effective price.</b> The price calculated by the Secretary under the Price Loss Coverage (PLC) program for each covered commodity for a crop year to determine whether PLC payments are required to be provided for that crop year. <b>(7 U.S.C. 9011(7))</b></p>	<p>Same as current law. <b>(§1111(6))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p>No comparable definition.</p>	<p><b>Effective reference price.</b> The term <i>effective reference price</i>, with respect to a covered commodity for a crop year, means the lesser of the following: (A) 115% of the reference price for such covered commodity; or (B) the greater of (i) the reference price for such covered commodity or (ii) 85% of the average of the marketing year average price of the covered commodity for the most recent five crop years, excluding each of the crop years with the highest and lowest marketing year average price. <b>(§1111(7))</b></p>	<p>No comparable definition.</p>	<p>Identical to House provision. <b>(§1101)</b></p>
<p><b>Extra-long-staple (ELS) cotton.</b> Cotton that (A) is produced from pure strain varieties of the <i>Barbadense</i> species or any hybrid of the species or other similar types of ELS cotton,</p>	<p>Same as current law. <b>(§1111(8))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
designated by the Secretary, having characteristics needed for various end uses for which U.S. upland cotton is not suitable, and grown in irrigated or other designated U.S. cotton-growing regions; and (B) is ginned on a roller-type gin or other authorized gin for experimental purposes. <b>(7 U.S.C. 9011(8))</b>			
<b>Generic base acres.</b> The amount of cotton base acres in effect under the 2008 farm bill, as adjusted pursuant to Section 1101 of such act, as of September 30, 2013 <b>(7 U.S.C. 9011(9))</b> , subject to any adjustment or reduction. <b>(7 U.S.C. 9012(d))</b> .	No comparable provision. Generic base acres are indirectly retained via retention of base acres as under prior law by Section 1111(4). Base acres are discussed further in Section 1112.	Continues current law.	Continues current law.
<b>Individual coverage.</b> Type of coverage selected by a producer under the ARC program at the farm (not county) level. <b>(7 U.S.C. 9011(10))</b>	No comparable definition.	Continues current law.	Continues current law.
No comparable definition. Instead, the full text “national average market price received by producers during the 12-month marketing year” for a covered commodity is used in the PLC and ARC programs.	<b>Marketing year average price (MYAP).</b> The national average market price received by producer during the 12-month marketing year for a covered commodity. <b>(§1111(9))</b>	No comparable definition.	No comparable definition.
<b>Medium-grain rice.</b> Includes short grain rice and temperate japonica rice. <b>(7 U.S.C. 9011(11))</b>	Same as current law. <b>(§1111(10))</b>	Continues current law.	Continues current law.
<b>Other oilseed.</b> A crop of sunflower seed, rapeseed, canola, safflower, flaxseed, mustard seed, crambe, sesame seed, or, if designated by the Secretary, another oilseed. <b>(7 U.S.C. 9011(12))</b>	Same as current law. <b>(§1111(11))</b>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Payment acres.</b> The number of acres for a farm, as determined under 7 U.S.C. 9014, that are eligible for payments under the PLC or ARC programs. <b>(7 U.S.C. 9011(13))</b>	Same as current law. <b>(§1111(12))</b>	Continues current law.	Continues current law.
<b>Payment yield.</b> For a covered commodity, the yield used to make counter-cyclical payments under the 2008 farm bill as in effect on September 30, 2013, or the yield established under the PLC program. <b>(7 U.S.C. 9011(14))</b>	For a covered commodity, the yield used to make PLC payments under the 2014 farm bill or the yield established in Section 1113. <b>(§1111(13))</b>	Continues current law.	Continues current law.
<b>Price Loss Coverage (PLC).</b> Coverage provided under the PLC program. <b>(7 U.S.C. 9011(15))</b>	Same as current law. <b>(§1111(14))</b>	Continues current law.	Continues current law.
<b>Producer.</b> Generally, an owner, operator, landlord, tenant, or sharecropper that shares in the risk of producing a crop and is entitled to share in the crop available for marketing from the farm or would have shared had the crop been produced. For a grower of hybrid seed, the existence of a hybrid seed contract and other program rules shall not adversely affect the ability to receive a payment. <b>(7 U.S.C. 9011(16))</b>	Same as current law. <b>(§1111(15))</b>	Continues current law.	Continues current law.
<b>Pulse crop.</b> Dry peas, lentils, small chickpeas, and large chickpeas. <b>(7 U.S.C. 9011(17))</b>	Same as current law. <b>(§1111(16))</b>	Continues current law.	Continues current law.
<b>Reference prices:</b> With respect to a covered commodity for a crop year: <ul style="list-style-type: none"> <li>• For wheat, \$5.50 per bushel (bu.).</li> <li>• For corn, \$3.70 per bu.</li> </ul>	Same as current law <b>(§1111(17))</b> but with the following addition: <b>Reference price for temperate japonica rice.</b> To reflect price premiums, the reference price for	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<ul style="list-style-type: none"> <li>• For grain sorghum, \$3.95 per bu.</li> <li>• For barley, \$4.95 per bu.</li> <li>• For oats, \$2.40 per bu.</li> <li>• For long-grain rice, \$14.00 per hundredweight (cwt).</li> <li>• For medium-grain rice, \$14.00 per cwt.</li> <li>• For soybeans, \$8.40 per bu.</li> <li>• For other oilseeds, \$20.15 per cwt.</li> <li>• For peanuts, \$535.00 per ton.</li> <li>• For dry peas, \$11.00 per cwt.</li> <li>• For lentils, \$19.97 per cwt.</li> <li>• For small chickpeas, \$19.04 per cwt.</li> <li>• For large chickpeas, \$21.54 per cwt.</li> <li>• For seed cotton, \$0.367 per lb.</li> </ul>	<p>temperate japonica rice equals \$14.00 per cwt., as adjusted by the formula for calculating the effective reference price <b>(§1111(7))</b> multiplied by the ratio of the simple average of the MYAP of medium-grain rice from crop years 2012-2016 divided by the simple average of the MYAP of all rice from crop years 2012-2016. <b>(§1116(g))</b></p>		
<b>(7 U.S.C. 9011(18))</b>	Same as current law. <b>(§1111(18))</b>	Continues current law.	Continues current law.
<b>Secretary.</b> The Secretary of Agriculture. <b>(7 U.S.C. 9011(19))</b>	Same as current law. <b>(§1111(19))</b>	Continues current law.	Continues current law.
<b>Seed cotton.</b> Unginned upland cotton that includes both lint and seed. <b>(7 U.S.C. 9011(20))</b>	Same as current law. <b>(§1111(20))</b>	Continues current law.	Continues current law.
<b>State.</b> Each of the U.S. states, the District of Columbia, the Commonwealth of Puerto Rico, and any other U.S. territory or possession. <b>(7 U.S.C. 9011(21))</b>	Same as current law. <b>(§1111(21))</b>	Continues current law.	Continues current law.
<b>Temperate japonica rice.</b> Rice that is grown in high altitudes or temperate regions of high latitudes with cooler	Same as current law. <b>(§1111(21))</b>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>climate conditions in the Western United States, as determined by the Secretary, for the purpose of the reallocation of base acres, the establishment of a reference price and an effective price, and the determination of the actual crop revenue and ARC guarantee. <b>(7 U.S.C. 9011(22))</b></p>			
<p><b>Transitional yield.</b> Defined in Section 502(b) of the Federal Crop Insurance Act <b>(7 U.S.C. 1502(b)(11))</b> as the maximum average production per acre or equivalent measure that is assigned to acreage for a crop year by the Federal Crop Insurance Corporation (FCIC) whenever the producer fails to certify that acceptable documentation of production and acreage for the crop year is in the possession of the producer or present the acceptable documentation. <b>(7 U.S.C. 9011(23))</b></p>	Same as current law. <b>(§1111(22))</b>	Continues current law.	Continues current law.
<p><b>United States.</b> When used in a geographical sense, all of the states. <b>(7 U.S.C. 9011(24))</b></p>	Same as current law. <b>(§1111(23))</b>	Continues current law.	Continues current law.
<p><b>United States premium factor.</b> The percentage by which the difference in the U.S. loan schedule premiums for Strict Middling 1 1/8-inch upland cotton and for Middling 1 3/32-inch upland cotton exceeds the difference in the applicable premiums for comparable international qualities. <b>(7 U.S.C. 9011(25))</b></p>	Same as current law. <b>(§1111(24))</b>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>PLC and ARC Programs</b>			
<b>Base Acres</b>			
<p><b>One-time reallocation of base acres among covered commodities.</b> Crop-specific base acres were subject to a producer’s one-time choice to retain base acres or undertake a reallocation of total farm base acres among covered commodities based on average shares of planted base by commodity during the 2009-2012 period. Generic base acres are retained and may not be reallocated. <b>(7 U.S.C. 9012(a))</b></p>	<p>No comparable provision. Base acres (subject to the 2014-farm-bill’s one-time reallocation choice) are included through the retention of crop-specific base acres under prior law. <b>(§1114(a))</b></p>	<p>Continues current law.</p>	<p>No comparable provision. Base acres are included through the retention of crop-specific base acres under prior law.</p>
<p><b>Seed cotton base acres.</b> Not later than May 10, 2018, the Secretary shall require the owner of a farm to allocate all generic base acres based on whether the farm has a recent history of covered commodities (including seed cotton) being planted or prevented from being planted during the 2009-2016 crop years.</p> <p>If a farm has no such recent history, then the farm owner allocates the farm’s generic base to unassigned crop base for which no ARC or PLC payments may be made.</p> <p>If a farm has such a recent history, then the farm owner allocates the farm’s generic base among seed cotton and other covered commodities as (A) to seed cotton base acres in a quantity equal to the greater of 80% of generic base acres or the average of seed cotton</p>	<p>No comparable provision. Seed cotton base acres are included indirectly through the retention of crop-specific base acres under prior law. <b>(§1114(a))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>acres planted or prevented from being planted on the farm during the 2009-2012 crop years (not to exceed the farm's total generic base acres) or (B) to commodity-specific base acres in proportion to each crop's share of planted (or prevented from being planted) acreage during 2009 to 2012. Following the base allocation under either (A) or (B), any residual generic base acres shall be allocated to unassigned crop base for which no ARC or PLC payments may be made.</p> <p>If a farm owner fails to make an election for generic base, then the farm owner shall be deemed to have elected to allocate all generic base acres in accordance with formulation (A) above. <b>(7 U.S.C. 9014(b)(4))</b></p>			
<p><b>Adjustments to base.</b> Base acres are increased/decreased when land leaves/enters conservation programs <b>(7 U.S.C. 9012(b))</b>.</p>	The same as current law. <b>(§1112(a))</b>	Continues current law.	Continues current law.
<p><b>Prevention of excess base acres.</b> Base is reduced if the sum of the base acres for the farm (including any new oilseed acreage and generic base acres) plus any acreage in the Conservation Reserve Program (CRP) or the Wetlands Reserve Program (WRP) (or any other federal conservation program that makes payments in exchange for not producing a crop) exceeds the actual cropland acreage on the farm. An exception shall be made in the case of certain double-cropped acreage as</p>	The same as current law. <b>(§1112(b))</b>	Continues current law with technical correction to change wetlands reserve program to wetland reserve easements under the Agricultural Conservation Easement Program. <b>(§1709(a))</b>	Identical to Senate provision. <b>(§1102(a))</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
determined by the Secretary. The owner of the farm shall be given an opportunity to select the base acres that will be reduced. <b>(7 U.S.C. 9012(c))</b>	Reduction of base acres is the same as current law <b>(§1112(c)(1-2))</b> but with two additional provisions under Section 1112(c)(3) and Section 1112(c)(4).	Continues current law.	Similar to House provision in retaining “reduction of base acres” (1) and (2) of <b>(7 U.S.C. 9012(d))</b> but with two new conditions below. <b>(§1102(b))</b>
<b>Reduction of base acres.</b> The farm owner may reduce, at any time, base acres for any covered commodity. Such reduction shall be permanent. Base is reduced proportionately when acreage has been subdivided and developed for multiple residential units or other nonfarming uses. <b>(7 U.S.C. 9012(d))</b>	<b>Treatment of unplanted base.</b> If no base acres are planted to a covered commodity during the period January 1, 2009, to December 31, 2017, then all the base acres on that farm are allocated to unassigned crop base for which no payment shall be made. <b>(§1112(c)(3))</b>	No comparable provision.	<b>Treatment of base planted to grass or pasture.</b> If all cropland on a farm (including idled or fallow land) was planted to grass or pasture during January 1, 2009, to December 31, 2017, then all base acres and payment yields on that farm are retained, but no payment shall be made to those base acres under ARC or PLC during the 2019-2023 crop years. The producers on such a farm are not eligible to change their election option of ARC or PLC. <b>(§1102(b))</b>
No comparable provision.	<b>Reconstitution of farm to expand base.</b> The Secretary shall ensure that a farm may not be reconstituted after the date of enactment of this section to alter the treatment of base acres. <b>(§1112(c)(4))</b>	No comparable provision.	<b>Prohibition on reconstitution of farm.</b> The Secretary shall ensure that a farm may not be reconstituted to void or change the treatment of base acres. <b>(§1102(b))</b>
<b>Payment Yields</b>			
<b>Payment yields.</b> For making PLC program payments, all covered commodities must use a program yield	Continues current law.	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>to derive a per-acre payment rate. In this regard, the Secretary shall establish a program yield for each farm for any designated oilseed for which a payment yield was not established under Section 1102 of the 2008 farm bill. <b>(7 U.S.C. 9013(a))</b></p> <p><b>Payment yield for designated oilseeds.</b> For designated oilseeds, such a payment yield on a farm equals the product of the average yield per planted acre for the 1998-2001 crop years (excluding years in which acreage planted was zero) and the ratio of the national average yield for the 1981-1985 crops and the national average yield for the 1998-2001 crops. If the yield per planted acre for a designated oilseed for any of the 1998-2001 crop years was less than 75% of the county yield for that designated oilseed, the Secretary shall assign a yield “plug” for that crop year equal to 75% of the county yield. <b>(7 U.S.C. 9013(b))</b></p> <p>For other covered commodities, see the discussion under 7 U.S.C. 9013 (c)-(e).</p> <p><b>Absence of payment yield.</b> In the case of a covered commodity on a farm for which base acres have been established or that is planted on generic base acres, if no payment yield has been established, the Secretary shall establish an appropriate payment yield by taking into consideration the farm program payment yields applicable to that covered commodity for similarly</p>	<p>To make PLC payments, this provision continues the Secretary’s authority to establish payment yields for each farm for any designated oilseed that does not have a payment yield under the 2014 farm bill. The payment yield is calculated as 90% of the most recent five-year-average yield (excluding any year in which the yield was zero). Provides that this subsection only applies to oilseeds designated after the date of enactment of the Agriculture and Nutrition Act of 2018. <b>(§1113(a))</b></p>	<p>Continues current law.</p>	<p>Similar to House provision but with the following amendment: For any oilseed that is designated on or after the date of enactment of the 2018 farm bill, the payment yield shall be calculated as 90% of the most recent five-year-average yield (excluding any year in which the yield was zero). <b>(§1103(a))</b></p>
<p><b>Absence of payment yield.</b> In the case of a covered commodity on a farm for which base acres have been established or that is planted on generic base acres, if no payment yield has been established, the Secretary shall establish an appropriate payment yield by taking into consideration the farm program payment yields applicable to that covered commodity for similarly</p>	<p>Authorizes the Secretary to establish a payment yield if no payment yield is otherwise established for a covered commodity using the program payment yields of similarly situated farms. <b>(§1113(b))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
situated farms. The use of such data in an appeal, by the Secretary or by the producer, shall not be subject to any other provision of law.	<b>Yield update for drought-affected counties.</b> Provides a one-time opportunity for a farm owner to update yields where the farm is located in a county that experienced 20 or more consecutive weeks of exceptional drought (rated D4 by the U.S. Drought Monitor) between January 1, 2008, and December 31, 2012. On a covered-commodity by covered-commodity basis, yields may be updated as 90% of average yield per planted acre for 2013-2017 crop years. (§1113(c))	Continues current law.	<b>Single opportunity to update yields.</b> Provides a one-time opportunity for a farm owner to update program yields on a covered-commodity-by-covered-commodity basis for use in calculating any PLC payment. Yields may be updated at 90% of average yield per planted acre for 2013-2017 crop years but subject to a commodity-specific adjustment factor (equal to the ratio of the 2008-2012 national average yield over the 2013-2017 national average yield) to account for national increase in trend yield. The yield update election must be made so as to be in effect beginning with the 2020 crop year. (§1103(b))
<b>(7 U.S.C. 9013(c))</b>	If the farm-level yield is less than 75% of the average county yield for a covered commodity for any of the years (excluding any year in which the yield was zero), then the Secretary shall assign 75% of the 2013-2017 average county yield for the covered commodity for that crop year. The election must be made prior to the 2019 crop year. (§1113(c)(3))	Continues current law.	Similar to the House provision but with the following amendment: The election must be made so as to be in effect beginning with the 2020 crop year. (§1103(b))
<b>Updating payment yields.</b> The owner of a farm was given a one-time opportunity to update, on a covered commodity-by-covered-commodity basis, the payment yield used in calculating PLC payments for each covered commodity for which the PLC election was made. The election shall be made at a time and manner to be in effect beginning with the 2014 crop year as determined by the Secretary. The PLC payment yield update was equal to 90% of the average of the yield per planted acre for the covered commodity for the 2008-2012 crop years, excluding any crop year in which the acreage planted to the covered commodity was zero. <b>(7 U.S.C. 9013(d))</b>	<b>Yield plug.</b> If the yield for any of the 2008-2012 crop years was less than 75% of the average county yield, a “plug” yield was used for that crop year equal to 75% of the county average for 2008 to 2012. <b>(7 U.S.C. 9013(d)(4))</b>	<b>Payment yield for seed cotton.</b> The payment yield for seed cotton for a farm shall be equal to 2.4 times the payment	The average yield for seed cotton per planted acre equals 2.4 times the

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>yield for upland cotton for the farm established under the 2008 farm bill, as in effect on September 30, 2013. At the sole discretion of the owner of a farm with an established yield for upland cotton, the owner shall have a one-time opportunity to update the payment yield for upland cotton, as provided in 7 U.S.C. 9013(d), for the purpose of calculating the payment yield for seed cotton. <b>(7 U.S.C. 9013(e))</b></p>	<p>planted acre. At the discretion of the owner of a farm that meets the drought criteria described in this section, the owner may update the payment yield for upland cotton, using the same method as described in this section. <b>(§1113(c))</b></p>		<p>average yield for upland cotton per planted acre. <b>(§1103(b))</b></p>
<p><b>Payment Acres</b></p> <p><b>Payment acres.</b> With respect to PLC and county-level ARC payments, payment acres are 85% of the base acres of a covered commodity on a farm. For individual (farm-level) ARC, the payment acres equal 65% of the base acres for all of the covered commodities on the farm.</p> <p>Generic base is eligible for payments if a covered crop is planted on the farm. Specifically, for each crop year, generic base acres are attributed (i.e., temporarily designated as) base acres to a particular covered commodity base in proportion to that crop's share of total plantings of all covered commodities in that year. The amount of generic base attributed for a particular year cannot exceed the acreage planted to covered crops in that year (use of double-cropping for payment calculations is not allowed unless the practice is approved by the Secretary). <b>(7 U.S.C. 9014)</b></p>	<p>Continues the establishment of payment acres for PLC and county-level ARC payments for each covered commodity on the farm at 85% of the base acres. <b>(§1114(a))</b></p> <p>No reference is made to the individual farm-level ARC program or its associated payment acres.</p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Exclusion from payment acres.</b> Payment acres may not include any crop subsequently planted during the same crop year on the same land for which the first crop is eligible for PLC or ARC payments unless the crop was approved for double cropping as determined by the Secretary. <b>(7 U.S.C. 9014(c))</b></p>	No comparable provision.	Continues current law.	Continues current law.
<p><b>Minimal payment acres.</b> A producer on a farm may not receive PLC payments or ARC payments if the sum of the base acres on the farm is 10 acres or less except for socially disadvantaged farmers/ranchers or limited resource farmers/ranchers. <b>(7 U.S.C. 9014(d))</b></p>	Same as current law. <b>(§1114(b))</b>	Continues current law.	Retains current law but with new exemptions. First, a farmer may combine base acres from all farms in which the farmer has an interest. If this aggregate total for base acres is greater than 10 acres, then these acres are exempted from the prohibition on ARC and PLC payments. Also, two additional producer groupings—beginning farmers or ranchers and veteran farmers or ranchers—are excluded from the minimal base acres payment prohibition. <b>(§1104(1))</b>
<p><b>Effect of planting fruits and vegetables on payment acres.</b> Any crop may be planted without effect on base acres. However, payment acres on a farm are reduced in any crop year in which fruits, vegetables (other than mung beans and pulse crops), or wild rice (FVWR) have been planted on base acres. The reduction to payment acres is one-for-one for each acre planted to these crops in excess of 15% of base acres for either the PLC or county coverage under the ARC program and in excess of 35% of base acres for ARC</p>	Same as current law. <b>(§1114(c))</b>	Amends this section to specify that any plantings to FVWR, for which a reduction in payment acres is made under this subsection, shall not be used to reduce base acres, meaning that such plantings of FVWR shall be considered to be the same as the planting and production of a covered commodity for purposes of recalculating base acres. <b>(§1101)</b>	Amends this section similar to Senate provision but with different wording. For each crop year for which FVWR are planted to base acres on a farm for which a reduction in payment acres is made under this subsection, the Secretary shall consider such base acres to be planted, or prevented from being planted, to a covered commodity for purposes of any adjustment or reduction of base acres. <b>(§1104(2))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>individual coverage.  <b>(7 U.S.C. 9014(e)(1-3))</b>            No reduction to payment acres shall be made under this subsection, as determined by the Secretary, if FVWR are grown solely for conservation purposes and not harvested for use or sale or if a region has a history of double-cropping covered commodities with FVWR and the FVWR were so double-cropped on the base acres.  <b>(7 U.S.C. 9014(e)(4))</b>  <b>Unassigned crop base.</b> Requires the Secretary to maintain information on generic base acres on a farm allocated as unassigned crop base under the formulation for seed cotton base acres.  <b>(7 U.S.C. 9014(b)(4)(B,D); 7 U.S.C. 9014(f))</b></p>	<p>Requires the Secretary to maintain information on unassigned crop base acres on a farm under the one-time reallocation of base acres under the 2014 farm bill and prevention of excess base acres. <b>(§1114(d))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<b>Producer Election</b>			
<p><b>Producer election.</b> For the 2014-2018 crop years, all producers involved in a single farm operation had to unanimously make a one-time, irrevocable election to obtain either (1) Price Loss Coverage program (PLC) or county-level ARC on a covered-commodity-by-covered-commodity basis or (2) ARC individual coverage applicable to all of the covered commodities on the farm.  <b>(7 U.S.C. 9015)</b>  <b>Note:</b> In Section 60101(a) of the Bipartisan Budget Act of 2018 (P.L. 115-123; BBA), producers of seed cotton</p>	<p>For the 2019-2023 crop years, all producers involved in a single farm operation must unanimously make a one-time, irrevocable election to obtain either PLC or county-level ARC on a covered-commodity-by-covered-commodity basis. <b>(§1115(a))</b>            Prohibits farm reconstitution to void or change an election made under this section. <b>(§1115(c))</b></p>	<p>For the 2019-2023 crop years, all producers on a farm must unanimously make a one-time, irrevocable election to obtain either PLC or county-level ARC on a covered-commodity-by-covered-commodity basis. <b>(§1102)</b></p>	<p>For the 2019-2020 crop years, all producers on a farm must unanimously make a one-time, irrevocable election to obtain either PLC or county-level ARC on a covered-commodity-by-covered-commodity basis. If no choice is made, the selection defaults to the same coverage as existed on the farm for the 2015-2018 crop years. For the 2021 crop year and each year thereafter through 2023, all of the producers on a farm may agree to change the election between PLC and ARC.  <b>(§1105 (1)-(2))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>base were given a one-time election for their seed cotton base between PLC and county-level ARC in the 2018 crop year. <b>(7 U.S.C. 9015(g))</b></p> <p><b>Failure to make a choice.</b> Failure to make a unanimous election for the 2014 crop year results in no program payments to the farm for the 2014 crop year, and the producers on the farm are deemed to have elected PLC for all covered commodities on the farm for the 2015-2018 crop years. If all the producers on a farm selected ARC county coverage for a covered commodity, the Secretary could not make PLC payments to the producers on the farm with respect to that covered commodity. If all the producers on a farm selected individual coverage, payment calculations included the producer's share of all farms in the same state in which the producer has an interest and for which individual coverage was selected. Producers on a farm cannot reconstitute the farm to void or change a program election. <b>(7 U.S.C. 9015(c))</b></p> <p>No comparable provision.</p>	<p>Failure to make a unanimous election for the 2019 crop year results in no program payments to the farm for the 2019 crop year, and producers on the farm are deemed to have elected PLC for all covered commodities on the farm for the 2020-2023 crop years. <b>(§1115(b))</b></p> <p>No comparable provision.</p>	<p>Failure to make a unanimous election for the 2019 crop year results in no program payments to the farm for the 2019 crop year, and producers on the farm are deemed to have elected county coverage for all covered commodities on the farm for the 2020 through 2023 crop years. <b>(§1102(2))</b></p> <p><b>Option to change producer election.</b> Notwithstanding 7 U.S.C. 9015(a), amends current law to allow participating producers a one-time choice in crop year 2021 to change their election choice between ARC and PLC for crop years 2021-2023. <b>(§1106)</b></p>	<p>Similar to the Senate provision but with an amendment. Failure to make a unanimous election for the 2019 crop year results in no program payments to the farm for the 2019 crop year, and producers on the farm are deemed to have elected the same coverage for the 2020-2023 crop years as was applicable for the 2015-2018 crop years. <b>(§1105(3))</b></p> <p><b>Option to change producer election.</b> Notwithstanding 7 U.S.C. 9015(a), amends current law to allow participating producers a one-time choice in crop year 2021 and each crop year thereafter to change their election choice between ARC and PLC. The new election shall apply to the crop year for which it is made and each crop year</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Annual filing for ARC and PLC.</b> In accordance with its authority to implement these programs (7 U.S.C. 1601), USDA is directed to issue regulations. Such regulations require that eligible producers of covered commodities with base acres must execute and submit an ARC or PLC program contract not later than June 1 of the applicable year for each of 2016 through 2018 fiscal year contracts. <b>(7 CFR §1412.41)</b></p>	<p><b>One-time filing for ARC and PLC.</b> Participating producers may file a one-time program contract with USDA to enroll in ARC or PLC through crop year 2023. Farmers must update their contract within one year if any changes are made to the farm operation. USDA shall provide a notice to each producer (filing a contract) that includes other USDA reporting requirements. <b>(§1612)</b></p>	<p>No comparable provision.</p>	<p>thereafter until another election is made. <b>(§1105(5))</b></p> <p><b>Options for electronic filing and multi-year contract for ARC and PLC.</b> Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign a multi-year contract for the ARC and PLC programs. <b>(§1706(b))</b></p>
<b>Price Loss Coverage (PLC) Program</b>			
<p><b>PLC.</b> Establishes the PLC program for crop years 2014-2018. PLC payments are made on a farm where the owners have unanimously elected to participate in PLC on a covered commodity-by-covered-commodity basis if the effective price is less than the reference price. <b>(7 U.S.C. 9016(a))</b></p>	<p>Requires the Secretary to make PLC payments on a covered-commodity-by-covered-commodity basis where all of the producers on a farm have elected PLC for crop years 2019-2023 when the effective price for a crop year is less than the effective reference price. <b>(§1116(a))</b></p>	<p>Extends the PLC program through 2023. <b>(§1103(1))</b></p>	<p>Identical to House provision. <b>(§1106(1)(D))</b></p>
<b>PLC Effective Price</b>			
<p><b>Effective price.</b> The higher of (1) the “national average market price received by producers during the 12-month marketing year” for the covered commodity, as determined by the Secretary, or (2) the national average loan rate for a marketing assistance loan. <b>(7 U.S.C. 9016(b))</b></p>	<p>Same as current law. <b>(§1116(b))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Effective price for barley.</b> The all-barley price. <b>(7 U.S.C. 9016(f))</b>	Same as current law. <b>(§1116(f))</b>	Continues current law.	Continues current law.
<b>Effective price for seed cotton.</b> The MYAP for seed cotton, calculated as the quotient obtained by dividing (A) the sum obtained by adding (i) the product of the upland cotton lint MYAP and total U.S. upland cotton lint production, measured in pounds, and (ii) the product of the cottonseed MYAP and total U.S. cottonseed production, measured in pounds; by (B) the sum of total U.S. upland cotton lint production and total U.S. cottonseed production, both measured in pounds. <b>(7 U.S.C. 9016(h)).</b>	Same as current law.	Continues current law.	Continues current law.
<b>Reference price for temperate japonica rice.</b> The Secretary shall provide a reference price with respect to temperate japonica rice in an amount equal to 115% of the amount established for long grain and medium grain rice in order to reflect price premiums. <b>(7 U.S.C. 9016(g))</b>	<b>Reference price for temperate japonica rice.</b> To reflect price premiums, the reference price for temperate japonica rice equals \$14.00 per cwt., as adjusted by the formula for calculating the effective reference price (Section 1111(17)) multiplied by the ratio of the simple average of the MYAP of medium-grain rice from crop years 2012-2016 divided by the simple average of the MYAP of all rice from crop years 2012-2016. <b>(§1116(g))</b>	Continues current law.	Identical to House provision. <b>(§1106(3))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>PLC Payment Rate and Payment Amount</b>			
<p><b>PLC payment rate.</b> The difference between the reference price in statute and the MYAP or loan rate, if higher. <b>(7 U.S.C. 9016(c))</b></p>	<p>Defines the PLC payment rate for each covered commodity, for the crop years 2019 through 2023, as the difference between the effective reference price and the effective price for a crop year, when the effective price is lower. <b>(§1116(c))</b></p>	<p>Continues current law.</p>	<p>Similar to the House provision with an amendment. Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. <b>(§1106(2)(B))</b></p>
<p><b>PLC payment amount.</b> If PLC payments for a covered commodity are triggered for any of crop years 2014-2018, the payment amount equals the payment rate times payment acres times payment yield. <b>(7 U.S.C. 9016(d))</b></p>	<p>If PLC payments for a covered commodity are triggered for any of crop years 2019-2023, the payment amount equals the payment rate times payment acres times payment yield. <b>(§1116(d))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Timing of PLC payment.</b> Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. <b>(7 U.S.C. 9016(e))</b></p>	<p>Same as current law. <b>(§1116(e))</b></p>	<p>Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the PLC payment rate. <b>(§1103(2))</b></p>	<p>Identical to Senate provision regarding timing but with an additional provision for insufficient data. <b>Insufficient data.</b> In the case of a covered commodity for which the Secretary cannot determine the payment rate for the most recent 12-month marketing year by the date described above due to insufficient reporting of timely pricing data by one or more nongovernmental entities, the Secretary shall publish the payment rate as soon as practicable after the marketing year data are made available. <b>(§1106(2)(D))</b></p>
<b>Agricultural Risk Coverage (ARC) Program</b>			
<p><b>ARC.</b> Establishes the ARC program as either a county-level, commodity-specific ARC or an individual whole-farm ARC. Under the “producer</p>	<p>Requires the Secretary to make ARC payments if all of the producers on a farm have elected ARC for crop years 2019-2023 if a covered commodity’s</p>	<p>Extends both the county- and individual-level ARC programs through 2023. Requires that payments are to be based</p>	<p>Identical to Senate provision. <b>(§1107)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>election” (7 U.S.C. 9015), producers may select county-level ARC or PLC on a commodity-by-commodity basis for each farm or select individual farm-level ARC for all covered commodities on the farm.</p> <p>ARC payments for a crop year are triggered if the actual crop revenue is less than its ARC guarantee. Both the actual crop revenue and ARC guarantee are calculated differently based on the producer’s election choice: either county- or farm-level ARC. <b>(7 U.S.C. 9017(a))</b></p>	<p>crop-year actual crop revenue is less than its ARC guarantee. <b>(§1117(a))</b></p> <p>(Refers only to the county-level ARC. Does not include the individual ARC coverage option, thus the individual ARC program would expire at the end of the 2018 crop year.)</p>	<p>on the physical location of the farm. <b>(§1104(1))</b></p>	
<p><b>Actual crop revenue.</b> The actual crop revenue varies with the choice of county-level or farm-level ARC.</p> <p>County coverage for a crop year of a covered commodity: actual crop revenue per acre equals the actual average county yield per planted acre for a covered commodity times the higher of the MYAP, or the national average marketing assistance loan rate.</p> <p><b>Individual (farm-level) coverage.</b> Actual crop revenue per acre is the producer’s share of the aggregated revenue per acre for all covered commodities planted on all farms for which individual coverage has been selected. Actual crop revenue per acre equals the sum of covered commodity revenue (total production of each covered commodity on such farms times the higher of (i) the MYAP or (ii) the national average loan rate) divided by</p>	<p>Defines actual crop revenue specific to county-level ARC for a crop year for a covered commodity as the product of the actual average county yield per planted acre for a covered commodity times the higher of the MYAP or the national average marketing assistance loan rate. <b>(§1117(b))</b></p> <p>By omission, individual (farm-level) ARC expires at the end of the 2018 crop year.</p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>the total planted acres of all covered commodities on such farms. <b>(7 U.S.C. 9017(b))</b></p>	<p>Same as current law. <b>(§1117(c))</b> By omission, individual (farm-level) ARC expires at the end of the 2018 crop year; only the county-level ARC is extended through 2023.</p>	<p>Continues ARC program as in current law through 2023. <b>(§1104(I))</b></p>	<p>Identical to Senate provision. <b>(§1107(I)(A)-(B))</b></p>
<p>For county ARC coverage for a covered commodity for a crop year, benchmark revenue per acre equals the recent five-year average county yield (excluding the years with the highest and lowest yields, or “Olympic average”) times the covered commodity’s Olympic MYAP for the most recent five crop years.</p> <p>For individual ARC coverage for a crop year, benchmark revenue is based on the producer’s share of all covered commodities planted on all farms for which individual coverage has been selected and in which the producer has an interest. Benchmark revenue is the summation of Olympic five-year average revenue for each covered commodity aggregated across all farms with individual coverage, adjusted to reflect current-year planted acreage shares by covered commodity. <b>(7 U.S.C. 9017(c))</b></p>	<p>No comparable provision.</p>	<p><b>Trend-adjusted yields.</b> Includes a trend-adjustment for both the average historical county yield (i.e., the 5-year Olympic MYAP) and the actual average county yield per planted acre for the</p>	<p>Identical to Senate provision. <b>(§1107(I)(C)-(E))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Yield plugs in ARC actual revenue and revenue guarantee calculations.</b> If, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 70% of the transitional yield, then 70% of the transitional yield shall be used for those years. <b>(7 U.S.C. 9017(c)(4))</b></p>	Same as current law. <b>(§1117(c)(3))</b>	<p>county, crop, and year in question. The yield adjustment should not exceed the trend-adjusted yield factor used to increase yield history under the federal crop insurance endorsement for that crop and county. <b>(§1104(2)(E))</b></p>	<p>Effective for the 2019-2023 crop years, if, for the covered commodity for any of the five most recent crop years, the yield per planted acre or historical county yield per planted acre is less than 80% of the transitional yield, then 80% of the transitional yield shall be used for those years. <b>(§1107(2)(C))</b></p>
<p><b>Reference price in ARC revenue guarantee.</b> The reference price is used if the MYAP for any of the five most recent crop years is lower than the reference price. <b>(7 U.S.C. 9017(c)(5))</b></p>	Same as current law. <b>(§1117(c)(4))</b>	Continues current law.	<p><b>Effective reference price in lieu of low national average market price.</b> For crop years 2019-2023, if the national average market price received by producers during the 12-month marketing year for any of the five most recent crop years is lower than the effective reference price (defined under <b>§1101(8)</b>) for the covered commodity, the Secretary shall use the effective reference price for those years in calculating the ARC revenue guarantee. <b>(§1107(2)(F))</b></p>
<p><b>ARC payment rate.</b> The payment rate for a covered commodity, in the case of either county coverage or individual coverage, is equal to the lesser of (1) the amount that the ARC guarantee exceeds the actual crop revenue for the crop year or (2) 10% of</p>	<p>The payment rate for a covered commodity is equal to the lesser of (1) the amount that the ARC guarantee exceeds the actual crop revenue for the crop year or (2) 10% of the benchmark revenue for the crop year. <b>(§1117(d))</b></p>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
the benchmark revenue for the crop year. <b>(7 U.S.C. 9017(d))</b>	If ARC payments are required to be paid for any of the 2019-2023 crop years, then the payment amount equals the payment rate times the payment acres. <b>(§1117(e))</b>	Extends ARC payments through crop year 2023. <b>(§1104(4))</b>	Identical to Senate provision. <b>(§1107(4))</b>
<b>ARC payment amount.</b> If ARC payments are required to be paid for any of the 2014-2018 crop years, then the payment amount equals the payment rate times the payment acres. <b>(7 U.S.C. 9017(e))</b>  <b>Timing of ARC payments.</b> Payments shall be made beginning October 1, or as soon as practicable thereafter, after the end of the applicable marketing year for the covered commodity. <b>(7 U.S.C. 9017(f))</b>	Same as current law. <b>(§1117(f))</b>	Not later than 30 days after the end of each applicable 12-month marketing year for each covered commodity, the Secretary shall publish the ARC payment rate. <b>(§1104(3))</b>	Identical to Senate provision. <b>(§1107(3)(D))</b>
<b>Additional duties of the Secretary.</b> In providing ARC, the Secretary shall, to the maximum extent practical: (1) use all available information and analysis, including data mining, to check for anomalies in the determination of ARC payments, (2) calculating a separate actual crop revenue and ARC guarantee for irrigated and non-irrigated covered commodities, (3) for individual coverage, if the Secretary determines that the farm has planted acreage in a quantity that is insufficient to calculate a representative average yield for the farm, then the Secretary will assign an average yield for a farm on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary; and (4) for county coverage, if the Secretary cannot establish the actual or benchmark county yield for each planted	Sets forth additional duties of the Secretary, including using available information and analysis to check for anomalies in the determination of ARC payments; calculating a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities; assigning an actual or benchmark county yield for planted acres for a covered commodity for a crop year using first Risk Management Agency data, if sufficient, or, second, other sources of data as determined by the Secretary, or, third, the yield history of representative farms in the state, region, or crop reporting district; and making payments using the payment rate of the county of the physical location of the base acres of a farm. <b>(§1117(g))</b>	Continues additional duties of the Secretary as in current law with an additional specification regarding the determination of the actual or benchmark county yield under county coverage as follows.  USDA shall consider a one-time request to calculate separate yields for irrigated and non-irrigated acres in determining the ARC revenue guarantee and the actual revenue if, during the 2014 through 2018 crop years: (A) an average of not less than 5% of the planted and considered planted acreage of a covered commodity in the county was irrigated; and (B) an average of not less than 5% was non-irrigated. <b>(§1104(6))</b>  Effective for the 2019 through 2023 crop years, in the case of county coverage the Secretary shall:	Continues additional duties of the Secretary as in current law with an additional specification regarding county yield determinations as follows:  <b>Separate yields for irrigated and nonirrigated land.</b> In providing ARC, the Secretary shall calculate a separate actual crop revenue and agriculture risk coverage guarantee for irrigated and nonirrigated covered commodities. <b>(§1107(5)(A))</b>  <b>Prioritize RMA data.</b> Effective for the 2019-2023 crop years, in the case of county coverage the Secretary shall assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity—  (A) where county data collected by the Risk Management Agency (RMA) are sufficient to offer a county-wide insurance product, using the actual

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>acre for a crop year for a covered commodity in the county, or the yield is an unrepresentative average yield for the county, then the Secretary is to assign an actual or benchmark county yield for each planted acre for the crop year for the covered commodity on the basis of the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary. <b>(7 U.S.C. 9017(g))</b></p>	<p>No comparable provision.</p>	<p>(A) assign an actual county yield for each planted acre for the crop year for the covered commodity by giving priority to (1) the use of actual county yields to the maximum extent practicable from a single source of data that provides the greatest national coverage of county-level data; (2) the use of a source of data that may be used to determine an average actual and benchmark county yield for the same county; and (3) for a county not included in any data source identified under (1) or (2), use other sources of county yield information or the yield history of representative farms in the state, region, or crop reporting district, as determined by the Secretary; and</p> <p>(B) for a farm with base acres that cross county boundaries, prorate the base acres based on the share in each county, and calculate the crop revenue in a similar prorated manner. <b>(§1104(5))</b></p> <p><b>Reporting requirements.</b> USDA shall publish, for each covered commodity in each county, the county risk coverage guarantee, average historical county yield, and national average market price for each covered commodity in each county, not later than 30 days after the end of each applicable 12-month marketing year. In the event of insufficient data for a covered commodity, USDA shall rely on data from nongovernmental sources and publish the ARC data components</p>	<p>average county yield determined by RMA (i.e., prioritize RMA data in the calculation of both the guarantee and actual yield in each county); or</p> <p>(B) for any other county using: (i) other sources of yield information, as determined by USDA; or (ii) the yield history of representative farms in the state, region, or crop reporting district, as determined by USDA. <b>(§1107(5)(D))</b></p> <p>Identical to Senate. <b>(§1107(6) “(h)”)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<p>within 60 days of the end of the marketing year.</p> <p>Similarly, USDA shall publish actual average county yield estimates by covered commodity including sources of data and information on any USDA evaluations of that data.</p> <p><b>(§1104(6) “(i)”)</b></p> <p><b>Administrative units.</b> Amends current law to allow, under certain circumstances, for the division of a county into two separate administrative units for determining ARC payments. To be eligible, a county must be: (1) larger than 1,400 square miles; (2) contained within a state that is larger than 140,000 square miles; and (3) contains more than 190,000 base acres. Prior to any ARC payments for the 2019 crop, the FSA state committee, in consultation with the FSA county committee, may make a one-time election to divide a county into two administrative units to better reflect differences in weather patterns, soil types, or other factors. The election is in effect for the 2019 through 2023 crop years. <b>(§12611)</b></p>	<p>Identical to the Senate provision but amended as follows: The requirement that a state be larger than 140,000 square miles is deleted, the number of counties that may be divided is limited to 25, and preference is given to the division of counties with greater variation in climate, soils, and expected productivity between the proposed administrative units. <b>(§1107(6) “(i)”)</b></p>
<b>Producer Agreements</b>			
<p><b>Producer agreements.</b> The Secretary may require producers agree to comply with certain provisions in exchange for receiving payments, issue rules to ensure compliance, and modify compliance requirements.</p>	Same as current law. <b>(§1118(a))</b>	Continues current law.	Continues current law.



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Eligibility for PLC and ARC payments and marketing loans requires producers to comply with conservation and wetland protection, control noxious weeds, maintain sound agricultural practices, and use the farm's land attributable to base acres for agricultural or conserving use and not for nonagricultural commercial, industrial, or residential use as determined by the Secretary. <b>(7 U.S.C. 9018(a))</b></p>	Same as current law. <b>(§1118(b))</b>	Continues current law.	Continues current law.
<p><b>Termination of payments.</b> A transfer of or change in the interest of the producers on a farm will result in the termination of payments unless the transferee or owner agrees to assume all compliance obligations. An exception to payment termination is made for producers who die or become incapacitated. <b>(7 U.S.C. 9018(b))</b></p>	Same as current law. <b>(§1118(b))</b>	Continues current law.	Continues current law.
<p><b>Annual acreage reports.</b> Eligibility for PLC and ARC payments and marketing loans requires producers to submit annual acreage reports. <b>(7 U.S.C. 9018(c))</b></p>	Same as current law. <b>(§1118(c))</b>	Continues current law.	Continues current law.
<p>Eligibility for ARC payments for individual (i.e., the whole-farm, farm-level) coverage (as opposed to the crop-specific, county-level ARC program) requires a producer to submit annual production reports for each covered commodity that is covered by the farm's ARC individual program—as produced on all farms in the same State. <b>(7 U.S.C. 9018(d))</b></p>	Eliminates the additional reporting requirement for producers participating in the individual ARC coverage program.	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Effect of inaccurate reports.</b> No penalties (with respect to benefits under PLC, ARC, or marketing loans) can be assessed against a producer for an inaccurate acreage or production report unless the Secretary determines that the producer knowingly and willfully falsified the report. <b>(7 U.S.C. 9018(e))</b></p>	Same as current law. <b>(§1118(d))</b>	Continues current law.	Continues current law.
<p>The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers and shall provide for the sharing of payments among producers on a farm. <b>(7 U.S.C. 9018(f-g))</b></p>	Same as in current law. <b>(§1118(e-f))</b>	Continues current law.	Continues current law.
<b>Transition Assistance for Producers of Upland Cotton</b>			
<p><b>Cotton Transition Assistance Payments.</b> Transition payments are made available for upland cotton for the 2014 crop year (and for 2015 if STAX is not yet available – see Title XI). Payment equals program yield (divided by the national yield of 597 pounds per acre) times transition assistance rate times payment acres. Transition rate is based on cotton price decline between June 2013 and December 2013. Payment acres in 2014 equal 60% of 2013 cotton base acres and 36.5% in 2015. <b>(7 U.S.C. 9019)</b></p>	No provision.	Cotton Transition Assistance Payments are repealed. <b>(§1105)</b>	Identical to Senate provision. <b>(§1108a)</b>
<b>Nonrecourse Marketing Assistance Loan Program</b>			
<p><b>Nonrecourse marketing loans</b> are available for any amount of loan of a loan commodity (see list below) produced in crop years 2014-2018. To</p>	<p>Authorizes nonrecourse loans for loan commodities for 2019-2023 crop years in the same manner as current law. <b>(§1201)</b></p>	<p>Extends nonrecourse marketing assistance loans for all loan commodities (including peanuts) through crop year 2023. <b>(§1201(a)-(c))</b></p>	Identical to Senate provision. <b>(§1201)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>receive a marketing assistance loan, a producer must comply with applicable conservation and wetland protection requirements during the term of the loan. <b>(7 U.S.C. 9031)</b></p>	Same as current law. <b>(§1201(e))</b>	Continues current law.	Continues current law.
<p><b>Peanuts nonrecourse marketing loans</b>, authorized separately, may be obtained through a marketing cooperative or association approved by USDA. Storage to be provided on a nondiscriminatory basis and under any additional requirements. USDA shall pay storage, handling, and other associated costs incurred for peanuts placed under loan. Such costs must be repaid if the peanuts under loan are redeemed but not if forfeited. <b>(7 U.S.C. 9031(e))</b></p>	<p>Continues the loan rates for commodities in current law for the 2019-2023 crop years, except for establishing a loan rate for seed cotton of \$0.25 per lb. <b>(§1202(c))</b>, establishing a floor of no more than 2% on any downward adjustment to the upland cotton loan rate (described below in <b>(§1202(a)(6))</b>), and an upward adjustment to the ELS cotton loan rate to \$0.95 per lb. <b>(§1202(a)(7))</b>.</p>	<p>Extends the statutory loan rates for nonrecourse marketing assistance loans through crop year 2023. <b>(§1201(b))</b></p>	<p>Similar to House provision but with additional specification that, for crop years 2019-2023, the loan rate for a nonrecourse marketing assistance loan for each loan commodity is as follows:</p>
<p><b>Loan commodities and loan rates.</b> For crop years 2014-2018, the loan rate for a nonrecourse marketing assistance loan for each loan commodity is as follows:</p> <ul style="list-style-type: none"> <li>• Wheat, \$2.94 per bu.</li> <li>• Corn, \$1.95 per bu.</li> <li>• Grain sorghum, \$1.95 per bu.</li> <li>• Barley, \$1.95 per bu.</li> <li>• Oats, \$1.39 per bu.</li> <li>• ELS cotton, \$0.7977 per lb.</li> <li>• Long-grain rice, \$6.50 per cwt.</li> <li>• Medium-grain rice, \$6.50 per cwt.</li> <li>• Soybeans, \$5.00 per bu.</li> <li>• Other oilseeds, \$10.09 per cwt. for sunflower seed, rapeseed, canola,</li> </ul>			<ul style="list-style-type: none"> <li>• Wheat, \$3.38 per bu.</li> <li>• Corn, \$2.20 per bu.</li> <li>• Grain sorghum, \$2.20 per bu.</li> <li>• Barley, \$2.50 per bu.</li> <li>• Oats, \$2.00 per bu.</li> <li>• ELS cotton, \$0.95 per lb.</li> <li>• Long-grain rice, \$7.00 per cwt.</li> <li>• Medium-grain rice, \$7.00 per cwt.</li> <li>• Soybeans, \$6.20 per bu.</li> <li>• Other oilseeds, \$10.09 per cwt. for sunflower seed, rapeseed, canola,</li> </ul>

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<p>safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary.</p> <ul style="list-style-type: none"> <li>• Dry peas, \$5.40 per cwt.</li> <li>• Lentils, \$11.28 per cwt.</li> <li>• Small chickpeas, \$7.43 per cwt.</li> <li>• Large chickpeas, \$11.28 per cwt.</li> <li>• Graded wool, \$1.15 per lb.</li> <li>• Nongraded wool, \$0.40 per lb.</li> <li>• Mohair, \$4.20 per lb.</li> <li>• Honey, \$0.69 per lb.</li> <li>• Peanuts, \$355 per ton.</li> </ul>		Continues current law.	<p>safflower, flaxseed, mustard seed, crambe, sesame seed, or any other oilseeds designated by the Secretary.</p> <ul style="list-style-type: none"> <li>• Dry peas, \$6.15 per cwt.</li> <li>• Lentils, \$13.00 per cwt.</li> <li>• Small chickpeas, \$10.00 per cwt.</li> <li>• Large chickpeas, \$14.00 per cwt.</li> <li>• Graded wool, \$1.15 per lb.</li> <li>• Nongraded wool, \$0.40 per lb.</li> <li>• Mohair, \$4.20 per lb.</li> <li>• Honey, \$0.69 per lb.</li> <li>• Peanuts, \$355 per ton.</li> </ul>
<p><b>(7 U.S.C. 9032)</b></p> <p><b>Upland cotton loan rate.</b> The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case less than \$0.45 per lb. or more than \$0.52 per lb. (announced October 1 preceding the next domestic plantings).</p>	<p>The simple average of the adjusted prevailing world price for the two immediately preceding marketing years but in no case more than \$0.52 per lb. nor less than \$0.45 per lb. or an amount equal to 98% of the loan rate for the preceding year (announced October 1 preceding the next domestic plantings).</p>		<p><b>(§1202)</b></p> <p>Identical to the House provision.</p>
<p><b>(7 U.S.C. 9032(a)(6))</b></p> <p><b>Single county loan rate for other oilseeds</b> is established in each county for each other kind of oilseed.</p>	<p>Same as current law. <b>(§1202(b))</b></p>	Continues current law.	Continues current law.
<p><b>(7 U.S.C. 9032(b))</b></p> <p><b>Seed cotton loan rate.</b> Only for implementation of the PLC and ARC programs, the loan rate for seed cotton is deemed to be \$0.25 per lb. This does not authorize a seed cotton</p>	<p>Same as in current law. <b>(§1202(c))</b></p>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
nonrecourse marketing loan. <b>(7 U.S.C. 9032(c))</b>			
<b>Term of loans.</b> Nine months after the day the loan is made. Extensions prohibited. <b>(7 U.S.C. 9033)</b>	Same as current law. <b>(§1203)</b>	Continues current law.	Continues current law.
<b>Repayment of loans.</b> Loans may be repaid at the lesser of (1) the loan rate plus interest, (2) a rate based on average market prices during the preceding 30-day period, or (3) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. Excludes upland cotton, rice, extra-long staple (ELS) cotton, confectionery, and each kind of sunflower seed (other than oil sunflower seed). <b>(7 U.S.C. 9034(a))</b>	Same as current law. <b>(§1204(a))</b>	Continues current law.	Continues current law.
<b>Special repayment rates.</b> For upland cotton, long-grain rice, and medium-grain rice, repayment may be at the lesser of the loan rate plus interest or the prevailing world price for the commodity adjusted to U.S. quality and location. <b>(7 U.S.C. 9034(b))</b> ELS cotton repayment rate is the loan rate plus interest. <b>(7 U.S.C. 9034(c))</b> For confectionery and each kind of sunflower seed (other than oil sunflower seed), loans must be repaid at the lesser of the loan rate plus interest or the repayment rate for oil sunflower seed. <b>(7 U.S.C. 9034(f))</b>	Same as current law. <b>(§1204(b,c,f))</b>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Prevailing world market price.</b> The Secretary shall prescribe by regulation a formula to determine the prevailing world market price for each of upland cotton, long-grain rice, and medium-grain rice and a mechanism to announce periodically prevailing world market prices. <b>(7 U.S.C. 9034(d))</b> Provides explicit market conditions to USDA for adjustments to the prevailing world market price for quality and location (both rice and upland cotton) and additionally the potential for loan forfeitures (upland cotton). <b>(7 U.S.C. 9034(e))</b></p>	Same as current law. <b>(§1204(d,e))</b>	<p>Continues current law for repayment of marketing assistance loans for each of upland cotton, long-grain rice, and medium-grain rice.</p> <p>Extends current law for adjustments to the prevailing world market price for upland cotton as used to determine the repayment rate of marketing assistance loans through crop year 2023. <b>(§1201(c)(1))</b></p>	<p>Continues current law.</p> <p>The adjustments to the prevailing world market price for upland cotton as used to determine the repayment rate of marketing assistance loans are extended through July 31, 2024. <b>(§1201(b)(1))</b></p>
<p><b>Payment of cotton storage costs.</b> For each of crop years 2014-2018, the Secretary shall make cotton storage payments available in the same manner and at the same rates as the Secretary provided storage payments for the 2006 crop of cotton, except that the rates shall be reduced by 10%. <b>(7 U.S.C. 9034(g))</b></p>	Extends current law for crop years 2019-2023. <b>(§1204(g))</b>	Same as House provision. <b>(§1201(c)(2))</b>	Identical to House and Senate provisions. <b>(§1201(b)(2))</b>
<p><b>Repayment rate for peanuts.</b> Loans may be repaid at the lesser of (1) the loan rate plus interest or (2) a rate determined by USDA that will minimize forfeitures, accumulation of stocks, storage costs, market impediments, and discrepancies in benefits across states and counties. <b>(7 U.S.C. 9034(h))</b></p>	Same as current law. <b>(§1204(h))</b>	Continues current law.	Continues current law.
<p><b>Authority to temporarily adjust repayment rates.</b> USDA may temporarily, and on a short term basis only, adjust the repayment rates in the</p>	Same as current law. <b>(§1204(i))</b>	Continues current law.	Continues current law.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>event of a severe disruption to marketing, transportation, or related infrastructure. <b>(7 U.S.C. 9034(i))</b></p>	<p>Extends current law for crop years 2019-2023. <b>(§1205)</b></p>	<p>Extends current law for loan deficiency payments through crop year 2023. <b>(§1201(d)(1))</b></p> <p>Repeals loan deficiency payments for non-graded wool in the form of unshorn pelts. <b>(§1202)</b></p>	<p>Extends current law through crop year 2023. <b>(§1201(c)(1))</b></p>
<p><b>Loan deficiency payments (LDPs).</b> For the crop years 2014-2018, USDA makes available LDPs to producers who agree to forego marketing loans. An LDP is computed by multiplying the payment rate (the amount that the loan rate exceeds the rate at which a marketing loan may be repaid) for the commodity times the quantity of the commodity produced. LDPs are available for unshorn pelts or hay and silage, even though they are not eligible for marketing loans. ELS cotton is not eligible. Payment rates determined using the rate in effect as of the date that producers request payment. (Producers do not need to lose beneficial interest.) <b>(7 U.S.C. 9035)</b></p>	<p>Extends current law for crop years 2019-2023. <b>(§1206)</b></p>	<p>Extends current law for payments in lieu of loan deficiency payments (and ineligibility for crop insurance or noninsured crop assistance) for grazed acreage through crop year 2023. <b>(§1201(d)(2))</b></p>	<p>Extends current law through crop year 2023. <b>(§1201(c)(2))</b></p>
<p><b>Payments in lieu of LDPs are available for grazed acreage</b> of wheat, barley, oats, or triticale if a producer forgoes harvesting any crop from that acreage. Crop production on the grazed acreage is not eligible for crop insurance or noninsured crop assistance. <b>(7 U.S.C. 9036)</b></p>	<p>Continues both provisions in the same manner as current law without an expiration date beginning on August 1, 2019. <b>(§1207(a,b))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Special marketing loan provisions for upland cotton.</b> Imposes a special import quota on upland cotton without an expiration date beginning on August 1, 2014, when price of U.S. cotton, delivered to a definable and significant international market, exceeds the</p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>prevailing world market price for four weeks. <b>(7 U.S.C. 9037(b))</b> Limited global import quota is imposed on upland cotton when U.S. prices average 130% of the previous three-year average of U.S. prices. <b>(7 U.S.C. 9037(b))</b></p>	<p>Extends without an expiration date the economic adjustment assistance to users of upland cotton at the rate of \$0.0315 per lb. <b>(§1207(c))</b></p>	<p>Amends current law to extend the economic adjustment assistance to users of upland cotton at the rate of \$0.03 per lb. through July 31, 2021. There are authorized to be appropriated such sums as are necessary to carry out this program. For subsequent years, the program is extended at the same payment rate but subject to funding availability through annual appropriations. <b>(§1203)</b></p>	<p>Extends current law (at current \$0.03/lb. rate) without an expiration date but changes the subsection heading of current law to “Economic Adjustment Assistance for Textile Mills.” <b>(§1203(b))</b> Repeals a redundant authority in 7 U.S.C. 8737(c). <b>(§1203(a))</b></p>
<p><b>Special competitive provisions for ELS cotton.</b> Payments to domestic users and exporters are triggered whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less than 134% of the loan rate for ELS cotton. Effective through July 31, 2019. Payments equal the difference between the trigger prices (above) times the amount purchased by domestic users or exported by exporters in the week following the four-week trigger period. <b>(7 U.S.C. 9038)</b></p>	<p>Continues the authorization through July 31, 2024, of the special competitive provisions for ELS cotton but adjusts the payment trigger to whenever the world market price for the lowest priced ELS cotton is below the prevailing U.S. price for a competing growth of ELS cotton for a four-week period and the lowest priced competing growth of ELS cotton is less than 113% of the loan rate for ELS cotton. This adjustment reflects the increase in the ELS cotton loan rate. <b>(§1208)</b></p>	<p>Extends current law for special competitiveness provisions for extra-long staple cotton through crop year 2023. <b>(§1201(d)(3))</b></p>	<p>Identical to House provision. <b>(§1204)</b></p>
<p><b>Availability of recourse loan.</b> For crop years 2014-2018, recourse loans</p>	<p>Continues the authorization for recourse loans for certain crops for the</p>	<p>Extends current law for the availability of recourse loans for high-moisture feed</p>	<p>Identical to the House provision. <b>(§1205)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>for high-moisture feed grains and seed cotton are available for farms that normally harvest corn or sorghum in a high-moisture condition at rates set by the USDA. For recourse loans for seed cotton, repayment is at loan rate plus interest. <b>(7 U.S.C. 9039)</b></p> <p><b>Adjustment of loans.</b> Adjustments are authorized for any commodity (other than cotton) based on differences in grade, type, quality, location, and other factors. Allows county loan rates as low as 95% of the U.S. average if it does not increase outlays. Prohibits adjustments that would increase the national average loan rate. For cotton, loan rates may be adjusted for differences in quality factors (made after consultation with the U.S. cotton industry). For rice, loan rates may be adjusted for differences in grade and quality (including milling yields). <b>(7 U.S.C. 9040)</b></p>	<p>2019-2023 crop years in same manner as current law except for the addition of a provision providing for recourse loans for commodities that are contaminated but still merchantable. <b>(§1209)</b></p> <p>Continues the authorization to adjust loan rates in the same manner as current law except for the inclusion of cost-saving option authority for the Secretary that requires the consideration of methods that minimize the potential for loan forfeitures. <b>(§1210)</b></p>	<p>grains and seed cotton through crop year 2023. <b>(§1201(d)(4))</b></p> <p>Continues current law.</p>	<p>Continues current law.</p>
<b>Sugar Program</b>			
<p><b>Price support program.</b> Requires USDA to the maximum extent practicable to operate the sugar nonrecourse loan program at no net cost by avoiding loan forfeitures to the CCC (i.e., no outlays recorded). <b>(7 U.S.C. 7272 (f))</b> Directs USDA to maintain market prices above loan rates by (1) limiting amount of sugar that processors of sugar beets and sugarcane sell into the U.S. market under marketing allotments (see Flexible</p>	<p>Same as current law except that all price-support-related provisions, including loan rates and flexible marketing allotments are extended through the 2023 crop year. <b>(§1301)</b> Extends the feedstock flexibility program (i.e., sugar-to-ethanol program) through 2023 crops. <b>(See §6409)</b></p>	<p>Same as House provision <b>(§1301)</b>. For feedstock flexibility program. <b>(See §9109)</b></p>	<p>Similar to the House provision but with an amendment that increases the price support loan rates for domestically grown sugar for crop years 2019-2023. The loan rate available to processors of domestically grown raw cane sugar is increased by \$0.01 per lb. to \$0.1975 cents per lb. This simultaneously has the effect of raising the loan rate for refined beet sugar by \$0.0128 cents per lb. to \$0.2537 cents per lb. <b>(§1301)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Marketing Allotments below), (2) restricting imports tariff-rate quotas, and (3) operating the feedstock flexibility program for bioenergy producers (i.e., sugar-to-ethanol program) under specified conditions. <b>(7 U.S.C. 1359aa et seq., 7 U.S.C. 8110)</b></p> <p>Maintains sugar loan rates through the 2018 crop year at \$0.1875 per lb. for raw cane sugar and \$0.2409 per lb. for refined beet sugar. Continues other provisions found in prior law. <b>(7 U.S.C. 7272 (a, b, c, d, e, g, h, i))</b></p> <p>Extends flexible marketing allotments for sugar, which limits amount of sugar food that processors can sell into the domestic market for human consumption each year, which is divided between sugarcane and sugar beet sectors, and then allocated to individual processors. Requires USDA each year to set the overall allotment quantity at not less than 85% of estimated U.S. human consumption. <b>(7 U.S.C. 1359aa-1359jj, 1359ll)</b></p>			<p>Feedstock flexibility program is identical to House provision. <b>(See §9009)</b></p>
<b>Dairy Programs</b>			
<p>No comparable provision.</p>	<p><b>Review of data used in calculation of average feed cost.</b> No later than 60 days from enactment, USDA is to provide the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry a report that evaluates whether the average feed costs used to calculate</p>	<p>No comparable provision.</p>	<p>Identical to the House provision. <b>(§1401(a))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>dairy margins are representative of actual feed costs. <b>(§1401(a))</b></p> <p><b>Corn silage report.</b> No later than one year from enactment, USDA is to provide the committees a detailed report on the cost for dairies to use corn silage as feed and the difference between the feed cost of corn silage and corn. <b>(§1401(b))</b></p>	No comparable provision.	Identical to the House provision. <b>(§1401(b))</b>
No comparable provision.	<p><b>Collection of alfalfa hay data.</b> Not later than 120 days from enactment, the USDA National Agricultural Statistics Service is to revise monthly price survey reports to include the prices for high-quality alfalfa hay for the top five milk-producing states, by volume, in the month prior to the reported monthly price. <b>(§1401(c))</b></p>	No comparable provision.	Identical to the House provision. <b>(§1401(c))</b>
<p>Subtitle D—Dairy, Part I—Margin Protection Program for Dairy Producers. (Agricultural Act of 2014 (P.L. 113-79))</p>	<p>Amends the heading to read “Part I—Dairy Risk Management Program for Dairy Producers.” (DRMP) <b>(§1401(i)(1))</b></p>	<p>Amends the heading to read “Part I—Dairy Risk Coverage.” (DRC) <b>(§1401(a))</b></p>	<p>Similar to House provision but amends the name of the program to Dairy Margin Coverage (DMC) to replace Margin Protection Program (MPP). <b>(§1401(k)(1))</b></p>
<p><b>Definitions.</b> Section 1401 of the Agricultural Act of 2014 (P.L. 113-79) defines certain terms of the dairy MPP. <b>(7 U.S.C. 9051)</b></p>	<p>Deletes paragraphs 5 and 6 of 7 U.S.C. 9051 and inserts new paragraphs that define the DRMP as the program required in Sections 1403 and 1406 of P.L. 113-79. Deletes the term <i>margin protection</i> in paragraphs 7 and 8 of the section. <b>(§1401(i)(2))</b></p>	<p>Similar to House provision. Replaces the term <i>margin protection program</i> where it appears and inserts <i>dairy risk coverage</i>.</p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(2))</b></p>
No comparable provision.	No comparable provision.	<p>Amends the section by adding <i>catastrophic coverage</i> defined as 40% of production history of participating dairy operations. <b>(§1401(b))</b></p>	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Calculation of actual dairy production margin.</b> Calculates the margin for the MPP as the difference between the feed cost and all-milk price. <b>(7 U.S.C. 9052(b)(1))</b></p>	<p>Amends the section by striking <i>margin protection</i> and inserting <i>dairy risk management</i>. <b>(§1401(i)(3))</b></p>	<p>Amends the section by striking <i>margin protection</i> and inserting <i>dairy risk coverage</i>. <b>(§1401(c))</b></p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(3))</b></p>
<p><b>Establishment of MPP for dairy producers.</b> Requires USDA to establish and administer the MPP no later than September 1, 2014. <b>(7 U.S.C. 9053)</b></p>	<p>The section heading is amended by deleting <i>Establishing Margin Protection</i> and inserting <i>Dairy Risk Management</i>. The September 1, 2014, date is struck and replaced with <i>The Secretary shall continue to administer a dairy risk management program</i>. <i>Margin protection payment</i> is replaced with <i>dairy risk management payment</i> where it appears. <b>(§1401(i)(4))</b></p>	<p>The section heading is amended to <i>Dairy Risk Coverage Administration</i>. Requires USDA to administer the dairy risk coverage program beginning with 2019. The regulations in 7 C.F.R. 1430 (Margin Protection Program for Dairy Producers) in effect when the Agriculture Improvement Act of 2018 (Senate-passed H.R. 2) is enacted will remain in effect for the dairy risk coverage program beginning 2019. <b>(§1401(d))</b></p>	<p>Similar to Senate provision but amends the provision to specify that existing MPP regulations that do not conflict with the structure of DMC remain in place and do not need to be reissued. <b>(§1401(k)(4))</b></p>
<p><b>Participation of dairy operations in MPP.</b> Describes eligibility, the registration process, and the annual administrative fee to participate in MPP. <b>(7 U.S.C. 9054)</b></p>	<p>Strikes <i>Margin Protection</i> from section heading. Replaces <i>margin protection</i> with <i>dairy risk management</i> where it appears. <b>(§1401(i)(5))</b></p>	<p>Similar to House provision. Replaces <i>margin protection</i> with <i>dairy risk coverage</i>. <b>(§1401(e))</b></p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(5))</b></p>
		<p>Amends the section by adding a <i>catastrophic coverage</i> option that allows dairy producers select catastrophic coverage and receive a payment on 40% of production history when the margin is \$5.00/cwt or less, instead of paying premiums to buy a selected margin level. Producers that select catastrophic coverage are required to pay \$200 in administrative fees, consisting of the original \$100 fee, plus an additional \$100 fee. <b>(§1401(e))</b></p>	<p>No comparable provision. Instead producers may choose the \$4 coverage level and pay no premium. <b>(§1401(h))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Treatment of multi-producer dairy operations.</b> In dairy operations with more than one producer, all of the producers are treated as a single dairy operation for the purposes of participating in the dairy Margin Protection Program (MPP). <b>(7 U.S.C. 9054(b)(3))</b></p>	<p>In multi-producer dairy operations, registration information may be excluded for producers with less than 5% ownership or who are entitled to less than 5% of income, revenue, profit, gain, loss, expenditure, deduction, or credit in a multi-producer operation.</p> <p>The dairy risk management payment to the multi-producer operation is reduced by the ownership share of the excluded owner(s) or the percentage of income, revenue, profit, gain, loss, expenditure, deduction, or credit of the excluded owner(s), whichever is greater. <b>(§1401(d))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision but adds <i>Election Period for 2019 Calendar Year</i> provision that requires USDA to open an election period for DMC of no less than 90 days no later than 60 days after January 1, 2019.</p> <p>Amends the provision to clarify that (1) a multi-producer dairy will be treated as a single dairy, and (2) dairy operations may not reduce production history to impact eligibility for Tier I or Tier II premiums. <b>(§1401(d))</b></p>
<p><b>Relation to livestock gross margin for dairy program.</b> Dairy producers may participate in MPP or Livestock Gross Margin-Dairy (LGM-D) but not both programs. <b>(7 U.S.C. 9054(d))</b></p>	<p>Amends the provision to allow dairy producers to participate in the renamed DRMP, and the LGM-D. The dual coverage cannot be on the same milk production. <b>(§1401(e))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision but amends the provision to allow dairy producers to participate in DMC and LGM-D on the same milk. Also, producers ineligible to enroll in MPP because of LGM-D participation during any part of 2018 may retroactively sign up for MPP as amended in the Bipartisan Budget Act of 2018 (P.L. 115-123), and USDA is to provide a signup period of not less than 90 days. <b>(§1401(e))</b></p>
<p><b>Production history.</b> For MPP, the production history is equal to the highest annual milk marketings of dairy operations during any one of the three calendar years 2011, 2012, or 2013. In subsequent years, USDA shall adjust the production history to reflect any increase in the national average milk production. Also, describes adjustments to production history, elections for new</p>	<p><i>Margin protection program</i> is replaced with <i>dairy risk management program</i> where it appears. <b>(§ 401(i)(6))</b></p> <p>The DRMP uses the highest annual milk marketings during calendar years 2011, 2012, or 2013 for production history for participation through 2023. USDA is to adjust production history to reflect increases in national average milk production for calendar years ending</p>	<p>Replaces <i>margin protection</i> with <i>dairy risk coverage</i>. <b>(§1401(f))</b></p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(6))</b></p> <p>Also, amends provision to allow dairies not in operation prior to January 1, 2014, and which have a production history of one year or more, to choose marketings for any one year for their production history. This production history will be adjusted up or down</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
dairy operations, and required information to establish production history in the MPP ( <b>7 U.S.C. 9055</b> )	before January 1, 2019. ( <b>§1401(f)(1) and (2)</b> )		relative to national average milk production in 2017. ( <b>§1401(f)(1)</b> )
No comparable provision.	<b>Limitation on changes to business structure.</b> Amends 7 U.S.C. 9055 by adding a subsection that limits changes to business structure of participating dairy operations. USDA may not make payments to dairy operations that reorganize for the sole purpose of qualifying as new dairy operations. ( <b>§1401(f)(3)</b> )	No comparable provision.	Identical to House provision. ( <b>§1401(f)(2)</b> )
<b>Margin protection payments.</b> Participating dairy operations annually elect coverage level thresholds and the percentage of milk production history covered by margin payments. ( <b>7 U.S.C. 9056</b> )	<i>Dairy Risk Management</i> replaces <i>Margin Protection</i> in the section heading. Strikes <i>margin protection</i> in each place it appears. Strikes <i>Margin Protection</i> from the heading of subsection (c). ( <b>§1401(i)(7)</b> )	Similar to House provision. Strikes <i>margin protection</i> in each place it appears and inserts <i>dairy risk coverage</i> . ( <b>§1401(g)</b> )	Similar to House provision but amends the name of the program to DMC. ( <b>§1401(k)(7)</b> )
	Amends subsection (a) by deleting <i>annually</i> and inserting the following new subsection: <b>Deadline for election; duration.</b> Not later than 90 days after enactment of DRMP, participating dairies are to elect a coverage level threshold and a coverage percentage. This election remains in effect for the duration of the DRMP. ( <b>§1401(g)(1)</b> )	No comparable provision.	No comparable provision.
Participating dairy operations may elect a coverage level threshold from \$4.00 to \$8.00 in \$0.50 increments. ( <b>7 U.S.C. 9056(a)(1)</b> )	Amends the section by adding \$8.50 and \$9.00 thresholds for the first 5 million pounds of milk production. ( <b>§1401(g)(2)</b> )	Amends the thresholds for the first 5 million pounds of milk production by removing the \$4.00, \$4.50, \$5.00, and \$5.50 threshold levels. Adds \$5.00 threshold level for catastrophic coverage.	Similar to House provision but amends the provision to require participating dairies to select coverage of \$4.00 to \$9.50, in \$0.50 increments, on the first 5 million pounds of production. Also, dairies that cover the first 5 million pounds of production at \$8.00 to

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Participating dairy operations may elect a coverage percentage, in 5% increments, from 25% to 90% of production history. <b>(7 U.S.C. 9056(a)(2))</b>	Amends the section by striking 25%. Dairy operations may elect a coverage percentage, in 5% increments, not to exceed 90% of production history. <b>(§1401(g)(3))</b>	Amends the coverage level thresholds for Tier I production to \$5.50 to \$9.00 as shown in the producer premium schedule. <b>(§1401(g)(3))</b>  Identical to the House provision on coverage percentage.	\$9.50 may select coverage from \$4.00 to \$8.00 on production over 5 million pounds. <b>(§1401(g))</b>  Similar to House provision but amends the section to allow production coverage percentage for 5%-95% of production history. <b>(§1401(g))</b>
<b>Premiums for MPP.</b> Describes premium calculations, lists premiums for different coverage level thresholds and coverage percentages, and premium obligations. <b>(7 U.S.C. 9057(a))</b>	<i>Dairy Risk Management</i> replaces <i>Margin Protection</i> in the section heading. In subsection (a), <i>dairy risk management program</i> replaces <i>margin protection program</i> . Strikes subsection (e). <b>(§1401(i)(8))</b>	Adds a coverage percentage of 40% for catastrophic coverage. <b>(§1401(g)(3))</b>  Strikes <i>margin protection</i> where it appears and inserts <i>dairy risk coverage</i> . <b>(§1401(h))</b>	No comparable provision.  Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(8))</b>
<b>Tier I Premiums for MPP.</b> For the first 5 million pounds of milk production, producer premiums for coverage level thresholds per cwt. are \$0 for \$4.00, \$4.50, and \$5.00; \$0.009 for \$5.50, \$0.016 for \$6.00, \$0.040 for \$6.50, \$0.063 for \$7.00, \$0.087 for \$7.50, and \$0.142 for \$8.00. <b>(7 U.S.C. 9057(b)(2); as amended by the Bipartisan Budget Act (P.L. 115-123)).</b>	DRMP amends the producer coverage threshold premiums, per cwt., for the first 5 million pounds of milk production to \$0 for \$4.00, \$0.002 for \$4.50, \$0.005 for \$5.00, \$0.008 for \$5.50, \$0.010 for \$6.00, \$0.017 for \$6.50, \$0.041 for \$7.00, \$0.057 for \$7.50, \$0.090 for \$8.00, \$0.120 for \$8.50, and \$0.170 for \$9.00. <b>(§1401(h)(1))</b>	DRC amends the producer coverage threshold premiums, per cwt, for the first 5 million pounds of milk production to \$0 for \$4.00, \$4.50, and \$5.00, \$0.020 for \$5.50, \$0.040 for \$6.00, \$0.070 for \$6.50, \$0.100 for \$7.00, \$0.120 for \$7.50, \$0.140 for \$8.00, \$0.160 for \$8.50, and \$0.180 for \$9.00. <b>(§1401(h)(3))</b>	DMC amends the producer coverage threshold premiums, per cwt, for the first 5 million pounds of milk production to \$0 for \$4.00, \$0.0025 for \$4.50, \$0.005 for \$5.00, \$0.030 for \$5.50, \$0.050 for \$6.00, \$0.070 for \$6.50, \$0.080 for \$7.00, \$0.090 for \$7.50, \$0.100 for \$8.00, \$0.105 for \$8.50, \$0.110 for \$9.00, and \$0.150 for \$9.50. <b>(§1401(h)(1))</b>
<b>Tier II Premiums for MPP.</b> For milk production in excess of 5 million pounds, producer premiums for coverage level thresholds per cwt. are \$0 for \$4.00, \$0.020 for \$4.50, \$0.040 for \$5.00, \$0.100 for \$5.50, \$0.155 for \$6.00, \$0.290 for \$6.50, \$0.830 for	No comparable provision.	DRC amends the producer coverage threshold premiums, per cwt, for milk production in excess of 5 million pounds to \$0 for \$4.00, \$4.50, and \$5.00, \$0.144 for \$5.50, \$0.240 for \$6.00, \$0.420 for \$6.50, \$1.080 for \$7.00,	DRC amends the producer coverage threshold premiums, per cwt, for milk production in excess of 5 million pounds to \$0 for \$4.00, \$0.0025 for \$4.50, \$0.005 for \$5.00, \$0.100 for \$5.50, \$0.310 for \$6.00, \$0.650 for \$6.50,

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
\$7.00, \$1.060 for \$7.50, and \$1.360 for \$8.00. <b>(7 U.S.C. 9057(c)(2))</b>	No comparable provision.	\$1.320 for \$7.50, and \$1.680 for \$8.00. <b>(§1401(h)(4))</b>	\$1.107 for \$7.00, \$1.413 for \$7.50, and \$1.813 for \$8.00. <b>(§1401(h)(2))</b>
No comparable provision.	No comparable provision.	<b>Small and medium farm discount.</b> Tier I and Tier II premiums are discounted 50% for milk production history of 2 million pounds or less for participating dairies. The premiums are discounted 25% on milk production history over 2 million pounds and not greater than 10 million pounds. <b>(§1401(h)(6))</b>	Similar to Senate provision but amends the provision to provide a 25% premium discount to any dairy that selects and commits to coverage level and covered production in a tier for 2019-2023. For new dairies, the discount covers the year of established production history through 2023. The selection may not be changed during the period. Dairies may make the selections annually but will not receive a premium discount. <b>(§1401(j))</b>
No comparable provision.	No comparable provision.	<b>Repayment of premiums.</b> Requires USDA to repay premiums to dairy operations that participated in MPP during 2015-2017. Dairy operations may receive a premium repayment if their amount of premiums paid exceeded the amount of margin payments, plus the MPP program costs, received for a calendar year. <b>(§1401(g))</b>	Similar to Senate provision but amends the provision to clarify that dairy operations must apply for repayment and select whether to take 75% of the repayment as credit for DMC premiums or a 50% direct cash payment. <b>(§1401(i))</b>
<b>Time for payment of premiums.</b> Requires USDA to provide more than one method for participating dairies to pay premiums to maximize payment flexibility and program integrity. <b>(7 U.S.C. 9057(d))</b>	In a technical correction, the subsection title is amended to <b>Method of Payment of Premiums.</b> <b>(§1401(h)(2))</b>	No comparable provision.	No comparable provision.
No comparable provision.	<b>Effective date.</b> The amendments establishing the DRMP take effect 60 days after the date of enactment. <b>(§1401(j))</b>	No comparable provision.	Similar to House provision but amends the effective date for DMC to January 1, 2019. <b>(§1401(m))</b>
<b>Duration.</b> The margin protection program ends on December 31, 2018. <b>(7 U.S.C. 9059)</b>	Deletes <i>margin protection</i> and inserts <i>dairy risk management</i> . Amends the end	Similar to House provision. Deletes <i>margin protection</i> and inserts <i>dairy risk</i>	Similar to House and Senate provisions. Authorizes the DMC program through December 31, 2023. <b>(§1401(l))</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Effect of failure to pay administrative fees or premiums.</b> Dairy operations that participate in MPP are legally obligated to pay administrative fees and premiums. They may not receive MPP payments if payments are in arrears. <b>(7 U.S.C. 9058)</b></p>	<p>date to December 31, 2023. <b>(§1401(k))</b></p> <p>Strikes <i>margin protection</i> where it appears and replaces it with <i>dairy risk management</i>. <b>(§1401(i)(9))</b></p>	<p><i>coverage</i>. Amends the end date to December 31, 2023. <b>(§1401(j))</b></p> <p>Similar to House provision. Strikes <i>margin protection</i> where it appears and replaces it with <i>dairy risk coverage</i>. <b>(§1401(i))</b></p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(9))</b></p>
<p><b>Administration and enforcement.</b> The Secretary will promulgate regulations for (1) the MPP, (2) prohibiting reconstituting dairies to receive MPP payments, and (3) administrative appeals. <b>(7 U.S.C. 9060)</b></p>	<p>Strikes <i>margin protection</i> where it appears and replaces it with <i>dairy risk management</i>. <b>(§1401(i)(10))</b></p>	<p>Similar to House provision. Strikes <i>margin protection</i> where it appears and replaces it with <i>dairy risk coverage</i>. <b>(§1401(k))</b></p>	<p>Similar to House provision but amends the name of the program to DMC. <b>(§1401(k)(10))</b></p>
<b>Repeal, Amend, and Reauthorization of Other Dairy Programs</b>			
<p><b>Dairy Product Donation Program (DPDP).</b> Requires USDA to purchase dairy products at prevailing market prices when the dairy margin (milk price-feed costs) is \$4.00 per cwt. or lower for two-consecutive months. DPDP purchases end when certain conditions occur, such as three-consecutive months of purchases, or the margin moves higher than \$4.00/cwt. Purchased dairy products are to be given to low-income populations utilizing the services of public and private nonprofit groups. DPDP is funded through the CCC. Expires December 31, 2018. <b>(7 U.S.C. 9071)</b></p>	<p>Repeals DPDP. <b>(§1406)</b></p>	<p>Amends DPDP by replacing it with the <b>Milk Donation Program</b>. No later than 180 days from enactment, USDA is required to establish and administer a milk donation program to (1) encourage the donation of fluid milk; (2) provide nutrition assistance to individuals in low-income groups; and (3) reduce food waste. <b>(§1413)</b></p> <p>Under the program, dairy farmers, cooperatives, or processors, who account for milk under the federal milk marketing order system, may donate fluid milk to public or private nonprofit organizations that distribute donated milk and receive a reimbursement for costs associated with the donated milk. Participants are required to provide</p>	<p>Similar to Senate provision in amending the provision to repeal the DPDP and establish a new donation program. Provides mandatory funding of \$9 million in FY2019 and \$5 million in each following fiscal year to remain available until expended. <b>(§1404)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Dairy Forward Pricing Program.</b> Authorizes a dairy forward pricing program. Prices paid by milk handlers under forward contracts are deemed to satisfy the minimum price requirements of federal milk marketing orders. Forward contracts apply only to milk purchased for manufactured products (Classes II, III, and IV) and excludes milk purchased for fluid consumption (Class I). Expires on September 30, 2018. <b>(7 U.S.C. 8772)</b></p>	<p>Extends program through FY2023. Allows for new contracts until September 30, 2023, but no contract can extend beyond September 30, 2026. <b>(§1403)</b></p>	<p>USDA donation and distribution plans that (1) describe how they will donate, process, transport, store, and distribute milk; (2) estimate how much milk will be donated and provide a plan for unanticipated donations; and (3) explain their reimbursement rate. The reimbursement rate may not exceed the value of the difference of Class I milk and the lower of Class III or Class IV milk in the federal milk marketing order pool for the applicable month. USDA is to review and approve the plans at least once a year, and USDA may verify the documentation for reimbursements by spot checks or audits.</p> <p>Donated milk is prohibited for resale and distributors who violate this will be barred from future participation in the program.</p> <p>The provision provides \$8 million in CCC funding for FY2019, and \$5 million for each year FY2020 through FY2023. Funds are available until expended.</p>	<p>Identical to House and Senate provisions. <b>(§1402(a))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Dairy Indemnity Program.</b> Authorizes payments to dairy farmers when a public regulatory agency directs removal of raw milk from the market because of contamination by pesticides, nuclear radiation or fallout, or toxic substances and other chemical residues. Expires September 30, 2018. <b>(7 U.S.C. 4551)</b></p>	<p>Extends program through FY2023. <b>(§1404)</b></p>	<p>Identical to the House provision. <b>(§1411(b))</b></p>	<p>Identical to House and Senate provisions. <b>(§1402(b))</b></p>
<p><b>Dairy Promotion and Research Program.</b> The Dairy Production Stabilization Act of 1983 authorized a generic dairy product promotion, research, and nutrition education program, funded by a mandatory \$0.15 per cwt. assessment on milk produced/marketed in the 48 contiguous states. Importers in all 50 states, the District of Columbia, and Puerto Rico must also pay an assessment rate of \$0.075 per cwt. on imported products. Expires September 30, 2018. <b>(7 U.S.C. 4504)</b></p>	<p>Extends program through FY2023. <b>(§1405)</b></p>	<p>Identical to the House provision. <b>(§1411(c))</b></p>	<p>Identical to House and Senate provisions. <b>(§1402(c))</b></p>
<b>Federal Milk Marketing Orders</b>			
<p><b>Terms—milk and its products.</b> Sets terms of classifying milk by its use and setting a minimum price for each classified use (Class I, II, III, and IV) that handlers pay producers or cooperatives. The prices are uniform to handlers subject to adjustments for (1) volume, market, and production differentials; (2) grade or quality of milk; and (3) location for delivery of milk to handlers. The section sets minimum dollar amounts of adjustments to Class I milk by marketing</p>	<p><b>Class I skim milk price.</b> Amends the section by striking the minimum adjustments to Class I milk, the table of marketing area adjustments, and the effective period. The amended Class I skim milk price per cwt. is to be calculated as the simple average of the USDA reported advanced Class III and Class IV skim milk pricing factors plus applicable differential adjustments as</p>	<p>Identical to the House provision. <b>(§1412)</b></p>	<p>Identical to House and Senate provisions. <b>(§1403)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>areas for a hundredweight of milk at 3.5% milkfat. The minimum adjustments went into effect on December 23, 1985, and are included in a table. <b>(7 U.S.C. 608c(5)(A))</b></p>	<p>specified in regulation plus \$0.74. <b>(§1402(a))</b></p> <p>The amended pricing takes effect on the first day of the first month beginning more than 120 days after enactment. <b>(§1402(b)(1))</b></p> <p>The amendment is not subject to (1) the notice and comment provisions of 5 U.S.C. 553, (2) the notice and hearing requirements of 7 U.S.C. 608c, (3) the order amendment requirements of 7 U.S.C. 608c(17), or (4) the referendum section of 7 U.S.C. 608c(19). <b>(§1402(b)(2))</b></p>		
<b>Supplemental Agricultural Disaster Assistance Programs</b>			
<p><b>Definitions.</b> Four terms are defined under the Supplemental Agricultural Disaster Assistance Program: <i>eligible producer on a farm</i>, <i>farm-raised fish</i>, <i>livestock</i>, and <i>Secretary</i>. <i>Eligible producer on a farm</i> is defined as an individual or entity that assumes the production and market risks associated with the agricultural production of crops or livestock. The terms <i>individual or entity</i> specifically refer to 1) a U.S. citizen, 2) a resident alien, 3) a partnership of U.S. citizens, or 4) a corporation, limited liability corporation, or other farm organization structure organized under State law. <b>(7 U.S.C. 9081(a))</b></p>	<p>No comparable provision.</p>	<p>Adds <i>Indian tribe or tribal organization</i>, as defined in Section 4 of the Indian Self-Determination and Education Assistance Act (15 U.S.C. 3504), to the list of <i>individual or entities</i> referenced in the definition of an <i>eligible producer on a farm</i>. <b>(§1501(a))</b></p>	<p>Identical to Senate provision. <b>(§1501(a))</b></p>
<p>The <b>Livestock Indemnity Program (LIP)</b> compensates producers at a rate of 75% of market value for livestock mortality or livestock sold at a loss</p>	<p>Expands payments to include losses from disease that is caused or transmitted by a vector and is not controlled by vaccination or other</p>	<p>Specifies that USDA may disregard management practices, vaccination protocol, or lack of vaccination by the eligible producer when the loss from</p>	<p>Adopts both House and Senate provisions. <b>(§1501(b))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
caused by adverse weather or reintroduced animal attacks. <b>(7 U.S.C. 9081(b))</b>	acceptable management practices. <b>(§1501(a))</b>	adverse weather was the death of unweaned livestock. <b>(§1501(b))</b>	
<p><b>Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish Program (ELAP).</b> Provides payments to producers of livestock, honey bees, and farm-raised fish as compensation for losses due to disease, adverse weather, feed or water shortages, or other conditions (such as wildfires) that are not covered under Livestock Indemnity Program (LIP) or Livestock Forage Disaster Program (LFP). <b>(7 U.S.C. 9081(d)(2))</b></p>	No comparable provision.	Amends the program to add the cost of inspecting for cattle tick fever to the list of approved costs covered by the program. <b>(§12610)</b>	Similar to Senate provision. Effective date of amendment applies to inspections conducted on or after enactment. <b>(§1501(c))</b>
<p>The <b>Tree Assistance Program (TAP)</b> provides payments to eligible orchardists and nursery growers to replant or rehabilitate trees, bushes and vines damaged by natural disasters. Eligible losses must exceed 15%, after adjustment for normal mortality. Payments cover 65% of the cost of replanting trees or nursery stock and 50% of the cost of rehabilitation (e.g., pruning and removal). <b>(7 U.S.C. 9081(e))</b></p>	No comparable provision.	Adds a new, increased payment rate for beginning and veteran producers of 75% of the cost of replanting and rehabilitation. <b>(§1501(c))</b>	Identical to Senate provision. <b>(§1501(d))</b>
<p>Total payments received under the <b>LFP</b> and <b>ELAP</b> are limited to \$125,000 for any crop year. <b>(7 U.S.C. 9081(f))</b></p>	Excludes ELAP from the \$125,000 per crop year payment limit. LFP remains subject to a \$125,000 per crop year payment limit. <b>(§1501(b)(1))</b>	No comparable provision.	Identical to House provision. <b>(§1501(e))</b>
No comparable provision.	Adds exclusion to the adjusted gross income limit (Section 1604) for participants under the Supplemental Agricultural Disaster Assistance	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>Programs who receive more than 75% of their income from farming, ranching, or silviculture. <b>(§1501(b)(2))</b></p> <p>No comparable provision.</p>	<p><b>Peach and Blueberry Losses.</b> Provides \$18 million in mandatory funding for peach and blueberry losses in CY2017 due to extreme cold. <b>(§1502)</b></p>	No comparable provision.
<b>Noninsured Crop Disaster Assistance Program (NAP)</b>			
<p><b>Operation and Administration.</b> NAP provides a catastrophic-level of coverage to producers of crops that are not insurable under the federal crop insurance program. <b>(7 U.S.C. 7333(a)(1))</b></p>	No comparable provision.	Adds a data collection and coordination requirement. <b>(§1601(1)(A))</b>	Identical to Senate provision. <b>(§1601(1)(A))</b>
<p>Crops eligible for NAP are defined as commercial crops or commodities (except livestock) for which catastrophic risk protection and select policies (including buy-up coverage) under the federal crop insurance program is unavailable. <b>(7 U.S.C. 7333(a)(2))</b></p>	<p>Amends the definition of <i>eligible crop</i> to include those crops that may be insurable under the crop insurance program but only for whole farm plans or policies that provide coverage for specific intervals based on weather indexes. <b>(§11501)</b></p>	No comparable provision.	Identical to House provision. <b>(§1601(1)(B))</b>
<p><b>Native sod.</b> Following enactment of the 2014 farm bill, native sod acreage that has been tilled to produce annual crops receive reduced benefits under NAP during the first four years of planting. Crops planted on native sod have higher fees and reduced yield guarantees. Benefit reductions are limited to native sod in Minnesota, Iowa, North Dakota, South Dakota, Montana, and Nebraska. <b>(7 U.S.C. 7333(a)(4))</b></p>	No comparable provision.	<p>Amends benefit reductions on native sod to include all “eligible” crops rather than “annual” crops for four years. Requires producers to certify the location of tilled native sod acreage. Adds an annual reporting requirement for benefits reduced by the native sod provision. Allows governors from other states to request the native sod provision apply to their state. <b>(§1601(1)(B))</b></p>	<p>Similar to Senate provision but with amendments. Amends benefits reduction to not more than four years during the first 10 years after initial tillage. Also, excludes the Senate’s certification and reporting requirements and excludes the ability for governors to opt in to the provision. Adds an amendment to yield guarantee reduction from transition yields to county expected yields. <b>(§1601(1)(C))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Applications.</b> NAP applications are due 30-days prior to the coverage period. Producers must provide annual production records and acreage reports. <b>(7 U.S.C. 7333(b))</b>	No comparable provision.	Provides flexibility for NAP application deadlines and requires a streamlined process for submitting records and acreage reports for diverse production systems. <b>(§1601(2))</b>	Similar to Senate provision with an amendment to streamline the process for submitting records. <b>(§1601(2))</b>
<b>Payments.</b> Payments are made based on 50% of the established yield of the crop. <b>(7 U.S.C. 7333(d))</b>	No comparable provision.	Adjusts the payment formula to include the total number of acres devoted to the eligible crop and based on the approved yield rather than the established yield. <b>(§1601(3))</b>	Identical to Senate provision. <b>(§1601(3))</b>
<b>Yield Determinations</b> are calculated based on actual production history or, if unavailable, 65% of the transitional yield. <b>(7 U.S.C. 7333(e)(1)-(e)(3))</b>	No comparable provision.	Amends yield determinations with no production history to use county expected yields rather than transitional yields. <b>(§1601(4))</b>	Identical to Senate provision. <b>(§1601(4))</b>
<b>Payment limits.</b> Total NAP payments are limited to \$125,000 per crop year, per individual or entity. <b>(7 U.S.C. 7333(i)(2))</b>	No comparable provision.	Separates the payment limit for catastrophic coverage (\$125,000) and additional coverage (\$300,000). <b>(§1601(5))</b>	Identical to Senate provision. <b>(§1601(5))</b>
<b>Service fee.</b> Producers pay a fee of \$250 per crop per county or \$750 per producer per county, not to exceed \$1,875 per producer. <b>(7 U.S.C. 7333(k)(1))</b>	Increases the service fees to \$350 per crop per county or \$1,050 per producer per county, not to exceed \$2,100 per producer. <b>(§11502)</b>	Increases service fees to \$325 per crop per county, or \$825 per producer per county, not to exceed \$1,950 per producer. Deletes sunset dates for buy-up coverage. <b>(§1601(6))</b>	Identical to Senate provision. <b>(§1601(6))</b>
<b>Buy-up coverage.</b> Additional, or buy-up coverage, may be purchased at 50% to 65% (in 5% increments) of established yield and 100% of average market price. The farmer-paid fee for additional coverage is 5.25% times the product of the selected coverage level and value of production (acreage times yield times average market price). Buy-up coverage is available each crop year 2015 through 2018. <b>(7 U.S.C. 7333(l))</b>	Extends buy-up coverage through FY2023, deletes a 2012 fruit loss provision, and amends the premium for additional coverage to be proportional to a producer's share of the crop. <b>(§11503)</b>	Adds the producer's share of the crop to the list of multipliers used to calculate the payment amount and amends the average market price multiplier to include to contract price or other premium price. Deletes 2012 fruit loss provision and buy-up coverage expiration date. <b>(§1601(7))</b>	Similar to Senate provision with amendments. Includes House bill's amendment on additional coverage premiums. <b>(§1601(7))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	Adds a new requirement for certain producers that suffered losses due to volcanic activity stating that USDA must provide NAP assistance, less fees, to cover losses of eligible crops in counties with a qualifying disaster declaration. <b>(§1602)</b>	No comparable provision.
<b>Payment Limits</b>			
<p><b>Payment limitations.</b> Establishes the maximum amount of payments per year to a person or legal entity from PLC and ARC payments, marketing loan gains, and LDPs for the sum of all covered commodities, except peanuts, at \$125,000. Any benefits arising from forfeiture of crops held under marketing assistance loans is not subject to a payment limit. Peanuts has a separate payment limit of \$125,000 for those same programs. <b>(7 U.S.C. 1308(a)-(d))</b></p> <p>Payments made to a legal entity are reduced proportionately by the ownership share of any person or legal entity that has otherwise exceeded the applicable payment limitation. <b>(7 U.S.C. 1308(e)(3)(B)(iii))</b></p>	<p>Retains the payment limit of \$125,000 per year for all covered commodities (with a separate limit for peanuts) to a person or legal entity but applies it only to the sum of PLC and ARC payments. <b>(§1603(a)(2))</b></p> <p>Any benefits arising from marketing loan gains, LDPs, and forfeiture of crops held under marketing assistance loans are not subject to a payment limit. <b>(§1603(a)(3))</b></p> <p>Amends the definition of <i>family member</i> (see below) <b>(§1603(a)(1)(B))</b> and adds <i>qualified pass through entity</i> as a payment recipient subject to specific treatment (see below). <b>(§1603(a)(1)(D))</b></p> <p>The House provision also amends current law to require the Secretary to apply reductions in PLC or ARC payments due to a sequester before applying payment limitations. <b>(§1603(a)(4))</b></p> <p>All changes made to payment limits shall apply starting with the 2019 crop year. <b>(§1603(d))</b></p>	<p>Continues current law with amendment to add a definition for a “significant contribution of active personal management” (see below).</p>	<p>Retains the payment limit of \$125,000 per year for all covered commodities (with a separate limit for peanuts) to a person or legal entity but applies it only to the sum of PLC and ARC payments. Marketing assistance loan benefits are excluded from payment limits. <b>(§1703(a)(2))</b></p> <p>Amends the definition of <i>family member</i> (see below) <b>(§1703(a)(1)(B))</b></p> <p>Amends current law to require the Secretary to apply reductions in PLC or ARC payments due to a sequester before applying payment limitations. <b>(§1603(a)(4))</b></p> <p>As in House provision, all changes made to payment limits shall apply starting with the 2019 crop year. <b>(§1703(b))</b></p>
No comparable definition.	No comparable provision.	<b>Significant contribution of Active Personal Management.</b> Amends	No comparable provision.



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Actively engaged in farming (AEF) requirement.</b> To be eligible to receive an ARC or PLC payment or MAL benefit, a person or legal entity shall be actively engaged in farming with respect to a farming operation according to the following criteria.</p> <p>A person (including a partner in a general partnership or joint venture, a grantor of a revocable trust, or a participant in a similar entity) shall be considered AEF if: (1) the person makes a significant contribution of (A) capital, equipment, or land; and (B) personal labor or active personal management; (2) the person's share of the profits or losses from the farming operation is commensurate with contributions to the farming operation; and (3) the person's contributions are at risk.</p> <p>A legal entity that is a corporation, joint stock company, association, limited</p>	<p>No comparable provision.</p>	<p>current law to add a definition for a “significant contribution of active personal management” to include activities performed by a person with a direct or indirect ownership interest in the farming operation on a regular, continuous, and substantial basis to the farming operation, and that meet at least one of the following to be considered significant: (A) are performed for at least 25% of the total management hours required for the farming operation on an annual basis; or (B) are performed for at least 500 hours annually for the farming operation. <b>(§1704)</b></p> <p>Amends current law to add specificity on the requirement for “actively engaged in farming (AEF).”</p> <p>(A) USDA shall consider not more than 1 person or legal entity per farming operation to be AEF using active personal management.</p> <p>(B) USDA may only consider a person or legal entity to be AEF using active personal management under subparagraph (A) if the person or legal entity—</p> <p>(i) together with other persons or legal entities in the farming operation qualifying as AEF under current law, does not collectively receive, directly or indirectly, an amount equal to more than the allowable payment limit;</p> <p>(ii) does not use the active management contribution allowed under</p>	<p>Continues current law; does not adopt the Senate amendment.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>partnership, charitable organization, or other similar entity shall be considered as AEF if: (i) the legal entity separately makes a significant contribution of capital, equipment, or land; (ii) the stockholders or members collectively make a significant contribution of personal labor or active personal management to the operation; and (iii) the standards (2) and (3) above for a person are met by the legal entity.</p>		<p>this section to qualify as AEF in more than 1 farming operation; and</p> <p>(iii) manages a farming operation that does not substantially share equipment, labor, or management with persons or legal entities that, together with the person or legal entity, collectively receive, directly or indirectly, an amount equal to more than the allowable payment limit.</p>	
<p><b>(7 U.S.C. 1308-1(b))</b></p>		<p><b>(§1705)</b></p>	
<p><b>Family member.</b> A person to whom a member in the farming operation is related as lineal ancestor, lineal descendant, sibling, spouse, or otherwise by marriage.</p>	<p>Revises the definition of family member to include first cousins, nieces, and nephews. <b>(§1603(a)(1)(B))</b></p>	<p>Continues current law.</p>	<p>Identical to House provision. <b>(§1703(a)(1)(B))</b></p>
<p><b>(7 U.S.C. 1308(a)(2))</b></p>	<p><b>Defines a qualified pass-through entity (QPTE).</b> Based on the Internal Revenue Code definition (subchapter K, chapter 1), QPTE includes partnerships, limited liability companies (LLCs), S corporations, and joint ventures. <b>(§1603(a)(1)(D))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Treatment of joint ventures and partnerships.</b> Payment limit for joint ventures and general partnerships equals the payment limit for a person or legal entity of \$125,000 times the number of eligible persons or legal entities that comprise the businesses ownership.</p>	<p><b>Treatment of QPTE.</b> The payment limit for joint ventures and partnerships is replaced with a broader payment limit for QPTEs that encompasses joint ventures, partnerships, limited liability companies, and S corporations. The payment limit equals the individual payment limit times the number of eligible persons or legal entities that comprise the QPTE. Thus, the payment passes through the QPTE and is</p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>(7 U.S.C. 1308(e)(3)(B)(ii))</b></p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
	<p>attributed to its owners (either individuals or entities) depending on where taxable revenue is recognized. <b>(§1603(b))</b></p>		
<b>Adjusted Gross Income (AGI) Limitation.</b>			
<p><b>AGI limitation.</b> Prohibits farm commodity program benefits (including benefits under PLC, ARC, MAL, agricultural disaster assistance, or conservation programs) to an individual or entity if AGI exceeds \$900,000. The AGI limit is calculated as the average AGI or comparable measure of the person or legal entity over the three taxable years prior to the most immediately complete taxable year. <b>(7 U.S.C. 1308-3a)</b></p>	<p>Amends AGI limitation to no longer apply to any benefits under the MAL program <b>(§1604(a))</b>. Exempts QPTEs from the AGI limitation. <b>(§1604(b))</b> Provides authority to Secretary to waive AGI limitation, on case-by-case basis, to protect environmentally sensitive land of special significance. <b>(§1604 (b)(1)(B))</b> Applies <b>§1604(a-b)</b> changes starting with the 2018 crop, fiscal, or program year as appropriate. <b>(§1604(c))</b></p>	<p>Amends current law to lower the AGI threshold to \$700,000. <b>(§1706)</b></p>	<p>Continues current AGI limitation subject to the two amendments. Provides authority to Secretary to waive AGI limitation, on case-by-case basis, to protect environmentally sensitive land of special significance. <b>(§1704 (a)(2))</b> Applies the <b>§1704</b> changes starting with the 2018 crop, fiscal, or program year as appropriate. <b>(§1704(c))</b></p>
<b>Administrative Programs</b>			
<p><b>General administration.</b> The Secretary may use the funds and facilities of the CCC to carry out this title <b>(7 U.S.C. 9091(a))</b>. Provides that a determination made by the Secretary under this title shall be final and conclusive <b>(7 U.S.C. 9091(b))</b>. Provides for an expedited implementation of this title: Not later than 90 days after February 7, 2014, USDA and the CCC shall promulgate such regulations as necessary <b>(7 U.S.C.9091(c))</b>.</p>	<p>Continues these provisions as current law, noting that promulgation of implementing regulations shall occur not later than 90 days after enactment. <b>(§1601(a,b,c))</b></p>	<p>Amends current law for expedited rulemaking to extend the authority to include title I of the 2018 farm bill, and the amendments made by this title. <b>(§1701)</b></p>	<p>Identical to Senate provision. <b>(§1701)</b></p>
<p><b>Adjustment authority to comply with trade agreements.</b> Provides the Secretary authority to adjust</p>	<p>Same as current law. <b>(§1601(d))</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>expenditures under this title to ensure that the United States remains in compliance with domestic support levels allowed under the World Trade Organization. <b>(7 U.S.C. 9091(d))</b></p>	<p>Extends the suspension of permanent price authority in the Agriculture Marketing Adjustment Act of 1938 and the Agricultural Act of 1949 for the 2019-2023 crop years; adds eleven new commodities—covered commodities, cotton, sugar, and milk—for price support under the 1949 Act were it to become effective. <b>(§1602)</b></p>	<p>Extends the suspension of permanent price authority in the Agriculture Marketing Adjustment Act of 1938 and the Agricultural Act of 1949 through December 31, 2023. <b>(§1702)</b></p>	<p>Identical to the Senate provision. <b>(§1702)</b></p>
<p><b>Suspension of permanent price support authority.</b> Suspends the permanent price support authority of the Agricultural Adjustment Act of 1938 and the Agricultural Adjustment Act of 1949 for the 2014-2018 crop years (covered commodities, cotton, and sugar) and for milk through December 31, 2018. <b>(7 U.S.C. 9092)</b></p>	<p>Extends the suspension of permanent price authority in the Agriculture Marketing Adjustment Act of 1938 and the Agricultural Act of 1949 for the 2019-2023 crop years; adds eleven new commodities—covered commodities, cotton, sugar, and milk—for price support under the 1949 Act were it to become effective. <b>(§1602)</b></p>	<p>Extends the suspension of permanent price authority in the Agriculture Marketing Adjustment Act of 1938 and the Agricultural Act of 1949 through December 31, 2023. <b>(§1702)</b></p>	<p>Identical to the Senate provision. <b>(§1702)</b></p>
<p><b>Prevention of deceased individuals receiving payments under farm commodity programs.</b> At least twice each year, the secretary shall reconcile Social Security numbers of all individuals who receive payments under this chapter, whether directly or indirectly, with the commissioner of Social Security to determine if the individuals are alive. The Secretary shall preclude the issuance of payments to, and on behalf of, deceased individuals that were not eligible for payments. <b>(7 U.S.C. 9003)</b></p>	<p>Same as current law. <b>(§1605)</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Assignment of payments.</b> Provides the authority for a producer who receives a payment under this title to assign the payment to someone else after proper notice to the Secretary. <b>(7 U.S.C. 9003)</b></p>	<p>Same as current law. <b>(§1606)</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Tracking of benefits.</b> Authorizes the Secretary to track the benefits provided</p>	<p>Same as current law. <b>(§1607)</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>to individuals getting payments under Titles I and II programs. <b>(7 U.S.C. 9003)</b></p>	<p>Same as current law but with the addition of a QPTE to the list of potential represented groups. <b>(§1608)</b></p>	<p>Continues current law.</p>	<p>Continues current law.</p>
<p><b>Signature authority.</b> In carrying out a Title I or II program, if the Secretary approves a document, then the Secretary may not subsequently (or retroactively) determine that the document is inadequate or invalid due to the lack of authority of any person signing on behalf of another individual, entity, general partnership, or joint venture unless the person knowingly and willfully falsified the signature. <b>(7 U.S.C. 9003)</b></p>	<p>Extends current law to include the provisions of this bill. <b>(§1609)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Personal liability of producers for deficiencies.</b> No producer shall be personally liable for any deficiency arising from the sale of the collateral securing any nonrecourse loan unless the loan was obtained through a fraudulent representation by the producer. However, USDA may require a producer to assume liability for a deficiency in the grade, quality, or quantity of a commodity stored on a farm or delivered by the producer; failure to properly care for and preserve a commodity; or failure or refusal to deliver a commodity in accordance with a program. <b>(7 U.S.C. 7284)</b></p>	<p>No comparable provision.</p>	<p><b>Base acres review and report.</b> USDA shall review the establishment, calculation, reallocation, adjustment, and reduction of base acres specified under current law <b>(7 U.S.C. 9011 et seq.)</b></p>	<p>No comparable provision; does not adopt the Senate proposed amendment.</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Base acres review and report.</b> USDA shall review the establishment, calculation, reallocation, adjustment, and reduction of base acres specified under current law <b>(7 U.S.C. 9011 et seq.)</b></p>	<p>No comparable provision; does not adopt the Senate proposed amendment.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<p>Not later than 2 years after the date of enactment, USDA shall submit a report describing the results of the base acre review to the House and Senate Agriculture Committees. <b>(§1707)</b></p> <p><b>Farm Service Agency (FSA) accountability.</b> (a) Not later than one year from enactment, USDA shall establish policies, procedures, and plans to improve accountability and integrity through targeted and coordinated activities, including data mining to identify and reduce errors, waste, fraud, and abuse in FSA programs.</p> <p>(b) Not later than 2 years after enactment, and annually thereafter through 2023, USDA shall submit a report to the House and Senate Agriculture Committees describing efforts: to improve FSA accountability; identified weaknesses; related data sampling and mining efforts; errors, waste, fraud, or abuse; and any plan of action or recommended legislative changes. <b>(§1708)</b></p>	<p>Similar to the Senate provision but amends (b) as follows. Not later than 3 years after enactment, USDA shall submit a report to the House and Senate Agriculture Committees describing efforts to achieve the goals cited in (a). <b>(§1705(b))</b></p>
<p><b>Implementation.</b> Requires the Secretary to maintain base acres and payment yields for each covered commodity. <b>(7 U.S.C. 9097(a))</b></p> <p>Requires the Secretary to continue to streamline administrative burdens and costs including through the Acreage Crop Reporting and Streamlining Initiative (ACRSI); to improve coordination, information sharing, and administrative work within USDA; and</p>	<p>Same as current law for all provisions except:</p> <p>No agent, approved insurance provider (AIP), or employee or contractor of an agency or AIP, bears responsibility or liability under ACRSI for the eligibility of a producer for programs administered by USDA that are not policies or plans of insurance offered under the Federal Crop Insurance Act (7 U.S.C. 1501 et. seq.) except in cases of fraud,</p>	<p>Continues current implementation law with the following exceptions.</p> <p>Amends current law to update requirements of ACRSI to make available more detailed USDA data across agencies and accessible via a single Department-wide login. <b>(§1703(1))</b></p> <p>Amends current law to require that any USDA payment obligations—that have not been disbursed or liquidated, and</p>	<p>Adopts the House provisions with the following amendments:</p> <p>Crop insurance agents and AIPs are allowed access to records held by FSA necessary for effective crop insurance program delivery. <b>(§1706(b))</b></p> <p>USDA shall continue to improve coordination and data sharing efforts with the Natural Resources Conservation Service (NRCS), FSA, and</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>to use new technologies to enhance efficiency and effectiveness of program delivery. <b>(7 U.S.C. 9097(b))</b></p> <p>The Secretary shall make \$100 million available to implement this title. Additional funds are made available upon notification to House and Senate Agriculture Committees of significant progress by September 20, 2014 (\$10 million) and full implementation by September 30, 2015 (\$10 million). Also \$3 million is available for state extension services to educate farmers and ranchers of their options under this title and \$3 million to support qualified universities to develop and train producers on web-based decision aids. <b>(7 U.S.C. 9097(c)).</b></p> <p>USDA shall use CCC funds to ensure that the MAL program and benefits are fully functional in any year that discretionary spending limits are enforced via sequestration or other means. <b>(7 U.S.C. 9097(d))</b></p>	<p>misrepresentation, or scheme and device <b>(§1610(b)(1)(C))</b>;</p> <p>Producers may remotely and electronically sign annual contracts for ARC and PLC <b>(§1610(b)(4))</b>;</p> <p>The Secretary is required to make \$25 million available to implement this title <b>(§1610(c))</b>; and</p> <p>USDA shall use CCC funds to ensure that PLC and ARC payments are fully made prior to enforcing in any year where discretionary spending limits are enforced via sequestration or other budgetary means. <b>(§1603(a)(4))</b></p>	<p>remain outstanding five years after the date on which the payment was obligated or made available—shall be de-obligated and revert to the Treasury. The Secretary may delay the date of de-obligation. <b>(§1703(2))</b></p>	<p>the Risk Management Agency (RMA). <b>(§1706(b))</b></p> <p>By September 30, 2020, RMA and FSA shall implement a consistent method for determining farm and crop acreage, yields, property descriptions, and other common informational requirements, including measures of common land units. <b>(§1706(b))</b></p> <p>Producers may remotely and electronically sign annual contracts for ARC and PLC, and producers have the option to sign a multi-year contract for the ARC and PLC programs. <b>(§1706(b))</b></p> <p>Reduces the mandatory funding available to the FSA for implementation to \$15.5 million. <b>(§1706(c))</b></p> <p>Any USDA payment obligations that have not been disbursed or liquidated and remain outstanding five years after the date on which the payment was obligated or made available shall be de-obligated and revert to the Treasury. The Secretary may delay the date of de-obligation. <b>(§1706(e))</b></p> <p>Not later than January 1, 2020, and each January 1 thereafter through January 1, 2023, USDA shall submit a report on tilled native sod that was subject to benefit reductions under crop insurance or NAP. <b>(§1706(f))</b></p>
<p><b>Exemption from certain reporting requirements for certain producers.</b> Section 1244(m) of the Food Security Act of 1985, as amended</p>	<p>Expands the federal grant financial reporting requirement exemption for NRCS conservation programs to all commodity, indemnity, and conservation</p>	<p>Similar to House provision. Retains the provision in the conservation title, but expands the exemption to all USDA commodity and conservation programs</p>	<p>Similar to House provision with amendments. Further defines <i>exempted producer</i> as an eligible entity that participates in a farm bill conservation</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>by Section 766 of the Consolidated Appropriations Act of 2018 (P.L. 115-124), stipulates that select federal grant financial reporting requirements for producers (defined as producers and landowners eligible to participate in any USDA conservation program) should not apply to Natural Resources Conservation Service (NRCS) conservation programs. <b>(16 U.S.C. 3844(m))</b></p>	<p>programs administered by the Farm Service Agency, the Animal and Plant Health Inspection Service (APHIS), and the NRCS. <b>(§1611)</b></p>	<p>administered by the Farm Service Agency and the NRCS. <b>(§2305(d))</b></p>	<p>program, an indemnity or disease control program, or a Title I commodity program (excluding cotton) administered by NRCS, the Animal and Plant Health Inspection Service, and FSA. <b>(§1707)</b></p>



**Table 6. Conservation**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Wetland Conservation</b>			
<p><b>Program ineligibility.</b> The wetland conservation or “swampbuster” provision denies various USDA program benefits to producers who plant program crops on wetlands converted after December 23, 1985, or who convert wetlands, making agricultural commodity production possible, after November 28, 1990. For a producer to be found out of compliance, crop production does not actually have to occur; production only needs to be made possible through activities such as draining, dredging, filling, or leveling the wetland. Exemptions for compliance violators may be granted following a review. <b>(16 U.S.C. 3821 et seq.)</b></p>	<p>Requires the Secretary to consider all possible exemptions before denying program benefits to producers found to be out of compliance. <b>(§2101)</b></p>	<p>Requires that a producer cannot be denied program benefits if an exemption applies to that producer. <b>(§2412)</b></p>	<p>Identical to Senate provision. <b>(§2101)</b></p>
<p><b>On-site inspection requirement.</b> The Secretary is required to conduct an on-site visit before program benefits may be withheld for noncompliance. <b>(16 U.S.C. 3821(c))</b></p>	<p>No comparable provision.</p>	<p>Requires that the on-site inspection be conducted in the presence of the affected person, as long as that person makes themselves available for the on-site visit. <b>(§2401)</b></p>	<p>Similar to Senate provision with amendments. Amends the exception to allow for an on-site visit if a reasonable effort was made to include the affected person. <b>(§2102)</b></p>
<p><b>Wetland mitigation banking program.</b> One option violators of wetland conservation have to mitigate the violation is through wetland mitigation banking. Wetland mitigation banking is a type of wetlands mitigation whereby a wetland is created, enhanced, or restored, and “credit” for those efforts is sold to others as compensation for the loss of impacted wetlands elsewhere. The 2014 farm bill created a permanent wetland mitigation banking program exclusively for</p>	<p>Provides the wetland mitigation banking program with an additional \$10 million in mandatory funding authority for FY2019 and authorizes the appropriation of \$5 million for each of FY2019 through FY2023. <b>(§2102(b))</b></p>	<p>Similar to House provision but authorizes no additional mandatory funding. Authorizes the appropriation of \$5 million for each of FY2019 through FY2023. <b>(§2413(b))</b></p>	<p>Identical to Senate provision. <b>(§2103)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>farmers to comply with swampbuster. The program has a onetime authorization for \$10 million in mandatory funding. <b>(16 U.S.C. 3822(k))</b></p> <p><b>Minimal effect.</b> The Secretary is required to exempt producers that are found in violation of the wetland conservation requirements if the action is determined to have a “minimal effect” on the functional hydrological and biological value of the wetland area, including wildlife. USDA has identified categorical minimal effect exemptions for activities that are routinely determined to have a minimal effect on wetland functions. <b>(16 U.S.C. 3822(d))</b></p>	<p>Requires that categorical minimal effect exemptions be published no later than 180 days after the date of enactment. <b>(§2102(a))</b></p>	<p>Similar to the House provision but adds requirements for the categorical minimal effects exemptions to be (1) in compliance with applicable federal environmental laws (including the National Environmental Policy Act of 1969); (2) in accordance with existing minimal effect determination and categorical minimal effect exemption regulations (as issued before the date of enactment); and (3) in consultation with select federal, state, and local agencies, and interested organizations. <b>(§2413(a))</b></p>	<p>No comparable provision.</p>
<b>Conservation Reserve Program (CRP)</b>			
<p><b>Authority.</b> CRP is authorized through FY2018 to provide annual rental payments to producers to replace crops on highly erodible and environmentally sensitive land with long-term resource conserving plantings. <b>(16 U.S.C. 3831(a))</b></p> <p><b>Eligible land.</b> Highly erodible land is considered eligible for enrollment in CRP if (1) untreated could substantially reduce the land’s future agricultural production capability or (2) it cannot be farmed in accordance with a conservation plan; and has a cropping history or was considered to be planted for four of the six years preceding February 7, 2014 (except for land previously enrolled in CRP). Eligible</p>	<p>Reauthorizes CRP through FY2023. <b>(§2201(a))</b></p> <p>No comparable provision.</p>	<p>Identical to House provision. <b>(§2101(1))</b></p> <p>Amends the enrollment eligibility for highly erodible land to include both conditions (1) and (2) under current law. Extends the six-year cropping history to include land planted for four of the six years preceding enactment of the bill. <b>(§2101(2))</b></p>	<p>Identical to House and Senate provisions. <b>(§2201(a))</b></p> <p>Similar to Senate provision with amendments. Does not require both conditions. Extends the six-year cropping history to include land planted for four of the six years preceding enactment of the bill. Adds land that would have a positive impact on water quality if enrolled and other expired CRP land. <b>(§2201(b))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>land also includes marginal pastureland, grasslands, cropland, and land devoted to buffer or filterstrips. <b>(16 U.S.C. 3831(b))</b></p> <p><b>Maximum enrollment.</b> CRP is authorized to enroll up to 27.5 million acres in FY2014, 26 million acres in FY2015, 25 million acres in FY2016, and 24 million acres in both FY2017 and FY2018. <b>(16 U.S.C. 3831(d)(1))</b></p>	<p>Increases enrollment limits to 25 million acres in FY2019, 26 million acres in FY2020, 27 million acres in FY2021, 28 million acres in FY2022, and 29 million acres in FY2023. <b>(§2201(b)(1))</b></p>	<p>Increases enrollment limit to 25 million acres in FY2019 through FY2023. <b>(§2101(3)(A))</b></p>	<p>Similar to House and Senate provisions with amendments. Increases enrollment limit to 24 million acres in FY2019, 24.5 million acres in FY2020, 25 million acres in FY2021, 25.5 million acres in FY2022, and 27 million acres in FY2023. <b>(§2201(c)(1))</b></p>
<p><b>Grasslands enrollment.</b> CRP grassland enrollment is capped at 2 million acres between FY2014 and FY2018. Priority is given to expiring CRP contracts and enrollment is continuous. <b>(16 U.S.C. 3831(d)(2))</b></p>	<p>Creates a minimum CRP grassland enrollment level of 3 million acres by the end of FY2023. Incrementally increases the enrollment of grassland acres to 1 million acres in FY2019, 1.5 million acres in FY2020, 2 million acres in FY2021, 2.5 million acres in FY2022, and 3 million acres in FY2023. If USDA cannot enroll grassland acres according to the defined schedule, the unenrolled acres may not be used to enroll other eligible land into the program. <b>(§2201(b)(2))</b></p>	<p>Reauthorizes CRP grassland enrollment at 2 million acres through FY2023. Requires CRP grassland enrollment to prioritize expiring CRP land, land at risk of development, or land of ecological significance. <b>(§2101(3)(B))</b></p>	<p>Similar to House and Senate provisions with amendments. Creates a minimum CRP grassland enrollment of 2 million acres by the end of FY2021. Incrementally increases the minimum enrollment of grassland acres to 1 million acres in FY2019, 1.5 million acres in FY2020, and 2 million acres in FY2021-FY2023. Allows CRP grassland enrollment to prioritize expiring CRP land, land at risk of development, or land of ecological significance. Enrollment is required on an annual basis. Includes the limit on using unenrolled grassland acres for other types of enrollment. <b>(§2201(c)(2))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Enrollment of water quality practices.</b> Requires offers that would have a positive impact on water quality and would be devoted to select water quality improving practices to be given priority enrollment under continuous sign-up. Not less than 40% of total CRP continuous sign-up acres</p>	<p>Similar to Senate provision with amendments. Creates a water quality incentive, referred to as Clean Lakes, Estuaries, and Rivers (CLEAR) initiative. Gives priority under continuous enrollment to land that would reduce sediment and nutrient loading and harmful algal blooms.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>No comparable provision. CRP acres are enrolled based on the relative environmental benefits of the land offered.</p>	<p><b>Minimum enrollment by state.</b> Requires a minimum enrollment rate per state based on historical enrollment. Enrollment rates must consider the average total number of acres enrolled in each state during FY2007 through FY2016, average number of acres enrolled in CRP during FY2007 through FY2016, and the acres available for enrollment for FY2019 through FY2023. Also requires that a general sign-up be held every year. <b>(§2201(b)(3))</b></p>	<p>must be enrolled under this priority. When establishing the water quality priority, USDA is required to consider watersheds impacted by sediment and nutrient loading, and where enrollment would reduce harmful algal blooms. A monthly and annual report is required. <b>(§2101(3)(C))</b></p>	<p>Limits the 40% carve-out for this initiative to non-grassland contracts. Includes monthly report requirements. <b>(§2201(c)(3))</b></p>
<p>No comparable provision. There are two types of enrollment into CRP: general sign-up and continuous sign-up. A general sign-up is a specific period of time during which USDA accepts offers and competitively enrolls acres. Land offered under continuous sign-up may be enrolled at any time and is not subject to competitive bidding. CRP grassland offers are accepted on a continuous basis with periodic ranking periods. All sign-ups are subject to available acres within the authorized limits. <b>(7 C.F.R. 1410.30)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Limits allocations based on historical enrollment to 60% of available acres. <b>(§2201(c)(3))</b></p>
		<p><b>Additional enrollment procedures.</b> Requires CRP grassland and continuous sign-up offers to be accepted on a continuous basis, subject to available acres within the authorized limits. Also requires USDA to enroll CRP land each fiscal year, subject to available acres within the authorized limits. <b>(§2101(3)(C))</b></p>	<p>Similar to Senate provision with amendments. Requires CRP enrollment to be continuous for marginal pastureland, land that would have a positive impact on water quality if enrolled, select cropland, and Conservation Reserve Enhancement Program (CREP) contracts. Adds minimum enrollment targets for these continuous contracts of not fewer than 8 million acres by FY2019, 8.25 million acres by FY2020, 8.5 million acres by FY2021, and 8.6 million of acres by FY2022 and FY2023. <b>(§2201(c)(3))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Contract duration.</b> CRP contracts are 10-15 years in duration. In the case of land devoted to hardwood trees, shelterbelts, windbreaks, or wildlife corridors, the landowner may specify the duration of the contract between 10 and 15 years. <b>(16 U.S.C. 3831(e))</b></p>	<p>Amends the duration for CRP contracts by requiring select continuous enrollment contracts to enroll for 15-30 years. <b>(§2201(c))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Reenrollment of expired land.</b> All expiring CRP land is eligible for reenrollment in the program. <b>(16 U.S.C. 3831(h))</b></p>	<p>Limits reenrollment for land devoted to hardwood trees to only one reenrollment. <b>(§2201(d))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendment. Adds exclusions to the hardwood tree limitation for riparian forested buffers forested wetlands and shelterbelts. <b>(§2201(d))</b></p>
<p>No comparable provision. The <b>State Acres for Wildlife Enhancement (SAFE) Initiative</b> is a CRP continuous sign-up initiative created by the George W. Bush Administration in 2008. SAFE project areas are proposed by conservation groups, nonprofit organizations, government agencies, biologists, farmers, and ranchers and must contain acres with wildlife species that may be threatened or endangered, suffering population decline, or provide value to the local community. Acres enrolled under the SAFE initiative receive a higher percentage of cost-share assistance, additional practice incentive payments, and a sign-up incentive payment.</p>	<p>No comparable provision.</p>	<p>Establishes a format in which states and Indian Tribes may request “SAFE areas” under CRP. Priority is given to SAFE area requests that 1) include habitat for species that are declining or in danger of declining; 2) would help prevent the listing of or remove a species as a threatened species or endangered species under the Endangered Species Act (16 U.S.C. 1531 et seq.); 3) is adjacent to other conservation land; or 4) provides economic or social value to the local community for outdoor recreation. Priority is also given for requests that offer to pay additional incentive payments for CRP contracts in SAFE areas. Regional balance must be maintained and, monthly and annual reports are required. <b>(§2101(4))</b></p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Requires offers in SAFE project areas to be given priority enrollment under continuous sign-up. At least 30% of total CRP continuous sign-up acres</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>No directly comparable provision. <b>Conservation Reserve Enhancement Program (CREP)</b> is a subprogram of CRP in which USDA enters into agreements with States to target select areas and resource concerns in exchange for continuous CRP sign-ups and higher payments for enrollment. CREP was administratively established in 1997 and is regulated at <b>7 CFR 1410.50</b>.</p>	<p>No comparable provision.</p>	<p>must be in a SAFE project area. <b>(§2101(3)(C))</b></p> <p>Adds a new provision establishing CREP as a permanent subprogram under CRP. Provisions are similar to the existing CREP. Allows USDA to enter into agreements with eligible entities to carry out CREP. Agreement requirements are defined and existing CREP agreements remain in force, but may be modified. Payments from an eligible partner may be in cash, in-kind, or through technical assistance. Includes additional requirements for select cost-share payments, incentive payments, and maintenance payments. Requires at least 20% of continuous contracts to be enrolled in CREP. Status reports are required 180 days after the end of each fiscal year following enactment. Dryland farming is allowed on CREP acres if the purpose of the CREP agreement is to address regional drought concerns. <b>(§2105(a))</b> and <b>(§12612)</b></p>	<p>Similar to Senate provision with amendments. Limits eligible partners to states, political subdivisions of a state, Indian tribes, and nongovernmental organizations. Amends agreement requirements to include matching fund contributions and possible temporary waiver of matching funds. Amends the cost-share incentive payments to include a waiver of mid-contract management grazing. For forested riparian buffers, a reduction in rental rate is added when a food-producing woody plant is used as a buffer, and technical assistance provisions are limited to coordination with state forestry agencies. Includes drought and water conservation agreements. Deletes the 20% requirement for continuous contracts. <b>(§2202)</b></p>
<p><b>Farmable Wetlands Program (FWP)</b>. A subprogram under CRP authorized through FY2018 to enroll up to 750,000 acres of wetland and buffer acreage in CRP. USDA may, after a review, increase the number of acres enrolled in FWP by 200,000 additional acres. <b>(16 U.S.C. 3831b(a)-(c))</b></p>	<p>Reauthorizes FWP through FY2023. Amends buffer acreage enrollment and reduces total enrollment to not more than 500,000 acres. Deletes a provision allowing buffer acres and CREP acres to be considered separate from the total enrollment cap. Deletes USDA's authority to increase acreage enrollment. <b>(§2202(a)-(c))</b></p>	<p>Reauthorizes FWP through FY2023. <b>(§2102)</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2203)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Owners and operators of FWP land must agree to (1) restore the hydrology of the wetland, (2) establish vegetative cover, (3) prohibit commercial use, and (4) carry out the other duties required of all CRP contracts. <b>(16 U.S.C. 3831b(e))</b></p>	<p>Deletes the prohibition on commercial use. <b>(§2202(d))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>Under FWP, the Secretary is required to make rental payments and cost-share payments in accordance with CRP. Additional incentives are authorized to enroll filterstrips. <b>(16 U.S.C. 3831b(f))</b></p>	<p>Reduces the annual rental rate and deletes the additional incentives for filterstrips. <b>(§2202(e))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>CRP Easements.</b> Adds a new provision for select expiring land (see <b>§2106(a)(4)</b>) to be enrolled into a permanent easement under CRP. In exchange for a payment the landowner must maintain the land in accordance with an approved plan and the terms and conditions of the easement. Payments are based on the lowest of (1) the appraised fair market value of the land, (2) a corresponding geographical limitation, or (3) the landowner's offer. All payments are to be made in cash and may be received in a lump sum or ten annual payments. USDA may delegate the management, monitoring, and enforcement responsibilities of CRP easements to other federal, state, or local government agencies, or conservation organizations. There are no limits on the number of easements that may be entered into and enrollment is not restricted by the overall CRP enrollment limit. <b>(§2107)</b></p>	<p>Similar to Senate provision with amendments. Creates a new contract, referred to as <b>CLEAR 30</b>, that enrolls expiring land into 30-year CRP contracts (see <b>§2201(c)(3)</b>). Enrollment is restricted by the overall CRP enrollment limit. Land is enrolled into contracts, not easements. Under a CLEAR 30 contract the landowner must maintain the land in accordance with an approved plan and the terms and conditions the contract. Compensation is made in 30 annual cash payments similar to those calculated under general CRP. Terms, conditions, technical assistance, and administration provisions are similar to the Senate provision. <b>(§2204)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<p>Adds a new reenrollment requirement for select expiring CRP contracts. <i>Covered contracts</i> include new CRP contracts entered into during the bill's authorization (through FY2023), continuous contracts with select water quality practices, and SAFE contracts. Upon expiration, covered contracts may (1) not reenroll in CRP, (2) reenroll with a 40% reduction in annual rental payments and no incentive payments, or (3) enroll in a CRP easement (see <b>§2107</b>). If the land is determined to not be suitable for a CRP easement then it may be reenrolled with the terms in effect on the date of expiration. <b>(§2106(a)(4))</b></p>	<p>Similar to Senate provision but included under the new CLEAR 30 contracts described above (see <b>§2204</b>)</p>
No comparable provision.	No comparable provision.	<p><b>Soil health and income protection program.</b> Creates a new program providing annual rental payments of 50% of the county average rental rate for less productive farm land to be taken out of production and planted to a low-cost perennial cover crop. At least 15% of the eligible land on the farm must be enrolled for 3-5 years. Higher annual rental rates of 75%, and cost-share assistance is available for beginning, small, socially disadvantaged, young, or veteran farmers and ranchers. Harvesting, haying, and grazing are allowed outside of the local nesting and brood-rearing period. Such sums as necessary are authorized to be appropriated. <b>(§2404)</b></p>	<p>Creates a pilot program under CRP similar to the Senate provision with amendments. Limits the pilot to states within the prairie pothole region and on land that has not participated in CRP in the previous three crop years. Also, no more than 50,000 acres may be used for the pilot. Contract requirements, payments, and restrictions are similar to the Senate provision. Adds a required annual report to Congress. <b>(§2204)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Duties of owners and operators.</b> In exchange for payments under CRP, owners and operators agree to a number of requirements and restrictions on the land under contract. These requirements are outlined in the CRP contract and conservation plan. <b>(16 U.S.C. 3832)</b></p>	<p>Adds grazing as a management activity that may be undertaken to implement a conservation plan. Allows for a conservation plan to include permitted commercial uses. Adds a requirement for hardwood and other trees, excluding windbreaks and shelterbelts, to carry out thinning and forest management practices. <b>(§2203)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision but deletes the grazing as management activity addition and the inclusion of commercial uses. <b>(§2205)</b></p>
<p><b>Duties of the Secretary.</b> In return for a CRP contract, landowners are compensated for a percentage of the cost (cost-share) of carrying out conservation measures within the contract and an annual rental payment for 1) the conversion of highly erodible land and other agricultural land to less intensive uses, 2) permanent retirement of base history, and 3) development and management of grasslands. <b>(16 U.S.C. 3833(a))</b></p>	<p>Amends reference to the annual rental payments. <b>(§2204(a))</b></p>	<p>Amends cost-share payments to include the cost of fencing and water distribution practices. <b>(§2103(a))</b></p>	<p>Similar to both House and Senate provisions with amendments. Amends annual rental payments by adding marginal pastureland to the list of land converted to less intensive uses and removes payments to permanently retire base history. <b>(§2206(a))</b></p>
<p><b>Specified permitted activities.</b> Certain specified activities (e.g., harvesting, grazing, or other commercial uses of the forage) are permitted on CRP land under select conditions. These activities are allowed without a reduction in the annual rental rate when in response to drought, flooding, or other emergency. Managed harvesting is allowed if it is consistent with soil conservation, water quality, and wildlife habitat (including primary nesting seasons) and in exchange for not less than a 25% reduction in annual rental rates for acres covered by the activity. Managed harvesting may occur at least every five years but not more than once every three</p>	<p>Expands permitted harvesting and grazing activities on CRP land. Caps the reduction in annual rental rate for managed harvesting at 25% and does not allow vegetative cover to be harvested for seed. Amends the frequency of harvesting to not more than once every three years and not more than 75 percent of the covered acres in accordance with a conservation plan. <i>Routine grazing</i> is amended to allow for grazing during periods of primary nesting season if the stocking rates are reduced by 50% in accordance with a conservation plan. Requires the frequency and duration of routine</p>	<p>Expands permitted harvesting and grazing activities on CRP land. Expands permitted harvesting, grazing, and other commercial uses of the forage on CRP acres without a reduction in annual rental rate when a state of emergency is caused by a drought or wildfire. Managed harvesting is permitted for a 25% reduction in the annual rental rate subject to: vegetation management requirements; primary nesting season restrictions; a limit of not more than once every three years; and not more than 1/3 of an owner's CRP acres in a given year. Grazing in exchange for an</p>	<p>Similar to House and Senate provisions with amendments. Requires USDA to expand permitted uses of cover on CRP land. Permitted activities would not be subject to a reduction in rental rate for emergency uses, mid-contract management practices, select uses of vegetative buffers, and grazing by beginning farmers or ranchers. A 25% reduction in rental rate may be approved for limited grazing and haying activities and wind turbine installation subject to select limitations. Includes the Senate provision's SAFE and CREP limitation. <b>(§2206(b))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
years. Routine grazing is also permitted in exchange for not less than a 25% reduction in annual rental rate, subject to nesting season restrictions, vegetation management requirements and stocking rates, and limited to not more than once every two years (accounting for regional differences). <b>(16 U.S.C. 3833(b))</b>	grazing to be limited to the health of established cover rather than a specific time frame. Adds a provision allowing grazing conducted as a management activity under a conservation plan to occur without a rental rate reduction. Adds a new provision that allows for grazing on CRP land during the FSA determined “normal grazing period” under the <b>Livestock Forage Disaster Program (LFP)</b> without regard to primary nesting season if there is a 50% reduction of the normal carrying capacity determined under LFP. <b>(§2204(b))</b>	annual rental rate reduction of 25% is allowed subject to: vegetation management requirements and carrying capacity under LFP; timing restrictions; a limit of not more than once every three years; and a waiver of all reductions for veterans or beginning farmers or ranchers. Managed and routine grazing is not permitted during times of severe or high intensity drought (as determined by the U.S. Drought Monitor) or when determined to cause long-term damage to the vegetative cover. SAFE and CREP acres may be grazed if permitted under the related agreement. <b>(§2103(b))</b>	
No comparable provision.	No comparable provision.	Adds a new provision allowing state technical committees to determine years in which harvesting and grazing shall not be permitted if it would cause long-term damage to vegetative cover on that land. <b>(§2103(c))</b>	Similar to Senate provision but allows USDA to make the determination, not state technical committees. <b>(§2206(b))</b>
No comparable provision.	Adds a new provision providing that when a natural disaster or adverse weather event has the same effect as a management practice required under a conservation plan, USDA cannot require a similar management practice if the natural disaster or adverse weather event achieved the same effect. <b>(§2204(c))</b>	No comparable provision.	Identical to House provision. <b>(§2206(c))</b>
<b>Cost-share payments.</b> Land enrolled in CRP is eligible to receive cost-share assistance for practices implemented. Cost-share payments are limited to 50% of	Reduces cost-share assistance. Cost-share payments are limited to 40% of the actual or average cost of establishing the practice except for seed, which is	No comparable provision.	Similar to House provision with amendments, including removal of the 40% cost-share payment limit. Includes seed cost limitation but increases the

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<p>the actual or average cost of establishing the practice and no more than 100% of the total cost. Hardwood trees, windbreaks, shelterbelts, and wildlife corridors are eligible for additional cost-share payments. Owners are ineligible from receiving cost-share payments if assistance is provided under other federal programs <b>(16 U.S.C. 3834(b))</b></p>	<p>limited to 25% of the cost. No cost-share is available for contract management activities. No incentive payments, except those described below, are allowed beyond the cost of installing the practices. Removes the additional cost-share assistance for hardwood trees, windbreaks, shelterbelts, and wildlife corridors. <b>(§2205(a))</b></p>		<p>limit to 50%. Removes incentive payment limitation. Adds an exception to ineligibility for cost-share for CREP contracts. Also, adds a 50% limit on practice incentives for continuous enrollment practices. <b>(§2207(a))</b></p>
<p><b>Incentive payments.</b> Incentive payments are allowed for up to 150% of the total cost of thinning and other practices to promote forest management or enhance wildlife habitat. <b>(16 U.S.C. 3834(c))</b></p>	<p>Reduces incentive payments to not more than 100% of the total cost of thinning and other practices to promote forest management or enhance wildlife habitat. <b>(§2205(b))</b></p>	<p>Adds a new provision allowing signing and practice incentive payments for continuous sign-up contracts to encourage participation. These incentive payments are limited to periods of high commodity prices. <b>(§2104(1)(B))</b></p>	<p>Identical to House provision. <b>(§2207(b))</b></p>
<p><b>Annual rental payments.</b> Land enrolled in CRP is eligible to receive an annual rental payment. In determining the amount to be paid, the Secretary has discretion in determining the amount necessary to encourage enrollment. <b>(16 U.S.C. 3834(d)(1))</b></p>	<p>Adds a requirement that when determining the amount of annual rental payments the Secretary must consider the impact on the local farmland rental market. <b>(§2205(c)(1))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Requires the Secretary to consider the impact on the local farmland rental market and other factors determined by the Secretary. <b>(§2207(c)(1))</b></p>
<p>CRP enrollment is conducted through the submission of bids by owners and operators of eligible land. Annual rental payments under CRP contracts are determined by the Secretary in accordance with the rental rate criteria (see below). <b>(16 U.S.C. 3834(d)(2))</b></p>	<p>Reduces annual rental payments based on enrollment type. Newly enrolled acres receive not more than 80% of the average county rental rate (described below). Reenrolled land receives not more than a percentage of the average county rental rate for the year of reenrollment subject to the following schedule:</p> <ul style="list-style-type: none"> <li>• First reenrollment: not more than 65%,</li> </ul>	<p>No directly comparable provision. See rental rates under (Section 2104(2)(B) below.</p>	<p>Similar to House provision with amendments. Does not limit average county rental rates for newly enrolled land. Reenrolled land receives not more than 85% of the average county rental rate for general enrollment contracts and 90% for continuous enrollment contracts. The reduction may be waived for CREP contracts. Adds a sign-up incentive for continuous enrollment of 32.5% of the</p>

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<p>When accepting CRP offers, USDA may consider how the land would improve soil resources, water quality, or wildlife habitat or provide other environmental benefits. <b>(16 U.S.C. 3834(d)(3))</b></p>	<ul style="list-style-type: none"> <li>• Second reenrollment: not more than 55%,</li> <li>• Third reenrollment: not more than 45%, and</li> <li>• Fourth reenrollment: not more than 35%.</li> </ul> <p><b>(§2205(c)(2))</b></p>	<p>Adds a requirement for USDA to prioritize marginal and environmentally sensitive land when evaluating offers. <b>(§2104(2)(A)(iii))</b></p>	<p>first annual rental payment. <b>(§2207(c)(2))</b></p>
<p>Enrollment of hardwood tree acres are to be considered on a continuous basis. <b>(16 U.S.C. 3834(d)(4))</b></p>	<p>Deletes provision. <b>(§2205(c)(3))</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§2207(c)(3))</b></p>
<p><b>Rental rates.</b> CRP rental rates are based on soil productivity and the county average rental rate. USDA may use the National Agricultural Statistics Service’s (NASS) survey estimates relating to dryland cash rental rates when determining annual rental rates. NASS is required to conduct a survey no less than once a year on county average market dryland and irrigated cash rental rates. <b>(16 U.S.C. 3834(d)(5))</b></p>	<p>Requires NASS to conduct a county average rental rate survey annually and publish the survey estimate not later than September 15 each year. Requires the Secretary to use the NASS survey estimates relating to dryland rental rates when determining annual rental rates. Deletes references to “cash” rental rates. <b>(§2205(c)(4))</b></p>	<p>Requires NASS to conduct a county average rental rate survey annually. Reduces annual rental payments to not more than 88.5% of the rental rate (excluding incentive payments). <b>(§2104(2)(B))</b></p>	<p>Similar to House and Senate provisions with amendments. Requires NASS to conduct a county average rental rate survey annually and publish the survey estimate not later than September 15 each year. Adds a requirement that USDA post the current and previous soil rental rates for each county online. Requires the Secretary to use the NASS survey estimates relating to dryland rental rates when determining annual rental rates.</p> <p>Creates a new provision allowing FSA state committees and CREP partners to propose alternative soil rental rates with acceptable documentation and with notification to congressional authorizing committees. The county average soil rental rate is limited to</p>

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<p><b>Limits on rental payments.</b> The total amount of rental payments received directly or indirectly may not exceed \$50,000. Additional payment received under a CREP contract is not subject to the payment limit. USDA is allowed to enter into CREP agreements with States. <b>(16 U.S.C. 3834(g))</b></p>	<p>Adds a limit on payments to states under CREP to 50% of the cost of activities carried out under the CREP agreement. <b>(§2205(d))</b></p>	<p>Maintains the \$50,000 rental payment limit. Adds a waiver of payment limits and adjusted gross income (AGI) requirements for rural water district or association land enrolled for the purpose of protecting a wellhead. Deletes reference to CREP agreements. <b>(§2104(3))</b></p>	<p>85% for general enrollment or 90% for continuous enrollment. <b>(§2207(c)(5))</b></p>
<p><b>Early termination.</b> Owners and operators were allowed to terminate their CRP contracts in FY2015 without penalty if the contract had been in place for at least five years. Land not eligible for early release includes filterstrips, waterways, strips adjacent to riparian areas, windbreaks, shelterbelts, erodibility index of more than 15, hardwood trees, wildlife habitat, duck nesting habitat, pollinator habitat, upland bird habitat buffer, wildlife food plots, State Acres for Wildlife Enhancement, shallow water areas for wildlife, rare and declining habitat, farmable wetlands, restored wetlands, diversions, erosion control structures, flood control structures, contour grass strips, living snow fences, salinity reducing vegetation, cross wind trap strips, sediment retention structures, federally designated wellhead protection areas, an easement under CRP, an average width of a perennial stream or permanent water body, and a CREP contract. Terminations become effective upon approval and payments are prorated. Land is still eligible for future CRP</p>	<p>Amends the early termination provisions to allow producers with a CRP contract in place for five or more years to terminate the contract in FY2019. <b>(§2206(a))</b></p>	<p>Deletes the early termination provision. <b>(§2106(a)(1))</b></p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>contracts and, if returned to production, is subject to conservation compliance requirements. <b>(16 U.S.C. 3835(e))</b></p> <p><b>Transition Incentives Program.</b> The transition option under CRP facilitates the transfer of CRP acres from a retiring owner to a beginning/socially disadvantaged/veteran producer to return land to production, and it allows the new owner to begin land improvements or start the organic certification process one year before the CRP contract expires. In exchange, the retiring owner receives up to two additional years of annual CRP rental payments following the expiration of the CRP contract. <b>(16 U.S.C. 3835(f))</b></p>	<p>Amends the CRP transition option to allow new owners to start the organic certification process up to three years before the CRP contract expires. Requires that financial and technical assistance be provided to the new owner to carry out a conservation plan. <b>(§2206(b))</b></p>	<p>Amends the program to transfer land from any CRP contract holder (not limited to retiring or retired farmer or rancher) to a beginning/socially disadvantaged/veteran producer. Extends the time available for the new owner to begin land improvements or start the organic certifications contract from one year to two years before the CRP contract expires. Amends participation requirements to allow short-term leases (less than 5 years) with option to purchase. In addition, gives land enrollment priority for EQIP, CSP, and Agricultural Conservation Easement Program (ACEP). Allows for enrollment into a CRP grassland contract. <b>(§2106(a)(3))</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2208(a))</b></p>
<p><b>End of Contracts.</b> Landowners may enroll in Conservation Stewardship Program (CSP) and conduct activities required under CSP in the final year of the CRP contract without violating the terms of the contract. <b>(16 U.S.C. 3835(g))</b></p>	<p>Amends the provision to allow for enrollment in EQIP and conduct EQIP practices in the final year of the CRP contract without violating the terms of the contract. <b>(§2206(c))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision but allows a landowner to begin the organic certification process three years prior to the end of the contract. <b>(§2208(b))</b></p>
<p><b>State laws.</b> Land is considered ineligible for CRP if the landowner has received written notice that the land is required to have a resource concern or environmental protection measure or practices in place in accordance with tribal, state, or other local law, ordinances, or other regulation. <b>(7 C.F.R. 1410.6(d)(4))</b></p>	<p>No comparable provision.</p>	<p>Requires USDA to amend CRP regulations prohibiting enrollment of land with existing protection measures if FSA, in consultation with the state technical committee, considers the enrollment to be in the best interest of the program. <b>(§2108)</b></p>	<p>Similar to Senate provision except the provision is limited to CREP land. <b>(§2209)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Environmental Quality Incentives Program (EQIP)</b>			
No comparable provision.	No comparable provision.	No comparable provision.	Moves the Conservation Stewardship Program (CSP) under the EQIP chapter and makes conforming amendments. (§§2301(a), (b), & (d))
<p><b>Purpose.</b> The purpose of EQIP is to promote production and environmental quality as compatible goals, and optimize environmental benefits by assisting producers: (1) with compliance with regulatory requirements; (2) avoid the need for regulation; (3) install and maintain conservation practices; and (4) make cost-effective changes to current production systems. <b>(16 U.S.C. 3839aa)</b></p>	No comparable provision.	Adds climate adaptation to the 3 <sup>rd</sup> purpose area. Amends the 4 <sup>th</sup> purpose area to address identified, new, or expected resources associated with changes to production systems and removes the cost-effective purpose. <b>(§2301)</b>	Similar to Senate provision with minor amendments. <b>(§2302)</b>
<p><b>Definitions.</b> Five terms are defined under EQIP: <i>eligible land</i>, <i>organic system plan</i>, <i>payment</i>, <i>practice</i>, and <i>program</i>. <i>Practice</i> is defined as one or more improvements (e.g., structural, land management, or vegetative practice; forest management; and other practices defined by USDA) or conservation activities (e.g., comprehensive nutrient management plans and other plans as determined by USDA). <b>(16 U.S.C. 3839aa-1)</b> Under CSP, <i>priority resource concern</i> is defined as a resource concerned that is identified at the national, state, or local level as a priority, is significant in a state or region, and could be addressed successfully under the program. <i>Stewardship threshold</i> is defined as a level of management required to conserve or improve the quality and condition of a</p>	<p>Amends the definition of <i>practice</i> by adding precision conservation management planning and the use of cover crops and resource conserving crop rotations as eligible conservation activities.</p> <p>Adds definitions for <i>priority resource concerns</i> and <i>stewardship practice</i>. Both new definitions are similar but not identical to the definitions for priority resource concern and stewardship threshold that are repealed under CSP. <b>(§2301)</b></p>	<p>Adds a definition for <i>conservation planning survey</i> which may be developed by non-USDA entity and incorporated into the required EQIP plan.</p> <p>Amends the definition for <i>eligible land</i> to include land that facilitates the avoidance of crossing an environmentally sensitive area.</p> <p>Amends the definition of <i>practice</i> to include soil tests and soil remediation practices. Adds resource-conserving crop rotation planning, soil health planning, and conservation planning survey to the list of eligible conservation activity plans.</p> <p>Adds a definition for <i>producer</i>, which includes an acequia. <b>(§2302)</b></p>	<p>Similar to House and Senate provisions with amendments:</p> <p>Adds a definition for <i>conservation planning assessment</i> that may be developed by non-USDA entity and incorporated into the required EQIP plan.</p> <p>Amends the definition of <i>eligible land</i> to include environmentally sensitive areas and identified or expected resource concerns related to agricultural production.</p> <p>Adds definitions for <i>incentive practice</i> and <i>priority resource concern</i> similar to the <i>stewardship threshold</i> and <i>priority resource concern</i> definitions under CSP.</p> <p>Amends the definition of <i>practice</i> to include soil tests and soil remediation practices. Adds resource-conserving</p>

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natural resource. <b>(16 U.S.C. 3838d(5) and (7))</b>			crop rotation planning, soil health planning, conservation planning assessments, and precision conservation planning to the list of eligible conservation activity plans. Adds a definition for <i>soil remediation</i> as a scientifically based practice that addresses soil contaminates and sustainability. Adds a definition for <i>soil testing</i> as an evaluation of soil health. <b>(§2303)</b>
<b>Establishment.</b> EQIP is authorized through FY2019. <b>(16 U.S.C. 3839aa-2(a))</b>	Reauthorizes EQIP through FY2023. <b>(§2302(a))</b>	Identical to House provision. <b>(§2303(1))</b>	Identical to House and Senate provisions. <b>(§2304(a))</b>
<b>Advanced payments.</b> EQIP contracts are paid upon the completion of the approved conservation practice. USDA is authorized, however, to make up to 50% of the cost of the practice available in advance for a limited resource, socially disadvantaged, veteran, or beginning farmer or rancher. Advanced funds must be used to purchase materials within 90-days or the funds must be returned. <b>(16 U.S.C. 3839aa-2(d)(4)(B))</b>	No comparable provision.	Increases advanced payments to at least 50% of the practice cost. Extends the fund return period to 180-days and adds an opt-out option for eligible producers. <b>(§2303(3)(A))</b>	Similar to Senate provision with amendments. Includes the increased advance payments at the election of the producer. Does not include the 180-day extension but adds a notification and documentation clause. <b>(§2304(b)(1))</b>
No comparable provision.	No comparable provision.	Adds new sections requiring review and guidance, within a year of enactment, on the cost effectiveness of cost-share rates and the flexibility of conservation practice standards. Also requires that each state, in consultation with the state technical committee, identify ten high-priority practices that will be eligible for up to	Similar to Senate provision with amendments. Moves elements of the review of cost-share rates or conservation practices standards to the “Administrative requirements for conservation programs” section (see <b>§2503(b)</b> ). Allows states the option, in consultation with the state technical committee, to identify 10 high-priority practices that will be eligible for up to



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<p><b>Funding allocation.</b> Requires that 60% of payments go to practices related to livestock production and that a minimum of 5% of annual funds go to payments benefiting wildlife habitat through FY2018. <b>(16 U.S.C. 3839aa-2(f))</b></p>	<p>Deletes carve-out for livestock related practices. Reauthorizes the wildlife habitat payment minimum (5%) through FY2023. <b>(§2302(b))</b></p>	<p>90% of the practice cost. <b>(§2303(3)(B))</b></p> <p>Reauthorizes and reduces the carve-out for livestock related practices to 50% through FY2023 and includes grazing management practices. Reauthorizes and increases the wildlife habitat payment minimum to 10% through FY2023. Adds a requirement for USDA, within a year of enactment, to review the annual funding allocation process. <b>(§2303(4))</b></p>	<p>90% of the practice cost. <b>(§2304(b)(2))</b></p> <p>Similar to Senate provision with amendments. Does not include the review of the allocation process. <b>(§2304(c))</b></p>
<p><b>Wildlife habitat incentives program.</b> Subprogram under EQIP that provides payments for conservation practices that benefit wildlife habitat. <b>(16 U.S.C. 3839aa-2(g))</b></p> <p><b>Contract terms.</b> EQIP contracts are limited to 10 years. <b>(16 U.S.C. 3839aa-2(b)(2))</b></p>	<p>No comparable provision.</p>	<p>Adds a provision to EQIP contract terms allowing 10-year contracts for wildlife practices which may include incentivizing seasonal wetland development for waterfowl and migratory birds. <b>(§2303(2))</b></p>	<p>Similar to Senate provision but moves provision to the wildlife habitat incentives section of EQIP. Adds new requirements that limits wildlife contracts to 10 years. Also adds specific requirements for seasonal wetland habitat practices. <b>(§2304(d))</b></p>
<p><b>Water conservation.</b> EQIP may fund irrigation efficiency practices. Priority is given for applications that reduce water use on the operation or those in which the producer agrees not to use the water savings to bring new land into irrigation. <b>(16 U.S.C. 3839aa-2(h))</b></p>	<p>Amends the provision by specifying that payments may be provided for water conservation scheduling technology or management, irrigation-related structural practices, use of existing or upgrade of drainage systems, or transition to water-conservation crops or rotations. Adds a new provision allowing USDA to contract with irrigation districts, irrigation associations, drainage districts, and acequias if the watershed-wide project will effectively conserve water. Only eligible land or land owned by the irrigation entity is eligible. USDA may waive income and payment limits and impose additional limits. Priority is</p>	<p>Allows EQIP payments to be made to producers or selected eligible entities for water conservation or irrigation efficient practices. Eligible entities may be a state, irrigation district, groundwater management district, acequia, or similar entity. Practices must be implemented on eligible land of the producer or land under the control of the eligible entity. AGI and payment limits may be waived for eligible entities. Priority is given to applications that reduce water use. <b>(§2303(5))</b></p>	<p>Similar to Senate provision with amendments. Adds land-grant mercedes as an eligible entity. Adds land adjacent to as producer's eligible land to the list of land on which water conservation or irrigation efficient practices must be implanted. Allows USDA to waive income and payment limits and impose additional limits. <b>(§2304(e))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Organic payment limits.</b> Payments for conservation practices related to organic production are limited to a total of \$20,000 per year or \$80,000 during any 6-year period. <b>(16 U.S.C. 3839aa-2(i))</b></p>	<p>amended to include the new irrigation entity land. <b>(§2302(c))</b></p>	<p>Amends the payment limit to a total of \$160,000 from FY2019 through FY2023. <b>(§2303(6))</b></p>	<p>Similar to Senate provision except amends the payment limit to a total of \$140,000 from FY2019 through FY2023. <b>(§2304(f))</b></p>
<p>No directly comparable provision.</p> <p>Under CSP, contracts (five years in length with the option of renewal) are based on meeting or exceeding a stewardship threshold on the entire agricultural operation. Participants must meet two priority resource concerns upon entry and meet or exceed one additional priority resource concern by the end of the contract. Contract renewal participants must meet the threshold for two additional priority resources concerns or exceed the threshold for two existing priority resource concerns. CSP provides two possible payments: (1) an annual payment for installing new conservation activities and maintaining existing activities and (2) a supplemental payment for adopting a resource-conserving crop rotation. Enrollment is offered through a continuous sign-up and applications are accepted year-round. CSP payments are limited to not more than \$200,000 total between FY2014 and FY2018. <b>(16 U.S.C. 3838d-3838g)</b></p>	<p><b>Stewardship contracts.</b> Establishes a new stewardship contract based on priority resource concerns within a state. No more than three priority resource concerns are identified in each state. Contracts are for five to 10 years and provide annual payments to incentivize increased conservation stewardship and the adoption, installation, management, and maintenance of conservation practices. Payment amounts are to consider the level and extent of the practice, cost, income forgone, and longevity of the practice. Payments are limited to \$50,000 per fiscal year. Not more than 50% of total EQIP funds may be used for stewardship contracts. <b>(§2302(d))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Establishes a new <b>Conservation Incentive Contract</b> under EQIP. Limits application of the contracts to identified priority resource concerns within select geographic regions. Adds prioritization for applications that address eligible priority resource concerns and are grouped by similar operations. Expands provisions providing payments for income forgone. Requires annual payments be made at the beginning of each fiscal year and practice payments soon after implementation of the practice. Does not include payment limits or a percentage of EQIP funds to be used for incentive contracts. <b>(§2304(g))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Pilot program.</b> Establishes a pilot program, in not more than ten states, for small-scale agricultural operations. The pilot includes a payment criteria, application requirements, program</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Evaluation of applications.</b> USDA is required to develop criteria for evaluating applications that will ensure that national, state, and local conservation priorities are effectively addressed. <b>(16 U.S.C. 3839aa-3(a))</b>	No comparable provision.	coordinator, and a report to Congress. <b>(§2303(7))</b>  Adds a requirement that the evaluation criteria give priority to the most effective conservation practices. <b>(§2304)</b>	No comparable provision.
<b>EQIP plans.</b> All EQIP contracts require an approved plan of operations. For confined livestock feeding operations, the plan provides for the development and implementation of a comprehensive nutrient management plan (CNMP). <b>(16 U.S.C. 3839aa-5(a)(3))</b>	No comparable provision.	Amends the EQIP plan of operation for confined livestock feeding operations to develop and <i>progressively</i> implement a CNMP. <b>(§2306)</b>	Identical to Senate provision. <b>(§2305)</b>
<b>Limitation on payments.</b> An EQIP participant's payments are limit to an aggregate of \$450,000 between FY2014-FY2018. <b>(16 U.S.C. 3839aa-7)</b>	Extends the EQIP payment limit (\$450,000) for FY2019-FY2023 <b>(§2303)</b>	Identical to House provision. <b>(§2307)</b>	Similar to House and Senate provisions, except exempts new Conservation Incentive Contracts from the EQIP payment limit. Extends the EQIP payment limit of \$450,000 for FY2019-FY2023. <b>(§2306)</b>
<b>Conservation Innovation Grants (CIG) and payments.</b> CIG is a competitive grant program within EQIP. Grants are provided, on a matching basis, to implement innovative conservation projects. <b>(16 U.S.C. 3839aa-8(a))</b>	Limits CIG to no more than \$25 million annually. Amends eligible uses to include persons participating in an educational activity through an institution of higher education. <b>(§2304(a))</b>	Expands the type of conservation projects to include urban agriculture and edge of field monitoring. <b>(§2308(1))</b>	Similar to Senate provision with amendments. Adds community colleges carrying out demonstration projects to the list of eligible organizations. Amends the inclusion of urban agriculture projects and includes edge of field monitoring. <b>(§2307(a))</b>
Requires that \$25 million of EQIP funds annually (through FY2018) be used to address air quality concerns. <b>(16 U.S.C. 3839aa-8(b))</b>	Reauthorizes and increases the air quality funding carve-out to \$37 million of EQIP annually between FY2019 and FY2023. <b>(§2304(b))</b>	Reauthorizes the air quality funding carve-out of \$25 million through FY2023. <b>(§2308(2))</b>	Similar to House provision with minor amendments. <b>(§2307(b))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	Requires up to \$25 million of EQIP funds for FY2019-FY2023 be used for on-farm conservation innovation trials to test new or innovative conservation approaches either directly with producers or with eligible entities. <b>(§2304(c))</b>	No comparable provision.	Similar to House provision with amendments. Establishes an <b>on-farm conservation innovation trial</b> but adds an AGI limit, a reporting requirement, and prohibition on administrative expenses for eligible entities. Adds a geographic factor. Includes a soil health demonstration pilot similar to the Senate provision (see below). <b>(§2307(c))</b>
No comparable provision.	No comparable provision.	<b>Soil health demonstration pilot.</b> Authorizes a new pilot project to provide financial assistance for soil health practices. A study and a report are required. Authorizes \$15 million of EQIP funding annually between FY2019 and FY2023 to be used for the pilot. <b>(§2309)</b>	Similar to Senate provision with amendments. Adds a soil health demonstration trial under the on-farm conservation innovation trial within CIG (see <b>(§2307(c))</b> above). Does not include separate funding authority. <b>(§2307(c))</b>
<b>CIG report.</b> A report is required no later than December 31, 2014, and every two years thereafter, to Congress regarding CIG funding, project results, and technology transfer efforts. <b>(16 U.S.C. 3839aa-8(c))</b>	Adds a requirement that USDA use the required CIG reports to establish and maintain a public conservation practice database. <b>(§2304(c))</b>	No comparable provision.	Similar to House provision with amendments. Adds the soil health demonstration trial report to the list of reports required. <b>(§2307(c))</b>
<b>Conservation Stewardship Program (CSP)</b>			
No comparable provision.	No comparable provision.	No comparable provision.	Moves the CSP under the EQIP chapter and makes conforming amendments. <b>(§§2301(a), (b) &amp; (d))</b>
No comparable provision.	No comparable provision. Repeals CSP with transition provisions for current contracts to receive CCC funding until expiration with no option for renewal. <b>(§2801)</b>	No comparable provision.	No directly comparable provision. Terminates CSP as in effect on the day before enactment. Provides transition provisions allowing current contracts to remain in effect until completion and eligible for an extension in the fifth year of the original contract.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Definitions.</b> Seven terms are defined under CSP: <i>agricultural operation, conservation activities, conservation stewardship plan, eligible land, priority resource concern, program, and stewardship threshold</i>. <i>Conservation activities</i> are defined as a conservation systems, practices, or management measures that can include structural, vegetative, and land management measures as well as planning. <i>Stewardship threshold</i> is defined as a level of management required to conserve or improve the quality and condition of a natural resource. <b>(16 U.S.C. 3838d(2) and (7))</b></p>	No comparable provision.	<p>Amends the definition of <i>conservation activities</i> to include comprehensive conservation plans, soil health planning to increase soil organic matter, and activities that will adapt or mitigate against increasing weather volatility.</p> <p>Amends the definition of <i>stewardship threshold</i> to include measurable resource improvements through the use of tools, models, criteria, data, and other methods. <b>(§2201)</b></p>	<p>Existing contracts may not be renewed unless certain conditions are met. Specific provisions are provided for Regional Conservation Partnership Program (RCP) agreements that include CSP acreage. CCC funding is to be made available to carry out current contracts. <b>(§§2301(c)(2)-(c)(5))</b></p> <p>Identical to Senate provision. <b>(§2308(a))</b></p>
<p><b>Establishment and exclusions.</b> The purpose of CSP is to encourage producers to address priority resource concerns in a comprehensive manner by undertaking additional conservation activities and improving, maintaining, and managing existing conservation activities. CSP is authorized through FY2023. Eligible land may not be enrolled in other retirement or easement conservation programs (e.g., CRP and ACEP) and must have a cropping</p>	No comparable provision.	<p>Extends the authorization through FY2023. Extends the cropping history requirement to 4 of the 6 years preceding the date of enactment. <b>(§2202)</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2308(b))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
history (4 of the 6 years preceding February 7, 2014). <b>(16 U.S.C. 3838e)</b>	No comparable provision.	Amends the application ranking criteria to include (1) the conservation benefits on all applicable priority resource concerns at the time of application, (2) the degree of proposed increased conservation benefits, and (3) other consistent criteria, as determined by the Secretary. Requires that similarly ranked applications be determined based on the cost-effectiveness of the offer. <b>(§2203(1))</b>	Identical to Senate provision. <b>(§2308(c)(1))</b>
<b>Ranking of applications.</b> Applications are ranked based on the (1) level of conservation treatment at the time of application, (2) degree of proposed increased conservation performance, (3) number of proposed priority resource concerns to be treated, (4) extent other priority resource concerns will be addressed, (5) cost effectiveness of the offer, and (6) effect of priority resource concerns when transitioning from CRP to agricultural production. <b>(16 U.S.C. 3838f(b)(1))</b>	No comparable provision.	No comparable provision.	Amends contracting language to include contract renewals as eligible for enrollment. <b>(§2308(c)(2))</b>
After a producer is determined eligible for CSP and the contract offer ranks high enough under the evaluation criteria, then a conservation stewardship contract is offered to enroll the eligible land into CSP. <b>(16 U.S.C. 3838f(c))</b>	No comparable provision.	Increases the renewal threshold requiring the adoption of new or improved conservation activities that can demonstrate continued improvement on the entire operation for the additional five-year period. The producer must also agree, at a minimum, to meet or exceed the stewardship threshold for at least two additional priority resource concerns, or adopt or improve at least two existing priority resource concerns. <b>(§2203(2))</b>	Similar to the Senate provision with amendments. Specifies that contract renewals may be offered in the first half of the fifth year. <b>(§2308(c)(4))</b>
<b>Contract renewal.</b> CSP contracts may be renewed for an additional five years if the producer is in compliance with the expiring contract and agrees, at a minimum, to meet or exceed the stewardship threshold for at least two additional priority resource concerns, or exceed the stewardship threshold of two existing priority resource concerns. <b>(16 U.S.C. 3838f(e))</b>	No comparable provision.	Amends the acreage enrollment limitation to begin on the date of	Deletes acreage limitation and national average payment rate. Makes
<b>Acreage enrollment limitation.</b> Total acreage enrollment is limited to 10 million	No comparable provision.	Amends the acreage enrollment limitation to begin on the date of	Deletes acreage limitation and national average payment rate. Makes

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
acres annually between February 7, 2014 and September 30, 2028. Requires a national average rate of \$18 per acre (to include all costs). <b>(16 U.S.C. 3838g(c))</b>	No comparable provision.	enactment and end on September 30, 2028. Lowers the annual acreage enrollment limit to 8,797,000. <b>(§2204(1))</b>	conforming amendments limiting the program to a funding amount rather than to an acreage total. <b>(§§2308(d)(1)-(d)(3))</b>
No comparable provision.	No comparable provision.	<b>Cover crop payments.</b> Requires that payments for cover crop activities be at least 125% of the annual payment rate. <b>(§2204(2))</b>	Identical to Senate provision. <b>(§2308(d)(4))</b>
<b>Crop rotation payments.</b> Additional payments are authorized for the adoption of resource-conserving crop rotations. <i>Resource-conserving crop rotation</i> is defined and the rotation is required to provide a conservation and production benefit. <b>(16 U.S.C. 3838g(e))</b>	No comparable provision.	Authorizes additional payments for resource-conserving crop rotations and advanced grazing management. Defines <i>advanced grazing management</i> and requires that payments for these additional payments be at least 150% of the annual payment rate. <b>(§2204(3))</b>	Similar to Senate provision with minor amendments. <b>(§2308(d)(5))</b>
No comparable provision.	No comparable provision.	<b>Comprehensive conservation plans.</b> Adds a new provision authorizing a one-time payment for the development of a comprehensive conservation plan. <b>(§2204(5))</b>	Similar to Senate provision with minor amendments. <b>(§2308(d)(6))</b>
<b>Payment limit.</b> CSP payments are limited to a total of \$200,000 for all contracts entered into between FY2014 through FY2023. <b>(16 U.S.C. 3838g(f))</b>	No comparable provision.	Extends the payment limit aggregate of \$200,000 for all CSP contracts between FY2019 and FY2023. <b>(§2204(6))</b>	Similar to Senate provision with minor amendments. <b>(§2308(d)(7))</b>
<b>Organic certification.</b> USDA is required to establish transparent means by which CSP participants may initiate organic certification under the Organic Foods Production Act of 1990 (7 U.S.C. 6501 et seq.). <b>(16 U.S.C. 3838g(h))</b>	No comparable provision.	Requires USDA to allocate CSP funding to states to support organic transition and production. Allocations must be based on the number of organic operations and organic acres within a state. <b>(§2204(7))</b>	Similar to Senate provision with minor amendments. <b>(§2308(d)(8))</b>
No comparable provision.	No comparable provision.	<b>Additional CSP requirements.</b> Requires that USDA streamline and coordinate CSP and EQIP. Requires	Similar to Senate provision with minor amendments. <b>(§2308(d)(9))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	USDA to manage CSP to enhance soil health. Requires annual reports on the program. <b>(§2204(8))</b>	<b>Grassland Conservation Initiative.</b> Creates a new grassland conservation contract. One sign-up is to be held in FY2019. Contracts are limited to five years, with no renewal, but can be terminated at any time with no repayment penalty. Payments are limited to \$18 per acre. <b>(§2309)</b>
<b>Other Conservation Programs</b>			
<b>Watershed Protection and Flood Prevention (Watershed Operations).</b> Provides technical and financial assistance to states and local organizations to plan and install watershed projects. Such sums as necessary are authorized to be appropriated for the program. No watershed project may exceed 250,000 acres, and no structure may exceed more than 12,500 acre-feet of floodwater detention capacity, or 25,000 acre-feet of total capacity. Assistance is provided according to a plan. <b>(16 U.S.C. 1001 et seq.)</b>	No comparable provision.	Waives the 250,000-acre limit for regional drought projects. Waives the watershed planning requirements when considered unnecessary or duplicative. <b>(§2427)</b>	Similar to Senate provision with amendments. Waives the watershed planning requirements when considered unnecessary or duplicative but does not include the acres limit waiver for drought projects. <b>(§2401(a))</b>
No comparable provision.	Adds a new section authorizing \$100 million annually in mandatory funding between FY2019 and FY2023 to remain available until expended. <b>(§2404(b))</b>	Limits and sunsets authorization for appropriation to \$200 million annually from FY2019 through FY2023. <b>(§2415)</b>	Adds a new section permanently authorizing \$50 million in mandatory funding annually beginning in FY2019. <b>(§2401(c))</b>
<b>Small Watershed Rehabilitation Program.</b> Authorizes appropriations of up to \$85 million annually for FY2008-FY2018 and \$250 million in mandatory	Extends annual authorization of appropriations of \$85 million annually through FY2023. <b>(§2404(a))</b>	Extends and decreases annual authorization of appropriations to \$20 million annually through FY2023. <b>(§2416)</b>	Identical to House provision. <b>(§2401(b))</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>funding for FY2014 to remain available until expended. <b>(16 U.S.C. 1012(h)(2)(E))</b></p>	<p>Amends the RCA to require USDA to conduct two comprehensive appraisals of soil, water, and related natural resources (completed by year-end 2022). Adds a new requirement for assessing and monitoring USDA programs and initiatives and their progress in reaching natural resource and environmental objectives. Requires a report in the third fiscal year after enactment, and periodically thereafter. Authorizes appropriations equal to 1% of all mandatory conservation program funding (excluding CRP). <b>(§2408)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Extends original RCA with varying completion dates. Does not include requirement for two new appraisals. <b>(§2402)</b></p>
<p><b>Soil and Water Resources Conservation Act of 1977 (RCA).</b> The RCA provides USDA with broad natural resource strategic assessment and planning authority. USDA is required to conduct a nationwide <i>appraisal</i> of soil, water, and related resources. USDA is also required to develop a <i>national conservation program</i> to guide the department's administration of conservation activities. Appraisals and program statements are due to Congress on a fixed schedule. <b>(16 U.S.C. 2001 et seq.)</b></p>	<p>Adds a reference to wildfires in a list of natural disasters. Adds a new provision allowing producers repairing or replacing damaged fences the option of accepting payment (percentage of the fair market value of the cost) before repairing or replacing the fence rather than following the completion and inspection of the practice. Adds a new section similar to existing regulations limiting the cost-share to 75% of the total allowable cost or up to 90% of the total allowable cost if the producer is considered limited resource, socially disadvantaged, or beginning farmer or rancher. Requires that total payments for a single event may not exceed 50% the agricultural value of the land. <b>(§2406)</b></p>	<p>Similar to House provision, except for the provision of advanced payment, which limits advanced payments to 25% of the total payment and requires that funds not expended after 60 days be returned. Amendments are in the Miscellaneous title, See <b>Table 16. (§12614)</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§§2403(a)&amp;(b))</b></p>
<p><b>Emergency Conservation Program (ECP).</b> Provides emergency funding and technical assistance to producers to rehabilitate farmland damaged by natural disasters. <b>(16 U.S.C. 2201)</b> Payments are made to individual producers based on a share of the cost of completing the practice. This can be up to 75% of the cost or up to 90% of the cost if the producer is considered to be a limited-resources producer. Total payments may not exceed 50% of the agricultural value of the affected land. Payments are made following completion and inspection of the practice. <b>(7 C.F.R. 701.126)</b></p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	Adds an ECP payment limitation of \$500,000 for agricultural producers. <b>(§2414(b))</b>	Similar to Senate provision with minor amendments. <b>(§2403(c))</b>
<b>Emergency Watershed Protection (EWP) program.</b> Assists sponsors, landowners, and operators in implementing emergency recovery measures for runoff retardation and erosion prevention to relieve imminent hazards to life and property created by natural disasters. EWP is authorized to be appropriated such sums as necessary, to remain available until expended. Facilities, services and authorities of the CCC may be used when funding is specifically appropriated. <b>(16 U.S.C. 2204)</b>	No comparable provision.	Amends funding authority to include a set-aside of 25% of all available funding to repair and replace fencing. <b>(§2414(c))</b>	Similar to Senate provision with minor amendments. <b>(§§2403(d)&amp;(e))</b>
<b>Conservation of Private Grazing Land Program.</b> Authorizes appropriations of \$60 million annually through FY2018. <b>(16 U.S.C. 3839bb(e))</b>	Extends authorization of appropriations at \$60 million annually through FY2023. <b>(§2401)</b>	Similar to House provision but adds a provision requiring education and outreach through partnership with land-grant colleges and universities and nongovernmental organizations. <b>(§2403)</b>	Identical to Senate provision. <b>(§2404)</b>
<b>Grassroots Source Water Protection Program.</b> Authorizes appropriations of \$20 million annually through FY2018 and a one-time authorization for \$5 million in mandatory funding to remain available until expended. <b>(16 U.S.C. 3839bb-2(b))</b>	Extends authorization of appropriations at \$20 million annually through FY2023 and authorizes an additional \$5 million in mandatory funding in FY2019 to remain available until expended. <b>(§2402)</b>	Extends and increases the authorization of appropriations at \$25 million annually through FY2023. Does not reauthorize mandatory funding. <b>(§2405)</b>	Identical to House provision. <b>(§2405)</b>
<b>Voluntary Public Access and Habitat Incentive Program.</b> Authorizes \$50 million in mandatory funds for FY2009-FY2012 and \$40 million in mandatory funds for FY2014-2018. <b>(16 U.S.C. 3839bb-5(f))</b>	Adds authorization for \$50 million in mandatory funding for FY2019-FY2023. <b>(§2403)</b>	Amends and moves the program under EQIP. Authorizes \$40 million of EQIP funding for FY2019-FY2023. <b>(§2407)</b>	Similar to House provision with amendments. Adds a \$3 million set-aside to encourage public access on land covered by wetland reserve easements. <b>(§2406)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>No comparable provision. Under the <b>Working Lands for Wildlife Initiative</b>, USDA NRCS and the Department of the Interior (DOI) U.S. Fish and Wildlife Service (FWS), through a partnership agreement, provide voluntary targeted financial and technical assistance for wildlife habitat improvement on private land in exchange for regulatory predictability relative to the Endangered Species Act.</p>	<p>No comparable provision.</p>	<p>Codifies the Working Lands for Wildlife initiative as in effect on the day before enactment. Allows for a similar agreement to be developed between FWS and FSA. The period of regulatory predictability may be extended if agreed to. <b>(§§2425(a)-(c))</b></p>	<p>Identical to Senate provision. <b>(§2407)</b></p>
<p>No directly comparable provision.</p> <p><b>National Feral Swine Damage Management Program.</b> APHIS administers the program to manage damage caused by feral swine in the United States. APHIS works with states, tribes, federal agencies, universities, organizations, and the public and coordinates with Mexico and Canada on feral swine disease monitoring and control activities.</p> <p><b>Feral Swine Initiative.</b> Administered by NRCS in select states through EQIP. The initiative offers planning and management practice implementation to affected landowners.</p>	<p>Creates a new <b>Feral Swine Eradication and Control Pilot Program</b>. USDA is required to study the extent of damage from feral swine, develop eradication and control measures and restoration methods, and provide cost-share funding to agricultural producers in established pilot areas. NRCS and APHIS must coordinate the pilot through NRCS state technical committees. Cost-share assistance is limited to 75% of the cost of eradication and control measures or restoration. Authorizes \$100 million in mandatory funding for the period FY2019-FY2023. Requires funding to be split equally between NRCS and APHIS with no more than 10% for administrative expenses. <b>(§2405)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with minor amendments. <b>(§2408)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Report on small wetlands.</b> Requires NRCS to submit a report to Congress describing the number of wetlands measuring less than one acre in size in North Dakota, South Dakota, Minnesota, and Iowa. All wetlands included in the report must</p>	<p>Similar to Senate provision with amendments. Limits the scope of the report to FY2014-FY2018. <b>(§2409)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	Adds a sense of Congress statement encouraging partnerships at the watershed level between nonpoint sources and regulated point sources to advance the goals of the Federal Water Pollution Control Act (Clean Water Act). (§2407)	be described in 1/10 of an acre increments and be based on available science. (§2507)  Identical to House provision. (§2428)	Identical to House and Senate provisions. (§2410)
No comparable provision.	No comparable provision.	<b>Soil testing and remediation.</b> Creates a new program to assist small-scale producers with soil contaminant mitigation. USDA, in consultation with EPA, is required to create a contaminated soil testing protocol and provide technical assistance for remediation and assessment. At the request of the producer, USDA may refer the producer to EPA for additional assistance. (§2406)	No comparable provision.
<b>Agriculture Conservation Experienced Service Program (ACES).</b> Authorizes USDA to enter into agreements with organizations to provide technical assistance (excludes administrative tasks) using qualified individuals 55 years or older. Funding from farm bill conservation programs (excluding CRP) may be used to carry out the ACES program. (16 U.S.C. 3851)	No comparable provision.	Amends and expands the program in the Miscellaneous title (see §12305 of Table 16). Adds a sunset date on the provision of October 1, 2023. (§2408)	Similar to Senate provision with minor amendments included in the Research, Extension and Related Matters title (see §7611 of Table 11). Does not include the sunset provision.
No comparable provision.	No comparable provision.	<b>Remote telemetry data system.</b> Requires that the use of remote telemetry data systems for irrigation scheduling be considered a best	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Healthy Forests Reserve Program (HFRP).</b> See Table 12. (16 U.S.C. 6571 et seq.)	See §8107 of Table 12.	management practice under EQIP. (§2409)  §2426.	See §8407 of Table 12.
<b>Funding and Administration</b>			
<b>Commodity Credit Corporation (CCC).</b> Authorizes the use of funds (mandatory), facilities, and authorities of the CCC to carry out conservation programs between FY2014 and FY2018 and through FY2019 for EQIP. (16 U.S.C. 3841(a))	Extends the CCC authority between FY2014 and FY2023. Specific funding levels for programs are outlined below. (§2501(a)(1))	Identical to House provision. Specific funding levels for programs are outlined below. (§2501(a)(1))	Identical to House and Senate provisions. Specific funding levels for programs are outlined below. (§2501(a)(1))
<b>CRP funding.</b> Authorizes \$10 million for thinning activities and \$33 million for transition contracts between FY2014 and FY2018. Total funding for CRP is limited by enrolled acres, not total dollars. See above. (16 U.S.C. 3841(a)(1))	Extends the specific authorizations of \$10 million for thinning incentive payments and \$33 million for transition contracts between FY2014 and FY2023. (§2501(a)(1) & (a)(2))	Extends the specific authorization of \$11 million for thinning incentive payments and \$50 million for transition contracts between FY2019 and FY2023. Limits outreach and technical assistance for transition contracts to \$5 million. (§2501(a)(2))	Similar to Senate provision with amendments. Increases forest management thinning payments to \$12 million between FY2019 and FY2023. Includes \$50 million for transition contracts and a \$5 million limit on technical assistance. (§2501(a)(2))
<b>ACEP funding.</b> Authorizes \$400 million in FY2014, \$425 million in FY2015, \$450 million in FY2016, \$500 million in FY2017, and \$250 million in FY2018. (16 U.S.C. 3841(a)(2))	Reauthorizes the authority for the CCC to fund ACEP for \$500 million annually between FY2019 and FY2023. (§2501(a)(3))	Reauthorizes the authority for the CCC to fund ACEP for \$400 million annually in FY2019 through FY2021, \$425 million in FY2022, and \$450 million in FY2023. (§2501(a)(3))	Similar to House provision with amendments. Reduces ACEP funding to \$450 million annually between FY2019 and FY2023. (§2501(a)(3))
<b>Conservation Security Program funding.</b> Authorizes contracts (enrolled prior to FY2009) with such sums as necessary. (16 U.S.C. 3841(a)(3))	Deletes provision. (§2501(a)(4))	No comparable provision.	Identical to House provision. (§2501(a)(4))
<b>CSP funding.</b> Total funding for CSP is limited by enrolled acres, not total dollars	Authorizes the CCC to carry out CSP contracts enrolled prior to enactment. (§2501(a)(5))	No comparable provision.	Authorizes CSP to enroll contracts limited by funding rather than acres. Authorized funding includes \$700 million in FY2019, \$725 million in

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
between FY2014 and FY2018. <b>(16 U.S.C. 3841(a)(4))</b>			FY2020, \$750 million in FY2021, \$800 million in FY2022, and \$1 billion in FY2023. <b>(§2501(a)(4))</b>  Authorizes the CCC to carry out CSP contracts enrolled prior to enactment using such sums as necessary. <b>(§2501(a)(5))</b>
<b>EQIP funding.</b> Authorizes \$1.35 billion in FY2014, \$1.6 billion in FY2015, \$1.65 billion in each FY2016 and FY2017, and \$1.75 billion in each FY2018 and FY2019. <b>(16 U.S.C. 3841(a)(5))</b>	Reauthorizes the authority for the CCC to fund EQIP, including: \$2 billion in FY2019, \$2.5 billion in FY2020, \$2.75 billion in FY2021, \$2.935 billion in FY2022, and \$3 billion in FY2023. <b>(§2501(a)(6))</b>	Reauthorizes the authority for the CCC to fund EQIP, including: \$1.473 billion in FY2019, \$1.478 billion in FY2020, \$1.541 billion in FY2021, \$1.571 billion in FY2022, and \$1.595 billion in FY2023. <b>(§2501(a)(4))</b>	Reauthorizes the authority for the CCC to fund EQIP, including \$1.75 billion in FY2019 and FY2020, \$1.8 billion in FY2021, \$1.85 billion in FY2022, and \$2.025 billion in FY2023. <b>(§2501(a)(4))</b>
<b>Availability of funds.</b> Mandatory funding made available for CRP, ACEP, CSP, and EQIP between FY2014 and FY2018 (FY2019 for EQIP) are authorized to remain available until expended. <b>(16 U.S.C. 3841(b))</b>	Reauthorizes mandatory funding made available for CRP, ACEP, CSP, and EQIP between FY2019 and FY2023 to remain available until expended. <b>(§2501(b))</b>	Identical to House provision. <b>(§2501(b))</b>	Identical to House and Senate provisions. <b>(§2501(b))</b>
<b>Report on program enrollments and assistance.</b> Reports are required for program enrollments and assistance under conservation programs, including significant payments, waivers, and exceptions. <b>(16 U.S.C. 3841(i))</b>	Reauthorizes reporting requirements through FY2023, adds reports on annual and current enrollment statistics, and removes references to CSP. <b>(§2501(f))</b>	Similar to House provision but does not add reports and does not remove CSP. <b>(§2602)</b>	Similar to House provision with minor amendments. <b>(§2501(c))</b>
<b>Allocations.</b> USDA is required to review all conservation program allocation formulas no later than January 1, 2012. Updates are required to reflect the cost of carrying out the programs. <b>(16 U.S.C. 3841(g))</b>	No comparable provision.	Amends the allocation review to require an update of all conservation program allocation formulas. <b>(§2501(c))</b>	Amends the allocation review requiring, within one year following enactment of the bill, annual allocation formulas to account for local data and input. Adds requirements for USDA to consider when updating allocation formulas. <b>(§2501(d))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Assistance to certain farmers or ranchers for conservation access.</b> Establishes an annual set-aside in EQIP and CSP from FY2014 to FY2018—5% to beginning farmers or ranchers and 5% to socially disadvantaged farmers or ranchers. Unobligated funds for EQIP and unobligated acres for CSP under this provision may be repooled and obligated in accordance with the respective program. Preference is provided for veteran farmers or ranchers eligible under the provision. <b>(16 U.S.C. 3841(h))</b></p>	<p>Reauthorizes the EQIP set-aside through FY2023 and deletes the reference to CSP. <b>(§2501(e))</b></p>	<p>Reauthorizes the EQIP and CSP set-asides through FY2023 and increases the percentage set-aside to 15% to beginning farmers or ranchers and 15% to socially disadvantaged farmers or ranchers. <b>(§2501(d))</b></p>	<p>Reauthorizes the EQIP and CSP set-asides through FY2023. Makes technical amendments regarding the repooling of CSP funds and preference for veteran farmers or ranchers. <b>(§2501(e))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Conservation standards.</b> Establishes the Natural Resources Conservation Service (NRCS) as the lead agency for developing technical standards and requirements for farm bill conservation programs. Requires the Farm Service Agency (FSA) to use standards consistent with NRCS. Allows local flexibility for standards and requirements. <b>(§2501(e))</b></p>	<p>Similar to Senate provision with amendments. Moves elements of the local flexibility requirements to the “Review of conservation practice standards” section (see <b>§2502(c)</b>). <b>(§2501(f))</b></p>
<p><b>Technical assistance.</b> USDA is required to give priority to producers who request technical assistance to comply with highly erodible land conservation (sodbuster) and wetland conservation (swampbuster) for the first time because of the changes made in the 2014 farm bill that tied crop insurance subsidies to compliance requirements. Requires reports to Congress related to the effect of conservation compliance on specialty crop producers and requested technical assistance. <b>(16 U.S.C. 3841(c))</b></p>	<p>Deletes reporting requirements. <b>(§2501(c))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Regional equity.</b> Requires regional equity through proportional distribution of conservation program funds based on historical funding levels. Allows states in the first quarter of the fiscal year to establish that they can use a total of 0.6% of certain conservation funds. If established, those states may receive 0.6% of funds. <b>(16 U.S.C. 3841(d))</b></p>	Deletes provision. <b>(§2501(d))</b>	No comparable provision.	No comparable provision.
<p><b>Delivery of technical assistance.</b> All producers participating in conservation programs must be provided technical assistance either by USDA or through an approved third party. <b>(16 U.S.C. 3842(a))</b></p>	<p>Adds a definition of third-party provider: a commercial entity, nonprofit entity, state or local government, or federal agency that has expertise in the technical aspect of conservation planning. <b>(§2502(a))</b></p>	<p>Similar to House provision with minor amendments. <b>(§2502(1))</b></p>	<p>Similar to House and Senate provisions with minor amendments. <b>(§2502(a))</b></p>
<p><b>Technical service providers (TSP).</b> TSPs are third-party providers (individuals or businesses) that have technical expertise in conservation planning and design for a variety of conservation activities. Farmers, ranchers, private businesses, nonprofit organizations, or public agencies hire TSPs to provide these services on behalf of NRCS. NRCS certifies and approves TSPs. <b>(16 U.S.C. 3842(e))</b></p>	<p>Adds an alternative certification process for TSPs requiring the acceptance of other professional certification criteria that meets or exceeds the TSP certification criteria. <b>(§2502(b))</b></p>	<p>TSPs may be certified through NRCS or a nonfederal entity approved by USDA to perform the certification. Requires USDA to streamline the certification process for select specialty certification, specifically the American Society of Agronomy's 4R nutrient management and sustainability specialty certification. <b>(§2502(2))</b></p>	<p>Similar to Senate provision with amendments. Does not include reference to the American Society of Agronomy's certifications. <b>(§2502(b))</b></p>
<p><b>Review of conservation practice standards.</b> USDA is required to periodically review all conservation practice standards. USDA must consult with local interest and expedite required revisions. <b>(16 U.S.C. 3842(h))</b></p>	No comparable provision.	<p>Requires USDA to develop, within one year of enactment, an administrative process to expedite the revision of conservation practice standards and consideration of innovative conservation measures. Requires a report to Congress every two years on the process. <b>(§2502(3))</b></p>	<p>Similar to Senate provision with amendments. Adds local flexibility in the creation of interim practice standards and partner-proposed techniques. Also adds state technical committee input requirement. <b>(§2502(c))</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Acreage limitations.</b> No county may enroll more than 25% of the cropland into CRP or wetland reserve easements under ACEP. Not more than 10% of a county may be enrolled as a wetland reserve easement under ACEP. In select situations, USDA may waive this limitation. <b>(16 U.S.C. 3844(f))</b></p>	No comparable provision.	Increases the percentage limitation on wetland reserve easements to 15%. <b>(§2503(b))</b>	Similar to Senate provision with minor amendments. <b>(§2503(a))</b>
No comparable provision.	No comparable provision.	<p><b>Review of practice costs and payment rates.</b> Under EQIP, a new section requires review and guidance, within a year of enactment, on the cost effectiveness of cost-share rates and the flexibility of conservation practice standards. <b>(§2303(3)(B))</b></p>	Similar to Senate provision with amendments. Adds a new section requiring review and guidance, within a year of enactment, on the cost effectiveness of cost-share rates and payment rates for all farm bill conservation programs. <b>(§2503(b))</b>
<p><b>Funding for Indian tribes.</b> USDA may use alternative funding arrangements with Indian tribes for CSP and EQIP contracts. <b>(16 U.S.C. 3844(l))</b></p>	No comparable provision.	Requires USDA to use alternative funding arrangements with Indian tribes for CSP and EQIP contracts. <b>(§2503(c))</b>	Similar to Senate provision with amendments. Adds the requirements that alternative funding arrangements for Indian tribes include a sufficient number of eligible participants and allows USDA to waive program limits if authorized under EQIP and CSP to do so. <b>(§2503(c))</b>
No comparable provision.	<p><b>Source water protection carve-out.</b> Requires USDA to encourage conservation practices related to water quality and quantity that protect source waters for drinking through all farm bill conservation programs. Producers can receive incentives and high payments for such practices. USDA must collaborate with community water systems and NRCS state technical committees to identify local priority areas. Requires 10% of all funding for conservation programs (except CRP) be used annually</p>	Similar to House provision. Limits applicability to CSP and EQIP. Incentives are subject to program limitations. Does not specify a percentage carve-out of each program. <b>(§2305(e))</b>	Similar to House provision with amendments. Limits higher payments to not more than 90% of the practice cost. Restricts the 10% carve-out from transferring funds between conservation programs. <b>(§2503(d))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>No directly comparable provisions. Most NRCS administered conservation programs include a provision in regulations whereby NRCS asserts o interest on any environmental services that may be marketable and produced through participation in a conservation program. For example, see EQIP at <b>7 C.F.R. 1466.36(a)</b>, ACEP at <b>7 C.F.R. 1468.10</b>, and CSP at <b>7 C.F.R. 1470.37 (a)</b>.</p>	<p>between FY2019 and FY2023. <b>(§2503(2))</b></p> <p><b>Environmental services markets.</b> Under ACEP, adds new provision preventing USDA from limiting participation in environmental services markets. <b>(§2603(b)(3))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Adds a new section preventing USDA from limiting participation in environmental services markets for all farm bill conservation programs. <b>(§2503(e))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Regulatory certainty.</b> Authorizes USDA to provide technical assistance under the farm bill conservation programs to support regulatory assurances for producers and landowners, under select conditions. <b>(§2425(d))</b></p>	<p>Identical to Senate provision. <b>(§2503(f))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Transition provisions.</b> Allows USDA to carry out CRP, EQIP, CSP, ACEP, and RCPP using funding, regulations, and policies in effect before enactment, consistent with amendments made in the bill, until September 30, 2019. <b>(§2504)</b></p>
<p><b>Administrative requirements for conservation programs.</b> Stipulates that select federal grant financial reporting requirements for producers (defined as producers and landowners eligible to participate in any USDA conservation program) should not apply to NRCS conservation programs. <b>(16 U.S.C. 3844(m)).</b></p>	<p>Deletes provision and adds a similar provision to Section 1611 of the Commodities title (see <b>Table 5</b>), which expands the federal grant financial reporting requirement exemption for NRCS conservation programs to all USDA commodity and conservation programs administered by the Farm</p>	<p>Similar to House provision. Retains the provision in the conservation title, but expands the exemption to all USDA commodity and conservation programs administered by the Farm Service Agency and the NRCS. <b>(§2503(d))</b></p>	<p>Similar to House provision with amendments (see <b>Table 5</b>). Further defines <i>exempted producer</i> as an eligible entity that participates in a farm bill conservation program, an indemnity or disease control program, or a Title I commodity program (excluding cotton) that is administered by NRCS, APHIS, and FSA. <b>(§1707)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Incentives for certain producers.</b> USDA may provide additional incentives through farm bill conservation programs for certain farmers and ranchers, including beginning, socially disadvantaged, limited resource, and veteran farmers or ranchers, and Indian tribes. <b>(16 U.S.C. 3844(a))</b></p>	<p>Service Agency and the NRCS. <b>(§2503(1))</b></p>	<p>Adds acequias to the list of farmers and ranchers eligible for additional incentives. <b>(§2503(a))</b></p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p>No comparable provision</p>	<p><b>Acequias payments.</b> Waives the adjusted gross income (AGI) requirement and payment limits under EQIP for contracts with acequias. If a waiver is granted, USDA must impose a separate payment limitation to the contract. <b>(§2503(f))</b></p>	<p>No comparable provision.</p>
<p>Twenty seven terms are defined under the conservation title of the Food Security Act of 1985: <i>agricultural commodity, beginning farmer or rancher, conservation plan, conservation system, conservation district, cost sharing payment, converted wetland, farm, field, highly erodible cropland, highly erodible land, hydric soils, hydrophytic vegetation, Indian tribe, in-kind commodities, integrated pest management, livestock, nonindustrial private forest land, person and legal entity, rental payment, Secretary, shelterbelt, socially disadvantaged farmer or rancher, state, technical assistance, vegetative cover, and wetland.</i> Definitions apply to all conservation programs within the Food Security Act of 1985. <b>(16 U.S.C. 3801)</b></p>	<p>No comparable provision.</p>	<p>Adds a definition of <i>acequia</i> as a political subdivision of a state organized for the purpose of managing operations of irrigation ditches and which cannot impose taxes or levies. Adds acequias to the list of land considered to be <i>nonindustrial private forest land</i>. <b>(§2504)</b></p>	<p>No comparable provision.</p>
<p><b>Water Bank Program.</b> Offers 10-year, nonrenewable rental agreements to landowners in Minnesota, North Dakota,</p>	<p>No comparable provision.</p>	<p>Amends funding authorization to \$5 million annually between FY2019</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>and South Dakota to maintain wetlands in lieu of draining the land for agricultural production. The program is authorized to be appropriated such sums as necessary without fiscal year limitation. Annual payments to landowners are limited to \$30 million. No more than 15% of authorized funding may be used for agreements in any one state. <b>(16 U.S.C. 1310)</b></p> <p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>through FY2023, to remain available until expended. <b>(§2505)</b></p> <p><b>Report on land access, tenure, and transition.</b> Requires USDA, within one year of enactment, to report on barriers to farmland acquisition, how federal programs improve access to farmland, and required changes to improve access. <b>(§2506)</b></p>	<p>Moves provision to <b>§12607</b> (see <b>Table 16</b>) and adopts portions of the House bill's <b>§7604</b> and Senate bill's <b>§2506</b> and <b>§12625</b>.</p>
<b>Agricultural Conservation Easement Program (ACEP)</b>			
<p><b>Establishment and purpose.</b> ACEP provides financial and technical assistance through two types of easements: agricultural land easements that limit nonagricultural uses on productive farm or grasslands and wetland reserve easements that protect and restore wetlands. <b>(16 U.S.C. 3865)</b></p> <p><b>Definitions.</b> Five terms are defined under ACEP: <i>agricultural land easement, eligible entity, eligible land, program, and wetland reserve easement.</i></p> <p><i>Agricultural land easement</i> is defined as an easement that protects the natural</p>	<p>Amends the purpose of ACEP agricultural land easements by adding that the purpose of protecting agricultural use by limiting nonagricultural uses applies specifically for those uses that negatively affect agricultural uses and conservation values. For grasslands, the purpose is amended from protecting grasslands by restoring <i>and</i> conserving land to restoring <i>or</i> conserving land. <b>(§2601)</b></p> <p>Amends the definition of <i>agricultural land easement</i> by removing the requirement that landowners farm according to an approved agricultural easement plan.</p> <p>Amends the definition of <i>eligible land</i>. Increases the percentage of nonindustrial</p>	<p>Similar to House provision. Amends the purpose of ACEP agricultural land easements by adding that the purpose of protecting agricultural use by limiting nonagricultural uses applies specifically for those uses that negatively affect agricultural uses and conservation values. Does not amend grasslands purpose. <b>(§2410(a))</b></p> <p>Amends the definition of <i>agricultural land easement</i> by removing the requirement that landowners farm according to an approved agricultural easement plan.</p>	<p>Identical to House provision. <b>(§2601)</b></p> <p>Amends the definition of <i>agricultural land easement</i> similar to House and Senate provisions.</p> <p>Adds a definition for <i>buy-protect-sell transaction</i>, which allows land owned by an organization to be eligible for</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>resources and the agricultural nature of the land while maintaining production.</p> <p><i>Eligible entity</i> is defined as a state or local government, Indian tribe, or conservation organization.</p> <p><i>Eligible land</i> is defined separately for agricultural land easements and wetland reserve easements. Agricultural land easements include land with a pending easement offer; with prime, unique, or productive soils; that contains historical or archaeological resources; that would protect grazing uses; that furthers a similar state or local policy; that is cropland, rangeland, grassland, area historically dominated by grassland, pastureland, or nonindustrial private forest land. Wetland reserve easements include farmed or converted wetlands; cropland or grassland that has prior flooding from a closed basin lake or pothole if the state or other entity is willing to provide a 50% cost-share of the easement; wetlands that are enrolled in the CRP, have high wetland functions, and are likely to return to production after CRP; riparian areas that link protected wetlands; and wetlands determined by USDA to be significant. <b>(16 U.S.C. 3865a)</b></p> <p><b>Agricultural land easements.</b> ACEP funds are provided for the purchase of agricultural land easements by eligible entities and for technical assistance pursuant to an agricultural land easement plan. <b>(16 U.S.C. 3565b(a))</b></p>	<p>private forest land that may be enrolled in an agricultural land easement to 100%. Removes the requirement under wetland reserve easements that USDA consult with the Department of the Interior on the wildlife benefits and wetland functions and values.</p> <p>Adds a definition for <i>monitoring report</i> for agricultural land easements. <b>(§2602)</b></p> <p>Deletes the requirement that technical assistance be used pursuant to an agricultural land easement plan and instead be used to implement the program. <b>(§2603(a))</b></p>	<p>Amends the definition of <i>eligible entity</i> by adding acequias.</p> <p>Amends the definition of <i>eligible land</i> to include land owned by an organization, subject to the timely transfer of ownership to a farmer or rancher following the acquisition of the agricultural land easement. <b>(§2410(b))</b></p> <p>Requires USDA to facilitate and implement the program, including technical assistance. <b>(§2410(c)(1))</b></p>	<p>the program, subject to the transfer of ownership to a farmer or rancher within three years following the acquisition of the agricultural land easement.</p> <p>Amends the definition of <i>eligible land</i> to include reference to a buy-protect-sell transaction and removes the requirement under wetland reserve easements that USDA consult with the Department of the Interior on the wildlife benefits and wetland functions and values.</p> <p>Adds definition of <i>monitoring report</i> similar to House provision with minor amendments.</p> <p>Does not amend <i>eligible entity</i>. <b>(§2602)</b></p> <p>Similar to House provision with amendments. Makes buy-protect-sell transactions eligible for funding. <b>(§2603(a))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Eligible entities are required to provide contributions equivalent to the federal share or at least 50% of the federal share if the entity includes contributions from the private landowner. Grasslands of special environmental significance are allowed up to 75% of the fair market for the federal share. USDA is authorized to waive any portion of the eligible entity cash contribution requirement for projects of special significance subject to an increase of private landowner donation equal to the amount of the waiver if donation is voluntary. <b>(16 U.S.C. 3865b(b)(2)(B) &amp; (b)(2)(C))</b></p> <p>No comparable provision.</p>	<p>Amends the nonfederal share of agricultural land easements. Removes the requirement that an eligible entity's contribution be equal to the federal share or at least 50% of the federal share if the entity includes contributions from the private landowner. Allows the eligible entity to use cash contributions, landowner contributions, or other non-USDA federal funding. Deletes the exception authority for USDA to waive an eligible entity's cash contribution for projects of special significance. <b>(§2603(b)(1))</b></p>	<p>Similar to House provision. Amends the nonfederal share of agricultural land easements, but not the exception authority. <b>(§2410(c)(2)(A) &amp; (c)(2)(B))</b></p>	<p>Similar to House provision with amendments, including allowing the nonfederal portion used by the eligible entity to be cash, landowner donations, costs associated with the easement, or other costs determined by USDA. <b>(§2603(b)(1))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Adds a new cost-share assistance requirement for eligible entities to develop an agricultural land easement plan. <b>(§2410(c)(2)(C))</b></p>	<p>No comparable provision.</p>
<p>The evaluation and ranking criteria for agricultural land easement applications is required to maximize the benefit of federal investment under ACEP. <b>(16 U.S.C. 3865b(b)(3))</b></p>	<p>Adds a requirement that USDA adjust the evaluation and ranking criteria for geographic differences among states. <b>(§2603(b)(2))</b></p>	<p>Similar to the House provision with minor differences. <b>(§2410(c)(2)(D)(i))</b></p>	<p>Similar to House provision with minor amendments. <b>(§2603(b)(2))</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Adds a new provision allowing USDA to prioritize applications that maintain agricultural viability. <b>(§2410(c)(2)(D)(ii))</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2603(b)(2))</b></p>
<p>ACEP agricultural land easement enrollment is through eligible entities that enter into cooperative agreement of three to five years in length with USDA. The entities acquire easements and hold, monitor, manage, and enforce the easements. Entities agree to a minimum</p>	<p>Amends the minimum terms and conditions by limiting the right of enforcement for USDA and removing the requirement that an agricultural land easement be subject to an agricultural land easement plan unless the land is highly erodible. Adds new provisions</p>	<p>Amends the minimum terms and conditions by limiting the right of inspection and removing the requirement that an agricultural land easement be subject to an agricultural land easement plan. Adds the ability for eligible entities to add additional</p>	<p>Amends the minimum terms and conditions by limiting the right of enforcement for USDA and removing the requirement that an agricultural land easement be subject to an agricultural land easement plan unless the land is highly erodible. Adds the</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
level of terms and conditions for agricultural land easements including the effect of a violation. <b>(16 U.S.C. 3865b(b)(4))</b>	allowing mineral development and preventing USDA from limiting participation in environmental services markets. <b>(§2603(b)(3))</b>	terms and conditions to an agricultural land easement. <b>(§2410(c)(2)(E))</b>	ability for eligible entities to add additional terms and conditions to an agricultural land easement, including allowing mineral development. <b>(§2603(b)(3))</b> Moves and expands elements of the environmental services market participation included in the House bill to the “Administrative requirements for conservation programs” section (see <b>§2503(e)</b> above).
USDA certifies eligible entities through a certification process and according to a criterion. <b>(16 U.S.C. 3865b(b)(5))</b>	Amends the certification process to allow certified entities to use their own terms and conditions for agricultural land easements. Adds to the certification criteria for land trusts accredited by the Land Trust Accreditation Commission with more than five agricultural land easements under ACEP. <b>(§2603(b)(4))</b>	Adds to the certification criteria for land trusts accredited by the Land Trust Accreditation Commission with more than ten successful agricultural land easements under ACEP or another easement program, and state agencies with more than ten successful agricultural land easements under ACEP or another easement program. Allows certified entities to use their own terms and conditions for agricultural land easements. <b>(§2410(c)(2)(F))</b>	Similar to Senate provision with minor amendments. <b>(§2603(b)(4))</b>
USDA, if requested, may provide technical assistance for compliance with the terms and conditions of the easements and to implement an agricultural land easement plan. <b>(16 U.S.C. 3865b(d))</b>	Deletes reference to the agricultural land easement plan. <b>(§2603(c))</b>	No comparable provision.	Identical to House provision. <b>(§2603(b)(5))</b>
<b>Wetland reserve easements.</b> ACEP wetland reserve easements may enroll land through 30-year easements, permanent easements, or 30-year contracts for Indian tribes. <b>(16 U.S.C. 3865c(b)(1))</b>	No comparable provision.	Makes acequias eligible for 30-year contracts. <b>(§2410(d)(1)(A))</b>	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
When evaluating ACEP wetland reserve easement applications USDA may consider (1) the benefits of obtaining the easement and removing the land from production, (2) the cost effectiveness of the easement, (3) the leveraging of federal funds, and (4) other factors determined by USDA. (16 U.S.C. 3865c(b)(3)(B))	No comparable provision.	Adds the ability to sequester carbon to the list of considerations that may be used when evaluating ACEP wetland reserve easement applications. (§2410(d)(1)(B)(i))	No comparable provision.
USDA is required to give priority to ACEP wetland reserve easements based on the value of protection and enhancement of wildlife and migratory bird habitat. (16 U.S.C. 3865c(b)(3)(C))	No comparable provision.	Adds water quality improvement to the wildlife and migratory bird priority. (§2410(d)(1)(B)(ii))	Similar to Senate provision with minor amendments. (§2604(1)(A))
ACEP wetland reserve easements may be used for compatible economic uses, including hunting and fishing, managed timber harvest, or periodic haying and grazing if such uses are permitted under the wetland reserve easement plan. (16 U.S.C. 3865c(b)(5)(C))	No comparable provision.	No comparable provision.	Adds water management to the list of compatible economic uses. Creates a new authorization for determining compatible use requiring consultation with the state technical committee, consideration of land management requirements, and furthering the functions and values of the easement. (§2604(1)(B))
ACEP wetland reserve easements may include grazing rights if it complies with the wetland reserve easement plan. (16 U.S.C. 3865c(b)(5)(D)(III))	Adds that a grazing management plan may be used if consistent with the wetland reserve easement plan and is reviewed at least every five years. (§2604)	No comparable provision.	No comparable provision.
A wetland reserve easement plan is required for all eligible land subject to a wetland reserve easement. The plan must include all practices and activities required on the enrolled land. (16 U.S.C. 3865c(f))	No comparable provision.	No comparable provision.	Amends the wetland reserve easement plan to include management and monitoring functions. Associated practices and activities, including repair or replacement necessary to restore and maintain the functions and values of the easement, are also required. (§2604(2)(A))



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	Adds a provision allowing for the establishment of restoration of an alternative vegetative community on the entirety of the wetland reserve easement if it would benefit wildlife or meet local resource needs. <b>(§2410(d)(4))</b>	Similar to Senate provision with amendments. Includes coordination with state technical committees and that the vegetative community must be hydrologically appropriate. <b>(§2604(2)(C))</b>
<p><b>Administration.</b> Certain land is ineligible for ACEP easements, including land owned by the federal government, land owned by a state, land subject to an easement or deed restriction, or land where an ACEP easement would be undermined due to on- and off-site conditions (e.g., hazardous substances, proposed or existing rights of way, infrastructure development, or adjacent land use). <b>(16 U.S.C. 3865d(a))</b></p>	<p>Amends ineligible land where an ACEP easement would be undermined to consider only on-site conditions. Amends examples from <i>proposed</i> rights of way to <i>permitted</i> rights of way. <b>(§2605(a))</b></p>	<p>Allows easement acquisition on lands owned by an acequia. <b>(§2410(e)(1))</b></p>	<p>Similar to House provision but does not include the on-site only conditions. <b>(§2605(1))</b></p>
<p>USDA may subordinate, exchange, modify, or terminate any ACEP easement if it is in the federal government's interest, will address a compelling public need where there is no alternative or further the administration of ACEP, and will result in a comparable conservation value and greater or equivalent economic value to the United States. <b>(16 U.S.C. 3865d(c))</b></p>	<p>Amends the subordination, exchange, modification, and termination requirements by providing separate criteria for modifications and terminations.</p> <p>Modifications may be made if they would have a neutral or increased conservation effect and are consistent with the original intent of the easement and purposes of ACEP.</p> <p>Terminations may be made if the current land owner and easement holder agree and the termination would be in the public interest. <b>(§2605(b))</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Allows subordination, including for utilities and energy transmission services, if it will increase or have limited negative effect on conservation values, will minimally affect acreage, and is in the public interest or practical administration of the program.</p> <p>Exchanges and modifications may be made if there is no reasonable alternative, they would result in increased conservation effect, and they are consistent with the original intent of the easement and purposes of ACEP.</p> <p>Requires compensation for the termination of any easement.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
A CRP contract may be terminated or modified if the land is transferred into ACEP. <b>(16 U.S.C. 3865d(d))</b>	No comparable provision.	Limits the CRP transfer option to enrollment of an ACEP wetland reserve easement. Adds a new provision allowing land with an ACEP agricultural land easement to participate in CRP. <b>(§2410(e)(2))</b>	Adds a consent requirement for any subordination, exchange, modification, or termination. <b>(§2605(2))</b>  Similar to Senate provision with minor amendments. <b>(§2605(3))</b>
No comparable provision.	Waives the Adjusted Gross Income (AGI) limitation for ACEP landowners. <b>(§2605(c))</b>	No comparable provision.	No comparable provision.
No comparable provision.	No comparable provision.	<b>Conservation easement modification.</b> Adds a provision outlining requirements for modifying a wetland reserve easement under ACEP. Allows for the landowner to request the modification of an easement if it is jointly agreed to by the state technical committee and the relevant state department of natural resources, or is exchanged for land of equal or greater conservation value. The modification is required to facilitate administration of the easement and not adversely affect the functions and values of the easement as established. The modification cannot result in a net loss of wetland reserve easement acres or an increase in payments to any party. The party requesting the modification is responsible for all costs associated with the modification. <b>(§2429)</b>	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Regional Conservation Partnership Program (RCPP)</b>			
<p><b>Establishment and purpose.</b> Establishes the RCPP. Combines the purposes of four repealed conservation programs to further conservation, restoration, and sustainability on a regional or watershed scale, and encourage partners to cooperate with producers in meeting or avoiding regulatory requirements and implementing projects. <b>(16 U.S.C. 3871)</b></p>	<p>No comparable provision.</p>	<p>Expands the establishment of RCPP to include grant agreements with eligible partners. The purpose of RCPP is expanded to include the flexible delivery of conservation assistance, the coordination of conservation partnership projects, the engagement of eligible producers, and the advancement of conservation and rural development goals. <b>(§2411(a))</b></p>	<p>Similar to Senate provision with amendments. Does not include advancement of conservation and rural development goals. <b>(§2701)</b></p>
<p><b>Definitions.</b> Six terms are defined under RCPP: <i>covered program</i>, <i>eligible activity</i>, <i>eligible land</i>, <i>eligible partner</i>, <i>partnership agreement</i>, and <i>program</i>.</p> <p><i>Covered program</i> is defined as ACEP, EQIP, CSP, and HFRP.</p> <p><i>Eligible activity</i> is defined as activities for water quality and quantity improvement, drought mitigation, flood prevention, water retention, air quality improvement, habitat conservation, erosion control and sediment reduction, forest restoration, and others defined by USDA.</p> <p><i>Eligible land</i> is defined as land on which agricultural commodities, livestock, or forest-related products are produced, including cropland, grassland, rangeland, pastureland, nonindustrial private forest land, and other incidental land.</p> <p><i>Eligible partner</i> is defined as producer groups, state or local governments, Indian tribes, farmer cooperatives, water district, irrigation district, rural water district or association, municipal water or waste</p>	<p>Amends the definition of <i>covered program</i> by adding CRP and Watershed Protection and Flood Prevention operations and removing CSP.</p> <p>Amends the definition of <i>eligible activity</i> by adding resource-conserving crop rotations and protection of source waters for drinking water. <b>(§2701)</b></p>	<p>Amends the definition of <i>covered program</i> by adding CRP and Watershed Protection and Flood Prevention.</p> <p>Replaces the definition of <i>eligible activity</i> by including all activities under the statutory authority of the covered programs and any other related activities, including source water protection for drinking water, soil health, or drought resilience.</p> <p>Replaces the definition of <i>eligible land</i> by including all land eligible under the statutory authority of the covered programs and other land as determined by the Secretary.</p> <p>Adds acequia, conservation districts, and eligible entities under ACEP to the definition of <i>eligible partner</i>.</p> <p>Adds a definition of <i>eligible producer</i> to mean a person, legal entity, or Indian tribe that owns or operates the land.</p> <p>Adds a definition of <i>program contract</i>. <b>(§2411(b))</b></p>	<p>Similar to House and Senate provisions with amendments.</p> <p>Amends the definition of <i>covered program</i> by adding CRP and Watershed Protection and Flood Prevention operations and by excluding the grasslands initiative under CSP and the watershed rehabilitation program.</p> <p>Replaces the definition of <i>eligible activity</i> to include any practice, activity agreement, easement, or related measure under a covered program.</p> <p>Replaces the definition of <i>eligible land</i> by including all agricultural, nonindustrial private forest, or other associated land that would achieve a conservation benefit.</p> <p>Adds acequia, conservation districts, and eligible entities under ACEP to the definition of <i>eligible partner</i>.</p> <p>Adds a definition of <i>program contract</i> that does not include a contract</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>treatment entity, institutes of higher education, and other nongovernmental entity or organizations with a history of working with producers on conservation projects. <b>(16 U.S.C. 3871a)</b></p>	<p>Amends the length of partnership agreements to include agreements longer than five years. <b>(§2702(a))</b></p>	<p>Amends the length of partnership agreements to no more than five years, except when a concurrent deadline established under a state or federal program is longer than five years, or when an extension is granted due to delayed implementation. Adds a renewal option for projects that have made progress in addressing natural resource concerns. <b>(§2411(c)(2))</b></p>	<p>entered into under a covered program. <b>(§2702)</b></p>
<p><b>Regional conservation partnerships.</b> Under RCPP, USDA enters into partnership agreements with eligible partners for a period not to exceed five years with a possible one-year extension. <b>(16 U.S.C. 3871b(b))</b></p>	<p>Amends the project assessments to require partners to quantify the project's environmental outcomes. <b>(§2702(b))</b></p>	<p>Amends what may be in the scope of a project. Partner contributions may be through direct funding, in-kind support or a combination of both, and can include the salaries of staff required to develop the partnership agreement. Adds requirements for the Secretary that include (1) establishing a timeline for USDA under the partnership agreement, (2) appointing a designated USDA coordinator within each state to assist partners and producers with RCPP, (3) establishing guidance for assessments, (4) providing reports to partners, (5) allowing new or modified conservation practice standards, and (6) ensuring the effectiveness of eligible activities. <b>(§2411(c)(3) &amp; (c)(5))</b></p>	<p>Similar to House provision with minor amendments. <b>(§2703(1))</b></p>
<p>Partners define the scope of RCPP projects, conduct outreach, act on behalf of producers to apply for assistance, leverage financial and technical assistance, conduct assessments, and report results. Partners must provide a "significant portion" of the overall cost of the project. <b>(16 U.S.C. 3871b(c))</b></p>			<p>Similar to Senate provision with amendments. Amends the scope of the project to include a timeline for project implementation. Does not allow new or modified conservation practice standards. <b>(§§2703(2)-(4))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>RCPP applications are competitive, and the selection criteria are publicly available. Priority is given to applications that assist producers meeting or avoiding the need for regulation, include a large percentage of producers in the project area, provide significant resource leverage, deliver a high percentage of applied conservation to priorities or conservation initiatives, or provide innovative conservation methods and delivery. <b>(16 U.S.C. 3871b(d))</b></p>	<p>Adds a renewal option for projects that have met or exceeded the project's objectives. <b>(§2702(c))</b></p>	<p>Amends the application criteria to evaluate the engagement between the lead eligible partner and local conservation district. Requires a simplified application process. Adds priority requirements for stakeholder diversity, and watershed and habitat plan development. Requires USDA to provide feedback to applicants throughout the annual application process. <b>(§2411(c)(6))</b></p>	<p>Similar to House and Senate provisions with amendments. Does not amend criteria evaluation or include feedback requirements. Moves the Senate provision's waiver of AGI for eligible partners to this section. <b>(§§2703(5)&amp;(6))</b></p>
<p><b>Assistance to producers.</b> Directs USDA to enter into contracts to provide technical and financial assistance to producers participating in projects with eligible partners, or producers within a project area or critical conservation area not working through an eligible partner. Program rules, requirements, and payments are to be consistent with the covered programs (ACEP, EQIP, CSP, and HFRP). Provides USDA the authority to adjust the rules of a covered program, including operational guidance and requirements in order to simplify the application and evaluation process. Prohibits the adjustment of statutory requirements for a covered program, including appeals, payment limits, conservation compliance, and prior irrigation history. Authorizes no more than 20 alternative funding arrangements with multi-state water agencies or authorities. <b>(16 U.S.C. 3871c(a)-(b))</b></p>	<p>No comparable provision.</p>	<p>Amends the contracting and agreement language. Requires USDA to enter into program contracts with eligible producers to conduct activities on eligible land under conditions defined by USDA. Priority may be given to partnership applications that include bundles of program contracts with producers. <b>(§2411(d)(2))</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2704(1))</b></p>
<p>Authorizes USDA to make payments to producers in accordance with the statutory</p>	<p>Extends the payments for dryland farming conversion and nutrient</p>	<p>Minor amendments referencing new funding language. <b>(§2411(d)(3))</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§2704(2))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>requirements under covered programs. Five-year payments may be made for conversion to dryland farming and nutrient management. AGI limits may be waived to fulfill the objectives of the program. <b>(16 U.S.C. 3871c(c))</b></p> <p>No comparable provision.</p>	<p>management to match the extended partnership agreements. Expands the AGI waiver to also waive a covered program's payment limitation. <b>(§2703)</b></p> <p>No comparable provision.</p>	<p>Adds a new section for funding arrangements through grant agreements. Allows for USDA to enter into grant agreements directly with partners. Activities through these agreements must benefit agricultural producers and address resource concerns on a regional scale, such as water infrastructure, watershed plans, leveraging federal and private funds, piloting new technologies, and transferring land to select farmers and ranchers. Limits grants to 30% of RCPP funding and waives AGI requirements for recipients. Annual reports are required. <b>(§2411(d)(4))</b></p>	<p>Similar to Senate provision with amendments. Does not include piloting new technologies and transferring land. Moves AGI waiver to an earlier section and does not include the 30% funding limit. <b>(§2704(3))</b></p>
<p><b>Funding.</b> Authorized to receive \$100 million in mandatory funding annually for FY2014-FY2018 to remain available until expended. The program utilizes a percentage of other conservation program funding (ACEP, EQIP, CSP, and HFRP). Annually reserves 7% of covered program funds and acres until April 1 each year, after which time uncommitted funds are returned to the covered program. Allocates 25% for a state competition, 40% for a national competition, and 35% for critical conservation areas. Administrative</p>	<p>Increases mandatory funding authority to \$250 million annually for FY2019-FY2023. <b>(§2704)</b></p>	<p>Increases funding to \$200 million annually for FY2019-FY2023. Requires 7% of funds and acres under EQIP, CSP, and ACEP to be transferred to and obligated through RCPP only. Funding is to be distributed to projects of similar purposes to the covered programs. Amends allocations to 40% for state and multi-state competition, and 60% for critical conservation areas. Allows for funding to be advanced to eligible partners for outreach activities and reimbursed for agreement development. Adds new technical assistance requirements,</p>	<p>Similar to Senate provision with amendments. Increases funding to \$300 million annually for FY2019-FY2023. Deletes the reserve of 7% of covered program funds. Amends allocations to 50% for state and multistate competitions and 50% for critical conservation areas. Limits advanced funding for partners to be used within 90 days. Does not include reimbursable language. <b>(§2705)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>expenses of eligible partners are not covered. <b>(16 U.S.C. 3871d)</b></p>	<p>Adds a requirement for USDA to provide partners and producers guidance on how to quantify and report environmental outcomes associated with conservation practice adoption. Requires a report on the progress of quantification. <b>(§2705)</b></p>	<p>including USDA reporting, limiting expenses for USDA, and third-party provider assistance. <b>(§2411(e))</b></p>	<p>Similar to Senate provision with amendments. Does not include progress requirements. <b>(§2706)</b></p>
<p><b>Administration.</b> USDA is required to make information on selected projects publicly available and report to Congress by December 31, 2014 (and every two years thereafter) on the status of projects funded. <b>(16 U.S.C. 3871e)</b></p>	<p>Deletes the authority to use the Watershed Protection and Flood Prevention program in critical conservation areas. <b>(§2706)</b></p>	<p>Extends reporting requirement to December 31, 2018 (and every two years thereafter), and adds a progress requirement. Adds a prohibition on providing assistance to producers out of compliance with highly erodible cropland and wetland conservation compliance requirements. Adds a requirement to maintain benefits for historically underserved producers and requires USDA to issue regulations for RCPP. <b>(§2411(f))</b></p>	<p>Similar to Senate provision with amendments. Adds a definition of <i>priority resource concern</i>. Does not include reporting requirements. <b>(§2707)</b></p>
<p><b>Critical conservation areas.</b> USDA is required to use 35% of the funds and acres available for partnership agreements in no more than eight critical conservation areas that expire after five years, subject to redesignation. Areas are selected based on: multi-state areas with significant agricultural production; existing agreement or plan in place; water quality concerns; water quantity concerns; or subject to regulatory requirements. Partner agreements and producer contracts are administered according to the applicable covered program and, where possible, complement existing water quality and quantity strategies. Allows the use of authorities granted under the Watershed Protection and Flood Prevention program in critical conservation areas. <b>(16 U.S.C. 3871f)</b></p>	<p>Adds a definition of <i>critical conservation areas</i> and <i>critical conservation condition</i>. Adds a requirement that USDA identify one or more critical conservation condition for each critical conservation area. Allows USDA to review critical conservation areas every five years and withdraw the designation if no longer critical. Requires outreach to partners and producers in critical conservation areas. Adds reporting requirements on critical conservation areas and conditions. <b>(§2411(g))</b></p>	<p>Similar to Senate provision with amendments. Does not include reporting requirements. <b>(§2707)</b></p>	

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Repeals and Technical Amendments</b>			
<b>Repeals</b>			
<p><b>Conservation Security Program.</b> Authorized in the 2002 farm bill and replaced by the Conservation Stewardship Program in the 2008 farm bill. The program enrolls acres in five- to 10-year stewardship contracts, the last of which will expire in FY2018. <b>(16 U.S.C. 3838 – 16 U.S.C. 3838c)</b></p>	Repeals the program. <b>(§2801)</b>	Identical to House provision. <b>(§2402)</b>	Identical to House and Senate provisions. <b>(§2301(c)(1))</b>
<p><b>Conservation Corridor Demonstration Program.</b> Authorized in the Farm Security and Rural Investment Act of 2002 (2002 farm bill, P.L. 107-171). Permits one or more states, along with local governments on the Delmarva Peninsula, to develop and implement over three to five years, a conservation corridor plan to improve the economic viability of agriculture and the environmental integrity of watersheds. Funding was never appropriated. <b>(16 U.S.C. 3801 note)</b></p>	No comparable provision.	Repeals the program. <b>(§2417)</b>	Identical to Senate provision. <b>(§2811)</b>
<p><b>Cranberry Acreage Reserve Program.</b> Authorized in the 2002 farm bill to purchase permanent wetland easements on and around cranberry-producing land. Funding was never appropriated. <b>(16 U.S.C. 3801 note)</b></p>	No comparable provision.	Repeals the program. <b>(§2418)</b>	Identical to Senate provision. <b>(§2812)</b>
<p><b>National Natural Resources Foundation.</b> Authorized in the Federal Agricultural Improvement and Reform Act of 1996 (1996 farm bill, P.L. 104-127) to establish a non-profit corporation to promote and assist the conservation</p>	No comparable provision.	Repeals the foundation. <b>(§2419)</b>	Identical to Senate provision. <b>(§2813)</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
efforts of NRCS. Funding was never appropriated. <b>(16 U.S.C. 5801 et seq.)</b>			
<b>Flood risk reduction.</b> Authorized in the 1996 farm bill to contract with Market Transition Program participants to retire frequently flooded cropland. Related programs were repealed in subsequent legislation and funding was not appropriated. <b>(7 U.S.C. 7334)</b>	No comparable provision.	Repeals the program. <b>(§2420)</b>	Identical to Senate provision. <b>(§2814)</b>
<b>Study of land use for expiring contracts and extension authority.</b> Authorized in the Food, Agriculture, Conservation and Trade Act of 1990 (1990 farm bill, P.L. 101-624) requiring USDA to create a report on expiring CRP contracts. <b>(16 U.S.C. 3831 note)</b>	No comparable provision.	Repeals the study. <b>(§2421)</b>	Identical to Senate provision. <b>(§2815)</b>
<b>Integrated Farm Management Program.</b> Authorized in the 1990 farm bill to encourage producers to adopt integrated, multi-year, site-specific farm management plans by not reducing the farm program payments of participants who use a resource conserving crop as part of a rotation on payment acres. Related programs were repealed in subsequent legislation. <b>(7 U.S.C. 5822)</b>	No comparable provision.	Repeals the program. <b>(§2422)</b>	Identical to Senate provision. <b>(§2816)</b>
<b>Definition of agricultural lands.</b> The 1996 farm bill defined the term <i>agricultural lands</i> as related to a 1994 memorandum of agreement among USDA, the Environmental Protection Agency, and the Department of the Army (Corps) for the delineation of wetlands. USDA and the Corps withdrew from the agreement in 2005. <b>(110 Stat. 992)</b>	No comparable provision.	Repeals the provision. <b>(§2423)</b>	Identical to Senate provision. <b>(§2817)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Resource Conservation and Development (RC&amp;D) program.</b> Provided local coordinators of conservation activities in 375 designated areas. FY2014 appropriations act permanently cancelled any remaining funds. <b>(16 U.S.C. 3451 et seq.)</b></p>	No comparable provision.	Adds a sunset authority to the program of October 1, 2023. <b>(§2424)</b>	No comparable provision.
<b>Technical Amendments</b>			
<p><b>Watershed Protection and Flood Prevention (Watershed Operations).</b> Under the program, projects with a federal share greater than \$25 million or with a total structure capacity over 2,500 acre-feet must be submitted to various federal agencies for comment prior to submission to Congress. <b>(16 U.S.C. 1005(4))</b></p>	Corrects spelling and makes technical corrections to agency titles. <b>(§2803(d))</b>	No comparable provision.	Identical to House bill. <b>(§2821(a))</b>
<p><b>Wetland determinations.</b> Technical determinations, restoration and mitigation plans, and monitoring activities must be conducted by the Natural Resources Conservation Service. <b>(16 U.S.C. 3822(j))</b></p>	Corrects agency spelling. <b>(§2803(a))</b>	No comparable provision.	Identical to House bill. <b>(§2821(b))</b>
<p><b>Desert terminal lakes.</b> USDA is required to transfer \$150 million of CCC funds to the Bureau of Reclamation to purchase water for at-risk desert terminal lakes. Includes a voluntary land purchase grant program authorized to receive \$25 million through appropriations and to remain available until expended. <b>(16 U.S.C. 3839bb-6)</b></p>	Repeals the program. <b>(§2802)</b>	No comparable provision.	Adds a sunset date on the program of October 1, 2023. <b>(§2821(d))</b>
<p><b>Establishment of state technical committees.</b> Requires each state technical committee be composed of representatives from: NRCS, FSA, Forest</p>	Adds land-grant colleges to the list of required representatives. <b>(§2504)</b>	No comparable provision.	Similar to House bill with minor amendments. <b>(§2822(b))</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Service, the National Institute of Food and Agriculture, state fish and wildlife agency, state forester, state water resources agency, state department of agriculture, state soil and water conservation district, agriculture producers, nonindustrial private forest landowners, nonprofit organizations working with producers, and agribusinesses. <b>(16 U.S.C. 3861(c))</b></p>	<p>No comparable provision.</p>	<p>Adds a requirement that state technical committees regularly review new and innovative technologies and practices, and provide recommendations on the development and incorporation of those practices into conservation practice standards. <b>(§2508)</b></p>	<p>No comparable provision.</p>
<p>State technical committees are required to meet regularly to provide information and recommendations to USDA officials regarding implementation of conservation programs and provisions. Committees are advisory in nature and exempt from Federal Advisory Committee Act requirements. <b>(16 U.S.C. 3862)</b></p>			

Table 7. Trade

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Food for Peace Act (All section references in this subsection are to this act.)</b>			
<p><b>Labeling.</b> Commodity donations shall, to the extent practicable, be clearly identified with appropriate markings on the package or container of such commodity in the language of the locality in which such commodities are distributed as being furnished by the people of the United States of America. <b>(7 U.S.C. 1722(g))</b></p>	<p>Extends the labeling requirement to commodities and food procured outside of the United States or on printed material that accompanies other assistance. <b>(§3002)</b></p>	<p>Continues current law.</p>	<p>Identical to House provision. <b>(§3101)</b></p>
<p><b>Food aid quality assurance.</b> The administrator of USAID shall use the funds made available annually from FY2014 onwards to carry out Food for Peace programs to assess types and quality of agricultural commodities donated as food aid, adjust products and formulation as necessary to meet nutrient needs of target populations, test prototypes, adopt new specifications or improve existing specifications for micronutrient food aid products based on latest development in food and nutrition science, develop new program guidance for cooperators to facilitate improved matching of products to purposes, develop improved guidance on how to address nutritional efficiencies among long-term food-aid recipients, and evaluate the performance and cost-effectiveness of new/modified food products and program approaches to meet nutritional needs of vulnerable groups. Authorizes not more than \$4.5 million of funds be made available for FY2014-FY2018 to carry out this section. <b>(7 U.S.C. 1722(h)(3))</b></p>	<p>Extends authority to fund this section through FY2023. <b>(§3003)</b></p>	<p>Identical to House provision. <b>(§3101)</b></p>	<p>Identical to House and Senate provisions. <b>(§3102)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Local sale and barter of commodities.</b> An agreement between the administrator of USAID and a private voluntary organization or cooperative (i.e., nongovernmental organization) to provide U.S.-donated commodities for sale or barter in recipient countries, or a neighboring region, to generate proceeds for use as provided in this section. Such an agreement must involve a minimum level of local sales equal to not less than 15% of all commodities distributed under non-emergency Food for Peace programs for each fiscal year. <b>(7 U.S.C. 1723)</b></p>	<p>Amends this section to remove the requirement for a minimum level of monetization for nonemergency programs in recipient country or neighboring regional markets. <b>(§3004)</b></p>	<p>Amends this section to provide for administrator discretion in the levels of local sales and to remove the requirement for a minimum level of monetization for nonemergency programs in recipient country or neighboring regional markets. <b>(§3102)</b></p>	<p>Identical to House provision. <b>(§3103)</b></p>
<p><b>Minimum levels of assistance.</b> The Administrator of USAID shall make available not less than 2.5 million metric tons (mt) of agricultural commodities for food distribution each fiscal year through FY2018, including not less than 1,875,000 mt for nonemergency food distribution through eligible organizations. The Administrator may waive this requirement if sufficient quantities of donated commodities are not available. <b>(7 U.S.C. 1724(a))</b></p>	<p>Extends authority, with waiver authority, for requiring minimum levels of food quantities be available for emergency and nonemergency assistance through FY2023. <b>(§3005)</b></p>	<p>Identical to House provision. <b>(§3103)</b></p>	<p>Identical to House and Senate provisions. <b>(§3104)</b></p>
<p><b>Food Aid Consultative Group.</b> Establishes a Food Aid Consultative Group to review and address issues concerning the effectiveness of the regulations and procedures that govern food assistance programs established and implemented under Title II of the Food for Peace Act. The group shall terminate on December 31, 2018. <b>(7 U.S.C. 1725(f))</b></p>	<p>Extends the authority for the Food Aid Consultative Group through FY2023. <b>(§3006)</b></p>	<p>Extends the authority for the Food Aid Consultative Group through FY2023, and amends the consultation period for proposed regulations, handbooks, or guidelines concerning this subchapter to 30 days. <b>(§3104)</b></p>	<p>Identical to Senate provision <b>(§3105)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Regulations and guidance.</b> Not later than 270 days after enactment of the Agricultural Act of 2014, the administrator shall issue all necessary regulations and revisions to agency guidelines with respect to changes in the operation or implementation of the U.S. food assistance programs. <b>(7 U.S.C. 1726a(c)(1))</b></p>	<p>Requires that the Administrator shall issue all necessary regulations and revisions to agency guidelines with respect to changes in the operation or implementation of the U.S. food assistance programs not later than 270 days after enactment of the Agricultural and Nutrition Act of 2018. <b>(§3007)</b></p>	<p>Continues current law.</p>	<p>Identical to House provision. <b>(§3106)</b></p>
<p><b>Program oversight, monitoring, and evaluation.</b> The Administrator shall establish systems and carry out activities to determine the need for food assistance and to improve, monitor, and evaluate the effectiveness and efficiency of the assistance provided so as to maximize its impact. The Administrator may contract with cooperators for such services to be performed in recipient countries or regions. In addition to other funds made available for monitoring of emergency food assistance, the Administrator may use up to \$17 million of the funds made available under Title II of the Food for Peace Act for each of FY2014 through FY2018, subject to an annual \$500,000 maximum for maintenance of information technology systems, and an annual maximum of \$8 million for early warning assessments and systems to help prevent famines (provided at least \$8 million are available under chapter I of part I of the Foreign Assistance Act of 1961). <b>(7 U.S.C. 1726a(f)(4))</b></p>	<p>Extends authority to fund this section through FY2023. Amends this section by replacing the \$17 million cap on funds with a maximum of 1.5% of the funds made available under Title II of the Food for Peace Act for each of FY2019-FY2023 for monitoring of emergency food assistance subject to an annual \$500,000 maximum for maintenance of information technology systems and an annual maximum of \$8 million for early warning assessments and systems to help prevent famines (provided at least \$8 million is available under the Foreign Assistance Act of 1961). <b>(§3008)</b></p>	<p>Extends authority to fund this section through FY2023. Amends this section by replacing the \$17 million cap on funds with a maximum of 1.5% of the funds made available under Title II of the Food for Peace Act, but not less than \$17 million, for each of FY2019-FY2023 for monitoring of emergency food assistance subject to an annual \$500,000 maximum for maintenance of information technology systems. <b>(§3105)</b></p>	<p>Similar to Senate provision but includes the House provision requiring an annual maximum of \$8 million for early warning assessments and systems to help prevent famines (provided at least \$8 million is available under the Foreign Assistance Act of 1961 for such purposes). <b>(§3107)</b></p>
<p><b>Assistance for stockpiling and rapid transportation, delivery, and distribution of shelf-stable pre-</b></p>	<p>Changes the heading of this section to “International Food Relief Partnership”</p>	<p>Extends the program authority to FY2023. <b>(§3106)</b></p>	<p>Identical to House provision. <b>(§3108)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>packaged foods.</b> The administrator may provide grants to qualifying cooperators for preparation of shelf-stable prepackaged foods and establishment and maintenance of stockpiles of the foods in the United States and for the rapid transportation, delivery, and distribution of shelf-stable prepackaged foods to needy individuals in foreign countries. <b>(7 U.S.C. 1726b)</b></p>	<p>and extends the program authority to FY2023. <b>(§3009)</b></p>		
<p><b>Impact on local farmers and economy.</b> Under general provisions governing the implementation of Title II of the Food for Peace Act, no agricultural commodity shall be made available unless it is determined that (1) adequate storage facilities will be available in the recipient country at the time of the arrival of the commodity to prevent the spoilage or waste of the commodity; and (2) the distribution of the commodity in the recipient country will not result in a substantial disincentive to, or interference with, domestic production or marketing in that country. Also, the Secretary or the administrator, as appropriate, shall ensure that the donation of U.S. agricultural commodities and the use of local currencies for development purposes will not have a disruptive impact on the farmers or local economy of the recipient country. <b>(7 U.S.C. 1733(a))</b></p>	<p>Amends this section to ensure that no modalities of assistance—importation of donated commodities or food vouchers, cash transfers, or local and regional procurement of food outside of the United States—are distributed in a recipient country where adequate storage facilities are not available or where distribution would create a substantial disincentive to, or interference with, domestic production or marketing or where it would have a disruptive impact on the farmers or local economy of a recipient country. <b>(§3010)</b></p>	<p>Continues current law.</p>	<p>Identical to House provision. <b>(§3109)</b></p>
<p><b>Allowance of Distribution Costs.</b> USDA’s Commodity Credit Corporation (CCC) may pay various related acquisition and distribution costs associated with food assistance as specified under this title. In particular, in the case of commodities for</p>	<p>No comparable provision.</p>	<p>Amends this section to clarify allowable distribution costs specified as “the types of activities for which costs were paid under this subsection prior to fiscal year 2017.” <b>(§3107)</b></p>	<p>Amends this section to clarify that the allowable costs include distribution and program implementation costs associated with the use of the provided commodities. <b>(§3110)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>urgent and extraordinary relief requirements (including pre-positioned commodities) the transportation costs incurred in moving the commodities from designated points of entry or ports of entry abroad to storage and distribution sites and associated storage and distribution costs. <b>(7 U.S.C. 1736(b)(6))</b></p>	<p>Extends authority for prepositioning of donated agricultural commodities through FY2023. <b>(§301 I)</b></p>	<p>Same as House provision. <b>(§3108)</b></p>	<p>Identical to House and Senate provisions. <b>(§3111)</b></p>
<p><b>Prepositioning of agricultural commodities.</b> The administrator may use funds made available for FY2001-FY2018 to carry out Title II (subchapter III) and Title III (subchapter III-A) of the Food for Peace Act to procure, transport, and store agricultural commodities for prepositioning within the United States and in foreign countries, except that for each of FY2014-FY2018 not more than \$15 million of such funds may be used to store agricultural commodities for prepositioning in foreign countries. <b>(7 U.S.C. 1736a)</b></p>	<p>Amends this section to allow the administrator and the Secretary to file the annual report either jointly or separately. In addition, this section requires that, where the annual report is not filed by the April 1 deadline, the administrator and the Secretary notify the relevant congressional committees of any delay and the reasons for such delay. In addition, Section 407(f) is updated to combine an existing annual report with more detailed information about the utilization of funds by cooperators and recipient countries under each program and the rate of return for each commodity monetized</p>	<p>Amends this section to allow the administrator and the Secretary to file the annual report either jointly or separately. <b>(§3109)</b></p>	<p>Same as House provision but without the provision requiring congressional notification relating to reasons for delay in production of the report. <b>(§3112)</b></p>
<p><b>Annual report on food aid programs and activities.</b> The administrator and the Secretary shall jointly prepare and submit to the appropriate committees of Congress, by April 1 of each fiscal year, a report regarding each program and activity carried out under U.S. international food assistance programs—Food for Peace, Section 416(b), Food for Progress, and McGovern-Dole programs—during the prior fiscal year including funds spent, quantities distributed, number of beneficiaries, progress made in reducing food insecurity in recipient populations, description of the Food Aid Consultative Group efforts, an assessment of progress</p>			



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
made as relates to food assistance quality, and finally an assessment of the program oversight, monitoring, and evaluation system and its impact on program effectiveness. <b>(7 U.S.C. 1736a(f)(1))</b>	(sold to generate cash to fund cooperator projects) in recipient countries. The rate of return is defined as the ratio of the proceeds generated from monetization and the cost to procure and ship a commodity to the recipient country for monetization. <b>(§3012)</b>		
<b>Agreements to finance sales or to provide other assistance.</b> No agreements to finance sales or to provide other assistance under the Food for Peace Act shall be entered into after December 31, 2018. <b>(7 U.S.C. 1736b)</b>	Extends the deadline for agreements to finance sales or to provide other assistance until December 31, 2023. <b>(§3013)</b>	Identical to House provision. <b>(§3110)</b>	Identical to House and Senate provisions. <b>(§3113)</b>
<b>Minimum level of nonemergency food assistance.</b> In general, of the amounts made available to carry out emergency and nonemergency food assistance programs under Title II (subchapter III) of the Food for Peace Act, not less than 20% nor more than 30% for each of FY2014-FY2018 shall be expended for nonemergency food assistance programs but subject to a minimum level of not less than \$350 million for any fiscal year that shall be made available to carry out nonemergency food assistance programs. <b>(7 U.S.C. 1736f(e))</b>	Extends this section through 2023 and amends it to provide a minimum annual outlay for nonemergency food assistance of not less than \$365 million nor more than 30% of the amounts made available to carry out Title II (subchapter III) of the act. Further, certain community development funds that are made available through grants or cooperative agreements and that assist in implementing certain activities—income-generating, community development, health, nutrition, cooperative development, agricultural and other development—may be deemed to have been expended on nonemergency food assistance programs for the purposes of this section. <b>(§3014)</b>	Renames this section as “Nonemergency food assistance” and extends it through FY2023. Amends this section to provide a minimum outlay for nonemergency food assistance of not less than 20% nor more than 30% for each fiscal year, of the amounts made available to carry out Title II (subchapter III) of the act, but subject to a minimum level of not less than \$365 million for any fiscal year. Amends this section to specify that outlays for the Farmer-to-Farmer program (7 U.S.C. 1737) and funds appropriated to carry out Part I of the Foreign Assistance Act of 1961 as amended (22 U.S.C. 2151 et seq.) may be considered as being expended for nonemergency food assistance under this section. <b>(§3111)</b>	Similar to House provision but also adopts the Senate provision to specify that Farmer-to-Farmer program outlays may be considered as being expended for nonemergency food assistance under this section. <b>(§3114)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Micronutrient fortification programs.</b> The administrator shall establish micronutrient fortification programs to assist developing countries in correcting micronutrient dietary deficiencies among segments of the populations of the countries and to assess and apply technologies and systems to improve and ensure the quality, shelf life, bioavailability, and safety of fortified food aid agricultural commodities and products of those agricultural commodities. Under the program, grains and other commodities made available to a participating developing country may be fortified with micronutrients (such as vitamin A, iron, iodine, and folic acid) with respect to which a substantial portion of the population in the country is deficient. The commodity may be fortified in the United States or in the developing country. The authority to carry out programs established under this section shall terminate on September 30, 2018. <b>(7 U.S.C. 1736g-2)</b></p>	<p>Extends authority for the micronutrient fortification program through FY2023. <b>(§3015)</b></p>	<p>Identical to House provision. <b>(§3112)</b></p>	<p>Identical to House and Senate provisions. <b>(§3115)</b></p>
<p><b>John Ogonowski and Doug Bereuter Farmer-to-Farmer (F2F) Program.</b> The F2F program is established to implement assistance between the United States and qualifying countries—developing and middle income countries, emerging markets, and in Sub-Saharan Africa (SSA) and the Caribbean Basin (CB)—to increase farm production and farmer incomes. The F2F program may use U.S. agricultural producers, agriculturalists, colleges and universities, private agribusinesses, private</p>	<p>Amends the F2F program to add specificity to the types of technical assistance provided by American volunteers. Extends volunteer eligibility to retired USDA extension staff, and encourages long-term and sequenced assignments that contribute to institutional capacity-building.</p> <p>Continues minimum fiscal year funding of not less than the greater of \$15 million or 0.6% of amounts made available to carry out the Food for</p>	<p>Amends this section to allow employees or staff of a state cooperative institution to volunteer under the F2F program. Reauthorizes the authorization of appropriations through FY2023. <b>(§3113)</b></p>	<p>Similar to Senate provision but includes provisions from the House provision that add specificity to the types of technical assistance American volunteers provide and establish a new grant program to facilitate partnerships and innovative activities under the F2F program. <b>(§3116)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>organizations, private corporations, and nonprofit farm organizations to work in conjunction with agricultural producers and farm organizations in those countries on a voluntary basis. Not less than the greater of \$15 million or 0.6% of total Food for Peace program funds available for each of FY2014-FY2018, shall be used to carry out F2F programs with not less than 0.2% for programs in developing countries and not less than 0.1% for programs in SSA and CB countries. There are authorized to be appropriated for each of FY2008-FY2018 \$10 million for SSA and CB countries and \$5 million for other developing or middle-income countries or emerging markets not included in SSA or CB countries. <b>(7 U.S.C. 1737)</b></p>	<p>Peace Act through FY2023—with continued set-asides for certain geographic locations: not less than 0.1% for programs in developing countries, and not less than 0.1% for programs in SSA and CB countries. Provides that funds used to carry out F2F programs shall be counted toward the minimum level of nonemergency food assistance of the Food for Peace Act.</p> <p>Reauthorizes the authorization of appropriations until 2023. Establishes both a geographically defined crop yield metrics system for evaluating the degree of F2F program success, and a grant program to facilitate new partnerships and innovative activities under the F2F program. <b>(§3016)</b></p>		
<b>Other Food Aid Programs</b>			
<p><b>Local and Regional Food Aid Procurement Program.</b> Establishes a local and regional procurement program with appropriations of \$80 million authorized for each of FY2014-FY2018. Preference in carrying out this program may be given to eligible organizations that have, or are working toward, projects under the McGovern-Dole International Food for Education and Child Nutrition Program. Requires an annual report to Congress on the program’s implementation time frame, costs, and impact on local and regional producers, markets, and consumers. <b>(7 U.S.C. 1726c)</b></p>	<p>Extends authority to fund this section through FY2023. <b>(§3201)</b></p>	<p>Same as House provision but with a provision to specify the Secretary as the proper entity to receive appropriations. <b>(§3309)</b></p>	<p>Identical to Senate provision. <b>(§3311)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Bill Emerson Humanitarian Trust.</b> Establishes a reserve of commodities and cash to meet emergency food needs in developing countries when there are unanticipated needs or when U.S. domestic supplies are short. The trust can be held as a combination of cash and commodities. The commodities in the trust may be exchanged for funds available under Title II or the McGovern-Dole Program or for sale in the market. The funds in the trust can be invested in low-risk short-term securities or instruments. <b>(7 U.S.C. 1736f-1 note)</b></p>	<p>Amends Section 302 of the Bill Emerson Humanitarian Trust to reauthorize the trust through 2023. <b>(§3203)</b></p>	<p>Identical to House provision. <b>(§3302)</b></p>	<p>Identical to House and Senate provisions. <b>(§3303)</b></p>
<p><b>Food for Progress Program.</b> Provides donated commodities to participating cooperators (under agreement with the U.S. government and subject to presidential approval) to support countries that have made commitments to expand free enterprise in their agricultural economies. Authorized through FY2018. <b>(7 U.S.C. 1736o)</b></p>	<p>Expands eligible program cooperators to include a college or university as defined in 7 U.S.C. 3103(4). Extends authority to implement and fund the Food for Progress program through FY2023. <b>(§3204)</b></p>	<p>Extends authority to implement and fund the Food for Progress program through FY2023. Amends this section to replace presidential approval with secretarial approval throughout. Expands eligible program cooperators to include land grant universities. Adds flexibility in use of funding: a percentage of program assistance to come directly from cash rather than monetization of commodities, supplemented by an additional \$26 million of CCC funding each fiscal year. USDA shall issue implementing regulations and begin consultations with relevant congressional committees within 270 days of enactment. <b>(§3301)</b></p>	<p>Similar to House provision but includes the Senate provision to replace presidential approval with secretarial approval throughout and adds several new provisions.</p> <p>Adds a new provision authorizing a pilot program for FY2019-FY2023 (with annual reporting requirements) to provide financial assistance to eligible entities to cover the costs of humanitarian or development activities targeting hunger, malnutrition, and food security. Authorizes annual appropriations of \$10 million for the pilot program.</p> <p>Also adds new provisions requiring annual reporting on the rate of return for monetized commodities, including the factors affecting the rate of return with an explanation for any rate of return less than 70% and defines <i>rate of</i></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>McGovern-Dole International Food for Education and Child Nutrition.</b> Makes available U.S. agricultural commodities and financial and technical assistance to carry out food for education and child nutrition programs in foreign countries. Authorizes such sums as may be necessary during FY2008-FY2013. <b>(7 U.S.C. 1736o-1 note)</b></p>	<p>Amends this section to ensure, to the extent practicable, that assistance will be provided on a timely basis so as to coincide with the beginning of the school year and when needed during the relevant school year. Extends authority to fund this program through FY2023. <b>(§3205)</b></p>	<p>Extends authority to implement and fund the McGovern-Dole program through FY2023. Amends this section to permit up to 10% of funding for this program be used to purchase commodities produced in developing recipient countries or developing countries within the same regions of the recipient countries that meet nutritional, quality and labeling standards of the recipient countries, and provides for associated costs of transporting those commodities. Also amends this section to direct the Secretary of Agriculture to ensure that assistance under this section is provided in a timely manner and is made available when needed throughout the applicable school year. <b>(§3307)</b></p>	<p><i>return</i> for the purposes of annual reporting. <b>(§3302)</b> Identical to Senate provision. <b>(§3309).</b></p>
<b>Other International Agricultural Programs</b>			
<p><b>Cochran Fellowship Program.</b> As established by the Secretary of Agriculture, the Cochran Fellowship Program provides a fellowships to individuals from eligible countries—(1) middle-income countries that are not receiving U.S. bilateral foreign aid assistance, (2) middle-income countries that have never received U.S. bilateral assistance but where a mutual relationship with the United States would be beneficial, or (3) a country that is transitioning to a representative type of government—who</p>	<p>Amends this section to permit study in foreign colleges or universities that have met certain criteria: have sufficient scientific and technical facilities, have established a partnership with at least one college or university in the United States, and have substantial participation by U.S. faculty in the design of the fellowship curriculum and classroom instruction under the fellowship. Also amends this section to clarify that the purpose of the</p>	<p>Reauthorizes and amends this section to clarify that the purpose of the fellowship includes trade linkages involving regulatory systems governing sanitary and phytosanitary standards for agricultural products.</p> <p>Amends authorized appropriations, by country category, as (1) \$4 million, (2) \$3 million, and (3) \$6 million. <b>(§3304)</b></p>	<p>Similar to Senate provision but includes the House provision that permits study in foreign colleges or universities that have sufficient scientific and technical facilities, established partnership with at least one college or university in the United States, and substantial participation by U.S. faculty in the design of the fellowship curriculum and classroom instruction under the fellowship. <b>(§3305)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>specialize in agriculture for study in the United States. Appropriations are authorized, by country category, as (1) \$3 million, (2) \$2 million, and (3) \$5 million. <b>(7 U.S.C. 3293)</b></p> <p><b>Borlaug Fellowship Program.</b> As established by the Secretary of Agriculture, the Borlaug Fellowship Program provides fellowships for scientific training and study in the United States to individuals from eligible countries (i.e., developing country, as determined by the Secretary using a gross national income per capita test) that specialize in agricultural education, research, and extension. The Secretary shall—directly or via collaborating universities—manage, coordinate, evaluate, and monitor the fellowship program. There are authorized to be appropriated such sums as are necessary to carry out this section to remain available until expended. <b>(7 U.S.C. 3319)</b></p>	<p>fellowship includes trade linkages involving regulatory systems governing sanitary and phytosanitary standards for agricultural products. <b>(§3206)</b></p> <p>Amends current law to permit U.S. citizens to receive Borlaug fellowships in order to assist eligible countries in developing school-based agriculture and youth extension programs and to permit study in foreign colleges or universities that have met certain criteria. Further, Section 3207 clarifies that training or study of fellowship recipients from eligible countries outside of the United States shall occur in the United States or at a qualified college or university outside of the United States. Finally, Section 3207 authorizes appropriations of \$6 million for the Borlaug fellowship program with \$2.8 million set aside for participants from eligible foreign countries. <b>(§3207)</b></p>	<p>Reauthorizes and amends this section to add the development of agricultural extension services in foreign countries to the purpose of the program. Further, the section encourages the ongoing engagement of prior fellowship recipients to contribute to new or ongoing agricultural development projects, including capacity building projects. <b>(§3305)</b></p>	<p>Similar to Senate provision but does not include Senate language specifying that capacity building projects that fellowship alumni contribute to be sponsored by federal agencies or institutions of higher education.</p> <p>Also, the House provision establishing a fellowship program for U.S. citizens is adopted as a new program separate from the Borlaug Fellowship Program in Section 3307 below. <b>(§3306)</b></p>
<p>No comparable provision.</p>	<p>See House bill Section 3207.</p>	<p>No comparable provision.</p>	<p><b>International Agricultural Education Fellowship Program.</b> Similar to Section 3207 of the House bill, but establishes the fellowship program for U.S. citizens as a new standalone program, the International Agricultural Education Fellowship Program, separate from the Borlaug Fellowship program. Authorizes appropriations of \$5 million for each of FY2019-FY2023 for the new program</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<p><b>International Food Security Technical Assistance.</b> Amends current law by adding a new section that defines “international food security” as access by any person at any time to food and nutrition that is sufficient for a healthy and productive life. It directs the Secretary to compile and make available information on the improvement of international food security. Further, the section authorizes the Secretary to provide technical assistance to certain eligible entities to implement programs for the improvement of international food security. Authorizes funding of \$1 million for each of fiscal years 2019-2023. <b>(§3306)</b></p>	<p>to remain available until expended. <b>(§3307)</b></p> <p>Identical to Senate provision. <b>(§3308)</b></p>
<p><b>Global Crop Diversity Trust.</b> The administrator of USAID shall contribute funds to endow the Global Crop Diversity Trust to assist in the conservation of genetic diversity in food crops through the collection and storage of germ plasm to provide for (1) maintenance and storage of seed collections; (2) documentation and cataloguing of genetics and characteristics of conserved seeds for researchers, plant breeders, and the public; (3) building the capacity of seed collection in developing countries; (4) making information regarding crop genetic data publicly available for researchers, plant breeders, and the public; (5) operation and maintenance of a backup facility in which</p>	<p>Amends this section to limit the aggregate contribution of U.S. funds to the trust to 33% of the total funds contributed from all sources and authorizes appropriations beginning with FY2019. <b>(§3208)</b></p>	<p>Reauthorizes appropriations for the Global Crop Diversity Trust through FY2023. <b>(§3308)</b></p>	<p>Similar to House provision but adds a new provision limiting the annual contribution of U.S. funds to \$5.5 million for FY2019-FY2023. <b>(§3310)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>are stored duplicate samples of seeds in the case of natural or man-made disasters; and (6) oversight to ensure international coordination of those actions and efficient, public accessibility to that diversity through a cost-effective system. U.S. fund contributions to the trust shall not exceed 25% of the total funds contributed from all sources. There is authorized to be appropriated \$60 million for FY2014-FY2018. <b>(22 U.S.C. 2220a note)</b></p>			
<b>Export Promotion and Market Development</b>			
<p><b>Market development and export assistance programs.</b> Provides funds and assistance to U.S. farmers and commodity exporters through the Market Access Program (MAP) <b>(7 U.S.C. 5623)</b>, Foreign Market Development Cooperator Program (FMDP) <b>(7 U.S.C. 5721)</b>, Emerging Markets Program (EMP) <b>(7 U.S.C. 5622 note)</b>, and Technical Assistance for Specialty Crops Program (TASC) <b>(7 U.S.C. 5680)</b>. Authorizes mandatory CCC funds totaling \$253.5 million annually (FY2014-FY2018) across all programs.</p>	<p><b>International Market Development Program.</b> Merges USDA's four market development and export promotion programs into one program. Maintains requirements for spending for components of MAP, FMDP, EMP, and TASC. Authorizes mandatory CCC funds of \$255 million annually (FY2019-FY2023). Repeals individual statutes for MAP, FMDP, EMP, and TASC. <b>(§3102)</b></p>	<p>Reauthorizes MAP, FMDP, TASC and EMP. Creates the Priority Trade Fund and allows for the fund to be used when MAP, FMDP, TASC and EMP applications exceed authorized funding for those programs. Authorizes mandatory CCC funds of \$260 million annually (FY2019-FY2023). Allows for MAP and FMDP funding to be used to carry out authorized programs in Cuba, although projects that contravene the directives set forth under the National Security Presidential Memorandum entitled 'Strengthening the Policy of the United States Toward Cuba' issued by the President on June 16, 2017, are prohibited. <b>(§3201)</b></p>	<p>Consolidates USDA's four market development and export promotion programs (MAP, FMDP, EMP, and TASC) into one section while repealing individual statutes for these programs. Maintains requirements for funding for MAP, FMDP, EMP, and TASC. Creates the Priority Trade Fund, which allows the Secretary to distribute \$3.5 million for trade promotion at his discretion. Authorizes mandatory CCC funds of \$255 million annually (FY2019-FY2023). Allows for MAP and FMDP funding to be used to carry out authorized programs in Cuba. <b>(§3201)</b></p>
<p><b>Promotion of agricultural exports to emerging markets.</b> Authorizes direct credits or export credit guarantees of not less than \$1 billion each fiscal year through 2018 for exports to emerging markets. Requires export credit guarantees be</p>	<p>Reauthorizes funding through FY2023. <b>(§3202)</b></p>	<p>Same as House provision. <b>(§3303)</b></p>	<p>Identical to House provision <b>((§3304)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
made available to establish or improve facilities and services for U.S. products. ( <b>7 U.S.C. 5622 note</b> )	<b>Biotechnology and Agricultural Trade Program.</b> Establishes a program to assist with the removal of nontariff and other trade barriers to U.S. agricultural products produced with biotechnology and other agricultural technologies. ( <b>§1543A</b> )	No comparable provision.	Provides \$2 million annually until FY2023 to the Biotechnology and Agricultural Trade Program to address trade barriers to products produced with biotechnology and other new agricultural technologies. ( <b>§3301</b> )
No comparable provision.	No comparable provision.	<b>Tribal representations on trade missions.</b> Directs the secretary to work with tribal advisors to increase the inclusion of tribal agricultural and food products in trade-related activities. Requires the establishment of goals for measuring tribal inclusion and sets a two-year deadline for a report on the department's efforts. ( <b>§3310</b> )	<b>Identical to Senate provision. (§3312)</b>

**Table 8. Nutrition**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Supplemental Nutrition Assistance Program (SNAP)—Appropriations, Implementation Funding</b>			
Authorizes appropriations for SNAP and related programs through FY2017. (7 U.S.C. 2027(a))	Reauthorizes appropriations through FY2023. (§4031)	Same as House. (§4112)	Identical to House and Senate provisions. (§4016)
<b>Implementation funds.</b> No comparable provision.	Provides \$150 million in mandatory funding in FY2019, available until expended, to be used by the Secretary to carry out the amendments made by Subtitle A, which consists of Sections 4001 to 4036. (§4036)	No comparable provision.	No comparable provision.
<b>SNAP—Eligibility, Benefit Calculation</b>			
<b>Thrifty Food Plan (TFP).</b> Maximum monthly benefit allotments are tied to the cost of purchasing a nutritionally adequate low-cost diet, as measured by the USDA-created and -calculated TFP. Allotments are adjusted for food price inflation annually, each October, to reflect the cost of the TFP in the immediately previous June. Although USDA calculates the cost of the TFP each year to account for food price inflation, the <i>contents</i> of the TFP—often thought of as its own market basket of goods—were last revised in 2006. Maximum allotments are standard across the 48 contiguous states and the District of Columbia, but they are higher—reflecting substantially different food costs—in Alaska, Hawaii, Guam, and the Virgin Islands. (7 U.S.C. 2012(u), 2017(a))	Requires the Secretary to re-evaluate the current TFP market basket and publish findings by 2022. Requires subsequent re-evaluations every five years. (§4004)	No comparable provision.	Similar to House provision but with an amendment to consider dietary guidance as one of the bases for re-evaluation. (§4002)
<b>Broad-based categorical eligibility.</b> In addition to regular eligibility rules of 130% of the federal poverty line and an asset	Effective October 1, 2020, limits categorical eligibility to TANF cash assistance, Supplemental Security	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>limit of \$2,000 or \$3,000 (inflation indexed), states may opt to implement broad-based categorical eligibility. Under this option, a SNAP applicant that receives Temporary Assistance for Needy Families (TANF) cash assistance, Supplemental Security Income, state-funded general assistance cash benefits, or any TANF-funded benefit may be deemed eligible for SNAP benefits and potentially not subject to asset limits. By regulation, the TANF-funded benefit must be for households at or below 200% of the federal poverty line. <b>(7 U.S.C. 2014(a), 7 C.F.R. 273.2(j))</b></p>	<p>Income, state-funded general assistance cash benefits, or “ongoing and substantial” TANF-funded services. Limits categorical eligibility for households without elderly or disabled members to at or below 130% of the federal poverty line. Households with elderly or disabled members must be at or below 200% of the federal poverty line. <b>(§4006)</b></p>		
<p><b>Basic allowance for housing.</b> Some active military members receive a “Basic Allowance for Housing” (BAH) within their pay <b>(37 U.S.C. 403)</b> in lieu of on-base or other in-kind housing. This payment is not excluded (and therefore counted) in income for SNAP eligibility determination. <b>(7 U.S.C. 2014(d))</b> Among SNAP deductions from gross income is an “excess shelter deduction” for which a household is eligible if housing expenses exceed a threshold set in law and adjusted annually. <b>(7 U.S.C. 2014(e)(5))</b></p>	<p>Amends law to exclude from income up to \$500 of BAH. Amends excess shelter deduction to include a household’s BAH above \$500. <b>(§4007)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Earned income deduction.</b> Applicants with earned income (i.e., from a job) have 20% of that income deducted from their gross income for net income eligibility and benefit calculations. <b>(7 U.S.C. 2014(e)(2))</b></p>	<p>Increases earned income deduction to 22%. <b>(§4008)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Simplified homeless housing costs.</b> For households where all members are homeless, but the household has some</p>	<p>Requires states to include a deduction of \$143 (indexed for inflation) for households where all members are</p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§4004)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>housing costs and does not claim the “excess shelter deduction,” states have an option to simplify SNAP’s calculation of housing costs with a standard deduction of \$143. <b>(7 U.S.C. 2014(e)(2))</b></p>	<p>homeless, free shelter has not been provided, and the household has not opted to use the excess shelter deduction. <b>(§4009)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Standard utility allowances.</b> A SNAP household can use a Low Income Home Energy Assistance Program (LIHEAP) payment (so long as it is greater than \$20) as evidence that the household has incurred heating and cooling costs. This documentation triggers a standard utility allowance, a figure that enters into the SNAP benefit calculation equation. Unless the household is already receiving the maximum SNAP benefit, a household’s monthly benefit can increase if the standard utility allowance calculation results in an excess shelter deduction. LIHEAP payments are excluded from counted income. <b>(7 U.S.C. 2014(e)(6)(C))</b></p>	<p>For households without elderly members, a LIHEAP payment (of any amount) would no longer suffice for the standard utility allowance. <b>(§4010)</b> Does not change the law for households with elderly or disabled members.</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Child support.</b> For noncustodial parents applying for SNAP, states have the option to treat child support paid as an income exclusion (impacting eligibility and benefit calculation) or as a deduction (impacting only benefit calculation). For SNAP eligibility, states may choose to require custodial parent and/or noncustodial parent cooperation with the state’s child support enforcement program. States may choose not to require either. States may also choose to disqualify applicants based on child support arrears. <b>(7 U.S.C. 2014(e), 2016(l)-(n))</b></p>	<p>Requires all states to treat child support paid as an income exclusion, not a deduction. Requires all states to require child support cooperation for custodial and noncustodial parents. Eliminates disqualification for child support arrears. <b>(§4011)</b></p>	<p>No comparable provision.</p>	<p>Requires the Secretary, in consultation with the Secretary of Health and Human Services, to conduct an independent evaluation of the child-support-enforcement-related state options. Specific objectives of and areas of assessment for evaluation are specified in provision. The Secretary shall submit the report to committees of jurisdiction no later than three years after enactment. <b>(§4014)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Asset/resource limits.</b> Households <i>without</i> elderly or disabled members cannot have counted liquid assets above \$2,000. Households <i>with</i> elderly or disabled members cannot have counted liquid assets above \$3,000. Limits are adjusted annually for inflation and rounded down to the nearest \$250. For FY2018, these limits were \$2,250 and \$3,500, respectively. <b>(7 U.S.C. 2014(g)(1))</b></p>	<p>Increases asset limits to \$7,000 and \$12,000, respectively. Continues inflation adjustment. <b>(§4012)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>In calculating assets for asset limit, excludes up to \$4,650 of the fair market value of any household vehicle. This amount is not adjusted for inflation. States have the option to conform how they count vehicles in SNAP with how they count vehicles in TANF. TANF frequently excludes the value of a vehicle. <b>(7 U.S.C. 2014(g)(2))</b></p>	<p>Excludes up to \$12,000 of the fair market value of one vehicle per licensed driver and adds inflation adjustment. Deletes the state option to use an alternative vehicle allowance that conforms with how vehicles are counted in TANF. <b>(§4013)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>Any savings account—regardless of whether there is a penalty for early withdrawal—is included in a household’s counted assets in eligibility. <b>(7 U.S.C. 2014(g)(2))</b></p>	<p>Excludes up to \$2,000 (adjusted annually for inflation) of a household’s savings from assets counted in eligibility determination. <b>(§4014)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Work-related requirements.</b> SNAP law includes general work (or work registration) requirements for certain participants; a subgroup of the work registrants is subject to a 3-month time limit.</p> <p><i>General work requirements and E&amp;T.</i> Able-bodied, non-elderly (ages 16-60) SNAP applicants that are not working are required to register with the state for work opportunities. Certain individuals, such as students and those with children</p>	<p>Amends work-related rules to combine aspects of general work requirements and time limit to create one work requirement that applies to one population (though more expanded than the time limit subgroup).</p> <p>Beginning in FY2021, able-bodied adults (ages 18-59) with no children or with children six years of age or older are required to work, participate in E&amp;T (including veterans’ E&amp;T programs at Department of Labor or Veterans</p>	<p>Largely retains current law work-related requirements. Reorganizes provisions so work-related eligibility rules are located only in 7 U.S.C. 2015(d). Amends eligibility rules and E&amp;T provisions to authorize “workforce partnerships” (described below) as a means of satisfying work requirements. (see below, under “E&amp;T Components and Funding”) <b>(§4103)</b></p>	<p>Largely retains current law work-related requirements. Incorporates some aspects of House and Senate proposals but maintains separate general work requirements and time limit sections of statute.</p> <p>From House bill: includes veterans E&amp;T programs as a way to meet time limit requirements, requires E&amp;T programs to include case management services, reduces states’ available</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>under six, are exempt. Each state is required to operate a SNAP Employment and Training (E&amp;T) program. States design their respective programs' services and capacity and may offer workfare. States have the option to require SNAP participants to participate in E&amp;T and may require a <i>maximum</i> of 120 hours per month of participation or the number of hours equal to the household's benefit amount divided by the applicable minimum wage. Individuals that do not comply with general requirements (including state-specific requirements) are, subject to exceptions for good cause, ineligible for benefits anywhere from one month to indefinitely, depending on the number of occurrences and the state's chosen options. In some cases, sanction may apply to entire household. Program requirements, uptake of these funds, and activities designed vary by state. <b>(7 U.S.C. 2015(d)(4), 7 U.S.C. 2025(h))</b></p> <p><i>Able-bodied adults without dependents (ABAWDs) time limit and available waivers and exemptions.</i> ABAWDs (ages 18-49) who do not meet specified work requirements (20 hours per week of work or comparable workfare) are limited to receiving three months of SNAP benefits in a 36-month period. Some are exempt from this time limit, including pregnant women. States and portions of states may waive enforcement of the time limit if specified unemployment conditions are met. States are permitted to exempt up to 15% of a specified caseload, as defined in statute,</p>	<p>Affairs), or combine work and E&amp;T for a <i>minimum</i> of 20 hours per week (increased to 25 hours in FY2026). Certain individuals are exempt from the work requirement, including pregnant women. Nonexempt individuals who do not comply with work requirement are, subject to exceptions for good cause, ineligible for benefits for 12 months for first violation and 36 months for subsequent violations. Eligibility reinstates if an individual obtains employment sufficient to meet hourly requirements or becomes exempt. If an individual becomes ineligible to participate in SNAP as a household member, "the remaining household members (including children), shall not become ineligible to apply to participate in SNAP."</p> <p>For geographic or labor-market-based waivers to the work requirement, includes but modifies the requirements in ABAWD time limit regulations, limiting the combining of areas and making a more stringent unemployment rate standard. Changes the proportion of the caseload that may be exempted from the time limit: for FY2021-FY2025, 15% of covered individuals, as defined by bill; for FY2026 and thereafter, 12%.</p> <p>During transition period of FY2019 and FY2020, current law work-related requirements and ABAWD time limit would continue to apply, but the bill's changes to geographic or labor-market-</p>		<p>exemptions from time limit from 15% to 12% (beginning in FY2020). From Senate bill, authorizes "workforce partnerships."</p> <p>For households containing at least one adult with no elderly or disabled members and with no earned income at their last certification, requires state agency to advise non-exempt members of available E&amp;T services.</p> <p>(Enacted changes regarding E&amp;T components and funding listed below.) <b>(§4005(a)-(b))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>from the time limit. States are not required to provide E&amp;T or work opportunities for ABAWDs subject to the time limit. <b>(7 U.S.C. 2015(o); 7 C.F.R. 273.24)</b></p> <p><i>E&amp;T components and funding.</i></p> <p>States are required to offer E&amp;T programs that include one or more of the following components: job search, job search training, workfare, work experience, education, self-employment. <b>(7 U.S.C. 2015(d)(4))</b></p> <p>The federal government funds SNAP E&amp;T in four ways: (1) \$90 million in mandatory funds that are allocated and reallocated to states based on a formula, (2) \$20 million in mandatory funding allocated to states that pledge to provide E&amp;T to all ABAWDs, (3) open-ended matching funds for states' administrative costs for E&amp;T, and (4) open-ended matching funds for states' reimbursement of E&amp;T participants' dependent care and transportation costs. <b>(7 U.S.C. 2025(h))</b></p> <p><i>2014 farm bill E&amp;T pilots.</i> USDA selected 10 states to pilot projects to test a variety of work and job readiness strategies for SNAP participants, including mandatory and voluntary strategies. Those pilots and their independent longitudinal evaluation are ongoing. Progress reports are available, but evaluation is not complete. Mandatory</p>	<p>based waivers would apply for the transition period. <b>(§4015(a),(b),(d),(e),(f),(g))</b></p> <p>Allows a state to request earned income data from the Internal Revenue Service “for purposes of ensuring equitable treatment among all households (including those containing a married couple).” <b>(§4015(h))</b></p> <p>Requires states to offer E&amp;T services for individuals subject to the work requirement to get to 20 hours of work or otherwise reach compliance. Requires all state E&amp;T programs to provide case management services. Modifies allowable E&amp;T components to include supervised job search, apprenticeships, subsidized employment, family literacy, and financial literacy.</p> <p>For FY2020, increases to \$270 million mandatory funds that are allocated and reallocated to states based on a formula. Increases to \$1 billion annually in FY2021 and each fiscal year thereafter. In FY2021 and each year thereafter, reserves not more than \$150 million of E&amp;T funding for allocation to states to provide training services through providers on the state's eligible training provider list (defined in the Workforce Innovation and Opportunity Act) for SNAP participants subject to hourly requirements. Strikes authority to reallocate Employment &amp; Training funds, instead requiring states' unspent</p>	<p>States with mandatory E&amp;T programs are eligible to run such a project only if the project provides individualized case management designed to help remove barriers to employment and if participants are not assigned to activities primarily consisting of job search, job search training, or workforce activities. Requires that state E&amp;T programs offering job search as a component must also offer at least one additional component.</p> <p>Creates “workforce partnerships” as an E&amp;T component, defined as programs run by private employers, a network of private employers, or nonprofit organizations providing workforce services that are certified to meet certain standards. These programs must use no federal funding.</p> <p>Requires the Secretary to carry out eight or more additional E&amp;T pilot projects using a competitive grant process. The Secretary may give priority to projects targeted to specified populations, including individuals 50 years of age or older,</p>	<p>Includes some of the House provision's expansion of allowable E&amp;T components: supervised job search programs, apprenticeships, subsidized employment. Also adds activities from the 2014 farm bill E&amp;T pilots that “have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance.”</p> <p>Includes Senate's “workforce partnerships” component.</p> <p>When individuals are found to be “ill-suited” to an E&amp;T component, requires state agencies to refer individuals to other components/programs or reassess the fitness of individuals for work. <b>(§4005(a)-(b))</b></p> <p>State agencies must include in their state plans the extent to which SNAP E&amp;T programs will coordinate with their Workforce Innovation and Opportunity Act activities. <b>(§4005(c))</b></p> <p>Increases the \$90 million funding stream to \$103.9 million. Specifies</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>funding of \$200 million was provided and was available for federal obligation until the end of FY2018. <b>(7 U.S.C. 2025(h)(1)(F))</b></p> <p>An outdated authority, added in 1977 and to be completed in 1981, required certain pilot projects on the performance of work in exchange for program benefits. <b>(7 U.S.C. 2026(b))</b></p>	<p>allocated funding to be returned to the Treasury. Strikes outdated pilot project authority in 7 U.S.C. 2026(b). <b>(§4015(a),(b),(d),(e),(f),(g))</b></p>	<p>formerly incarcerated individuals, and individuals participating in a substance abuse treatment program. Provides mandatory funding of \$92.5 million in each of FY2019 and FY2020 to remain available until expended.</p> <p>Amends 2014 farm bill pilots' funding, making it available until end of FY2023 for continuing the pilot projects currently (as of date of enactment) being carried out and also makes funding available for the additional pilot projects. <b>(§4103(c))</b></p>	<p>reallocation priorities for unused funding, including not less than 50% for programs and activities currently being piloted under the 2014 farm bill programs, not less than 30% for programs and activities to serve specified individuals with barriers to employment or "in households facing multi-generational poverty," and remaining funds for activities "the Secretary determines have the most demonstrable impact on the ability of participants to find and retain employment that leads to increased household income and reduced reliance on public assistance." <b>(§4005(d))</b></p> <p>As in House bill, strikes outdated pilot project authority. <b>(§4005(e)).</b></p>
<p><b>College students.</b> For the most part, college students (attending higher education courses half-time or more) between ages 18 and 50 are ineligible for SNAP. A student enrolled in an institution of higher education more than half-time is eligible for SNAP benefits only if the individual is (1) under age 18 or age 50 or older, (2) disabled, (3) enrolled in school because of participation in certain programs, (4) employed at least 20 hours per week or participates in a work-study program during the school year, (5) a certain category of parent, or (6) receiving TANF cash assistance benefits. Eligible parent circumstances are a single parent enrolled in school full-time caring for a dependent under the age of 12, a parent</p>	<p>Amends the exception for parents of children under age six to also include care of an incapacitated person. Amends exceptions for parents to also apply to "other household member[s] with responsibility for the care of" the specified child or incapacitated person. <b>(§4015(c))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>caring for a dependent under age six, or a parent caring for a child between the ages of five and 12 for whom child care is not available to enable the parent to both attend class and work 20 or more hours per week. <b>(7 U.S.C. 2015(e))</b></p>	<p>Requires states to provide five months of SNAP benefits to such households. <b>(§4024)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Transitional benefits.</b> States have the option to provide not more than five months of SNAP benefits to households that have had their cash assistance from TANF terminated. The benefit amount for these months is to equal the amount received before TANF assistance was terminated. <b>(7 U.S.C. 2020(s))</b></p>	<p>Requires states to provide five months of SNAP benefits to such households. <b>(§4024)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Certification period length.</b> Length of SNAP households' certification period is based on state policy, but states must set their policy within a framework in federal SNAP law. Certification periods may not exceed 12 months, unless all adult members of a household are elderly or disabled, in which case the certification period may be up to 24 months. <b>(7 U.S.C. 2012(f))</b></p>	<p>No comparable provision.</p>	<p>Maintains 12- and 24-month periods in current law, but adds that if each adult household member is elderly or disabled <i>and</i> the household has no earned income at the time of certification, then certification periods may not exceed 36 months. <b>(§4101)</b></p>	<p>No comparable provision.</p>
<p><b>Criminal convictions.</b> In addition to a state option to ban drug felons, current law bars individuals convicted (after February 7, 2014) of specified federal crimes (including murder, rape, and certain crimes against children) and state offenses determined by the Attorney General to be substantially similar, from receiving SNAP, if an individual is not in compliance with the terms of his or her sentence or who is a "fleeing felon." <b>(7 U.S.C. 2015(r))</b>.</p>	<p>Amends disqualification to apply to all with such convictions, not only those out of compliance with sentence or fleeing felon. <b>(§4039)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>SNAP— Fraud, Errors, Related State Administration Issues</b>			
<p><b>Concurrent enrollment in multiple states.</b> Individuals are not allowed to apply for or receive benefits from more than one state agency at a time. <b>(7 U.S.C. 2015(j))</b> Some state agencies detect duplicate enrollment by exchanging enrollment data with neighboring states. Since 2013, the National Accuracy Clearinghouse (NAC), a five-state pilot, has used a database to detect and prevent duplicate enrollment. Periodically, USDA publishes a report that uses data from the U.S. Census Bureau’s Survey of Income and Program Participation to analyze participants’ duration of participation. The last report was published in 2014 and uses data from 2008 to 2012.</p>	<p>Requires the Secretary to establish a Duplicative Enrollment Database. Requires the states to use the database in eligibility determinations to prevent participants from receiving benefits concurrently in multiple states. The Secretary is to establish a uniform method and format for collection and submission of data, and states are required to collect from each household member a Social Security number (or substitute), employment status, specified income, benefits, and asset information. Requires the Secretary to use the database to publish an annual report on participants’ duration of participation in the program. <b>(§4001)</b></p>	<p>Requires the development of a nationwide data system (called National Accuracy Clearinghouse) to prevent participants from receiving benefits concurrently in multiple states. Limits the scope of data system by requiring that the Secretary require states to make available only such information as is necessary for the multi-state duplication purpose. Specifies certain data protections, including that data shall only be used for, and shall not be retained for longer than is necessary for, the duplication prevention purpose. <b>(§4109)</b></p>	<p>Incorporates aspects of House and Senate provisions. Requires the development of a National Accuracy Clearinghouse, an interstate data system to prevent multiple (by more than one state) issuances of SNAP benefits. Includes Senate provision’s data protections and adds that data shall be exempt from FOIA disclosure, be used in a matter that protects the identity and location of vulnerable individuals, and meet security standards as determined by the Secretary. Requires Secretary to promulgate regulations, reflecting certain aspects specified in the provision, not later than 18 months after enactment. The system’s initial data matches are required within three years of enactment. <b>(§4011)</b></p> <p>Separately, state agencies may, with Secretary’s approval and required guidance, establish longitudinal databases for research purposes. Databases are to include, if available, household demographic information, income and financial resources, employment status, and information about household circumstances such as deductible expenses and the monthly SNAP allotment while protecting privacy and may include other listed data sources. The Secretary may award grants to states for their approved databases. Provision</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Data matching, verification of household information.</b> All state agencies are required to conduct certain data matches to verify applicant information. Some states may perform additional checks using federal, state, local, or private data systems in order to verify information provided by applicants. States are required to verify household income. <b>(7 U.S.C. 2020(e), 7 C.F.R. 273.2(f))</b></p>	<p>No comparable provision.</p>	<p>In state plans, requires state agencies to act (clarify or verify) on data matches if the information appears to significantly conflict with that provided by household, comes from specified data matches (e.g., SSA's match of deceased individuals), is fewer than 60 days old, and would have been required to be reported by the household to the state. <b>(§4106)</b></p> <p>Requires the Secretary to establish a pilot program, in no more than eight states, to test strategies to improve the accuracy or efficiency of the process for verifying earned income during households' certification and recertification. Before soliciting project applications, requires Secretary to assess contract options, by reviewing, e.g., the availability and cost-effectiveness of using specified data sources. Secretary may make grants and must submit a report to Congress on the results of the pilot projects. Authorizes, in FY2019, \$10 million in mandatory funding for pilot program; funds are available until expended; no more than 10% of funding may be used for assessing contract options or writing the report to Congress. <b>(§4107)</b></p>	<p>includes mandatory funding: \$20 million for FY2019 to remain available through FY2021 and \$5 million for FY2022 and each fiscal year thereafter. <b>(§4015)</b></p> <p>Adopts the portion of the Senate provision that requires state agencies to act (clarify or verify) on data matches. <b>(§4009)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>State agencies' authority to contract.</b> States are required to use state merit system personnel to conduct SNAP certification interviews and make final decisions on eligibility determinations. <b>(7 U.S.C. 2020(e)(6))</b></p>	<p>Provides states the authority to contract out certification or any other SNAP administrative function. Contractor must have no direct or indirect financial interest in an approved retail food store. <b>(§4043)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Access to state systems.</b> States are required to keep such records as may be necessary to determine compliance with SNAP law. The law requires that these records be available for audit and inspection. <b>(7 U.S.C. 2020(a)(3)(B))</b> States participate in a federally-run Quality Control (QC) system. <b>(7 U.S.C. 2025(c))</b> USDA pays half of states' computer system costs, as allowed. <b>(7 U.S.C. 2025(g))</b></p>	<p>Amends to specify that records and information systems that contain records are to be made available for inspection and audit by the Secretary, subject to security protocols agreed to by the state and the Secretary. QC system reporting requirements are also amended to reflect the availability of these records and systems. Computer systems must be accessible by the Secretary for program oversight in order to receive federal cost-share funding for computer systems. <b>(§4023)</b></p>	<p>Similar to House bill. Does not specify that access is subject to security protocols agreed to by the state and the Secretary. <b>(§4110(a))</b></p>	<p>Adopts the House provision with technical changes. <b>(§4013(a), (c), (e))</b></p>
<p><b>Error rate calculation.</b> The SNAP QC system measures improper payments in SNAP by comparing the amounts of overpayments and underpayments that exceed the error tolerance level or threshold to total benefits issued. Error rates are used as a basis for calculating state award and liability amounts depending on high or low performance. Via statute and regulation, the threshold amount has changed over the years. Since FY2014, the quality control error threshold has been set in statute at \$37 (with annual inflation adjustment). <b>(7 U.S.C. 2025(c))</b></p>	<p>For FY2018 and subsequent years, reduces QC tolerance level to \$0. Makes related amendments in the calculation of liability amounts in light of the changed tolerance level. <b>(§4028)</b></p>	<p>Requires the Secretary to issue interim final regulations to ensure the integrity of the QC system as specified further in the provision. Requires Secretary to bar from federal procurement any person that, in carrying out the QC system, knowingly submits or causes to be submitted, false information to the Secretary. <b>(§4110(b))</b></p>	<p>Adopts the Senate provision with technical changes. <b>(§4013(b))</b></p>
<p><b>Performance awards.</b> Based on QC system error rates and other data, USDA measures state performance and provides</p>	<p>Repeals authority and funding for bonus awards. Beginning in FY2018, requires Secretary to establish, by regulation,</p>	<p>Reduces amount and scope of performance bonus awards. Beginning with the awards for FY2018</p>	<p>Similar to the House provision, with the additional specification that bonus awards for FY2018 performance shall</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
financial awards to highest performing and most improved states. Performance awards total \$48 million in mandatory funding each fiscal year. <b>(7 U.S.C. 2025(d); 7 C.F.R. 275.24)</b>	performance criteria relating to actions taken to correct errors, reduce rates of error, and improve eligibility determinations and other indicators of effective administration as determined by the Secretary. <b>(§4029)</b>	performance and each year thereafter, Secretary is required to make performance bonus awards to states for high or most improved performance for application processing timeliness only, and a total of \$6 million in mandatory funding is available annually. Specifies that \$6 million is available in FY2019 for Secretary to make the awards for FY2018 performance. <b>(§4110(c))</b>	not be awarded in FY2019. <b>(§4013(d))</b>
<b>Adjustment to percentage of recovered funds retained by states.</b> State agencies establish and collect claims against recipients who traffic SNAP benefits. If a state agency collects on a claim resulting from fraud, such as recipient trafficking or recipient application fraud, the state agency is entitled to retain 35% of the amount collected. <b>(7 U.S.C. 2025(a))</b>	Increases to 50% the amount of collected claims the state agency is entitled to retain. Allows states to use amounts collected only for SNAP, including investments in technology and other actions to prevent fraud. <b>(§4027)</b>	No comparable provision.	No comparable provision.
States' computer system costs are eligible for receiving federal matching funds. <b>(7 U.S.C. 2025(g))</b>	No comparable provision.	<b>System testing.</b> Requires state agencies to test automatic data processing and information retrieval systems in a live production environment prior to implementation in order to receive federal match. <b>(§4111)</b>	Similar to the Senate bill with a technical change. <b>(§4012)</b>
<b>Retail food store and recipient trafficking.</b> Authorizes civil penalties and SNAP disqualification penalties for retailers that engage in SNAP trafficking (the sale of SNAP benefits for money or ineligible items). USDA enforces those penalties through a variety of activities and funds from the SNAP account. Provides additional grant funding to track and	Extends authorization of \$5 million annual funding through FY2023. <b>(§4034)</b>	No comparable provision.	Identical to the House provision. <b>(§4020)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
prevent SNAP trafficking: \$15 million in mandatory funding in FY2014, which was available until expended; authorizes up to \$5 million, subject to appropriations, for each year from FY2014 through FY2018. <b>(7 U.S.C. §2036b)</b>			
<b>SNAP—Electronic Benefit Transfer (EBT) Systems, Retailers, Eligible Foods</b>			
<b>EBT standards.</b> Required state agencies to implement EBT systems by October 1, 2002, unless Secretary provided a waiver. Requires Secretary to issue final regulations that establish standards for the approval of such systems. <b>(7 U.S.C. 2016(h)(1)-(2))</b>	Requires Secretary to periodically update EBT system regulations. Requires Secretary to include “risk-based measures” to maximize system security based on what the state agency considers appropriate and cost-effective, balanced against recipients’ program access. <b>(§4016)</b>	Related changes in Section 4104(c)-(d). <b>(summarized below)</b>	Includes House language requiring Secretary to periodically update EBT system regulations but does not include “risk-based measures” language. <b>(§4006(b))</b>
<b>Processing fees.</b> No “interchange fees” shall apply to EBT transactions. No bar on “switching” fees in Food and Nutrition Act, the statute authorizing SNAP. <b>(7 U.S.C. 2016(f)(13))</b> In recent years, third-party processors have been charging retailers fees for switching and routing SNAP benefits. FY2018 appropriations law provision bars charging of “switching fees” through FY2019. <b>(P.L. 115-141, §750)</b>	Bars a state or an agent or contractor of the state from charging any fee for switching or routing SNAP benefits. <i>Switching</i> is defined as “routing of an intrastate or interstate transaction that consists of transmitting the details of a transaction electronically recorded through the use of an [EBT] card in one State to the issuer of the card that may be in the same or different State.” <b>(§4018)</b>	Similar to House provision but ban on fees is in effect through FY2022. <b>(§4104(a))</b>	Incorporates aspects of House and Senate provisions, banning switching fees through FY2023. <b>(§4006(d))</b>
<b>Replacement of EBT cards.</b> Secretary has the authority to require states to decline, unless an explanation is provided, to issue a replacement card to a household that has made “excessive requests” for replacement cards. <b>(7 U.S.C. 2016(h)(8))</b> Current regulations require a state to contact a household after they have made four replacement requests in a	Amends statute to specify that “2 lost cards in a 12-month period” is an excessive number. <b>(§4019)</b>	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>12-month period. <b>(7 C.F.R. 274.6(b)(6))</b>            In December 2017, USDA’s Food and Nutrition Service (FNS) granted a waiver for one state to contact recipients who request a replacement card more than two times in a 12-month period.</p>	<p>Allows benefit storage after a household has not accessed SNAP account for three months or due to the death of all members of the household. Requires benefit expunging if the benefits have not been accessed by a household for six months or upon verification that all members of the household are deceased. <b>(§4020)</b></p>	<p>No comparable provision.</p>	<p>Incorporates aspects of House provision. Allows benefit storage after a household has not accessed SNAP account for three months or due to death of all members of the household. Requires benefit expunging if the benefits have not been accessed by a household for nine months or upon verification that all members of the household are deceased. Requires states to notify household of storage or expungement actions and to make offline benefits available no later than 48 hours after a household’s request <b>(§4006(c))</b></p>
<p><b>Benefit recovery.</b> States may store offline benefits a household has not accessed in a six-month period. States must expunge from participants’ EBT cards benefits that have not been accessed after a 12-month period. <b>(7 U.S.C. 2016(h)(12))</b></p>	<p>Amends definition of <i>retail food store</i> to include “online entity.” Amends pilot provision to require nationwide implementation of online benefit redemption. <b>(§4021)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§4001)</b></p>
<p><b>Online acceptance of benefits.</b> Requires, depending on results of a demonstration project, that USDA authorize retailers to accept benefits online. <b>(7 U.S.C. 2016(k))</b>            Demonstration is ongoing.</p> <p>USDA is required to set procedures for the delivery of benefits to benefit issuers (i.e., state-contracted EBT processors). <b>(7 U.S.C. 2016(d))</b> To connect to the state’s EBT processor and accept SNAP, most SNAP-authorized retailers are required to pay for their own EBT equipment and services. <b>(7 U.S.C. 2016(f)(2))</b> These retailers purchase</p>	<p><b>National gateway.</b> Expands the Secretary’s EBT authority to set procedures for independent sales organizations, third-party processors, and web service providers (each defined in provision) in addition to benefit issuers. Requires, pending the completion of a feasibility study, the Secretary to establish a centralized</p>	<p>Requires GAO to study EBT fees, outages, and intermediaries providing services between retailers and state-contracted EBT processors. Requires the Secretary to review state EBT contract service agreements, compatibility of systems with USDA fraud monitoring systems, and third-party applications’ access to EBT</p>	<p>Includes the portions of Senate provision requiring the Secretary to issue guidance for retailers and allowing the Secretary to require applicant retailers to provide certain EBT-related information during the retailer authorization process. <b>(§4104(d))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>equipment and processing services from a variety of private entities. Between the retailer and EBT processor, transactions are technologically routed through third-party processors and sometimes “gateways.” A variety of third parties can hinder USDA access to and analysis of SNAP data.</p>	<p>“national gateway” through which all SNAP transactions are required to route. States are required to ensure that benefit issuers connect to the national gateway. The Secretary is required to set and collect fees, paid by benefit issuers and third-party processors, to sustain the national gateway. Provision includes additional specifications for study and gateway. Authorizes funding of \$10.5 million for FY2019 and \$9.5 million for each of FY2020-FY2023 and allows no more than \$1 million from these funds to be used for the study. <b>(§4022)</b></p>	<p>systems; review is to be based on a minimum of five states. Requires Secretary, based on study and review, to promulgate regulations or guidance appropriate to prohibit the imposition of fees, minimize and update procedures for outages, and other specified topics. <b>(§4104(c))</b></p> <p>Requires that the Secretary issue guidance to retailers on selecting EBT equipment and service providers that provide sufficient transaction information to minimize the risk of fraudulent transactions. Allows the Secretary to require applicant retailers to provide certain EBT-related information during retailer authorization process. <b>(§4104(d))</b></p>	
<p>No comparable provision. USDA undertook research on SNAP recipients’ purchases using 2011 transaction data and published a report in November 2016.</p>	<p><b>SNAP benefit transfer transaction data report.</b> Requires the Secretary to collect, not more often than every two years, a statistically significant sample of retailer food store transaction data, including cost and description of items purchased with SNAP, and to summarize and report that data in a manner that prevents identification of individual retailer food store chains and SNAP recipients. Provision requires specified data protections. <b>(§4026)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Mobile technologies.</b> Depending on results of an authorized demonstration project, retailers are authorized to conduct EBT transactions using mobile technologies (defined as “electronic means other than</p>	<p>Amends this provision to create a different pilot to test SNAP recipients’ use of mobile technology (e.g., smartphones) to redeem their SNAP benefits. Authorizes up to five states to</p>	<p>No comparable provision.</p>	<p>Similar to House provision, except demonstration project states are to be selected by January 1, 2021. <b>(§4006(e))</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>wired point of sale devices”) if retailers meet certain requirements. <b>(7 U.S.C. 2016(h)(14))</b></p> <p><b>Meal providers accepting SNAP benefits.</b> Specified facilities that serve meals to the elderly and disabled (and their spouses) may become authorized to accept SNAP benefits as payment for those meals; this includes senior citizens’ centers, apartment buildings occupied primarily by the elderly and disabled, public or private nonprofit establishments that feed the elderly and disabled, and federally subsidized housing for the elderly. <b>(7 U.S.C. 2012(k)(3), (o)(2))</b> Group living arrangements and drug and alcohol treatment facilities may become authorized to accept SNAP benefits as payment for those meals provided. <b>(7 U.S.C. 2012(k)(5), (k)(7), (o)(2))</b> Treatment facilities and group living arrangements may serve as authorized representatives for SNAP participants in their care. <b>(7 U.S.C. 2017(e)(f))</b></p>	<p>pilot. States are to submit a plan to the Secretary that meets certain requirements including recipient privacy, access protections, and retailers (with some exemptions) bearing the costs of implementation. States are to be selected by January 1, 2020. By January 1, 2022, the Secretary is required to determine whether to implement in all states and/or whether further study is required. Participating retailers are to bear the costs of equipment and supplies for the benefit redemption, including fees. <b>(§4017)</b></p> <p>Requires Secretary to review a representative sample of those elderly- and disabled-serving facilities authorized to accept benefits and determine whether benefits are properly used by or on behalf of participating households residing in such facilities in 7 U.S.C. 2012(k)(3). Gives the Secretary discretion to carry out similar reviews for group living arrangements and drug and alcohol treatment facilities. Specifies that nothing in this provision authorizes the Secretary to deny an application for authorization based on a determination that facilities’ residents were residents of an institution prior to the submission of the required report to Congress, or three years after enactment, whichever is earlier. <b>(§4038)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with some technical changes. Nothing in this provision authorizes the Secretary to deny authorization based on a determination that facilities’ residents were residents of an institution prior to 18 months after enactment. <b>(§4007)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>In general, SNAP benefits may be redeemed for any foods for home preparation and consumption. SNAP benefits may not be redeemed for alcohol, tobacco, or hot foods intended for immediate consumption. <b>(7 U.S.C. 2012(k))</b></p>	<p>Makes “multivitamin-mineral dietary supplement,” as defined in the provision, eligible for purchase with SNAP benefits. <b>(§4037)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>SNAP authorization law refers to retailer establishments in the singular (e.g., “an establishment,” “a store”). <b>(7 U.S.C. 2012(o); 2018(c),(d))</b> FNS has long interpreted this to mean one SNAP retailer authorization authorizes one location.</p>	<p>No comparable provision.</p>	<p>Allows farmer’s markets and direct marketing farmers to operate an EBT point of sale device at more than one location under the same SNAP retailer authorization, provided that retailer provides specified information to the Secretary. <b>(§4104(b))</b></p>	<p>Identical to Senate provision. <b>(§4006(a))</b></p>

**SNAP—Other SNAP-Related Grants**

<p><b>Food Insecurity Nutrition Incentive (FINI) and other bonus incentive programs.</b> Grant program provides grants to governmental agencies and nonprofit organizations for projects that “increase the purchase of fruits and vegetables by low-income consumers participating in [SNAP] by providing incentives at the point of purchase.” Typically, these are projects that provide matching “bonus dollars” when a SNAP purchase of fruits or vegetables is made. Retailers often partner with grantees, and retailers financially benefit from incentives, but for-profit retailers are not eligible grantees. Mandatory funding is provided through a transfer from the Commodity Credit Corporation (CCC): \$35 million for FY2014 and FY2015, \$20 million for each of FY2016 and FY2017, \$25 million for</p>	<p>Renames the program <b>The Gus Schumacher Food Insecurity Nutrition Incentive Program</b>. Adds new priority criteria for the awarding of grants. Certain other additional priority criteria are at the Secretary’s discretion. Limits program incentives to financial incentives. Requires Secretary to consult with the director of the National Institute of Food and Agriculture (NIFA) to establish a training, evaluation, and information center for use by program grantees. Increases funding, providing \$45 million for FY2019, \$50 million for FY2020, \$55 million for FY2021, \$60 million for FY2022, and \$65 million for FY2023 and each year thereafter. <b>(§4003)</b></p>	<p>Renames the program <b>The Gus Schumacher Food Insecurity Nutrition Incentive Program</b>. Amends definition of eligible entity to “governmental agency or nonprofit organization.” Makes Puerto Rico and American Samoa eligible for grants. Allows grantees to partner or make subgrants to a list of organizational types. Allows tribal agency grantees to use certain federal funding to meet matching requirements. Requires grantees to measure fruit and vegetable purchases, except in the case of projects receiving \$100,000 or less. Adds new priority criteria for the awarding of grants, some the same and some different from the House-passed bill. Requires the Secretary to establish one or more training and technical</p>	<p>Similar to Senate provision with some amendments. Includes a produce prescription program within FINI and related funding (more detail below). Provides mandatory funding: \$45 million for FY2019, \$48 million for each of FY2020 and FY2021, \$53 million for FY2022, \$56 million for FY2023 and each year thereafter. Within each year of funding, the Secretary shall use not more than 10% for the produce prescription program and not more than 8% for NIFA and FNS administration. The established “Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Centers” are to receive not more than \$17 million in aggregate for FY2019 and FY2020 and \$7 million</p>
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Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>FY2018. FINI evaluation is ongoing. (7 U.S.C. 7517(b))</p>	<p>No comparable provision.</p>	<p>centers and one or more information and evaluation centers to provide specified technical assistance and evaluation support, including information on point-of-sale technology. Requires the information and evaluation centers to use standard metrics developed in collaboration with the director of NIFA and administrator of FNS. Requires the Secretary to conduct and publish an evaluation of each project annually. Increases mandatory funding, providing \$50 million for FY2019 and each fiscal year thereafter. Not more than 15% of the funding is to be allocated for the centers and evaluation. (<b>§4303</b>)</p>	<p>for each of FY2021, FY2022, and FY2023. (<b>§4205</b>)</p>
<p><i>Produce prescription programs.</i> Under current law and agency grant-making, some FINI grants fund “produce [fruit and vegetable] prescription programs,” that provide fruits and vegetables in health care environments to SNAP participants who are patients with diet-related health conditions. Nonfederal funds may also support such programs.</p>	<p>No comparable provision.</p>	<p>Establishes <b>Harvesting Health Pilot Projects</b>, a grant program to conduct pilot projects that demonstrate and evaluate the impact of “produce prescription programs” on the improvement of dietary health through increased consumption of fruits and vegetables, the reduction of individual and household food insecurity, and the reduction in health care use and associated costs. “Produce prescription program” is defined as a program that prescribes fresh fruits and vegetables to eligible individuals, and that may: provide financial or non-financial incentives for members to purchase fresh fruits and vegetables or educational resources on nutrition, or establish additional accessible locations for members to procure fresh fruits</p>	<p>Establishes produce prescription program, similar to Senate bill with amendments, within the Gus Schumacher FINI program. No longer uses “Harvesting Health Pilot Projects” name. Requires produce prescription projects to share information with the Nutrition Incentive Program Training, Technical Assistance, Evaluation, and Information Centers. Strikes limitation on grantees conducting SNAP or Medicaid eligibility determinations. Mandatory funding provided within Gus Schumacher FINI totals (see above). (<b>§4205</b>)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><i>Retailer-provided incentives.</i> For a retailer to provide incentives (such as for fruit and vegetable purchases) to SNAP participants, whether or not federally-funded, requires USDA to waive equal treatment regulations which specify that “no retailer food store may single out coupon users for special treatment in any way.” <b>(7 C.F.R. 278.2)</b></p> <p><i>Types of Food.</i> FINI and related funding allows for incentives for fruit and vegetable purchases but does not mention other types of food. <b>(7 U.S.C. 7517(b))</b></p>	<p>Establishes a Retailer-Funded Incentives Pilot through which authorized retail food stores may receive federal funding to provide bonus incentives to SNAP households for purchases of fruits, vegetables, and milk. The Secretary is required to reimburse retailers at a rate not to exceed 25% of total bonuses earned by households. Retailers participating in FINI are not eligible. Aggregate value of reimbursements in a pilot project shall not exceed \$120 million each fiscal</p>	<p>and vegetables. Entities eligible for grants must be a nonprofit organization, state, or local government; and entities must partner with one or more health care partners (defined as a hospital, federally-qualified health center, Veterans Affairs hospital or clinic, or a health care provider group). These projects serve individuals who, as determined by the Secretary, are eligible for SNAP or Medicaid, but the prescription programs themselves cannot conduct an eligibility determination for SNAP or Medicaid. Requires Secretary’s collaboration with Secretary of Health and Human Services and “heads of other appropriate federal agencies.” Provides mandatory funding of \$4 million for each of FY2019 through FY2023; the Secretary may use not greater than 10% of funding to pay for administering, monitoring, and evaluating each pilot project. <b>(§4304)</b></p> <p>Requires Secretary to promulgate regulations clarifying the process by which a retail food store may seek a waiver to offer SNAP bonus incentives for certain eligible foods (defined as a food that is “identified for increased consumption” by the most recent Dietary Guidelines for Americans and is a fruit, vegetable, low-fat dairy, or whole grain). Among other requirements for regulations, a waiver granted shall not be used to limit the use of benefits. <b>(§4105)</b></p>	<p>Adopts a Retail Incentives provision, requiring the Secretary to issue guidance to clarify the process by which an approved retail food store may seek a waiver to offer an incentive. Eligible incentive foods are “a staple food that is identified for increased consumption, consistent with the most recent dietary recommendations” and “a fruit, vegetable, dairy, whole grain, or product thereof.” Guidance may not be used to limit the use of SNAP</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Nutrition Education and Obesity Prevention Grant Program.</b> Formerly SNAP Nutrition Education and formerly an open-ended federal match to state funding, this program, administered by FNS, provides formula grant funding to SNAP</p>	<p>year. Mandatory funding from SNAP account provided. <b>(§4002)</b></p> <p>Makes “1862” and “1890” higher education institutions eligible institutions for carrying out this program. Requires Secretary to act through NIFA to implement the program and to consult with FNS.</p>	<p><b>Pilot projects to increase purchase of cow milk.</b> Authorizes the Secretary to carry out pilot projects to develop and test methods that would, by providing an incentive for the purchase of milk at the point of purchase, increase the purchase of fluid milk, in a manner consistent with the most recent Dietary Guidelines for Americans, by those participating in SNAP who under-consume milk. Secretary may award cooperative agreements or grants to governmental agencies or non-profit organizations for this purpose, including allowing awardees to award subgrants to SNAP-authorized retailers. Funding shall not be used for any project that limits the use of SNAP benefits. Projects are to be in effect for not more than 24 months. Projects are to determine whether incentives result in improved nutritional outcomes, changes in purchasing and consumption of fluid milk, or diets more closely aligned with Dietary Guidelines for Americans. Requires an independent evaluation and reporting as further specified. Authorizes discretionary funding of \$20 million to remain available until expended. <b>(§4108)</b></p> <p>Requires the Secretary to describe how the states shall use an electronic reporting system that measures and evaluates projects. Requires state agency to send an annual evaluation report to Secretary. Requires the</p>	<p>benefits. Does not provide federal funding for incentives. <b>(§4008)</b></p> <p><b>Healthy Fluid Milk Incentive Projects.</b> Similar to Senate pilot projects provision and same level of discretionary funding. Projects are to increase the purchase and consumption of fluid milk by members of households that receive SNAP benefits. Strikes the Senate bill’s focus on those who “under-consume” milk. Secretary may award cooperative agreements or grants to governmental agencies or non-profit organizations, striking the subgrants to retailers. Funding for specified evaluation is limited to 7% of funding provided. <b>(§4208)</b></p> <p>Similar to Senate provision with amendments. Required electronic reporting system is also to account for state agency administrative costs. Requires the Secretary to provide technical assistance to state agencies</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>state agencies to provide programs for SNAP (and other domestic food assistance programs) participants as well as other low-income households. Annual mandatory funding is provided, most recently \$421 million in FY2018. For FY2018 and each fiscal year thereafter, 50% of funding is allocated based on states' SNAP populations, and 50% of funding is allocated based on states' funding received during FY2009 (when funding for the program was an open-ended federal match). <b>(7 U.S.C. 2036a, P.L. 115-141)</b></p>	<p>Requires eligible institutions, to the extent practicable, to employ and train professional and paraprofessional aides from the target population to engage in direct nutrition education and to partner with other entities to optimize program delivery. Increases mandatory funding to \$485 million beginning in FY2019. This amount is adjusted for inflation in FY2020 and subsequent years. Authorizes additional discretionary funding of \$65 million for FY2019 through FY2023. Funds are allocated based solely on states' SNAP populations. Limits administrative costs for eligible institutions to 10%; makes certain administrative costs eligible for SNAP's matching administrative funds. <b>(§4033)</b></p>	<p>Administrator of the Food and Nutrition Service to consult with the director of NIFA to coordinate activities of SNAP nutrition education and the Expanded Food and Nutrition Education Program. <b>(§4114)</b></p>	<p>regarding development and implementation of their state plans. Requires additional contents in annual state reports to Secretary and requires an annual federal report to Congress. <b>(§4019)</b></p>
<p>Mandatory funding of \$5 million provided for <b>Grants for Simple Application and Eligibility Determination Systems and Improved Access to Benefits.</b> <b>(7 U.S.C. 2020(s))</b></p>	<p>Retitles to "Grants for Simple Application and Eligibility Determination Systems." Amends law to exclude projects with the purposes of reducing barriers to participation or improving methods for informing and enrolling eligible households. <b>(§4025)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Retains current law name for grants. <b>(§4010)</b></p>
<p>No comparable provision.</p>	<p><b>Public-private partnerships.</b> Authorizes grants for up to 10 pilot projects that support public-private partnerships addressing food insecurity and poverty. Projects are to last no more than two years and address specified objectives. Grantees shall report annually to Secretary, who shall report to congressional committees. Authorizes \$5 million in discretionary</p>	<p>No comparable provision.</p>	<p>Similar to House bill with amendments, including changes to definitions of <i>eligible private and public entities</i>. Requires an independent evaluation of projects. <b>(§4021)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Puerto Rico.</b> Since 1982, Puerto Rico has received a block grant, Nutrition Assistance Program for Puerto Rico (NAP), in lieu of SNAP). The annual amount is based on the USDA-calculated Thrifty Food Plan, which uses data from the contiguous states. <b>(7 U.S.C. 2028)</b> In 2010, USDA published a study, required by the 2008 farm bill, on the feasibility of Puerto Rico administering SNAP. <b>(§4142 of P.L. 110-246)</b></p>	<p>funding for grants to eligible entities. <b>(§4030)</b></p> <p>Authorizes discretionary funding for the Secretary to carry out a study to determine the feasibility and impact of developing a Thrifty Food Plan to specifically apply to NAP. <b>(§4040)</b> Requires the Secretary to again carry out a study of the feasibility and effects of including Puerto Rico in SNAP as opposed to the NAP block grant. Provides \$1 million in mandatory funding and an authorization for additional discretionary funding. <b>(§4042)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<b>Food Distribution Programs</b>			
<p><b>Food Distribution Program on Indian Reservations (FDPIR).</b> Commodity distribution program established to distribute agricultural commodities, in lieu of SNAP benefits, at the request of a tribal organization. \$5 million in mandatory funding authorized for a traditional and locally-grown food fund. <b>(7 U.S.C. (2014)(b))</b> USDA funds 75% of program’s administrative costs. <b>(7 C.F.R. 253.11)</b> Annual appropriations language provides FDPIR funding and makes it available for spending within one fiscal year. <b>(e.g., P.L. 115-141)</b></p>	<p>Amends locally-grown and traditional food fund to include “regionally grown” foods. Reauthorizes fund’s authorization of appropriations through FY2023. Requires that FDPIR funding be available for spending for a two-year period. <b>(§4005)</b></p>	<p>Requires the Secretary to pay at least 80 percent of the administrative costs and that FDPIR administrative funding be available for spending for a two-year period. Establishes a demonstration project for one or more tribal organizations to enter into a self-determination contract to purchase commodities for FDPIR; to carry out this project, authorizes \$5 million in discretionary funding to be available until expended. Like the House bill, reauthorizes locally-grown and traditional food fund through FY2023 and makes all FDPIR funding available for spending for a two-year period. <b>(§4102)</b></p>	<p>Incorporates House and Senate provisions. Not later than one year after demonstration project funding is appropriated and annually thereafter, Secretary is required to submit a report to committees of jurisdiction. <b>(§4003)</b></p>
<p><b>The Emergency Food Assistance Program (TEFAP).</b> For FY2018, for</p>	<p>Increases annual mandatory funding by \$45 million (plus inflation adjustment),</p>	<p>As compared to FY2018, increases annual mandatory funding by \$8 million</p>	<p>Adopts the Senate provision—including its funding levels—with one</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>USDA-purchased commodity foods, provides \$250 million in TEFAP commodity purchases plus the addition of \$15 million, each adjusted for inflation according to changes to the Thrifty Food Plan. USDA is to distribute the foods to states for distribution to emergency feeding organizations. <b>(7 U.S.C. 2036)</b> In addition to other aspects of TEFAP authorization and discretionary funding, the Emergency Food Assistance Act of 1983 authorizes discretionary funding for an Emergency Food Program Infrastructure Grants through FY2018. <b>(7 U.S.C. 7511a)</b></p>	<p>for FY2019 and each fiscal year thereafter, by amending the additional funds from \$15 million to \$60 million. Establishes a “Farm to Food Bank Fund” where, of TEFAP commodity funds provided, Secretary is required to distribute \$20 million to states to procure, or for states to enter into agreements with food banks to procure, excess fresh fruits and vegetables grown in the state or surrounding regions to be provided to emergency feeding organizations. <b>(§4032)</b></p>	<p>in FY2019, \$20 million in FY2020, and \$20 million in each of FY2021, FY2022, and FY2023. Adjusts funding by specified inflation measures for FY2024 and each year thereafter. <b>(§4115(e))</b> Establishes “Projects to Harvest, Process, and Package Donated Commodities,” where unharvested, unprocessed, or unpackaged commodities are donated by agricultural producers, processors, or distributors for use by emergency feeding organizations. Provides \$4 million in mandatory funding for each of FY2019 through FY2023; the federal share of project costs shall not exceed 50% of the total cost of the project. Requires the Secretary to allocate funds to states that have included such a project in their state plans, based on an allocation formula determined by the Secretary. <b>(§4115(b))</b> Requires states to include, in their TEFAP state plans, a plan that provides emergency feeding organizations or recipient agencies an opportunity to provide input on commodity preferences and needs. <b>(§4115(a))</b> Requires the Secretary to issue guidance outlining best practices to minimize food waste of those commodities donated by non-USDA entities. <b>(§4115(c))</b> Reauthorizes infrastructure grants through FY2023. <b>(§4115(d))</b></p>	<p>change: newly authorized projects to harvest, process, or package unharvested, unprocessed, or unpackaged donated commodities may also include the <i>transportation</i> of such commodities and are renamed “Projects to Harvest, Process, Package, or Transport Donated Commodities.” <b>(§4018)</b></p>
<p><b>Commodity Distribution Program.</b> Authority to purchase and distribute</p>	<p>Reauthorizes through FY2023. <b>(§4101)</b></p>	<p>Same as House bill. <b>(§4201)</b></p>	<p>Similar to House and Senate provision, with technical changes. <b>(§4101)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
agricultural commodities expired at the end of FY2018. <b>(7 U.S.C. 612c note)</b>			
<p><b>Commodity Supplemental Food Program.</b> Various authorities expire at the end of FY2018. No minimum certification period for participants is provided in statute; a six-month minimum is in regulation. <b>(7 U.S.C. 612c note, 7 C.F.R. 247.16(a))</b> Some states currently provide temporary certifications on a month-to-month basis when clients certified for six months do not claim foods.</p>	<p>Reauthorizes through FY2023. <b>(§4102)</b></p> <p>Requires states to establish a minimum certification period of not less than one year and allows the Secretary to approve state requests for longer certification periods if certain requirements are met. <b>(§4103)</b></p>	<p>Reauthorizes through FY2023.</p> <p>Requires states to establish a minimum certification period of not less than one year but not more than three years (if certain requirements are met), while allowing for temporary monthly certification when other certified participants do not participate. <b>(§4202)</b></p>	<p>Identical to Senate provision. <b>(§4102)</b></p>
<p><b>Distribution of surplus commodities to special nutrition projects.</b> Secretary required to encourage consumption of surplus commodities by contracting with private companies to process such commodities into end-food products. Authority expired at the end of FY2018. <b>(7 U.S.C. 1431e(a))</b></p>	<p>Reauthorizes through FY2023. <b>(§4104)</b></p>	<p>Same as House bill. <b>(§4203)</b></p>	<p>Identical to House and Senate provisions. <b>(§4103)</b></p>
<b>Other Nutrition Programs and Policies</b>			
<p><b>Bill Emerson Good Samaritan Food Donation Act</b> provides protection from liability for people or entities donating apparently wholesome food to non-profit organizations as well as protection from liability for non-profit organizations receiving such foods. <b>(42 U.S.C. 1791)</b></p>	<p>No comparable provision.</p>	<p><b>Food donation standards.</b> Requires Secretary to issue guidance within 180 days of enactment to promote awareness of donations of apparently wholesome food, as defined by the Bill Emerson Good Samaritan Food Donation Act, by “qualified direct donors,” a term defined in the bill provision to include retail food stores, wholesalers, agricultural producers, restaurants, caterers, school food authorities, and institutions of higher education. Requires the Secretary to encourage state agencies and</p>	<p>Identical to Senate provision. <b>(§4104)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Purchase of fresh fruits and vegetables for distribution to schools and service institutions.</b> In addition to the minimum (\$200 million per year) acquisitions required by the 2002 farm bill, USDA is required to purchase additional fruits, vegetables, and tree nuts for use in domestic nutrition assistance programs using Section 32 funds. The added purchases required include \$206 million (FY2012 and each year thereafter). Of this money for additional purchases, at least \$50 million annually (for each of FY2008 through FY2018) is required for USDA fresh fruit and vegetable acquisitions for schools. <b>(7 U.S.C. 612c-4(a),(b))</b></p>	<p>Extends \$50 million requirement through FY2023. <b>(§4201)</b></p>	<p>emergency feeding organizations to share the guidance with qualified direct donors. <b>(§12615)</b></p> <p>Same as House bill. <b>(§4301)</b></p>	<p>Identical to House and Senate provisions. <b>(§4202)</b></p>
<p><b>Senior Farmers' Market Nutrition Program (SFMNP).</b> Authorizes and provides CCC mandatory funding of \$20.6 million annually for the SFMNP through FY2018. <b>(7 U.S.C. 3007)</b></p>	<p>Reauthorizes funding through FY2023. <b>(§4202)</b></p>	<p>Same as House Bill. <b>(§4302)</b></p>	<p>Identical to House and Senate provisions. <b>(§4201)</b></p>
<p>Authorizes up to \$125 million to be appropriated for a "<b>Healthy Food Financing Initiative</b>" to remain available until expended. USDA is authorized to approve a community development financial institution as "national fund manager" that would administer these funds by supporting "projects to attract fresh, healthy food retailers" and that would "expand or preserve access to staple foods" (as defined within this</p>	<p>Amends appropriated funding to be available for expenditure through October 1, 2023. <b>(§4203)</b></p>	<p>Broadens the Initiative's scope to include retailers and "enterprises." As some projects would now include enterprises that are not retailers, amends the requirement for accepting SNAP benefits to projects "as applicable." <b>(§12409)</b></p>	<p>Identical to Senate provision. <b>(§4204)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
section) and accept SNAP benefits. <b>(7 U.S.C. 6953)</b>			
<p><b>Amendments to the Fresh Fruit and Vegetable Program.</b> Provides grants to states for children at low-income elementary schools to receive fruit and vegetable snacks throughout the day. Purchases are limited to fresh fruits and vegetables. Program is permanently authorized and permanently funded. <b>(42 U.S.C. 1769a)</b> The 2014 farm bill required USDA to administer a pilot project to implement and evaluate at least five states providing frozen, canned, and dried fruits and vegetables through this program and provided \$5 million for this purpose. <b>(42 U.S.C. 1769a note)</b></p>	<p>Amends program to provide fresh, canned, dried, frozen, or pureed fruits and vegetables. Renames program <b>Fruit and Vegetable Program.</b> <b>(§4204)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision</p>
<p><b>Community Food Projects.</b> Permanently authorizes a grant program for eligible nonprofit organizations in order to improve community access to food. Grants require 50% in matching funds. For FY2015 and each year thereafter, provides \$9 million annually in mandatory funding for this purpose. <b>(7 U.S.C. 2034)</b></p>	<p>No comparable provision.</p>	<p>For FY2019 and each fiscal year thereafter, provides a total of \$5 million each year (a reduction of \$4 million per year). <b>(§4113)</b></p>	<p>Identical to Senate provision. <b>(§4017)</b></p>
<p><b>Service of Traditional Foods in Public Facilities.</b> USDA and FDA are required to allow the donation and provision of traditional tribal foods if the food service provider meets certain conditions. Includes liability protections for the United States, Indian tribes, and tribal organizations. <b>(25 U.S.C. §1685)</b></p>	<p>Amends the provision, expanding the list of specified public programs and facilities included and protected from liability. <b>(§4041)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision with amendments. Expands the list of entities and activities protected from liability. <b>(§4203)</b></p>
<p>In accordance with requirements in the Healthy, Hunger-Free Kids Act of 2010</p>	<p>Requires the Secretary to review the 2012 and 2016 regulations that updated</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>(P.L. 111-296, §§201, 208), USDA published final regulations to update the nutrition standards for National School Lunch Program and School Breakfast Program in January 2012 and final regulations to set standards for other foods in the school nutrition environment in July 2016. (77 Federal Register 4088; 81 Federal Register 50131)</p> <p><b>Buy American requirements for National School Lunch Program and School Breakfast Program.</b> School food authorities in the contiguous states are required to purchase domestic commodities or products to the maximum extent practicable. (Agency guidance has elaborated upon “maximum extent practicable.”) <i>Domestic commodity or product</i> is defined as an agricultural commodity that is produced in the United States and food product that is processed in the United States substantially using agricultural commodities that are produced in the United States. The statute does not mention specific commodities or products. The law also includes Hawaii-specific and Puerto Rico-specific requirements for sourcing. (42 U.S.C. 1760(n))</p> <p>No comparable provision.</p>	<p>the school meal nutrition standards and created nutrition standards for foods served outside of the meal program, including any requirements for milk. Revised final regulations are to be based on research focused on school-age children, not add costs to the operation of the program, and maintain healthy meals for students. (§4205)</p> <p>No comparable provision.</p> <p>No comparable provision.</p>	<p>No later than 180 days after enactment, USDA must enforce the <b>Buy American</b> provisions applicable to domestic food assistance purchases administered by the Food and Nutrition Service, including fish or fish products that substantially contain fish harvested within a state, the District of Columbia, or the Exclusive Economic Zone of the United States and tuna harvested by a U.S.-flagged vessel. USDA is to submit a report to Congress on actions taken and plans to comply with the provision. (§12622)</p> <p>Establishes the <b>Micro-Grants for Food Security</b> program, which is intended to increase the quality and</p>	<p>Similar to Senate provision but with amendments. No later than 180 days after enactment, USDA must “enforce full compliance with” the <b>Buy American</b> requirements applicable to the National School Lunch Program and School Breakfast Program, “ensure that States and school food authorities fully understand their responsibilities” under current law, and submit a report to Congress on actions taken and plans to comply with the provision. For the purposes of USDA’s enforcement, the enacted bill defines domestic products as those that are processed in the United States and substantially contain (1) meats, vegetables, fruits, and other agricultural commodities produced in a state, DC, Puerto Rico, or any territory or possession of the United States; or (2) fish harvested in the Exclusive Economic Zone or by a U.S.-flag vessel. (§4207)</p> <p>Similar to Senate provision with several amendments, including: states may waive the matching requirement</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<p>quantity of locally-grown foods in food insecure communities. USDA is to distribute funds to agricultural departments or agencies in eligible states (Alaska, Hawaii, American Samoa, Commonwealth of the Northern Mariana Islands, Commonwealth of Puerto Rico, Federated States of Micronesia, Guam, Republic of the Marshall Islands, Republic of Palau, and the U.S. Virgin Islands) to competitively issue subgrants to eligible entities (individuals, Indian tribes, nonprofits engaged in food insecurity, federally-funded educational facilities, and local or Tribal government).</p> <p>The subgrants may not be greater than \$5,000 for an individual and \$10,000 for the other eligible entities. Grantees must provide 10% in matching funds. The funds must be used for activities specified (e.g., purchasing gardening tools and equipment, seeds, plants, composting units; expanding cultivated land; building fencing for livestock; purchasing and equipping slaughter and processing facilities; and attending education programs) that increase the quantity and quality of local foods. Entities that receive grants must submit a report to the eligible state on the quantity of food grown and the number of people fed as a result of the grant; the states must provide the reports to USDA.</p>	<p>for individuals whom a state determines would meet the requirements to receive a subgrant, subgrantees' funding remains available for three years, makes changes to reporting requirements. <b>(§4206)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<p>Authorizes discretionary funding of \$10 million for FY2019 and each fiscal year thereafter. The funds remain available until expended. The states of Alaska and Hawaii will each receive 40% of the funds, and each of the other eligible states will receive 2.5%. (Section 12616)</p>	

**Table 9. Credit**

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Subtitle A—USDA Farm Ownership Loans</b>			
<p><b>Eligibility.</b> Requires, for eligibility for direct loans, at least three years of farming experience or other acceptable experience as determined by the Secretary. The applicant must also be a beginning farmer, not have received prior direct farm ownership loans, or have not received a direct farm ownership loan more than 10 years ago. <b>(7 U.S.C. 1922(b))</b></p>	<p>Specifies conditions under which the Secretary may reduce the three-year farming experience requirement for beginning farmers and ranchers as follows:</p> <p>(A) To two years if the borrower (1) has 16 credit hours of postsecondary education in agriculture, (2) has one-year of substantive management experience in a business, (3) was honorably discharged from the military, (4) has successfully repaid an FSA youth loan, or (5) has a mentoring relationship with Service Corps Retired Executives or a local farmer, rancher, or organization approved by the Secretary.</p> <p>(B) To one year with military leadership or management experience from completing a military leadership course.</p> <p>(C) Waived entirely if the beginning farmer meets two of the options (1)-(5) above, including mentoring in (5). <b>(§5101)</b></p>	<p>Specifies conditions that the Secretary may count as other acceptable experience, as follows:</p> <p>(A) (1) At least 16 hours of post-secondary education in agriculture, (2) completing a farm management curriculum from cooperative extension, community college, adult vocational education, non-profit, or land-grant organization, (3) was honorably discharged from the military, (4) has successfully repaid an FSA youth loan, (5) has at least 1 year as hired farm labor with substantive management experience, (6) completed a mentorship, apprenticeship, or internship with emphasis on farm management, or (7) has a mentoring relationship with Service Corps Retired Executives or a local farmer, rancher, or organization approved by the Secretary.</p> <p>(B) A farmer is deemed to have met the three-year requirement if he meets option (5) and (7) above. <b>(§5101)</b></p>	<p>Similar to Senate provision with several modifications. The Secretary may:</p> <p>(A) Reduce the three-year farming experience requirement for beginning farmers and ranchers to one or two years as follows:</p> <p>(1) Has at least 16 hours of post-secondary education in agriculture; (2) completed a farm management curriculum from cooperative extension, community college, adult vocational education, non-profit, or land-grant organization; (3) has at least one year as hired farm labor with substantive management experience; (4) completed a mentorship, apprenticeship, or internship with emphasis on farm management; (5) has significant business management experience; (6) was honorably discharged from the military; (7) has successfully repaid an FSA youth loan; or (8) has a mentoring relationship with Service Corps Retired Executives or a local farmer, rancher, or organization approved by the Secretary.</p> <p>(B) Waive entirely if the farmer meets option (3) and (8) above. <b>(§5101)</b></p>
<p><b>Conservation loans.</b> Authorizes appropriations of \$150 million annually for a conservation loan and loan guarantee program for FY2014-FY2018. <b>(7 U.S.C. 1924(h))</b></p>	<p>Reduces the authorization of appropriation to \$75 million annually, and extends it to FY2023. <b>(§5102)</b></p>	<p>Extends the current law authorization of appropriation to FY2023. <b>(§5102)</b></p>	<p>Identical to Senate provision. <b>(§5102)</b></p>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Loan limit.</b> For guaranteed farm ownership loans, sets the loan limit per borrower at \$700,000, increased beginning with FY2000 by the inflation percentage since 1996 in the NASS Index of Prices Paid by Farmers. In FY2018, USDA announced the inflation-adjusted limit at \$1,399,000. For direct farm ownership loans, sets the loan limit per borrower at a constant \$300,000, <b>(7 U.S.C. 1925)</b></p> <p>No comparable provision for farm loans. A similar relending program for rural development is authorized in the same subtitle as would be amended by the Senate bill. <b>(7 U.S.C. 1936b)</b></p>	<p>Raises the loan limit for guaranteed farm ownership loans to \$1.75 million per borrower and adjusts it in FY2019 and thereafter for inflation. The calculation of the inflation percentage is not changed and would continue to use a 1996 base year. Does not change the limit for direct loans. <b>(§5103)</b></p> <p>No comparable provision.</p>	<p>Raises the loan limit for guaranteed farm ownership loans to \$1.75 million per borrower for the five-year period FY2019-2023, and makes it subject to an inflation adjustment. Similar to the House provision, the inflation percentage is not changed and would continue to use a 1996 base year. Increases the limit for direct loans to a constant \$600,000. <b>(§5103)</b></p> <p><b>Relending program.</b> Authorizes a relending program for farm ownership loans on projects that assist heirs with undivided ownership interests so that they may resolve ownership and succession issues on farmland that has multiple owners. USDA would make direct loans and loan guarantees to cooperatives, credit unions and nonprofit organizations (that are certified to operate as lenders, and which have experience assisting socially disadvantaged, limited resource, and beginning farmers, ranchers and rural businesses) to relend to such projects and heirs. Preference shall be for relending entities with at least 10 years' experience, and in states that have adopted the Uniform Partition of Heirs Property Act. Borrowers are required to complete a succession plan that may be financed with the loan. <b>(§12624(c))</b></p>	<p>Similar to Senate provision but without a sunset date and with an amendment to clarify that the inflation adjustment for the guaranteed loan limit is indexed to 2019. <b>(§5103)</b></p> <p>Similar to Senate provision with an amendment to authorize appropriations of \$10 million for each of FY2019-FY2023. <b>(§5104)</b></p>



Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Subtitle B—USDA Farm Operating Loans</b>			
<b>Loan limit.</b> Sets the loan limit per borrower for guaranteed farm operating loans at \$700,000, increased beginning with FY2000 by the inflation percentage since 1996 in the NASS Index of Prices Paid by Farmers. In FY2018, USDA announced the inflation-adjusted limit at \$1,399,000. <b>(7 U.S.C. 1943(a))</b>	Raises the loan limit for guaranteed farm operating loans to \$1.75 million per borrower and adjusts it in FY2019 and thereafter for inflation. The calculation of the inflation percentage is not changed and would continue to use a 1996 base year. Does not change the limit for direct loans. <b>(§5201)</b>	Raises the loan limit for guaranteed farm operating loans to \$1.75 million per borrower for the 5-year period FY2019-2023. The calculation of the inflation percentage is not changed and would continue to use a 1996 base year. Increases the limit for direct loans to a constant \$400,000. <b>(§5201)</b>	Similar to Senate provision but without a sunset date and with an amendment to clarify that the inflation adjustment for the guaranteed loan limit is indexed to 2019. <b>(§5201)</b>
<b>Microloans.</b> Authorizes a microloan program for farm operating loans of less than \$50,000, with streamlined application and approval processes. <b>(7 U.S.C. 1943(c))</b>	Changes the word <i>title</i> to <i>subsection</i> to clarify technical references within the statute that the \$50,000 limit applies to microloans only. <b>(§5202)</b>	No comparable provision.	Identical to House provision. <b>(§5202)</b>
Authorizes a microloan pilot project to deliver microloans through community development financial institutions. <b>(7 U.S.C. 1943(c)(4))</b>	No comparable provision.	Reauthorizes the pilot project to FY2023. <b>(§5202)</b>	Identical to Senate provision. <b>(§5203)</b>
<b>Subtitle C—Administrative Provisions</b>			
<b>Individual Development Accounts.</b> Authorizes appropriations for the Beginning Farmer and Rancher Individual Development Account Program at \$5 million per year through FY2018. This program has never received appropriations. <b>(7 U.S.C. 1983b)</b>	Reauthorizes appropriations through FY2023. <b>(§5301)</b>	Identical to House provision. <b>(§5301)</b> Reauthorizes appropriations through FY2024. <b>(§12624(a))</b>	Identical to House and Senate provisions. <b>(§5301)</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Funding.</b> Authorizes appropriations for loan levels of \$4.226 billion through FY2018, subdivided as follows: \$1.2 billion for direct loans (\$350 million for farm ownership loans and \$850 million for operating loans), and \$3.026 billion for guaranteed loans (\$1 billion for farm ownership loans and \$2.026 billion for operating loans). Actual appropriations have exceeded these amounts in recent years. <b>(7 U.S.C. 1994(b)(1))</b></p>	<p>Reauthorizes the same loan levels through FY2023. <b>(§5302)</b></p>	<p>Reauthorizes loan levels through FY2023, and raises the total to \$12 billion, subdivided as follows: \$4 billion for direct loans, and \$8 billion for guaranteed loans. Within the subtotals for direct and guaranteed loans, half of each is for farm ownership loans and half is for operating loans, <b>(§5302)</b></p>	<p>Similar to Senate provision with an amendment to raise the total to \$10 billion, subdivided as follows: \$3 billion for direct loans and \$7 billion for guaranteed loans. Within the subtotals for direct and guaranteed loans, half of each is for farm ownership loans, and half is for operating loans. <b>(§5302)</b></p>
<p><b>Set-aside for beginning farmers and ranchers.</b> Reserves 50% of each year's direct farm operating loan authority to be used for beginning farmers and ranchers for 11 months through September 1 of each fiscal year from FY2008 to FY2018. <b>(7 U.S.C. 1994(b)(2)(A)(ii)(III))</b></p>	<p>Reauthorizes the set-aside through FY2023. <b>(§5303)</b></p>	<p>Identical to House provision. <b>(§5303)</b></p>	<p>Identical to House provision. <b>(§5303)</b></p>
<p><b>Microloan funding.</b> No comparable specification for microloans. <b>(7 U.S.C. 1994(b))</b></p>	<p>No comparable provision.</p>	<p>If the amount available for direct microloans is insufficient to meet demand, and subject to notification to Congress, a new section to the Consolidated Farm and Rural Development Act (ConAct) authorizes the use of mandatory funds of the Commodity Credit Corporation to support up to \$5 million of direct microloans for farm operating purposes. <b>(§12617)</b></p>	<p>Similar to Senate provision with an amendment to authorize discretionary appropriations up to \$5 million instead of mandatory funding. <b>(§5304)</b></p>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<b>Equitable relief.</b> Adds a new section to the ConAct to provide relief to a farmer whose failure to comply with the terms of the farm loan program was caused by an action of USDA. The Secretary may allow the farmer to retain the loan or provide other relief as determined appropriate. <b>(§5304)</b>	Identical to Senate provision. <b>(§5305)</b>
Authorizes fees to be charged for guaranteed loans. Authorizes the percentage of the loan principal that is guaranteed for repayment. Generally, guarantees are between 80% and 90%, depending on the credit risk of the borrower, except for a 95% guarantee on refinancing and the down payment loan program. <b>(7 U.S.C. 1929(h); and 7 C.F.R. 762.129)</b>	No comparable provision.	<b>FSA loan guarantee for beginning and socially disadvantaged farmers.</b> Exempts beginning farmers and ranchers, and socially disadvantaged farmers and ranchers, from the 1.5% guarantee fee that is charged on guaranteed farm ownership and farm operating loans, and raises the ratio of the loan that is guaranteed for beginning and socially disadvantaged farmers to 95%. <b>(§5305)</b>	Similar to Senate provision but without the waiver of the fee. <b>(§5306)</b>
In general, prohibits making loans to farmers who are delinquent on repaying USDA farm loans, or who have received debt forgiveness. Allows exceptions for certain operating loans when there has been a restructuring or for emergency loans when the restructuring was before 1996 and there has not been debt forgiveness after 1996. <b>(7 U.S.C. 2008h)</b>	No comparable provision.	<b>Emergency Loan Eligibility.</b> Expands the exception to allow borrowers who have received a debt write down or restructuring of a farm loan (due to circumstances beyond the control of the borrower) to maintain eligibility for an emergency loan. <b>(§5306)</b>	Identical to Senate provision. <b>(§5307)</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Subtitle D—Miscellaneous</b>			
<p><b>Technical corrections to the ConAct.</b> For eligibility in the Emergency Loan Program, the 2014 farm bill added <i>and such other legal entities</i> to the first sentence. It was executed in Section 321(a) of the ConAct in the second sentence to reflect the probable intent of Congress. <b>(7 U.S.C. 1961(a))</b></p>	<p>Clarifies the location in the second sentence for the addition of <i>and such other legal entities</i> to the eligibility for the Emergency Loan Program. Retroactive to the 2014 farm bill. <b>(§5401(b))</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5401(a))</b></p>
<p>The Agricultural Credit Improvement Act of 1992 attempted to add flexibility for a state director to extend a 60-day period for a borrower to respond to notice of loan delinquency that was sent by the Secretary. The 1992 revision of Section 331D(e) of the ConAct could not be executed. <b>(7 U.S.C. 1981d(e))</b></p>	<p>Clarifies that a state director may add flexibility to the time period allowed for a borrower to respond to a notice sent by the Secretary about a loan becoming delinquent. Retroactive to 1992. <b>(§5401(c))</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5401(b))</b></p>
<p>Approved lender. The definition of <i>approved lender</i> in Section 333A(f)(1)(A) of the ConAct references Section 114. Notes in the act suggest that the probable intent of Congress was likely Section 339. <b>(7 U.S.C. 1983a(f)(1)(A))</b></p>	<p>Clarifies the definition of <i>approved lender</i> with reference to Section 339 of the ConAct. Retroactive to 1992. <b>(§5401(d))</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5401(c))</b></p>
<p>In the guaranteed loan program, the classification of “preferred certified lender” has authority to make certain decisions about loans that are not granted to all lenders that receive guarantees. <b>(7 U.S.C. 1989(d)(3))</b></p>	<p>Capitalizes the spelling of Preferred Certified Lender. <b>(§5401(e))</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5401(d))</b></p>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
An instruction in the 2014 farm bill attempted to change the reference to <i>or joint operators</i> in Section 343(a)(11)(C) of the ConAct to <i>joint operator, or owners</i> , as noted in its execution. <b>(7 U.S.C. 1991(a)(11)(C))</b>	Clarifies in the definition of <i>qualified beginning farmer or rancher</i> that flexibility was added with the addition of <i>or owners</i> to the phrase about alternative legal entities. Retroactive to the 2014 farm bill. <b>(§5401(f))</b>	No comparable provision.	Identical to House provision. <b>(§5401(e))</b>
To apply certain definitions, Section 343(b) of the ConAct references Section “307(e).” Notes made during the execution suggest that the intent may have been Section 307(d). <b>(7 U.S.C. 1991(b))</b>	Deletes reference to Section 307(e), and inserts reference to Section 307(d). Retroactive to the 2014 farm bill. <b>(§5401(g))</b>	No comparable provision.	Identical to House provision. <b>(§5401(f))</b>
A paragraph in statute ended in an extra comma after an amendment was made in the 1996 farm bill. <b>(7 U.S.C. 1994(a))</b>	Deletes the extra comma at the end of the paragraph. <b>(§5401(h))</b>	No comparable provision.	Identical to House provision. <b>(§5401(g))</b>
The Down Payment Loan Program encourages retiring farmers and ranchers to sell their property to beginning farmers and ranchers with seller financing. The 2008 farm bill added <i>and socially disadvantaged farmers and ranchers</i> but did not specify the location and was executed with a note in Section 310E(d)(3) of the ConAct about placement to reflect the probable intent of Congress. <b>(7 U.S.C. 1935(d)(3))</b>	Clarifies the location for the addition of <i>and socially disadvantaged farmers and ranchers</i> in the statute about encouraging retiring farmers and ranchers to offer seller financing. Retroactive to the 2008 farm bill. <b>(§5401(a))</b>	No comparable provision.	No comparable provision. The text is revised separately by Section 12306(c), which accomplishes the technical correction.

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>State Agricultural Mediation Program.</b> Authorizes a matching grant program for states that provide third-party mediation services for agricultural credit disputes. <b>(7 U.S.C. 5101)</b>            Authorizes appropriations of \$7.5 million annually through FY2018. <b>(7 U.S.C. 5106)</b></p>	<p>Reauthorizes appropriations through FY2023. <b>(§5601)</b></p>	<p>Reauthorizes appropriations through FY2023. Expands the scope of issues covered by the program to include issues outside the jurisdiction of USDA; to include the national organic program, leases on land and equipment, family farm transition, and disputes between a farmer and a neighbor; allow credit counseling prior to USDA mediation or separate from USDA mediation; to include other parties addressed in mediation. Ensures notification to USDA of issues in mediation. Directs USDA to report to Congress, within two years, about the effectiveness of the program, and recommendations for improvement. <b>(§5401)</b></p>	<p>Identical to Senate provision. <b>(§5402)</b></p>
<p><b>Compensation of Farm Credit System Bank Directors.</b> Establishes a limit for compensation of members of the boards of directors of FCS banks as \$20,000 per year, adjusted for inflation. <b>(12 U.S.C. 2209)</b></p>	<p>Repeals the section that establishes the limit on compensation of FCS bank boards of directors. <b>(§5508)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5403)</b></p>
<p><b>Privileged information with Farm Credit Administration.</b> Instructs FCA to examine the banks and associations of the FCS, and to report on the condition of the System. Empowers FCA to share confidentially with the Farm Credit Insurance Corporation information about examinations. <b>(12 U.S.C. 2254)</b></p>	<p>States that FCS institutions do not waive attorney-client privilege if they provide the content of a communication to the FCA as part of a regulatory or supervisory process. <b>(§5504)</b></p>	<p>Identical to House provision. <b>(§5403)</b></p>	<p>Identical to House provision. <b>(§5404)</b></p>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Farm Credit Administration Headquarters.</b> Provides for the provision of headquarters and other facilities for FCA. <b>(12 U.S.C. 2251)</b>	Directs that the principal office of FCA shall be in the Washington, DC, metropolitan area, with other offices throughout the United States as necessary. <b>(§5503)</b>	Similar to the House provisions. <b>(§5407(28))</b>	Identical to House provision. <b>(§5405)</b>
No comparable provision.	No comparable provision.	Allows the FCA, like other financial industry regulators, to prevent any individual who has been removed for violating a law, breached fiduciary duty, or participated in any unsafe or unsound practice in the FCS, from working in another sector of the financial industry. This new authority mirrors existing authority provided other regulators. <b>(§5404)</b>	Identical to Senate provision. <b>(§5406)</b>
<b>Scope of FCA jurisdiction.</b> Provides various enforcement powers to FCA against FCS entities, directors, officers, employees, and agents that engage in unsafe or unsound practices or violate the regulations of the FCS. <b>(12 U.S.C. 2261-2274)</b>	Adds a provision that the scope of FCA’s jurisdiction shall include “institution-affiliated parties” (as defined in Section 5506) and that the parties may be held accountable to laws and regulations. This jurisdiction is retroactive and shall continue to apply for six years after the party ceases to be affiliated with the FCS. <b>(§5505)</b>	Similar to the House provision, although separates the provision in to multiple paragraphs. <b>(§5405)</b>	Identical to Senate provision. <b>(§5407)</b>
Defines various terms for the enforcement powers of FCA. <b>(12 U.S.C. 2271)</b>	Adds a definition for <i>institution-affiliated party</i> (as used in Section 5505) to include the directors, officers, employees, shareholders, and agents of system institutions, including independent contractors (such as attorneys, appraisers, or accountants) and any others who participate in system affairs. <b>(§5506)</b>	Identical to House provision. <b>(§5406)</b>	Identical to House and Senate provisions. <b>(§5408)</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Use of FCS Insurance Corporation funds.</b> Specifies various prohibitions and limitations about the Farm Credit System Insurance Corporation. <b>(12 U.S.C. 2277a-14)</b></p>	<p>Adds a paragraph that no funds of the Farm Credit System Insurance Corporation may be used to assist FarmerMac. <b>(§5509)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§5409)</b></p>
<p><b>FarmerMac qualified loans.</b> Defines that the maximum size of a “qualified loan” that FarmerMac may finance is \$2.5 million adjusted for inflation (\$12.6 million in FY2018), except if the loan is secured by less than 1,000 acres. <b>(12 U.S.C. 2279aa-8(c)(2))</b></p>	<p>Increases the acreage exception to the dollar limit to be a “qualified loan” for FarmerMac from 1,000 acres to 2,000 acres. Effective one year after the study by FCA (ordered in Section 5602(a)(2)) indicates that it is feasible to increase the limit. <b>(§5507)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision but with reference to the study that is required in Section 5414. <b>(§5410)</b></p>
<p><b>Repeal of obsolete provisions in Farm Credit Act.</b> Establishes, and sets conditions for an Assistance Board, a Financial Assistance Corporation, and related funding to remediate losses within the FCS during the 1980s. <b>(12 U.S.C. 2278a-2278b-11, 2151, 2159, 2277a-9(b), 2162(c), 2202c, 2219c, 2254(b), 2271 (4), 2277a-7(2), 2279d(a)(4))</b></p>	<p>Deletes references to the now-obsolete Assistance Board, Financial Assistance Corporation, and funding. Terminates the Financial Assistance Corporation after December 31, 2018. <b>(§5501(t), (u), (x), (bb), (ee), (ii), (jj), (mm), (nn), (oo), (qq))</b></p>	<p>Similar to the House provisions. <b>(§5407(1), (17), (18), (20), (23), (26), (31)(B), (34), (37), (38), (39), (41), (46))</b></p>	<p>Identical to House and Senate provisions. <b>(§5411(1), (17), (18), (20), (23), (26), (31)(B), (34), (37), (38), (39), (41), (46))</b></p>
<p>Defines the entities that comprise the FCS, all of which are regulated by FCA. <b>(12 U.S.C. 2002(a))</b></p>	<p>Revises the definition of entities that comprise the FCS to include more specific identification of the current types of entities and includes the Federal Farm Credit Banks Funding Corporation, FarmerMac, and service corporations, all of which shall continue to be regulated by FCA. <b>(§5501(a))</b></p>	<p>Identical to House provision. <b>(§5407(2))</b></p>	<p>Identical to House and Senate provisions. <b>(§5411(2))</b></p>



Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Allows a production credit association in a district with two such associations to serve borrowers who are denied credit by the other association if FCA determines that the denying association was “unduly restrictive” in granting credit. <b>(12 U.S.C. 2075(d))</b>	Deletes this section, which is no longer applicable. <b>(§5501(b))</b>	Identical to House provision. <b>(§5407(3))</b>	Identical to House and Senate provisions. <b>(§5411(3))</b>
Establishes a system of banks for cooperatives in the FCS. <b>(12 U.S.C. 2121, 2123, 2128, 2130, 2131(c), 2132, 2141, 2142, 2149)</b>	Deletes various references to a Central Bank for Cooperatives, United Bank of Cooperatives, and/or a National Bank of Cooperatives while continuing to recognize the existence of a bank for cooperatives. <b>(§5501(c), (d), (e), (f), (h), (j), (k), (m), (n), (o), (p), (q), (r), (s))</b>	Similar to the House provisions. <b>(§5407(4), (5), (7), (9), (11), (12), (13), (14), (15), (16))</b>	Identical to Senate provision. <b>(§5411(4), (5), (7), (9), (11), (12), (13), (14), (15), (16))</b>
Establishes provisions relating to the funding and governance of the Farm Credit Banks through referring to district banks. <b>(12 U.S.C. 2126, 2131(d))</b>	Deletes the obsolete word <i>district</i> in reference to the Farm Credit Banks, as that is no longer used following years of consolidation. <b>(§5501(g), (l))</b>	Similar to the House provisions. <b>(§5407(6), (10))</b>	Identical to Senate provision. <b>(§5411(6), (10))</b>
Allows a bank for cooperatives to make loans to the Rural Electrification Administration. <b>(12 U.S.C. 2129(b)(1)(A))</b>	Inserts language recognizing a successor agency to the Rural Electrification Administration after the latter was absorbed into the USDA Rural Utilities Service. <b>(§5501(i))</b>	Similar to the House provisions. <b>(§5407(8))</b>	Identical to Senate provision. <b>(§5411(8))</b>
During the tenure of the Assistance Board, a member of the Assistance Board shall be a nonvoting member of the board of the Farm Credit System Funding Corporation. After termination of the Assistance Board, its successor, the Farm Credit System Insurance Corporation, shall not have a member on the Funding Corporation board. <b>(12 U.S.C. 2160(d)(2))</b>	Deletes reference to the now-obsolete Assistance Board and retains language that the Insurance Corporation shall not have a member on the board of the Funding Corporation. <b>(§5501(v))</b>	Similar to the House provisions. <b>(§5407(19))</b>	Identical to Senate provision. <b>(§5411(19))</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Lists the FCS institutions that are applicable to various requirements. (12 U.S.C. 2184(a)(1), 2205, 2207(a), 2254 (a), 2274)	Revises the lists to more generically refer to FCS banks or associations and its current structure. (§5501(y), (cc), (dd), (hh), (kk))	Similar to the House provisions. (§5407(21), (24), (25), (31)(A), (35))	Identical to Senate provision. (§5411(21), (24), (25), (31)(A), (35))
Defines terms relating to the restructuring of distressed loans. (12 U.S.C.2202a)	Applies the definitions that are used for distressed loans to the section about the “right of first refusal” for borrowers’ rights (12 U.S.C. 2219). (§5501(z), (aa))	Similar to the House provisions. (§5407(22))	Identical to Senate provision. (§5411(22))
Establishes provisions and conditions for the transition of various parts of the FCS as it is created, especially from the 1980s and 1990s for FarmerMac. (12 U.S.C. 2160(e), 2252(a)(2), 2253, 2275, 2279c-2(c), 2279aa(2), 2279aa(6), 2279aa(8), 2279aa-2(b), 2279aa-4(a)(1), 2279aa-6(d), 2279bb-1(a), 2279bb-4(e))	Deletes provisions that are transitional in nature now that the FCS is established. (§5501(w), (ff), (gg), (ll), (pp), (rr), (ss), (tt), (uu), (vv), (ww), (xx))	Similar to the House provisions. (§5407(27), (29), (30), (32), (33), (36), (40), (42), (43), (44), (45), (47), (48), (49), (50), (51))	Identical to Senate provision. (§5411(27), (29), (30), (32), (33), (36), (40), (42), (43), (44), (45), (47), (48), (49), (50), (51))
Provides for the establishment and administration of FCA and certain of its powers to regulate entities of FCS. (12 U.S.C. 1141b, 1141c, 1141d, 1141e, 1141f, 1141i, 1141j, 1141d-1, 1148, 1148a-4, 1148b, 1148c, 1148d, 1401-1404)	<b>Conforming repeals.</b> Repeals sections about FCA that have been superseded by newer statutes for FCA that are in 12 U.S.C. 2241 et seq. and that are part of the Farm Credit Act of 1971, as amended. (§5502)	Similar to the House provisions. (§5407(52), (53), (54), (55), (56), (57), (58), (59), (60), (61), (62), (63), (64))	Identical to Senate provision. (§5411(52), (53), (54), (55), (56), (57), (58), (59), (60), (61), (62), (63), (64))

**Farm Credit System Insurance Corporation (FCSIC) Authorities.**

Authorizes FCSIC to “act as a conservator or receiver” over a troubled FCS institution, including an FCS bank, but the statute is largely silent regarding: the FCSIC’s powers and duties as a conservator or receiver, the process by which the FCSIC may administer a conservatorship or receivership, and the rights and responsibilities of parties impacted by an FCS institution being placed into a conservatorship or receivership. **(12 U.S.C. 2277a-7)**

No comparable provision.

Adds provisions that provide greater statutory guidance regarding the powers and duties of the FCSIC when acting as a conservator or receiver, the process by which the FCSIC may administer a conservatorship or receivership to resolve a troubled FCS institution, and the rights and duties of parties affected by an FCS institution being placed into a conservatorship or receivership. These authorities are largely modeled after the existing conservatorship/receivership statutory regime (12 U.S.C. 1821) that is applicable to Federal Deposit Insurance Corporation (FDIC)-insured depository institutions (e.g., banks and saving associations). The provisions at times deviate from the FDIC model to account for, among other things, the varying activities of FCS institutions and insured depository institutions.

Among other things, the provisions:

Provide that the FCSIC, upon being appointed conservator or receiver, shall “succeed to all rights, titles, powers, and privileges” of the relevant FCS institution’s officers, directors, and shareholders;

Authorize the FCSIC, as conservator, to take steps “necessary to put the [FCS] institution in a sound and solvent condition,” and, as receiver, to merge a failed FCS institution with a different FCS institution and sell the assets of a failed FCS institution; and

Establish processes for FCSIC, as receiver, to determine and pay valid claims of failed FCS institution’s creditors based on a statutorily prescribed priority

Identical to Senate provision. **(§5412)**

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<p>scheme, and to disallow certain creditor claims against the FCS institution. <b>(§5408)</b></p> <p><b>Report Requirement.</b> Creates an annual reporting requirement for the Farm Service Agency farm loan program. The USDA report is to address the farm ownership and farm operating loan programs at an aggregate level, and include: borrowers' ages and length of time that borrowers have been farming; the size of farms or ranches; race, ethnicity and gender of borrowers; sizes and types of farm loans made or guaranteed; the default rates by type of loan; the number of loans by state and county, by size cohort; and loans made compared to target participation measures for beginning and socially disadvantaged farmers, by location. A comprehensive review is also due every five years that assesses trends in the annual reports and actions that USDA will take to improve participation by underserved borrowers. <b>(§5409)</b></p>	Identical to Senate provision. <b>(§5413)</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p><b>FCA study.</b> Directs FCA to conduct a study that (1) analyzes and compares financial risks of loans in the FCS and by FarmerMac and how such risks are capitalized and (2) assesses the feasibility of increasing to 2,000 acres the 1,000 acre exception in the definition for <i>qualified loans</i> for FarmerMac (see 12 U.S.C. 2279aa-8). The study is to be submitted to Congress 180 days after enactment. <b>(§5602)</b></p>	No comparable provision.	Identical to House provision. <b>(§5414)</b>
No comparable provision.	<p><b>Report on the credit needs of Indian tribes.</b> Directs the Government Accountability Office (GAO) to write a report for Congress within 90 days of enactment that studies the agricultural credit needs of Indian tribes and members of Indian tribes. The report is to address whether the FCS has sufficient authority and resources to meet the credit needs of these farm, ranch, and related businesses borrowers; and to identify legislative and other recommendations that would help meet such needs. <b>(§5603)</b></p>	No comparable provision.	Identical to House provision. <b>(§5415)</b>

Prior Law (2014 Farm Bill)	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Directs the Farm Credit System to have a loan program for young, beginning, and small (YBS) farmers and ranchers, and to report to the Farm Credit Administration annually to summarize those operations. <b>(12 U.S.C. 2207)</b>	No comparable provision.	Adds “socially disadvantaged farmers and ranchers,” as defined for the Farm Service Agency loan program, to the Farm Credit System YBS requirement. <b>(§5402)</b>	Directs GAO to write a report for Congress within 120 days of enactment that (1) studies the credit and services provided to socially disadvantaged farmers and ranchers by all agricultural credit providers (including FCS, commercial banks, FarmerMac, life insurance companies, and others as determined by GAO); (2) reviews participation by such farmers; (3) identifies barriers that limit availability of credit; and (4) recommends improvements for outreach. <b>(§5416)</b>
Part of the FSA loan program is reserved for beginning farmers and ranchers. <b>(7 U.S.C. 1994 (b)(2))</b> Funds are also targeted to "socially disadvantaged" farmers by race, gender, and ethnicity. <b>(7 U.S.C. 2003)</b>	No comparable provision.	Sense of the Senate that the existing reserve amounts and targets for the farm loan program are to “incentivize participation,” and to encourage beginning and socially disadvantaged farmers to use FSA loans. <b>(§5410)</b>	No comparable provision.

**Table 10. Rural Development**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Improving Health Outcomes in Rural Communities</b>			
<p><b>Project prioritization.</b> The Secretary is authorized to coordinate a nationwide rural development program using the services of executive branch departments and agencies. <b>(7 U.S.C. 2204a-2204b)</b></p>	<p>Authorizes the Secretary to announce a reprioritization of certain loan and grant programs to assist rural communities in responding to specific health emergencies (e.g., opioid abuse). Authorizes not less than 10% of the distance learning/telemedicine appropriation for telemedicine services to individuals affected by the emergency. Prioritizes the community facilities loan and grant program for developing prevention, treatment, and recovery services for individuals affected by the emergency. <b>(§6001)</b></p>	<p>Requires the Secretary to give priority for community facilities direct loans and grants to applicants who develop facilities providing substance use disorder (including opioid substance use disorder) prevention, treatment, and/or recovery services, and employ staff with expertise and training in identifying and treating individuals with substance abuse disorders. Loan and grant funds may also be used to develop telemedicine services and facilities to address substance use disorder treatments. <b>(§6105)</b></p>	<p>Similar to Senate provision but with the inclusion of the House language authorizing temporary prioritization of rural health assistance. Also adds a limit to the duration of project prioritizations and defines <i>public health disruption</i> for the purposes of this section.</p> <p>Merges this provision with Senate Section 6303 directing the Secretary to give priority for rural health and safety education grants to applicants who will develop substance use disorder education, treatment, and prevention. Also merges Senate provision Section 6301(a), which authorizes no less than 20% of distance learning and telemedicine funds for projects that provide substance use disorder treatments services. <b>(§6101)</b></p>
<p><b>Distance learning and telemedicine program.</b> Provides grants to rural hospitals, clinics, schools, and libraries to develop and improve their telecommunications infrastructure. Authorizes funding of \$75 million annually FY2014-FY2018, subject to appropriations. <b>(7 U.S.C. 950aaa)</b></p>	<p>Authorizes appropriations of \$82 million annually FY2019-FY2023 for the distance learning and telemedicine program. <b>(§6002)</b></p>	<p>Amends the program to provide no less than 20% of the amounts made available to the program for substance abuse disorder treatments. Reauthorizes appropriations of \$75 million annually for FY2019-FY2023. <b>(§6301)</b></p>	<p>Identical to House provision. <b>(§6102)</b></p>
<p><b>Farm and Ranch Stress Assistance Network.</b> In coordination with the Secretary of Health and Human Services, the Secretary is authorized to make competitive grants to establish a Farm and Ranch Stress Assistance</p>	<p>Reauthorizes such sums as necessary for FY2019-FY2023. Requires a review of the program within two years after the first grant is awarded. <b>(§6003)</b></p>	<p>Amends to designate eligible entities. Authorizes training and workshops for affected farmers and ranchers. Also authorizes the Network to enter into contracts with community-based, direct service organizations to initiate and</p>	<p>See Section 7412 in Table 11.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
Network to provide stress assistance programs for those engaged in agriculture-related occupations. Such sums as necessary authorized FY2008-FY2012. <b>(7 U.S.C. 5936)</b>	<b>Agricultural association group health plans.</b> Authorizes a loan and grant program to assist in the establishment of agricultural association group health plans for rural areas. In coordination with the Secretary of Labor, the Secretary is authorized to make no more than 10 loans to establish agricultural association group health plans to qualified agricultural associations. Authorizes \$65 million for the period FY2019-FY2022. <b>(§6004)</b>	expand programs. Requires a report from the Secretary in coordination with the Secretary of Health and Human Services describing the mental and behavioral health of farmers and ranchers. Authorizes \$10 million annually for FY2019-FY2023. <b>(§7511)</b>	No comparable provision.
No comparable provision.	Amends to authorize the refinancing of debt obligations of rural hospitals as an eligible loan or loan guarantee purpose if the assistance would help preserve access to a health service in a rural area and improve the financial position of the hospital. <b>(§6005)</b>	No comparable provision.	Similar to House provision with minor amendments. <b>(§6103)</b>
<b>Connecting Rural Americans to High-Speed Broadband</b>			
No comparable provision.	<b>Establishing forward-looking broadband standards.</b> Amends Section 601 of the Rural Electrification Act of 1936. Directs the Secretary to establish minimum acceptable standards of broadband service of 25 megabits per second downstream transmission capacity and three megabits per second	No comparable provision.	See Section 6201 below.



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>upstream transmission capacity and projections of broadband service five, 10, 15, 20, and 30 years into the future. Loans are conditioned on meeting the acceptable minimum standards. Requires a report to the House and Senate Agriculture Committees on the effectiveness of broadband loans for expanding broadband to rural areas. <b>(§6101)</b></p> <p><b>Incentives to reach hard-to-reach communities.</b> Amends Title VI of the Rural Electrification Act of 1936. Establishes a method for calculating service points per road mile as a density measure. Eligible applicants are those areas with a density of 12 or fewer homes, businesses, or institutions in a proposed service area. Authorizes appropriations of \$350 million for each of FY2019-FY2023. <b>(§6102)</b></p>	No comparable provision.	See Section 6201 below.
<p><b>Access to broadband telecommunications services in rural areas.</b> Title VI of the Rural Electrification Act of 1936. States that the Secretary “shall make or guarantee” loans to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas. Eligible applicants agree to complete buildout of the broadband service described in the loan application by not later than three years after the initial date on which proceeds from the loan made or guaranteed under this section are made available. Authorizes</p>	<p>Amends Section 601 of the Rural Electrification Act to state that the Secretary “shall make loans and shall guarantee loans” for expanding broadband services. <b>(§6103)</b>; Amends requirements to have a broadband loan applicant agree to the buildout of the service in no later than five years rather than three years. <b>(§6110)</b>; Makes a rural area with an incorporated city of 20,000 or more ineligible for direct broadband loans. <b>(§6202)</b>; Authorizes appropriations for loans and loan guarantees of \$150 million for each of FY2019-FY2023. <b>(§6113)</b></p>	<p>Amends Section 601 to</p> <ol style="list-style-type: none"> <li>(1) establish broadband application priorities;</li> <li>(2) identify unserved communities;</li> <li>(3) define broadband development costs, and set maximum levels of grant support;</li> </ol> <p>Further amends to require the Secretary to coordinate with the Federal Communications Commission to ensure that any grant or loan does not conflict with universal service high-cost support provided by the FCC;</p>	<p>Similar to Senate provision but with a number of amendments. Amends the maximum levels of grant support, the application process, and criteria for identifying unserved communities, and further defines broadband buildout requirements. Amends the authorized annual funds for FY2019-FY2023 to \$350,000.</p> <p>Merges this section with House Section 6101(a) and adopts language similar to that provision providing substitute standards for unique service territories and requiring broadband loan applicants</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>appropriations of \$25 million each year for FY2008-FY2018 for loan and loan guarantees to provide access to broadband in rural areas. <b>(7 U.S.C. 950bb et seq.)</b></p>	<p>permits the Secretary to provide not less than 3%, nor more than 5%, of amounts appropriated for the Access to Broadband Telecommunications in Rural Areas for technical assistance and training to applicants for broadband loans and grants.</p> <p>Requires a recipient of a grant or loan to provide complete, reliable, and precise geolocation information that indicates the location of new broadband service that is being provided or upgraded within the service area not later than 30 days after the earlier of the date of completion of any project milestone or the date of completion of the project.</p> <p>Authorizes the Secretary to obligate but not disperse loan or grant funds before the completion of an environmental, historical, or other review if the Secretary determines a subsequent site-specific review shall be adequate and easily accomplished. Authorizes appropriations of \$150 million annually for FY2019-FY2023. <b>(§6206)</b></p> <p>Removes priority for applicants that provide broadband service not predominantly for business service if at least 25% of the customers in the proposed service territory are commercial interests. <b>(§6109)</b></p>	<p>permits the Secretary to provide not less than 3%, nor more than 5%, of amounts appropriated for the Access to Broadband Telecommunications in Rural Areas for technical assistance and training to applicants for broadband loans and grants.</p> <p>Requires a recipient of a grant or loan to provide complete, reliable, and precise geolocation information that indicates the location of new broadband service that is being provided or upgraded within the service area not later than 30 days after the earlier of the date of completion of any project milestone or the date of completion of the project.</p> <p>Authorizes the Secretary to obligate but not disperse loan or grant funds before the completion of an environmental, historical, or other review if the Secretary determines a subsequent site-specific review shall be adequate and easily accomplished. Authorizes appropriations of \$150 million annually for FY2019-FY2023. <b>(§6206)</b></p> <p>Requires the Secretary to give highest priority for loans and grants to the following:</p> <ul style="list-style-type: none"> <li>• unserved rural areas that have no residential broadband service;</li> <li>• applications for projects that provide the maximum level of broadband service to the greatest proportion of rural households in the proposed service area;</li> </ul>	<p>to demonstrate the ability to meet broadband service standards.</p> <p>Also adopts language from House Section 6102 providing incentives for broadband projects in hard to reach communities and adopts language from Section 6110 modifying broadband buildout requirements.</p> <p>Further, merges this section with House Section 6203(b) and Senate Section 6117(b) authorizing the collection of fees for broadband guaranteed loans in a fiscal year to equal the total subsidy costs for loan guarantees in that fiscal year.</p> <p>Moves Senate provisions detailing procedures for assessing unserved communities and broadband buildout data reporting to Section 6207 and moves Senate provision regarding environmental reviews to Section 6208. <b>(§6201)</b></p> <p>Senate Section 6206 adopted in Section 6201, above.</p>
<p><b>Priority to certain applicants.</b> Gives priority to applicants that offer to provide broadband service not predominantly for business service if at least 25 percent of the customers in the proposed service territory are commercial. <b>(7 U.S.C. 950bb(c)(2))</b></p>	<p>Removes priority for applicants that provide broadband service not predominantly for business service if at least 25% of the customers in the proposed service territory are commercial interests. <b>(§6109)</b></p>	<p>Requires the Secretary to give highest priority for loans and grants to the following:</p> <ul style="list-style-type: none"> <li>• unserved rural areas that have no residential broadband service;</li> <li>• applications for projects that provide the maximum level of broadband service to the greatest proportion of rural households in the proposed service area;</li> </ul>	<p>Senate Section 6206 adopted in Section 6201, above.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<ul style="list-style-type: none"> <li>• applications to provide rapid and expanded deployment of fixed and mobile broadband on cropland and rangeland within the proposed service areas for precision agriculture applications;</li> <li>• applications that provide equal consideration to all eligible entities including those that have not previously received broadband loans or grants;</li> <li>• with respect to two or more applications for unserved areas that are given the same priority, gives priority to an application that requests less grant funding than loan funding.</li> </ul> <p>After giving priority to unserved rural communities without any residential broadband and applications that provide the maximum level of broadband service to the greatest proportion of rural households, the Secretary will give priority to the following:</p> <ul style="list-style-type: none"> <li>• rural communities with a population of fewer than 10,000 permanent residents;</li> <li>• rural communities experiencing outmigration and have adopted a strategic community investment plan;</li> <li>• rural communities with a high percentage of low income families or persons;</li> </ul>	

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Access to broadband telecommunications services in rural areas.</b> Title VI of the Rural Electrification Act of 1936. States that the Secretary “shall make or guarantee” loans to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas. <b>(7 U.S.C. 950bb et seq.)</b></p>	<p>Authorizes the Secretary to obligate but not disperse funds for rural broadband projects before completion of any environmental, historical, or other review. Authorizes the Secretary to deobligate funds for a project if the reviews cannot be completed in a reasonable period of time. <b>(§6107(b))</b></p>	<ul style="list-style-type: none"> <li>rural communities that were developed with the participation of, and which would receive a substantial portion of project funding from, state and local government, tribal governments, non-profit entities, public libraries, elementary and secondary schools health care facilities, private entities, and philanthropic organizations. <b>(§6206)</b></li> </ul> <p>Amends the Rural Electrification Act of 1936 to authorize the Secretary to obligate but not disperse funds under the Act if the Secretary determines a subsequent site-specific review shall be adequate and easily accomplished. <b>(§6206(8))</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§6208)</b></p>
<p><b>Rural Electrification Act’s Telephone Loan Program.</b> The Secretary is authorized to make loans to persons now providing, or who may hereinafter provide, telephone service in rural areas; to public bodies now providing telephone service in rural areas; and to cooperative, nonprofit, limited dividend, or mutual associations. <b>(7 U.S.C. 922-928)</b></p>	<p>Authorizes the Secretary to obligate but not disburse funds for broadband projects before completion of otherwise required environmental, historical, or other reviews of the project. The Secretary is also authorized to de-obligate funds for projects if any such review will not be completed in a reasonable period of time. <b>(§6107(a))</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Farmers Home Administration.</b> Section 331 of the Consolidated Farm and Rural Development Act (ConAct). Defines the powers and duties of the</p>	<p><b>Smart utility authority for broadband.</b> Amends the ConAct to permit any recipient of a loan or grant from USDA Rural Development to use up to 10% of the amount provided for</p>	<p>Amends the ConAct to permit the Secretary to fund broadband facilities and broadband service under terms of the Rural Electrification Act of 1936 as an incidental part of any grant, loan, or</p>	<p>Similar to House provision but amends it to direct the Secretary not to provide funding under this provision if the funding will result in competitive harm to any grant, loan, or loan guarantee</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Secretary regarding agricultural credit. (<b>7 U.S.C. 1981</b>)</p> <p><b>Rural electrification.</b> Title I of the Rural Electrification Act of 1936. Authorizes the Secretary to make loans for the purpose of furnishing and improving electric and telephone service in rural areas. (<b>7 U.S.C. 901-918c</b>)</p>	<p>any activity provided under the Access to Broadband Telecommunications Services in Rural Areas and to construct other broadband infrastructure in areas not served by minimum acceptable standards of broadband service. (<b>§6104</b>)</p>	<p>loan guarantee. Funding cannot constitute more than 10% of any loan for a fiscal year for any programs under this title. Directs the Secretary not to provide funding if it would result in competitive harm to any existing grant, loan, or loan guarantee. (<b>§6116</b>)</p>	<p>provided under the Rural Electrification Act. (<b>§6210</b>)</p>
<p><b>Rural gigabit network.</b> A rural, ultra-high-speed gigabit pilot program is authorized in the 2014 farm bill (P.L. 113-79). Authorized appropriation of \$10 million each of FY2014-FY2018. (<b>7 U.S.C. 950bb-2</b>)</p>	<p>Renames the Rural Gigabit Program Innovative Broadband Advancement. Authorizes loans and grants for the purpose of demonstrating innovative broadband technologies or methods of broadband deployment that significantly decrease the costs of broadband deployment. Gives priority to projects involving multiple entities and would provide service to the greatest number of rural residents at or above the minimum broadband speed. (<b>§6105</b>)</p>	<p>No comparable provision.</p>	<p>Similar to House provision with minor amendments. (<b>§6203</b>)</p>
<p><b>Unified broadband reporting requirements.</b> Authorizes loans and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas. (<b>7 U.S.C. 950bb</b>)</p>	<p>Directs the Secretary to report annually to Congress on the extent of participation in the broadband loan and grant program. (<b>§6106</b>)</p>	<p>No comparable provision.</p>	<p>See Section 6207 below.</p>
<p><b>Evaluation period.</b> Establishes not less than two evaluation periods for each fiscal year to compare loan and loan guarantee applications and to prioritize loans and loan guarantees to all or part of rural communities that do not have residential broadband service that meets the minimum acceptable</p>	<p>Reduces the evaluation period from two evaluation periods to one. (<b>§6108</b>)</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
level of broadband service. <b>(7 U.S.C. 950bb(c)(2)(A))</b>	Amends to include other telecommunication loans (e.g., broadband). <b>(§6111(a))</b>	Amends to include other eligible telecommunication loans (e.g., broadband) and removes the limit that refinancing may not constitute more than 40% of any loan. <b>(§6209(a))</b>	Identical to Senate provision. <b>(§6211)</b>
<p><b>Refinancing of telephone loans.</b> Section 201 of the Rural Electrification Act of 1936. The Secretary is authorized and empowered to make loans for the purpose of refinancing outstanding indebtedness of persons providing telephone service in rural areas. Such refinancing shall not constitute more than 40% of any loan made under this section. <b>(7 U.S.C. 922)</b></p>	Amends to permit refinancing of telecommunications loan other than those made under the Rural Electrification Act. <b>(§6111(b))</b>	Provides the Rural Utilities Service (RUS) the authority to refinance telephone and broadband loans other than those made under the Rural Electrification Act. <b>(§6209(b))</b>	Similar to Senate provision except this provision is adopted as a new section of the Rural Electrification Act rather than an amendment to the existing section. <b>(§6209)</b>
<p><b>Reporting requirements.</b> Requires reporting that provides the progress toward fulfilling the objectives for which the assistance was granted, including (I) the number and location of residences and businesses that will receive new broadband service, existing network service improvements, and facility upgrades resulting from the federal assistance; (II) the speed of broadband service; (III) the average price of broadband service in a proposed service area; (IV) any changes in broadband service adoption rates, including new</p>	Removes a reporting requirement that borrowers report the location of residences and businesses that will receive new broadband service, existing network service improvements, and facility upgrades. <b>(§6112)</b>	No comparable provision.	See Section 6207 below.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>subscribers generated from demand-side projects; and (V) any metrics the Secretary determines to be appropriate. <b>(7 U.S.C. 950bb(d)(8)(A)(ii))</b></p> <p>No comparable provision.</p>	<p><b>Middle mile broadband infrastructure.</b> Authorizes loans for development of middle mile broadband infrastructure, defined as infrastructure that does not directly connect to end user locations. Loans and loan guarantees for middle mile infrastructure are limited to no more than 20% of the amounts made available under Section 601 of the Rural Electrification Act of 1936. <b>(§6114)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision, except Section 602 of the Rural Electrification Act of 1936 is amended rather than Section 601. Also, amends the provision to direct the Secretary to use grant funding as well as loan and loan guarantees and to require that 75% of the interconnection points of a project serve eligible rural areas. Authorizes appropriations of \$10 million per year for FY2019-FY2023. <b>(§6202)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Transparency in the Telecommunications Infrastructure Loan Program.</b> Amends Title VI of the Rural Electrification Act of 1936 to require the Secretary to publish and make available to the public a fully searchable database on the Rural Utility Service (RUS) website, a notice of each application from the Telecommunications Infrastructure Loan and Loan Guarantee Program including the applicant's identity, description of the application, type of support requested, the application status, estimated number of people in each census block group without telecommunication service, a list of census block groups the applicant proposes to service, the name of each borrower, the type of assistance each is receiving, and the purpose for which the</p>	<p>Similar to Senate provision with amendments. Amends the service area assessment to provide an opportunity for service providers, rather than the public, to submit information. Adds reporting requirements for retail broadband improvement and middle mile projects.</p> <p>Includes language from Senate Section 6206 detailing procedures for assessing unserved communities and requiring recipients of broadband loans to provide broadband buildout data.</p> <p>Includes language from House Section 6106 requiring the Secretary to submit an annual report to Congress describing participation in broadband assistance programs and House Section 6112 amending reporting requirements. <b>(§6207)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Rural electrification and telephone revolving fund.</b> Authorizes the Fund in the U.S. Treasury consisting of bonds, notes, and obligations made under the Rural Electrification Act of 1936. (7 U.S.C. 931 et seq.)</p>	<p>No comparable provision.</p>	<p>borrower is receiving assistance. With respect for a loan application, the Secretary is required to provide an opportunity for the public to submit information concerning the service the borrower is offering in the census blocks proposed in the application. <b>(§6208)</b></p>	<p>Identical to Senate provision. <b>(§6507)</b></p>
<p>No comparable provision.</p>	<p><b>Outdated broadband systems.</b> Amends Section 601 of the Rural Electrification Act of 1936 to require the Secretary to consider any portion of a broadband service area subject to an outstanding grant agreement where service is not at least 10 megabits per second and one megabit per second upstream as “unserved” for purposes of broadband loans, unless the broadband provider has constructed or begun to construct service that meets minimal acceptable standards as established under Section 601(e)(1) of the Rural Electrification Act of 1936. <b>(§6115)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision, amends the provision to add an effective date of October 1, 2020. <b>(§6205)</b></p>
<p>No comparable provision</p>	<p><b>Federal broadband program coordination.</b> Directs the Secretary to coordinate with the Assistant Secretary of the National Telecommunications and Information Administration for assessment and mapping capabilities. The Secretary will consult with the</p>	<p>Directs the Secretary to coordinate with the FCC to ensure any grants, loans, or loan guarantees complement, and do not conflict with, support provided by FCC. <b>(§6206(3)(A)(ii))</b></p>	<p>Similar to House provision with minor amendments. <b>(§6212)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>Federal Communications Commission (FCC) before making a broadband loan or grant for a project to serve an area in which another entity is receiving Connect America Fund or Mobility Fund support under the federal universal service support mechanism. The FCC shall submit a report to congressional committees assessing its abilities to meet various objectives regarding long-term broadband service needs of rural residents. <b>(§6116)</b></p> <p><b>Effective date.</b> Requires that the Secretary issue final rules before any amendments in this Subtitle take effect. <b>(§6117)</b></p>	No comparable provision.	<p>Similar to House provision except the 90-day deadline for the Secretary to prescribe final regulations is removed. Further amends by providing the Secretary one year to issue a final rule implementing amendments to the Rural Electrification Act. <b>(§6213)</b></p>
<p><b>Community Connect Grant Program.</b> Provides grant support for broadband transmission in rural areas eligible for the Distance Learning and Telemedicine Program. Supports broadband on a community-oriented connectivity basis to unserved rural areas for projects fostering economic development, education, health care, and public safety. <b>(7 U.S.C. 950bb et seq.)</b></p>	No comparable provision.	<p>Amends to define eligible broadband service at speeds designated by the Secretary to service areas where current service is less than 10 Mbps downstream and 1 Mbps upstream. Defines <i>eligible projects</i> and the use of grant funds under the program. Requires matching funds. Also, requires grant recipients to use a portion of the grant funding to provide free broadband access to community centers. <b>(§6207)</b></p>	<p>Similar to Senate provision with minor amendments. <b>(§6204)</b></p>
No comparable provision.	No comparable provision.	No comparable provision.	<p><b>Default and Deobligation; Deferral.</b> Amends the Rural Electrification Act of 1936 to direct the Secretary to establish written procedures for default and deobligation of broadband loan and grant funds. Authorizes the Secretary to</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<b>Rural Broadband Integration Working Group.</b> See Section 6305 below.	<p>establish a deferral period no shorter than the buildout period for a project in order to support financial feasibility and long-term sustainability of the project. <b>(§6206)</b></p> <p>Similar to Senate Section 6305(l), which establishes a Rural Broadband Integration Working Group, but amends it to establish the group as a standalone group outside of the Council on Rural Community Innovation and Economic Development. Further amends to change the designated working group co-chairs from the Secretary of Agriculture and Secretary of Commerce to the administrator of the Rural Utilities Service, the Assistant Secretary for Communications and Information, the director of the National Economic Council, and the director of the Office of Science and Technology Policy. <b>(§6214)</b></p>
<b>Rural Community, Business Development, and Infrastructure Programs</b>			
<p><b>Strategic Economic and Community Development.</b> Authorizes the Secretary to give priority to applications for rural projects that support strategic community and economic development plans on a multijurisdictional basis. Authorizes the Secretary to reserve up to 10% of the appropriations for community facilities, water and waste disposal, business and industry loan guarantees, and rural business development grants for projects serving</p>	<p>Amends the ConAct to prioritize project applications that support implementation of strategic investment plans on a multi-sectoral and multi-jurisdictional basis by reserving a portion of funds available in a fiscal year for such projects. Also authorizes assistance for developing strategic community investment plans. Authorizes an appropriation of \$5 million for each of FY2019-FY2023 for developing strategic investment plans. <b>(§6201)</b></p>	<p>Amends the ConAct to prioritize project applications that support implementation of strategic investment plans on a multi-sectoral and multi-jurisdictional basis. Directs the Secretary to reserve not more than 10% of funds available in a fiscal year for such projects. Also authorizes assistance for developing strategic community investment plans. Authorizes appropriations of \$5 million for each of FY2019-FY2023 for</p>	<p>Similar to Senate provision but increases the reserve to a maximum of 15% of funds available in a fiscal year. <b>(§6401)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
strategic community and regional plans. <b>(7 U.S.C. 2008v)</b>	Amends the ConAct to exclude water and waste disposal guaranteed loans from the requirement of an eligible rural area being one of 10,000 or less population, and 20,000 for community facilities loans and grants, <b>(§6202)</b>	developing strategic investment plans. <b>(§6123)</b>	Similar to House provision except that funding is reserved for community facilities projects in communities with populations of 20,000 or fewer people and that priority is given to water and wastewater facility projects in communities with populations of 10,000 or fewer people. <b>(§6402)</b>
<b>Rural Definitions.</b> Defines “rural” and “rural area” as any area other than an area with a city or town of 50,000 or more, and the contiguous and adjacent urbanized area to such a city or town. For water and waste disposal applications, the population threshold is 10,000 and 20,000 for community facilities applications, <b>(7 U.S.C. 1991(a)(13).</b>	Amends the ConAct to exclude water and waste disposal guaranteed loans from the requirement of an eligible rural area being one of 10,000 or less population, and 20,000 for community facilities loans and grants, <b>(§6202)</b>	No comparable provision.	Similar to House provision except that funding is reserved for community facilities projects in communities with populations of 20,000 or fewer people and that priority is given to water and wastewater facility projects in communities with populations of 10,000 or fewer people. <b>(§6402)</b>
<b>Special conditions and limitations on loans.</b> Establishes various standards on borrowers. <b>(7 U.S.C. 1983)</b>	Authorizes the collection of loan fees for insured or guaranteed loans in a fiscal year to equal the total subsidy costs for loan guarantees in that fiscal year. <b>(§6203(a))</b>	Authorizes the collection of loan fees from the lender of insured or guaranteed loans in a fiscal year to equal the total subsidy costs for loan guarantees in that fiscal year. <b>(§6117(a))</b>	Similar to House provision except the Secretary is authorized to collect fees in such amounts as to bring down the costs of subsidies for insured or guaranteed loans, providing that the fees shall not act as a bar to participation in the programs, nor be inconsistent with current practices in the marketplace. <b>(§6418)</b>
<b>Collection of fees.</b> Authorizes loans and loan guarantees to provide funds for the costs of the construction, improvement, and acquisition of facilities and equipment for broadband service in rural areas. <b>(7 U.S.C. 950bb(c))</b>	Authorizes the collection of loan fees for broadband guaranteed loans in a fiscal year to equal the total subsidy costs for loan guarantees in that fiscal year. <b>(§6203(b))</b>	Authorizes the collection of loan fees from the lender of broadband guaranteed loans in a fiscal year equal to the total subsidy costs for loan guarantees in that fiscal year. <b>(§6117(b))</b>	See Section 6201 above.
<b>Water, waste disposal, and wastewater facility grants.</b> Authorizes grants to capitalize revolving loan funds of nonprofit association to support water and waste water projects in rural areas. Authorizes \$30 million in grants annually for FY2008-FY2018,	Raises the maximum amount of project financing from \$100,000 to \$200,000. Authorizes \$15 million annually for FY2019-FY2023. <b>(§6204)</b>	Raises the maximum amount of project financing from \$100,000 to \$200,000. Authorizes \$30 million annually for FY2019-FY2023. <b>(§6101)</b>	Identical to House provision. <b>(§6403)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
subject to annual appropriations. (7 U.S.C. 1926(a)(2)(B))	Directs technical assistance toward identifying options to enhance long-term sustainability of rural water systems. Increases appropriations for technical assistance grants from no less than 1% or more than 3% of the water, waste disposal, and wastewater facility grant appropriation to no less than 3% or more than 5%. (§6205)	Directs the Secretary to give priority to private non-profit organizations that have experience providing technical assistance and training on contaminated drinking water and surface water supplies from emerging contaminants. Increases appropriations for technical assistance grants from no less than 1% or more than 3% of the water, waste disposal, and wastewater facility grant appropriation to no less than 3% or more than 5%. (§6102)	Similar to Senate provision but adds that addressing the contamination of drinking water and surface water supplies as an allowable purpose of a grant provided under this section. (§6404).
<b>Rural Water and Waste Water Circuit Rider Program.</b> Provides funding to support technical assistance to water rural water systems. Authorizes funding of \$20 million annually in FY2014 and each fiscal year thereafter. (7 U.S.C. 1926(a)(22))	Authorizes funding at \$25 million in FY2018 and for each fiscal year thereafter. (§6206)	Authorizes funding at \$25 million for each of FY2019-FY2023. (§6103)	Identical to Senate provision. (§6405)
<b>Tribal college and university essential community facilities.</b> Provides grant funding to entities that are tribal colleges to provide the federal share of the cost of developing specific tribal college or university essential community facilities. Authorizes funding of \$10 million each of FY2008-FY2018. (7 U.S.C. 1926(a)(25)(C))	Amends the provision by authorizing funding of \$5 million for each of FY2019-FY2023. (§6207)	Authorizes funding at \$10 million for each of FY2019-FY2023. (§6104)	Identical to Senate provision. (§6406)
<b>Emergency and Imminent Community Water Assistance Program.</b> Provides assistance to water systems in rural communities of 10,000 or less where there is a threat to potable water supplies. Authorizes	Amends the program to reserve any funds for the program only until July 1 of the fiscal year, except where a natural disaster has threatened potable water supplies. Authorizes funding at \$27	Provides selection criteria for projects addressing contamination that poses a threat to human health or the environment. Raises the loan rate provision from \$500,000 to \$1 million. Instructs the Secretary to create an	Similar to Senate provision but limits the length of a grant to provide potable water to communities to 120 days with the possibility to extend for an additional 120 days. Also, adopts House language reserving funds for the

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
funding of \$35 million for each of FY2008-FY2018. <b>(7 U.S.C. 1926a(i)(2))</b>	million annually for FY2019-FY2023. <b>(§6208)</b>	“Interagency Task Force on Rural Water Quality” within 90 days of the enactment of H.R. 2. Requires a report that provides recommendations to the House and Senate agriculture committees. Authorizes funding of \$50 million annually for FY2019-FY2023. <b>(§6106)</b>	program only until July 1 of the fiscal year. <b>(§6407)</b>
<b>Grants for water systems for rural and Native Villages in Alaska.</b> Funding for water projects to improve sanitation and potable water in rural Alaska. Authorizes \$30 million annually for FY2008-FY2013, subject to appropriations. <b>(7 U.S.C. 1926d)</b>	Reauthorizes appropriations at \$30 million annually for FY2019-FY2023. <b>(§6209)</b>	Amends the definition of Alaska and Native villages by using definitions in P.L. 105-83 and 43 U.S.C. 1602. Reauthorizes appropriations of \$30 million annually for FY2019-FY2023. <b>(§6107)</b>	Identical to Senate provision. <b>(§6408)</b>
<b>Household water well systems.</b> Provides funding to third-party organizations with expertise in residential well-water systems to construct, refurbish, and service individually owned household water well systems in rural areas for individuals with low or moderate incomes. Authorizes \$10 million annually for FY2008-FY2018, subject to appropriations. <b>(7 U.S.C. 1926(e))</b>	Reauthorizes appropriations at \$5 million annually for FY2019-FY2023. <b>(§6210)</b>	Renames the provision the “Rural Decentralized Water Systems.” Redefines “eligible individual” as one who does not exceed 60% of the median nonmetropolitan household income for the state or territory. Limits grants to a maximum of \$15,000 for each water well system or decentralized wastewater system. Authorizes \$40 million annually for FY2019-FY2023. <b>(§6108)</b>	Similar to Senate provision but amends authorization of appropriations to \$20 million annually for FY2019-FY2023. <b>(§6409)</b>
<b>Solid waste management grants.</b> Provides grant assistance for communities to establish or improve solid waste management facilities. Authorizes \$10 million annually for FY2008-FY2018, subject to annual appropriations. <b>(7 U.S.C. 1932(b))</b>	Reauthorizes appropriations at \$10 million for each of FY2019-FY2023. <b>(§6211)</b>	Identical to House provision. <b>(§6109)</b>	Identical to House and Senate provisions. <b>(§6410)</b>
<b>Rural business development grants.</b> Provides grants in rural areas for business opportunities and for	Reauthorizes the program at \$65 million for each of FY2019-FY2023. <b>(§6212)</b>	Identical to House provision. <b>(§6110)</b>	Identical to House and Senate provisions. <b>(§6411)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
support of business enterprises that finance small and emerging private enterprises. Authorizes \$65 million for each fiscal year 2014-2018. <b>(7 U.S.C. 1932 (c)(4)(A))</b>	Reauthorizes the program at \$40 million for each of FY2019-FY2023. <b>(§6213)</b>	Requests that Economic Census data (conducted by the Bureau of the Census) be utilized for analysis. Reauthorizes the program at \$40 million annually for FY2019-FY2023. <b>(§6111)</b>	Similar to Senate provision except for the inclusion of a technical correction from the House provision. <b>(§6412)</b>
<b>Rural cooperative development grants.</b> Authorizes the creation of jobs in rural areas through the development of new rural cooperatives, value-added processing, and rural businesses. Authorizes \$40 million annually for FY2008-FY2013, subject to appropriations. <b>(7 U.S.C. 1932(e)(5))</b>	Reauthorizes the program for FY2019-FY2023. <b>(§6214)</b>	Identical to House provision. <b>(§6112)</b>	Identical to House and Senate provisions. <b>(6413)</b>
<b>Locally or regionally produced agricultural food products.</b> Provides funding to increase domestic consumption of locally and regionally produced agricultural products and to provide affordable food products in underserved rural and urban areas. Reserves not less than 5% of the funds of the Business and Industry Loan Guarantee program for support of locally and regionally produced food. Requires an annual report to Congress on the program. <b>(7 U.S.C. 1932(g)(9)(B)(v)(I))</b>	Reauthorizes the program at \$5 million for each year FY2019-FY2023. <b>(§6215)</b>	Identical to House provision. <b>(§6113)</b>	Identical to House and Senate provisions. <b>(§6414)</b>
<b>Appropriate technology transfer for rural areas.</b> Provides grant support at an agricultural institution (e.g., universities) for information activities to agricultural producers. Authorizes \$5 million annually for FY2008-FY2018, subject to appropriations. <b>(7 U.S.C. 1932(i)(4))</b>	Reauthorizes the program at \$5 million for each year FY2019-FY2023. <b>(§6215)</b>	Identical to House provision. <b>(§6113)</b>	Identical to House and Senate provisions. <b>(§6414)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Rural Economic Area Partnership.</b> The program assists communities dealing with geographic and economic isolation, low-density population, absence of nearby metropolitan centers, and historical dependence on agribusiness, out-migration, and economic upheaval to develop strategies for revitalization zones. <b>(7 U.S.C. 1932j)</b></p>	<p>Reauthorizes the program for FY2019-FY2023. <b>(§6216)</b></p>	<p>Identical to House provision. <b>(§6114)</b></p>	<p>Identical to House and Senate provisions. <b>(§6415)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Rural Business-Cooperative Service Programs Technical Assistance and Training.</b> Authorizes the Secretary to make grants to a variety of entities for the purpose of providing or obtaining technical assistance and training to support applications through the Rural Business-Cooperative Service. Authorizes grants to assist communities in identifying economic development needs, identify resources, prepare reports and surveys, and to prepare applications for financial assistance. Authorizes \$5 million annually for FY2019-FY2023. <b>(§6118)</b></p>	<p>Similar to Senate provision but with minor amendments. <b>(§6419)</b></p>
<p><b>Intermediary Relending Program.</b> Provides direct loans at 1% interest to intermediaries to finance business facilities and community development projects in rural areas with populations of 25,000 or less. The Rural Business Service loan to an intermediary is used to establish or fund a revolving loan program to provide financial assistance to ultimate recipients for community development projects, establishment of</p>	<p>Reauthorizes the program at \$10 million for each of FY2019-FY2023. <b>(§6217)</b></p>	<p>Limits the maximum amount of a loan by an eligible entity for projects, including the unpaid balance of any existing loans, to \$400,000 and 50% of the loan to the eligibility entity. Requires the Secretary to establish a schedule consistent with the amortization schedules of the portfolio of loans made or guaranteed. Authorizes appropriations of \$25 million annually for FY2019-FY2023, <b>(§6115)</b></p>	<p>Identical to Senate provision. <b>(§6416)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>new businesses or expansion of existing businesses. Authorizes appropriations of \$25 million for each of FY2014-FY2018, subject to annual appropriations. <b>(7 U.S.C 1936b(e))</b></p>	<p>Amends the definition to exclude incarcerated prison populations in determining whether an area is “rural.” <b>(§6218)</b></p>	<p>No comparable provision.</p>	<p>See Section 6301 below.</p>
<p><b>Definition of rural and rural area.</b> <i>Rural and rural area</i> are defined as any area other than a city or town with a population of 50,000 or more and any urbanized area contiguous or adjacent to such a city or town. <b>(7 U.S.C. 1991(a)(13))</b></p>	<p>Amends the definition to exclude the first 1,500 individuals who reside in housing located on a military base to determining whether an area is “rural” for eligibility for rural broadband loans. Further amends to define <i>rural area</i> for purposes of the Distance Learning and Telemedicine Program as area other than (1) a city or town with a population of 50,000 or more, and any urbanized area contiguous or adjacent to such a city or town, and (2) a city, town, or incorporated area with a population greater than 20,000. <b>(§6505)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision but adds House Section 6218, excluding populations of incarcerated individuals from calculations determining whether an area is “rural” or is a “rural area.” <b>(§6301)</b></p>
<p><b>National Rural Development Partnership.</b> A state-federal rural economic development coordinating entity operating through State Rural Development Councils and a National Rural Development Coordinating Committee. Authorizes appropriations of \$10 million annually for FY2014-FY2018. <b>(7 U.S.C. 2008m)</b></p>	<p>Reauthorizes the program at \$10 million for each of FY2019-FY2023. <b>(§6219)</b></p>	<p>Identical to House provision. <b>(§6119)</b></p>	<p>Identical to House and Senate provisions. <b>(§6420)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Grants for NOAA weather radio transmitters.</b> Provides grant funding to public and nonprofit entities for the federal share of the cost of acquiring radio transmitters to increase coverage in rural areas by the all hazards weather radio broadcast system of the National Oceanic and Atmospheric Administration. Authorizes \$1 million for each of FY2014-FY2018, subject to annual appropriations. <b>(7 U.S.C. 2008p)</b></p>	<p>Reauthorizes the program at \$1 million for each of FY2019-FY2023. <b>(§6220)</b></p>	<p>Identical to House provision. <b>(§6120)</b></p>	<p>Identical to House and Senate provisions. <b>(§6421)</b></p>
<p><b>Rural Microentrepreneur Assistance Program.</b> Provides grant support to third-party entities that assist rural entrepreneurs in establishing microenterprises in rural areas. Authorizes \$40 million annually in discretionary spending for each of FY2009-FY2018, subject to appropriations, and \$3 million in mandatory spending annually for FY2014-FY2018. <b>(7 U.S.C. 2008s)</b></p>	<p>Reauthorizes the program at \$4 million in discretionary funding for each year FY2019-FY2023. <b>(§6221)</b></p>	<p>Authorizes funding at \$20 million for FY2019-FY2023. <b>(§6121)</b></p>	<p>Similar to Senate provision, except the authorization of mandatory funding is eliminated. <b>(§6422)</b></p>
<p><b>Health care services.</b> Addresses unmet health needs in the Mississippi Delta region through grants awarded to health care services and health care education programs. Authorizes \$3 million in appropriations for each of FY2008-FY2018. <b>(7 U.S.C. 2008u)</b></p>	<p>Reauthorizes the program at \$3 million for each year FY2019-FY2023. <b>(§6222)</b></p>	<p>Identical to House provision. <b>(§6122)</b></p>	<p>Identical to House and Senate provisions. <b>(§6423)</b></p>
<p><b>Delta Regional Authority.</b> An eight-state and federal regional planning and development entity that provides loan and grant support for economic development projects in rural counties in the Mississippi Delta area. Authorizes</p>	<p>Reauthorizes the program at \$30 million for each of FY2019-FY2023. <b>(§6223)</b></p>	<p>Identical to House provision. <b>(§6124)</b></p>	<p>Identical to House and Senate provisions. <b>(§6425)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>\$30 million annually for FY2008-FY2018, subject to appropriations. (7 U.S.C. 2009aa et seq.)</p> <p><b>Northern Great Plains Regional Authority.</b> Authorizes an economic development commission that develops regional plans and makes loans and grants for infrastructure and economic development in five Great Plains states. Authorizes \$30 million annually for FY2008-FY2018, subject to appropriations. (7 U.S.C. 2009bb et seq.)</p>	<p>Reauthorizes the program at \$2 million for each of FY2019-FY2023. (§6224)</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Rural Business Investment Program.</b> Modeled on the Small Business Administration's Small Business Investment Companies, the Rural Business Investment Program provides funding to help capitalize Rural Business Companies that, in turn, provide loans to rural businesses. Authorizes \$20 million for each of FY2014-FY2018, subject to appropriations. (7 U.S.C. 2009cc et seq.)</p>	<p>Reauthorizes the program at \$20 million for each of FY2019-FY2023. (§6225)</p>	<p>Identical to House provision. (§6125)</p>	<p>Identical to House and Senate provisions. (§6427)</p>
<p><b>Rural Business Investment Program.</b> Modeled on the Small Business Administration's Small Business Investment Companies, the Rural Business Investment Program provides funding to help capitalize Rural Business Companies that, in turn, provide loans to rural businesses. Authorizes \$20 million for each of FY2014-FY2018, subject to appropriations. (7 U.S.C. 2009cc et seq.)</p>	<p>No comparable provision.</p>	<p><b>Rural Business Investment Program.</b> Strikes the term <i>venture capital</i> and replaces it with <i>equity capital</i> defined as common or preferred stock or a similar instrument, including subordinated debt with equity features. Strikes sentence regarding fees from “does not exceed \$500” to “such fees as the Secretary considers appropriate.” Under the section “Limitation on rural business investment companies controlled by Farm Credit System</p>	<p>Identical to Senate provision. (§6426)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)	
<b>Rural Electrification Act of 1936</b>	<p><b>Guarantees for bonds and notes issued for electrification or telephone purposes.</b> Section 313 of the Rural Electrification Act of 1936. Provides for federal guarantees for bonds and notes that finance rural electrification and telephone infrastructure. States that a lender receiving a guarantee on a bond or note shall pay a fee to the Secretary. <b>(7 U.S.C. 940c-1(f))</b></p> <p><b>Loans for Rural Telephone Service.</b> Authorizes the Secretary to make loans to persons now providing or who may hereafter provide telephone service in rural areas, to public bodies now providing telephone service in rural areas and to cooperative, nonprofit,</p>	<p>Reauthorizes the program through FY2023. <b>(§6301)</b>; Amends to authorize guaranteed payments on bonds or notes issued by cooperatives or other lenders on a not-for-profit basis if the bonds are used to make utility infrastructure loans or to refinance bonds or notes issued for such purposes. Defines the terms of such bonds or notes. <b>(§6303)</b></p> <p>No comparable provision.</p>	<p>institutions” increases the limit to 50% of the shares of a rural business investment company before the rural business investment company is prohibited from providing equity investments to companies that are not otherwise eligible to receive financing from the Farm Credit System. The provision is further amended to state that the Secretary may not require that an entity applying to become a certified rural business investment company provide investment or capital that is not required of other companies eligible to apply to operate as a rural business investment company. <b>(§12626)</b></p> <p>Directs the Secretary to continue the program until amendments restructuring payments made in the H.R. 2 are implemented. Amends to provide a guarantee term of 30 years for a loan to be repaid in periodic installments. <b>(§6205)</b></p> <p>Amends to make technical changes to language. <b>(§6203)</b></p>	<p>Identical to Senate provision. <b>(§6505)</b></p> <p>Similar to Senate provision with minor amendments. <b>(§6502)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
limited dividend, or mutual associations. <b>(7 U.S.C. 922)</b>	No comparable provision.	Amends to provide a program for technical assistance for rural electric loans. Authorizes the Secretary to enter into a memorandum of understanding with the Secretary of the Department of Energy to provide direct advice, maps and training to implement demand-side management of electric and telephones service in rural areas, energy efficiency and conservation, and off-grid and on-grid renewable energy systems. <b>(§6202)</b>	Similar to Senate provision with minor amendments. <b>(§6501)</b>
<b>General authority of the Secretary of Agriculture.</b> Authorizes the Secretary to make loans for rural electrification and for furnishing and improving electric and telephone service to rural areas. <b>(7 U.S.C. 902(a)).</b>	No comparable provision.	Amends to add “or refinance” to the authorities of the Secretary. <b>(§6201)</b>	Identical to Senate provision. <b>(§6501)</b>
<b>Expansion of 911 access.</b> Authorizes expanding the emergency telephone service of 911 in rural areas by using any funds otherwise made available for telephone loans for each of FY2008-FY2013. <b>(7 U.S.C. 940(e)d)</b>	Reauthorizes the program through FY2023. <b>(§6302)</b>	No comparable provision.	Similar to House provision with minor amendments. <b>(§6506)</b>
<b>Rural Economic Development Loan and Grant Program.</b> Authorizes “cushion of credit” accounts for electric cooperative borrowers who may voluntarily forward-pay on their loans. The payments earn 5% interest for the borrowers. Total deposits in these accounts and the average interest rates certificates of outstanding beneficial ownership accrue to the Rural	No comparable provision.	Amends to terminate deposit authority into cushion of credit accounts after October 1, 2018. Further amends to change a borrower’s interest rate for FY2019 and thereafter to a rate equal to the average interest rate used to make payments on the 5-year Treasury note, but not greater than 5%. Authorizes \$5 million in mandatory spending and \$5 million in discretionary	Similar to Senate provision with amendments. Amends the borrower’s interest rate to 4% per year in FY2021 and thereafter to the then applicable one-year Treasury rate. Further amends to allow a borrower to reduce the cushion of credit account balance in order to prepay loans made or guaranteed under the Rural Electrification Act. Prohibits borrowers

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Economic Development subaccount and may be used to support grants and 0% interest loans for economic development projects in the RUS borrower's communities. (7 U.S.C. 940c)</p>	<p>Amends to re-designate the language of the Rural Economic Development Subaccount and to establish a new section authorizing discretionary appropriations of \$10 million for each year for FY2019-FY2023. (§6304)</p>	<p>spending for FY2022 and FY2023. (§6204)</p>	<p>from being charged premiums on prepayments. Authorizes mandatory funding of such sums as necessary to cover any loan modifications costs. (§6503)</p>
<p><b>Rural Economic Development Loan and Grant Program.</b> Authorizes "cushion of credit" accounts for electric cooperative borrowers who may voluntarily forward-pay on their loans. The payments earn 5% interest for the borrowers. Total deposits in these accounts, and the average interest rates on certificates of outstanding beneficial ownership, accrue to the Rural Economic Development subaccount and may be used to support grants and 0% interest loans for economic development projects in the RUS borrowers' communities. (7 U.S.C. 940c)</p>	<p>Amends to re-designate the language of the Rural Economic Development Subaccount and to establish a new section authorizing discretionary appropriations of \$10 million for each year for FY2019-FY2023. (§6304)</p>	<p>No comparable provision.</p>	<p>Similar to House provision except authorizes \$5 million of mandatory Commodity Credit Corporation funds for each of fiscal years FY2022 and FY2023 in addition to the \$10 million authorization of discretionary appropriations for each year for FY2019-FY2023. (§6504)</p>
<b>Miscellaneous</b>			
<p><b>Value-added agricultural product market development grants.</b> Provides grant support to agricultural producers to undertake projects that add value to commodities and thereby increase producer income. Also supports planning and business development for value-added projects. Authorizes \$40 million annually for FY2008-FY2018, subject to annual appropriations, in addition to \$63 million in mandatory spending to remain</p>	<p>Eliminates mandatory funding and increases discretionary funding to \$50 million annually FY2019-FY2023. (§6501)</p>	<p>Combines the Value-Added Agricultural Product Market Development Grants (7 U.S.C. 1632a(b)(7)), among other existing USDA farmers' markets and local food programs, as part of a new "Local Agriculture Market Program" with expanded mandatory funding and administrative functions. See also Horticulture title (§10102)</p>	<p>See Section 10102 in Table 14.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
available until expended. <b>(7 U.S.C. 1632a(b)(7))</b>	Reauthorizes the program through FY2023 at the current appropriation. <b>(§6502)</b>	No comparable provision.	See Section 7608 in Table I I.
<b>Agriculture Innovation Center Demonstration Program.</b> Provides grant funding to producers for technical assistance in developing agricultural-based businesses based on value-added production. Authorizes funding of \$1 million annually for FY2014-FY2018, subject to annual appropriations. <b>(7 U.S.C. 1632(b)(i))</b>	No comparable provision.	Amends rural health and safety education programs to add a new grant program on substance use and disorder education and prevention. <b>(§6303)</b>	See Section 6101 above.
<b>Rural Development, Small Farm Programs authorized.</b> Authorizes the Secretary in cooperation and coordination with colleges and universities, to conduct rural development extension, rural development extension work programs, small farm extension, and other programs. Authorizes a national program administered by NIFA to provide rural citizens with training and technical management assistance and education opportunities, including rural health and safety programs. Authorizes the Secretary to make grants for rural health and safety education programs. <b>(7 U.S.C. 2662)</b>	Reauthorizes the commissions through FY2023 at the current appropriation. <b>(§6503)</b>	Reauthorizes the commissions through FY2023 at the current appropriation. Amends the purpose of commission grants to include growing the capacity for successful community economic development in its region and attracting businesses to the region from outside the United States. Amends the regions	Similar to Senate provision except increases the authorization for annual appropriations from \$30 million to \$33 million for each commission for FY2019-FY2023. Further amends to add a succession plan for commissions in the event both the federal cochairperson and alternate federal cochairperson are
<b>Regional economic and infrastructure development commissions.</b> Consists of three regional development authorities: a Northern Border Regional Commission, a Southeast Crescent Regional Commission, and a Southwest Border Regional Commission. These			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>commissions develop regional development plans and then make infrastructure loans and grants to eligible entities in their respective regions. <b>(40 U.S.C. 15101 et seq.)</b> Authorizes annual appropriations of \$30 million to each of the commissions. Not more than 10% of appropriated funds to any commission can be used for administrative expenses. <b>(40 U.S.C. 15751(b))</b></p>		<p>included in the Northern Border Regional Commission to include additional counties in New Hampshire and Vermont.</p> <p>Directs the Northern Border Regional Commission to establish a State Capacity Building Grant Program to provide grants to commission states for certain economic development activities. Authorizes appropriations of such sums as the commission determines necessary for the program, but not more than \$5 million for each fiscal year. <b>(§6304)</b></p>	<p>unable to perform the functions and duties of the office.</p> <p>Amends the State Capacity Building Grant Program to prohibit use of grant funds for supplanting existing state programs. Further amends to require that a commission state or grant recipient must pay the amount of administrative expenses of the commission state for an applicable fiscal year in order to be eligible for a grant. <b>(§6304)</b></p>
<p><b>Definition of rural area for purposes of the Housing Act of 1949.</b> <i>Rural area</i> is defined as any area so defined between 1990 and 2010 to remain so classified until receipt of the 2020 decennial census. The provision also caps the eligible rural population threshold at 35,000 residents or less for rural areas in excess of 10,000 and with a serious lack of mortgage credit for lower and moderate-income families. <b>(42 U.S.C. 1490)</b></p>	<p>Amends the definition by defining <i>rural area</i> as any area so defined between 1990 and 2020 to remain so classified until receipt of the 2030 decennial census. The provision keeps the 35,000 population threshold for areas rural in character and with a serious lack of mortgage credit for lower and moderate-income families. <b>(§6504)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§6305)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Council on Rural Community Innovation and Economic Development.</b> Establishes a Council on Rural Community Innovation and Economic Development made up of the heads of certain executive branch departments and agencies. Designates the Secretary of Agriculture as chair of the council. Directs the council to coordinate development of policy</p>	<p>Similar to Senate provision with amendments. Amends the provision to specify that the council shall be the successor to the Interagency Task Force on Agriculture and Rural Prosperity. Adds a Rural Smart Communities Working Group and a Jobs Accelerator Working Group within the Council.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Native American Housing Assistance and Self-Determination Act of 1996.</b> Authorizes the Secretary of Housing and Urban Development to make grants on behalf on Indian tribes to carry out affordable housing activities. <b>(25 U.S.C. 4103)</b></p>	<p>No comparable provision</p>	<p>recommendations to promote economic prosperity and innovation in rural communities. The Secretary shall provide funding and administrative support within existing appropriations. Directs the council to submit to Congress reports on the integration of smart technology into rural communities and the public benefit to rural communities of the creation of rural smart community demonstration projects. Also directs the council to produce a Rural Smart Community Resource Guide. Establishes a Rural Broadband Integration Working Group within the council to identify and address regulatory barriers and promote further investment in and adoption of broadband technology. Directs the working group to produce a comprehensive survey of federal programs and policies related to broadband deployment and an initial list of actions that each of the agencies could take to address regulatory barriers and support broadband deployment. <b>(§6305)</b></p> <p><b>Establishment of technical services.</b> Authorizes the Secretary of Agriculture to establish a technical assistance program to improve access by tribal entities to rural development programs funded by USDA through available cooperative agreement authorities of the Secretary. The technical assistance program established under subsection (b) shall address the</p>	<p>Provision establishing a Rural Broadband Integration Working Group is moved to Section 6214 above. <b>(§6306)</b></p> <p>Similar to Senate provision except directs the Secretary to coordinate with the Office of Tribal Relations to provide technical assistance. <b>(§6302)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Rural Energy Savings Program.</b> Authorizes the Secretary to provide loans to rural consumers to implement energy efficiency measures. <b>(7 U.S.C. 8107a)</b></p>	<p>Amends Section 6407 of the Farm Security and Rural Investment Act to direct the Secretary to streamline borrower accounting requirements and to submit an annual report to Congress on the program. Increases the maximum interest rate for loans under this section from 3% to 5%. Directs the Secretary not to include any debt incurred under this section in the calculation of a borrower's eligibility for other loans made under the Rural Electrification Act. Reauthorizes annual appropriations of \$75 million for FY2019-FY2023. <b>(§6401)</b></p>	<p>unique challenge of tribal governments, tribal producers, tribal businesses, tribal business entities, and tribally designated housing entities in accessing Department of Agriculture supported rural infrastructure, rural cooperative development, rural business and industry, rural housing, and other rural development activities. <b>(§12514)</b></p> <p>Amends Section 6407 of the Farm Security and Rural Investment Act to allow financing of off-grid and renewable energy and energy storage systems. Directs the Secretary to streamline borrower accounting requirements and to publish an annual report on the program. Increases the maximum interest rate for loans under this section from 3% to 6%. Directs the Secretary not to include any debt incurred under this section in the calculation of a borrower's eligibility for other loans made under the Rural Electrification Act. Reauthorizes annual appropriations of \$75 million for FY2019-FY2023. <b>(§6302)</b></p>	<p>Similar to Senate provision except increases the maximum interest rate for loans from 3% to 5%. <b>(§6303)</b></p>
<p><b>ConAct.</b> Outlines powers of the Secretary and authority to make loans and grants, and to enter into partnerships and cooperative agreements, among other powers. <b>(7 U.S.C. 1981 et seq.)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Amends Section 331 of the ConAct to grant the Secretary and the Secretary's designees the same access to information, and subjects them to the same requirements, as the Secretary of Housing and Urban Development to verify income of individuals participating in certain rural housing programs. <b>(§6417)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>ConAct.</b> Outlines powers of the Secretary and authority to make loans and grants, and to enter into partnerships and cooperative agreements, among other powers. (7 U.S.C. 1981 et seq.)</p>	<p>No comparable provision.</p>	<p><b>Rural Innovation Stronger Economy Grant Program.</b> Amends Subtitle D of the ConAct to establish a new grant program for a “rural jobs accelerator partnership,” an entity that organizes key community and regional stakeholders that focuses on shared goals and needs of industry clusters that are existing, emerging, or declining. The partnership will represent a region and includes one or more representatives of a higher education institution, a private entity, a government entity, and may include an economic development or labor organization, financial institution, cooperative, or philanthropic organization.</p> <p>The competitive grant program will award grants to entities to establish job accelerators to improve the ability of distressed rural communities to create high-wage jobs, accelerate the formation of new businesses, help rural communities identify and maximize local assets, and connect to regional opportunities, networks, and industry clusters. The Secretary will provide grants for job accelerators in not fewer than 25 states at a time. The federal share of the cost of any activity carried out under the grant shall be no greater than 80%. Criteria for selecting eligible entities to receive grants are specified. Grants may be used to construct or equip a building to serve as an innovation center, construct housing for business workers or owners, co-</p>	<p>Similar to the Senate provision but removes language specifying that an eligible entity may include an economic development or labor organization, financial institution, cooperative, or philanthropic organization. Also removes the requirement that the Secretary establish an interagency task force. Authorizes annual appropriations of \$10 million for FY2019-FY2023. (<b>\$6424</b>)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<p>working spaces, job training centers, linking small businesses into a supply chain, and for other job development and business innovation purposes. Grants shall be no less than \$500,000 nor more than \$2 million. Indirect costs are limited to no more than 10%. The term of a grant shall be 4 years, with the possibility of a 2-year renewal. Activity reports are required.</p> <p>The Secretary is required to establish an interagency task force to support the network of job accelerators by establishing a federal support team to provide dedicated support services to job accelerators. The task force is to be co-chaired by the Secretary of Commerce and include the Secretaries of Energy, Health and Human Services, Labor, Transportation, the Treasury, the Administrators of the Environmental Protection Agency, and the Small Business Administration, co-chair of the Appalachian Regional Commission, Delta Regional Authority, and the federal co-chair of the Northern Borders Regional Commission, and representatives of local and regional organizations.</p> <p><b>(§12619)</b></p>	
<b>Program Repeals</b>			
<p><b>Elimination of unfunded programs.</b> The following programs of the ConAct, as amended, no longer receive funding:</p>	<p>Repeals unfunded programs. <b>(§6601)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision except does not repeal the National Center for Rural Telecommunications Assessment (Section 602 of the Rural Electrification Act).</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<ul style="list-style-type: none"> <li>• Multijurisdictional regional planning organizations (Section 306(a)(23) of ConAct);</li> <li>• Grants to broadcasting systems (Section 310B(f) of ConAct);</li> <li>• Rural telework organizations (Section 379 of ConAct);</li> <li>• Historical barn preservation (Section 379A of ConAct);</li> <li>• Grants to train farm workers in new technologies and to train farm workers in specialized skills necessary for higher value crops (Section 379C of ConAct);</li> <li>• Grants to Delta Region Agricultural Economic Development Program (Section 379D of ConAct);</li> <li>• Grants for expansion of employment opportunities for individuals with disabilities in rural areas (Section 379F of ConAct);</li> <li>• Regional rural collaborative investment program (Subtitle I of ConAct).</li> </ul>			<p>See Section 6202 for modifications to Section 602 of the Rural Electrification Act. (§6601)</p>
<p>The following programs of the Rural Electrification Act of 1936 no longer receive funding:</p>			
<ul style="list-style-type: none"> <li>• Certain electric and telephone loans (Section 314 of the Rural Electrification Act)</li> <li>• The National Center for Rural Telecommunications Assessment (Section 602 of the Rural Electrification Act)</li> </ul>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>(7 U.S.C. 1926 et seq.)</b>			
<b>Rural Telephone Bank.</b> Establishes a corporate body called the Rural Telephone Bank whose general purpose is securing funds and making loans to support a telephone bank in rural areas. <b>(7 U.S.C. 941-950b)</b>	Repeals the Rural Telephone Bank. <b>(§6602)</b>	No comparable provision.	Similar to House provision with minor amendments. <b>(§6602)</b>
<b>Launching Our Communities' Access to Local Television Act of 2000.</b> Facilitates access to signals of local television stations for households located in unserved areas and underserved areas by providing loans and loan guarantees. Authorizes such sums as necessary. <b>(P.L. 106-553)</b>	Amends the act by striking Sections 1001-1007 and 1009-1012 and inserting Title X—Satellite Carrier Retransmission Eligibility. <b>(§6603)</b>	No comparable provision.	Identical to House provision. <b>(§6603)</b>
<b>Technical Corrections</b>			
No comparable provision.	Provides technical corrections related to various provisions of the ConAct, as amended. <b>(§6701)</b>	No comparable provision.	Identical to House provision. <b>(§6701)</b>
No comparable provision. <b>(7 U.S.C. 901 et seq.)</b>	Provides technical corrections related to various provisions of the Rural Electrification Act, as amended. <b>(§6702)</b>	No comparable provision.	Similar to House provision with minor amendments. <b>(§6702)</b>
No comparable provision	<b>Precision agriculture connectivity.</b> States findings by Congress regarding precision agriculture <b>(§6801)</b> and authorizes the establishment of a task force by the Federal Communications Commission for reviewing the connectivity and technology needs of precision agriculture. The task force will collaborate with the Department of Agriculture and public and private stakeholders in the agriculture and technology fields to identify gaps in the	Identical to House provision at <b>(§12516)</b>	See Section 12516 in Table 12.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
	availability broadband across agricultural land and to develop policy recommendations. (§6802)		

**Table 11. Research, Extension, and Related Matters**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Subtitle A—National Agricultural Research, Extension, and Teaching Policy Act of 1977(NARETP)</b>			
<b>Agricultural research, extension, and education.</b> Provides support to enhance the competitiveness of the agricultural research, extension, and education capabilities of the United States. (7 U.S.C. 3101)	Amends to add the objective of supporting international scientific collaboration that leverages resources and advances the food and agricultural interests of the United States. (§7101)	Amends to add the objective of supporting international scientific collaboration that leverages resources and advances the food and agricultural interests of the United States, such as addressing emerging plant and animal diseases, improving crop varieties and animal breeds, and developing safe and nutritious food systems. (§7101)	Identical to the Senate provision. (§7101)
<b>Non-land-grant colleges of agriculture (7 U.S.C. 3103(14)(A))</b>	Establishes a process of review within 90 days of enactment of each Non-Land Grant College of Agriculture (NLGCA) to ensure compliance in the colleges with appropriate study of food and agricultural sciences and to propose revocation of the designated NLGCA for noncompliance. Permits NLGCAs and Hispanic-serving agricultural colleges until FY2023 to no longer be designated as such institutions. (§7102)	Amends to require NLGCAs to offer at least 2 baccalaureate or higher degrees in food and agricultural sciences, rather than a single degree. Requires the Secretary to establish a process in which, not less than every 2 years, the Secretary conducts a review to ensure each NLGCA is in compliance with the new baccalaureate requirement, and removes an NLGCA that is not in compliance. (§7102)	Adopts the Senate provision with an amendment that specifies in the definition of NLGCA that the study of agricultural or forestry sciences, or both, is defined as any of the 32 specified areas of study or any other area determined to be appropriate by the Secretary. (§7102)
<b>National advisory board.</b> Establishes the National Agricultural Research, Extension, Education, and Economics Advisory Board. (7 U.S.C. 3123)	Amends the membership composition of the advisory board. Directs the advisory board to make recommendations and to address long- and short-term national priorities consistent with various priorities of the	Amends to reauthorize the board's existence through FY2023. (§7103)	Adopts the House provision with an amendment to the membership composition of the advisory board to include a national association of agricultural economists. (§7103)

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Citrus disease subcommittee of Specialty Crop Committee.</b> Establishes a citrus disease subcommittee within the specialty crops committee to advise USDA on citrus research and establish priorities for grants and regularly consult and collaborate with USDA and other groups and institutions. <b>(7 U.S.C. 3123a(a)(2))</b></p>	<p>Agriculture and Food Research Initiative and the NARETP Act. <b>(§7103)</b></p> <p>Extends the citrus disease subcommittee through FY2023 and changes the composition of the subcommittee. <b>(§7104)</b></p>	<p>Extends the citrus disease subcommittee through FY2023. <b>(§7104)</b></p>	<p>Identical to the House provision. <b>(§7104)</b></p>
<p><b>Renewable energy committee.</b> Establishes a renewable energy committee, directs the Advisory Board to appoint committee members, and establishes the committee's duties. <b>(7 U.S.C. 3121(b))</b></p>	<p>Discontinues the renewable energy committee. <b>(§7105)</b></p>	<p>No comparable provision.</p>	<p>Identical to the House provision. <b>(§7105)</b></p>
<p><b>Veterinary Services Grant Program.</b> Authorizes competitive grants to address the shortage of veterinarians. Defines “qualified entities” eligible for the grants as a for-profit or nonprofit that operates a veterinary clinic providing veterinary services. <b>(7 U.S.C. 3151b)</b></p>	<p>No comparable provision.</p>	<p>Amends to further designate “qualified entities” as those exposing students in the 11<sup>th</sup> and 12<sup>th</sup> grades to veterinary sciences. Authorizes appropriations of \$10 million through FY2023, and reserves at least two-thirds of the appropriations to qualified entities with a focus on food animals. <b>(§7105)</b></p>	<p>Adopts the Senate provision with amendments to remove the authorization sunset, require the Secretary to prioritize grant awards for programs or activities focused on the practice of food animal medicine, and specify that a qualified entity may use grant funds to expose students in grades 11 and 12 to education and career opportunities in food animal medicine. <b>(§7106)</b></p>
<p><b>Duties of the Secretary of Agriculture.</b> Sets out the duties of the Secretary of Agriculture as concerns extension and agricultural research at 1890 land-grant colleges, including</p>	<p>Directs the Secretary to transmit to Congress annually a report on the allocations made to, and matching funds received by, 1890 land-grant institutions. <b>(§7106)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Tuskegee University. ( <b>7 U.S.C. 3221, 3222</b> )	Reauthorizes appropriations for grants and fellowships for FY2019-FY2023. ( <b>§7107</b> )	Identical to House provision. ( <b>§7106</b> )	Identical to the House provision. ( <b>§7107</b> )
<b>Grants and fellowships for food and agriculture sciences education.</b> Authorizes the Secretary to make grants and conduct fellowships to strengthen higher education in food and agricultural sciences. ( <b>7 U.S.C. 3152(m)(2)</b> )	Reauthorizes appropriations for FY2019-FY2023. ( <b>§7108</b> )	Identical to House provision. ( <b>§7108</b> )	Identical to the House provision. ( <b>§7108</b> )
<b>Agriculture and food policy research centers.</b> Authorizes competitive grants to, or to enter into cooperative agreements with, policy research centers to conduct research and education programs that are objective, operationally independent, and external to the federal government and that concern the effect of public policies and trade agreements on agriculture. ( <b>7 U.S.C. 3155(e)</b> )	Reauthorizes appropriations for FY2019-FY2023. ( <b>§7109</b> )	Identical to House provision. ( <b>§7109</b> )	Identical to the House provision. ( <b>§7109</b> )
<b>Education grants to Alaska Native-serving institutions and Native Hawaiian-serving institutions.</b> Authorizes competitive grants to Alaska Native-serving institutions for the purpose of promoting and strengthening the ability of Alaska Native-serving institutions to carry out education, applied research, and related community development programs. ( <b>7 U.S.C. 3156</b> )	No comparable provision,	<b>Next Generation Agricultural Technology Challenge.</b> Directs the Secretary to establish a next generation technology challenge for the development of mobile technology that	Identical to the Senate provision. ( <b>§7110</b> )



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Nutrition Education Program.</b> Authorizes establishment of a National Education Program to disseminate results of food and human nutrition research funded by USDA. (7 U.S.C. 3175)</p>	<p>Repeals the Nutrition Education Program. (§7110)</p>	<p>removes barriers to marketplace entry for beginning farmers and ranchers. Limits awards to no more than \$1 million in the aggregate to one or more winners of the competition. (§7110)</p> <p>Reauthorizes the Nutrition Education Program for FY2019-FY2023. (§7111)</p>	<p>Adopts the Senate provision with an amendment to allow the expanded food and nutrition education program to coordinate with the nutrition education and obesity prevention grant program under Section 28 of the Food and Nutrition Act or another health promotion or nutrition improvement strategy. (§7112)</p>
<p><b>Continuing animal health and disease research programs.</b> Directs deans of accredited colleges and the state agricultural experiment station to develop a comprehensive animal health and disease research program for the state based on the animal health research capacity of each eligible institution in the state, which shall be submitted to the Secretary for approval and shall be used for the allocation of funds available to the state under this section. (7 U.S.C. 3195(c)(1))</p>	<p>Reauthorizes appropriations for FY2019-FY2023. (§7111)</p>	<p>Identical to House provision. (§7113)</p>	<p>Adopts the House provision. (§7113)</p>
<p><b>Extension at 1890 land-grant colleges, including Tuskegee University.</b> Limits carryover of federal funding to no more than 20% of the funds received for conducting extension activities. (7 U.S.C. 3221(a))</p>	<p>Amends by striking paragraph 4 that prohibits 1890 colleges from carrying forward to the succeeding fiscal year more than 20% of the funds they receive in a given fiscal year. (§7112)</p>	<p>Similar to House provision but also requires annual report on matching funds to the 1890 land-grant colleges. (§7114)</p>	<p>Adopts the Senate provision and strikes the report requirement and moves it to Section 7116. (§7114)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Extension and agricultural research at 1890 land-grant colleges, including Tuskegee University.</b> Authorizes annual appropriations to 1890 land-grant colleges for extension activities. (7 U.S.C. 3221)</p>	No comparable provision	No comparable provision.	No comparable provision but amends to make changes in the distribution of funds to 1890 institutions. (§7115)
No comparable provision.	No comparable provision.	<p><b>Report on agricultural research at 1890 land-grant colleges, including Tuskegee University.</b> Requires an annual report to Congress from the Secretary describing research allocations made to, and matching funds received by, 1890 land-grant colleges. (§7115)</p>	Adopts the Senate provision with amendments to include allocations and matching funds received by institutions under Smith-Lever and Hatch Act funding. (§7116)
<p><b>Extension and agricultural research at 1890 land-grant colleges, including Tuskegee University.</b> Authorizes annual appropriations to 1890 land-grant colleges for extension activities. (7 U.S.C. 3221)</p>	Amends by establishing a scholarship grant program at 1890 institutions for accepted students who intend to pursue a career in agribusiness, energy and renewable fuels, or financial management. Authorizes \$19 million for each year FY2019-FY2023. (§7113)	No comparable provision.	Adopts the House provision with amendments to limit amount of award grants to \$10 million for each academic year beginning in 2020 and for each of the three succeeding academic years. Provides mandatory spending of \$40 million in FY2019 and \$10 million in discretionary spending each year for FY2020-FY2023. (§7117)
<p><b>Grants to upgrade agricultural and food sciences facilities at 1890 land-grant colleges, including Tuskegee University.</b> (7 U.S.C. 3222b(b))</p>	Reauthorizes appropriations for FY2019-FY2023. (§7114)	Identical to House provision. (§7116)	Identical to the House provision. (§7118)
<p><b>Grants to upgrade agricultural and food sciences facilities and equipment at insular area land-grant institutions.</b> Authorizes appropriations of \$25 million for each of FY2002-FY2018 for the acquisition</p>	Reauthorizes appropriations for FY2019-FY2023. (§7115)	Identical to House provision. (§7117)	Identical to the House provision. (§7119)

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>and improvement of agricultural and food sciences facilities and equipment, including libraries, so that the eligible institutions may participate fully in the production of human capital. (7 U.S.C. 3222b-2(d))</p> <p>No comparable provision.</p>	<p><b>New Beginnings for Tribal Students.</b> Requires the Secretary to establish a “New Beginnings Initiative” in consultation with the Office of Tribal Relations. (§11204)</p>	<p>Amends Subtitle G of NARETP Act to authorize a competitive grant program for tribal students at land-grant colleges. Land-grant colleges may apply for grants to support tribal students through recruiting, tuition and fees, tutoring, counseling, and other services. Land-grants receiving such funds would be required to match the funding at 100%. States are limited to a maximum of \$500,000 per year. Provision authorizes appropriations of \$5 million each year for FY2019-FY2023. (§7118)</p>	<p>Adopts the Senate provision with an amendment to specify that the term <i>land-grant college</i> includes 1994 colleges and makes other technical changes. (§7120)</p>
<p><b>Education grants program at Hispanic-serving institutions.</b> Authorizes competitive grants to promote and strengthen Hispanic-serving institutions to carry out education, applied research, and related community development programs. (7 U.S.C. 3241(c))</p> <p>No comparable provision.</p>	<p>Reauthorizes appropriations for FY2019-FY2023. (§7116)</p>	<p>Identical to House provision. (§7119)</p>	<p>Identical to the House provision. (§7121)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Binational Agricultural Research and Development (BARD).</b> Amends 7 U.S.C. 3291(e) to name binational funding between the United States and Israel the BARD Fund. Supports agricultural research and development of mutual benefit to the United States and Israel. Supports accelerated development of drip irrigation,</p>	<p>Adopts the Senate provision but strikes language requiring that the activities identified are to be carried out in a manner consistent with the section. (§7122)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	pesticides, aquaculture, disease control, and farm equipment. Encourages collaborative research with colleges, universities, and the private sector. <b>(§7120)</b>	Adopts the Senate provision with an amendment defining <i>developing county</i> and <i>international partner institutions</i> . <b>(§7123)</b>
No comparable provision.	<b>Land-grant designation.</b> Prohibits any additional entity from being designated as eligible to receive funds for agricultural research, extension, and related programs under formula funds (e.g., Hatch Act, Smith-Lever Act, and McIntire-Stennis Act). <b>(§7117)</b>	No comparable provision.	Identical to the House provision. <b>(§7111)</b>
<b>Competitive grants for international agricultural science and education programs.</b> Authorizes grants to colleges and universities that will enhance international content of curricula, promote extension of U.S.	Reauthorizes appropriations for FY2019-FY2023. <b>(§7118)</b>	Identical to House provision. <b>(§7122)</b>	Identical to the House and Senate provisions. <b>(§7124)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>scientists’ research to international peers, and enhance collaborative research with other countries. <b>(7 U.S.C. 3292b(c)(2))</b></p>	<p>Amends the provision to allow indirect cost recovery charged against any agricultural research, education, or extension grant awarded to increase from 22% of total federal funds received to 30% of federal funding. <b>(§7119)</b></p>	<p>No comparable provision.</p>	<p>Identical to the House provision. <b>(§7125)</b></p>
<p><b>Limitation on indirect costs for agricultural research, education, and extension programs.</b> Sets limits on indirect cost recovery on grants awarded to support research, education, and extension activities to 22% of total federal funding. <b>(7 U.S.C. 3310)</b></p>	<p><b>Research equipment grants.</b> Adds new section to Section 1462 of NARETP Act establishing a competitive grants program for research equipment. Grant amounts may not exceed \$500,000 to an eligible institution. Prohibits charges of indirect costs or acquisition or depreciation of equipment. Authorizes \$5 million for each of FY2019-FY2023. <b>(§7120)</b></p>	<p>Identical to House provision.</p>	<p>Identical to the House provision. <b>(§7126)</b></p>
<p>No comparable provision.</p>	<p>Reauthorizes Hatch Act funding to state agricultural experiment stations at the current level for FY2019-FY2023. <b>(§7121)</b></p>	<p>Identical to House provision. <b>(§7123)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7127)</b></p>
<p><b>Authorization of appropriations for research.</b> Authorizes formula funds for agricultural research at land-grant universities. <b>(7 U.S.C. 3311)</b></p>	<p>Reauthorizes such sums as necessary to carry out extension programs of USDA for FY2019-FY2023. <b>(§7122)</b></p>	<p>Identical to House provision. <b>(§7124)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7128)</b></p>
<p><b>Authorization of appropriations for extension education.</b> Authorizes formula funds for agricultural extension at land-grant universities. <b>(7 U.S.C. 33312)</b></p>	<p>Extends program and funding levels through FY2023. Amends the program to include canola and alternative crops “for agronomic rotational purposes and</p>	<p>Extends program and funding levels through FY2023. Amends the program to include canola and alternative crops “for agronomic rotational purposes and</p>	<p>Adopts the Senate provision but increases authorized annual appropriations to \$2 million for FY2019-FY2023. <b>(§7129)</b></p>
<p><b>Supplemental and alternative crops.</b> Requires USDA to develop and implement a program to develop supplemental and alternative crops.</p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Authorizes \$1 million in appropriations for each of FY2014-FY2018. <b>(7 U.S.C. 3319d).</b>	for use as a habitat for honey bees and other pollinators,” among other changes. <b>(§7123)</b>	for use as a habitat for honey bees and other pollinators,” among other changes. Expands eligibility to include industrial hemp. <b>(§7125)</b>	
<b>New Era Rural Technology Program</b> Authorizes the "New Era Rural Technology Program", to make grants available for technology development, applied research, and training to aid in the development of an agriculture-based renewable energy workforce. <b>(7 U.S.C. 3319e).</b>	No comparable provision.	Amends to add precision agriculture as an eligible activity for grant support under the program. Reauthorizes the program for FY2019-FY2023. <b>(§7126)</b>	Identical to the Senate provision. <b>(§7130)</b>
<b>Capacity-building grants for NLGCA institutions.</b> Authorizes competitive grants program for NLGCAs. <b>(7 U.S.C. 3319i(b))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7124)</b>	Identical to House provision.	Identical to the House and Senate provisions. <b>(§7131)</b>
No comparable provision.	No comparable provision.	<b>Agriculture advanced research and development authority.</b> Amends Subtitle K of the NARETP Act to establish the Agriculture Advanced Research and Development Authority (AGARDA) in the Department of Agriculture under the Office of Chief Scientist to assess the efficacy and applicability of authority for advanced research and development. Advanced research and development is defined as activities to overcome long-term and high-risk research challenges in agriculture and food. Defines “qualified product or projects” suitable for AGARDA. Directs the Secretary to develop a strategic plan for AGARDA and disseminate the plan to those who can best contribute to the activities described in the strategic plan. Outlines	Adopts the Senate provision with an amendment to maximize resources devoted to local, state, and national priorities. <b>(§7132)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Aquaculture assistance programs.</b> Provides competitive grants to support aquaculture research and assistance. (7 U.S.C. 3324(a)(2))</p>	<p>Reauthorizes appropriations for FY2019-FY2023. (§7125)</p>	<p>the duties of the Office of Chief Scientist in achieving the objectives of the strategic plan. Permits the Secretary to expedite awarding grants and entering into contracts. Permits the Secretary to appoint highly qualified individuals without regard to certain sections of the U.S. Code governing appointments in the competitive service and without regard to the General Schedule pay rates. Authorizes establishment of the AGARDA Fund in the U.S. Treasury administered by the Chief Scientist for the purpose of advanced research of qualified products and projects, agricultural technology, and research tools as described in the provision. (§7128)</p> <p>Identical to House provision. (§7129)</p>	<p>Identical to the House and Senate provisions. (§7133)</p>
<p><b>Rangeland research programs.</b> Provides competitive grants to support rangeland research and assistance. (7 U.S.C. 3336(a)(2))</p>	<p>Reauthorizes appropriations for FY2019-FY2023. (§7126)</p>	<p>Repeals the Rangeland research program. (§7130)</p>	<p>Identical to the House provision. (§7134)</p>
<p><b>Special authorization for biosecurity planning and response.</b> Authorizes \$20 million annually for research, education, and extension activities for biosecurity planning and response. (7 U.S.C. 3351)</p>	<p>Authorizes appropriations of \$30 million for each of FY2019-FY2023. Adds that the Secretary shall, in addition to other stated activities, use the funds to coordinate tactical science activities of USDA’s mission areas to protect the agricultural system of the U.S. against biosecurity threats from pests, diseases, contaminants, and disasters. (§7127)</p>	<p>Reauthorizes the program and provides \$20 million annually for FY2019-FY2023. (§7131)</p>	<p>Identical to the House provision. (§7135)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Distance education and resident instruction grants program for insular area institutions of higher education.</b> Authorizes distance education grants and resident instruction grants for insular area institutions. <b>(7 U.S.C. 3362(f)(2), 3363(c)(2))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7128)</b></p>	<p>Identical to the House provision. <b>(§7132)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7136)</b></p>
<p><b>Matching funds requirement.</b> Requires the recipient of a competitive grant that is awarded by the Secretary under a covered law to provide funds, in-kind contributions, or a combination of both from sources other than funds provided through such grant in an amount that is at least equal to the amount of such grant. <b>(7 U.S.C. 3371(d))</b></p>	<p>Strikes paragraph 5, which excludes competitive, special, and facilities research grants from the matching requirement. <b>(§7129)</b></p>	<p>Amends to add a section stating that after enactment of this provision no additional entities shall be eligible to receive funds under a capacity program administered by the following “covered laws”:</p> <ul style="list-style-type: none"> <li>• Title XVI of the Food, Agriculture, Conservation, and Trade Act of 1990 (7 U.S.C. 5801 <i>et seq.</i>);</li> <li>• The Agricultural Research, Extension, and Education Reform Act of 1998 (7 U.S.C. 7601 <i>et seq.</i>);</li> <li>• Part III of subtitle E of title VII of the Food, Conservation, and Energy Act of 2008; and</li> <li>• Section 3157 of this title. <b>(§7133)</b></li> </ul> <p>Repeals Subtitle P (7 U.S.C. 3371) of the NARETP Act, subject to conforming amendments as listed in the provision. <b>(§7601)</b></p>	<p>Identical to the Senate provision. <b>(§7614)</b></p>
<b>Subtitle B—Food, Agriculture, Conservation, and Trade Act of 1990</b>			
<p><b>Best utilization of biological applications.</b> Authorizes appropriations under the Sustainable Agriculture Research and Education</p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7201)</b></p>	<p>Identical to House provision. <b>(§7201)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7201)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Program of \$40 million annually for FY2013-FY2018. <b>(7 U.S.C. 5814)</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7202)</b>	Identical to House provision. <b>(§7202)</b>	Identical to the House and Senate provisions. <b>(§7202)</b>
<b>Integrated management systems.</b> Authorizes a research and education program concerning integrated resource management and integrated crop management to enhance research related to farming operations, practices, and systems that optimize crop and livestock production potential and are environmentally sound. Authorizes \$20 million annually for FY2013-FY2018. <b>(7 U.S.C. 5821(d))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7203)</b>	Identical to House provision. <b>(§7203)</b>	Identical to the House and Senate provisions. <b>(§7203)</b>
<b>Technical guides and handbooks.</b> <b>(7 U.S.C. 5831(f)(2))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7204)</b>	Identical to House provision. <b>(§7204)</b>	Identical to the House and Senate provisions. <b>(§7204)</b>
<b>National Training Program.</b> Authorizes a National Training Program in Sustainable Agriculture to provide education and training for Cooperative Extension Service agents and other professionals involved in the education and transfer of technical information concerning sustainable agriculture. Authorizes \$20 million annually for FY2013-FY2018. <b>(7 U.S.C. 5832(1))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7205)</b>	Identical to House provision. <b>(§7205)</b>	Identical to the House and Senate provisions. <b>(§7205)</b>
<b>National Genetics Resources Program.</b> Establishes a National Genetics Resources Program to maintain and enhance the collection, preservation, and dissemination of genetic material of importance to American food and agriculture production. Describes the functions of the Program. <b>(7 U.S.C. 5841(d))</b>	Reauthorizes the National Genetics Resources Program. <b>(§7206)</b>	Amends the functions of the Program to authorize the creation of a strategic germplasm and cultivar collection assessment and utilization plan that considers the resources necessary to address the backlog of characterization and maintenance of existing accessions. Requires the Secretary to make the plan available to the public. <b>(§7205)</b>	Identical to the House and Senate provisions. <b>(§7206)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>National Genetics Resources Program.</b> Authorizes a National Genetics Resources Program with an appropriation of \$1 million annually for FY2013-FY2018. <b>(7 U.S.C. 5844(b)(2)).</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7205)</b></p>	<p>Amends the organization of the Advisory Council by adding 4 members and changing the appointment of members, and by adding membership from 1862, 1890, and NLGCA institutions. Instructs the Advisory Council to include recommendations on the state of public cultivar development, research gaps relating to cultivar development, and the state of commercialization of federally funded cultivars. Reauthorizes appropriations for FY2019-FY2023. <b>(§7206)</b></p>	<p>Identical to the Senate provision. <b>(§72046)</b></p>
<p><b>National Agricultural Weather Program.</b> Authorizes a National Agricultural Weather Program with an authorized appropriation of \$1 million annually for FY2014-FY2018. <b>(7 U.S.C. 5855(c))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7206)</b></p>	<p>Identical to House provision. <b>(§7207)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7207)</b></p>
<p><b>Agricultural genome initiative.</b> Establishes an Agricultural Genome Program to expand the knowledge of public and private sector entities and persons concerning genomes for species of importance to the food and agriculture sectors in order to maximize the return on the investment in genomics of agriculturally important species. <b>(7 U.S.C. 5924)</b></p>	<p>Adds the phrase <i>to Phenome</i> after <i>Genome</i>. Outlines goals of research to expand knowledge concerning genomes and phenomes of crops important to the United States. Authorizes appropriation of \$30 million each fiscal year for FY2019-FY2023. <b>(§7207)</b></p>	<p>Similar to House provision. <b>(§7208)</b></p>	<p>Adopts the Senate provision with an amendment authorizing \$40 million for each year for FY2019-2023. <b>(§7208)</b></p>
<p><b>High-priority research and extension.</b> Provides for “high-priority research and extension” areas and initiatives and other programs. <b>(7 U.S.C. 5925)</b></p>	<p>Retains, amends, and/or adds research areas as a “high-priority.” Added initiatives that cover macadamia tree health, national turfgrass research, fertilizer management, cattle fever ticks, and laying hen and turkey research. <b>(§7208)</b></p>	<p>Retains, amends, and/or adds research areas as a “high-priority.” Added initiatives that cover macadamia tree health, national turfgrass research, pulse crops, and training coordination. Reauthorizes research and existing annual appropriations on pollinator</p>	<p>Adopts the House provision with changes to provisions regarding nutrient management, dryland farming agricultural systems, and hop plants. Reauthorizes research and existing annual appropriations on pollinator protection through FY2023 and includes</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Organic Agriculture Research and Extension Initiative.</b> Establishes the Organic Agriculture Research and Extension Initiative. Provides grants to facilitate the development of organic agriculture production and processing. Provides mandatory Commodity Credit Corporation (CCC) funds of \$20 million annually for FY2014-FY2018. (7 U.S.C. 5925b)</p>	<p>Reauthorizes program and increases annual CCC funding levels to \$30 million for FY2019-FY2023. (§7209)</p>	<p>protection through FY2023. Expands support through “enhanced coordination of honeybee and pollinator research” by USDA. Establishes a task force to implement the 2015 National Pollinator Health Strategy, coordinate research, and cover both native and managed pollinators. (§7209)</p> <p>Reauthorizes program and increases annual CCC funding at \$40 million for FY2019-FY2020, \$45 million for FY2021, and \$50 million for FY2022 and each fiscal year thereafter, and extends authorized appropriations through FY2023. (§7210)</p>	<p>enhanced coordination of honeybee and pollinator research by USDA. Requires USDA to make the results of this research publicly available “to the maximum extent practicable.” Does not require implementation of the 2015 National Pollinator Health Strategy. (§7209)</p> <p>Adopts the Senate provision with an amendment making technical changes and providing mandatory spending of \$20 million for FY2019 and FY2020, \$25 million for FY2021, \$30 million for FY2022, and \$50 million for FY2023 and each year thereafter. (§7210)</p>
<p><b>Farm business management.</b> Authorizes competitive research and extension grants for improving the farm management knowledge and skills of agricultural producers and for establishing and maintaining a national, publicly available farm financial management database to support improved farm management. (7 U.S.C. 5925f)</p>	<p>Amends to add educational programs as a priority in making grants, and reauthorizes program through FY2023. (§7210)</p>	<p>Authorizes the program through FY2023. (§7211)</p>	<p>Identical to the House provision. (§7211)</p>
<p><b>Farm business management.</b> Authorizes competitive research and extension grants for improving the farm management knowledge and skills of agricultural producers and for establishing and maintaining a national, publicly available farm financial management database to support</p>	<p>No comparable provision.</p>	<p>Amends to authorize a new Urban, Indoor, and Other Emerging Agricultural Production, Research, Education, and Extension Initiative. Authorizes competitive grants, in consultation with the Urban Agriculture and Innovative Production Advisory Committee, to support research and</p>	<p>Adopts the Senate provision but removes the inclusion of assessment of shipping and transportation impacts on nutritional values for research under the competitive research and extension grants. Provides \$10 million in CCC funds for FY2019 to remain available</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
improved farm management. ( <b>7 U.S.C. 5925f</b> )		<p>extension activities to enhance urban, indoor, and other emerging agricultural production, including facilitating urban agricultural production, harvesting, transportation, packaging, and marketing; assessing and developing strategies to remediate contaminated sites; assessing shipping and transportation impacts on nutritional values analyzing means by which new agricultural sites are determined; exploring new technologies that minimize energy, lighting systems, water, and other inputs. Grants would be made under the Competitive, Special, and Facilities Research Grant Act with priority for proposals that involve cooperation with multiple entities and states and regions with significant interest in urban farms and indoor production. Authorizes mandatory funding of \$4 million in mandatory CCC funding and \$10 million in discretionary spending, both annually, for FY2019-FY2023 for these purposes.</p> <p>Directs the Secretary to conduct a follow-up study to the Census of Agriculture of 2017 on urban, indoor, and emerging agricultural production, including community gardens and farms located in urban areas, rooftop farms and vertical production, indoor farms and greenhouses, hydroponic, aeroponic, and aquaponic farm facilities. Authorizes \$14 million for the period FY2019-FY2021 to carry out this provision. (<b>§7212</b>)</p>	until expended and makes other technical changes. ( <b>§7212</b> )

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Centers of excellence.</b> Requires the Secretary to prioritize centers of excellence established for purposes of carrying out research, extension, and education activities relating to the food and agricultural sciences. <b>(7 U.S.C. 5926))</b></p>	No comparable provision.	<p>Amends to add at least three centers of excellence, each led by an 1890 institution, to focus on one or more of the following: student success and workforce development, nutrition, health, and wellness, farming systems and rural prosperity, global food security and defense, natural resources, energy and the environment, and emerging technologies. Requires the Secretary to submit a report to Congress on the centers' work. Authorizes \$10 million annually for FY2019-FY2023. <b>(§7213)</b></p>	<p>Adopts the Senate provision with amendments specifying that the Secretary shall recognize at least three centers of excellence and making technical changes. <b>(§7213)</b></p>
<p><b>Assistive Technology Program for Farmers with Disabilities.</b> Authorizes demonstration grants to support cooperative programs between State Cooperative Extension Service agencies and private nonprofit disability organizations to provide on-the-farm agricultural education and assistance directed at accommodating disability in farm operations for individuals with disabilities who are engaged in farming and farm-related occupations and their families. <b>(7 U.S.C. 5933)</b></p>	<p>Clarifies language to make the provision apply to veterans engaged in farming or pursuing new farming opportunities. <b>(§7211)</b></p>	<p>Reauthorizes the program for FY2019-FY2023. <b>(§7214)</b></p>	<p>Identical to the House provision. <b>(§7214)</b></p>
<p><b>National Rural Information Center Clearinghouse.</b> Establishes within the National Agricultural Library, in coordination with the National Institute of Food and Agriculture, a National Rural Information Center Clearinghouse to provide and distribute information and data to any industry, organization, or federal, state, or local government</p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7212)</b></p>	<p>Identical to House provision. <b>(§7215)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7215)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
entity, on request, about programs and services provided by federal, state, and local agencies and private nonprofit organizations and institutions under which individuals residing in, or organizations and state and local government entities operating in, a rural area may be eligible for any kind of assistance, including job training, education, health care, and economic development assistance and emotional and financial counseling. <b>(7 U.S.C. 3125b(e))</b>			
<b>Subtitle C—Agriculture, Research, Extension, and Education Reform Act of 1998</b>			
<b>Ending limitation on funding.</b> Limits grant funding to no more than three years and prohibits further funding after an eligible entity has received three years of funding. <b>(7 U.S.C. 7625(e)(3))</b>	Removes limitation on funding that restricts USDA from providing additional grant funding once an entity has received three years of grant funding. <b>(§7300)</b>	No comparable provision.	No comparable provision.
<b>National food safety training.</b> Authorizes appropriations of such sums as necessary for competitive grants to support training, education, extension, outreach, and technical assistance projects to increase the adoption of established food safety standards, guidance, and protocols. <b>(7 U.S.C. 7625(j))</b>	Reauthorizes appropriations of \$10 million annually for FY2019-FY2023. <b>(§7301)</b>	Reauthorizes the training program and provides an authorized appropriation of \$10 million annually for FY2019-FY2023. <b>(§7301)</b>	Identical to the House provision. <b>(§7301)</b>
<b>Integrated research, extension, and education competitive grant program.</b> <b>(7 U.S.C. 7626(e))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7302)</b>	Identical to the House provision. <b>(§7302)</b>	Identical to the House and Senate provisions. <b>(§7302)</b>
<b>Support for research regarding diseases of wheat, triticale, and barley caused by <i>Fusarium</i></b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7303)</b>	Amends by authorizing an appropriation of \$15 million annually for FY2019-FY2023. <b>(§7303)</b>	Adopts the Senate provision with an amendment restricting grant recipients

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b><i>graminearum</i> or by <i>Tilletia indica</i>.</b>            Authorizes grants to consortia of land-grant colleges and universities to enhance the ability of the consortia to carry out multi-state research projects aimed at understanding and combating diseases of wheat, triticale, and barley caused by <i>Fusarium graminearum</i> and related fungi. <b>(7 U.S.C. 7628(e)(2))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7304)</b></p>	<p>Identical to House provision. <b>(§7304)</b></p>	<p>from using more than 10% of grant funds for indirect costs. <b>(§7303)</b></p>
<p><b>Grants for youth organizations.</b>            Authorizes grants through the director of NIFA, which shall make grants to the Girl Scouts of the United States of America, the Boy Scouts of America, the National 4-H Council, and the National Future Farmers of America Organization to establish pilot projects to expand the programs carried out by the organizations in rural areas and small towns. <b>(7 U.S.C. 7630(d)(2))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7304)</b></p>	<p>Identical to House provision. <b>(§7304)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7304)</b></p>
<p><b>Specialty Crop Research Initiative.</b>            Provides mandatory CCC funds of \$80 million for FY2014 and each fiscal year thereafter and authorizes appropriations of \$100 million annually for FY2014-FY2018. <b>(7 U.S.C. 7632(b))</b> Reserves at least \$25 million in funding for the emergency citrus disease research and extension program and includes an additional \$25 million in authorized appropriations annually for FY2014-FY2018. <b>(7 U.S.C. 7632(j))</b></p>	<p>Extends program and funding levels through FY2023, including funding for the emergency citrus disease research and extension program. Expands program eligibility to include “size-controlling rootstock systems for perennial crops” and “emerging and invasive species,” among other production practices and technologies. <b>(§7305)</b></p>	<p>Extends funding levels through FY2023. Expands program eligibility to include “size-controlling rootstock systems for perennial crops,” “emerging and invasive species,” and “threats to specialty crop pollinators,” among other production practices and technologies. <b>(§7305)</b></p>	<p>Similar to the Senate bill. Reauthorizes CCC funding of \$100 million annually for FY2019-FY2023. <b>(§7305)</b> Establishes a Citrus Trust Fund to extend support the Emergency Citrus Disease Research and Extension Program, providing annual CCC funds of \$25 million for FY2019-FY2023. (See <b>Section 12605</b> more information.)</p>
<p><b>Food Animal Residue Avoidance Database Program.</b> Establishes a database to provide livestock producers, extension specialists,</p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7306)</b></p>	<p>Identical to House provision. <b>(§7306)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7306)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>scientists, and veterinarians with information to prevent drug, pesticide, and environmental contaminant residues in food animal products. <b>(7 U.S.C. 7642(e))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7307)</b></p>	<p>Identical to House provision. <b>(§7307)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7307)</b></p>
<p><b>Office of Pest Management Policy.</b> Establishes the Office of Pest Management Policy to coordinate USDA's policies and activities related to pesticides and pest management tools. Authorizes appropriations of such sums as necessary through FY2018. <b>(7 U.S.C. 7653)</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7307)</b></p>	<p>Identical to House provision. <b>(§7307)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7307)</b></p>
<p><b>Forestry products advanced utilization research.</b> Establishes forestry and forestry products research and extension initiative to develop and disseminate science-based tools that address the needs of the forestry sector and their respective regions; forest and timberland owners and managers; and forestry products engineering, manufacturing, and related interests. <b>(7 U.S.C. 7655b(f)(1))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. No change to current law. <b>(§7308)</b></p>	<p>Identical to House provision. <b>(§7308)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7308)</b></p>
<b>Subtitle D—Food, Conservation, and Energy Act of 2008 (FCE)</b>			
<p><b>Agricultural Biosecurity Communication Center.</b> Establishes a communication center within USDA to collect and disseminate information and prepare for an agricultural disease emergency, agroterrorist act, or other threat to agricultural biosecurity and to coordinate activities among agencies and offices within the USDA. Authorizes</p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7401)</b></p>	<p>Identical to House provision. <b>(§7501)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7401)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>\$2 million annually for FY2013-FY2018. <b>(7 U.S.C. 8912(c)(2))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7402)</b></p>	<p>Identical to House provision. <b>(§7502)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7402)</b></p>
<p><b>Assistance to build local capacity in agricultural biosecurity planning, preparation, and response.</b> Authorizes a competitive grant program to support the development and expansion of advanced training programs in agricultural biosecurity planning and response for food science professionals and veterinarians. Authorizes \$15 million annually for FY2013-FY2018. <b>(7 U.S.C. 8913)</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7403)</b></p>	<p>Identical to House provision. <b>(§7503)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7403)</b></p>
<p><b>Research and development of agricultural countermeasures.</b> Authorizes a competitive grant program to encourage basic and applied research and the development of qualified agricultural countermeasures. Authorizes \$15 million annually for FY2013-FY2018. <b>(7 U.S.C. 8921(b)(2))</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7404)</b></p>	<p>Identical to House provision. <b>(§7504)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7404)</b></p>
<p><b>Agricultural Biosecurity Grant Program.</b> Authorizes a competitive grant program to promote the development of teaching programs in agriculture, veterinary medicine, and disciplines closely allied to the food and agriculture system to increase the number of trained individuals with an expertise in agricultural biosecurity. <b>(7 U.S.C. 8922(e)(2))</b></p>	<p>Amends provision to state that the Grazinglands Research Laboratory shall not be declared excess or surplus federal property for the 15-year period</p>	<p>No comparable provision.</p>	<p>Identical to the House provision. <b>(§7411)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
laboratory for grazingland research. <b>(§7502, P.L. 110-246)</b>	beginning on the date of enactment of the FCE Act. The amendment increases the time period from 10 years to 15 years. <b>(§7405)</b>		
<b>Farm and Ranch Stress Assistance Network.</b> In coordination with the Secretary of Health and Human Services, the Secretary is authorized to make competitive grants to establish a Farm and Ranch Stress Assistance Network to provide stress assistance programs for those engaged in agriculture-related occupations. Such sums as necessary authorized FY2008-FY2012. <b>[7 U.S.C. 5936]</b>	Reauthorizes such sums as necessary for FY2019-FY2023. Requires a review of the program within two years after the first grant is awarded. <b>[Sec. 6003]</b>	Amends to designate eligible entities. Authorizes training and workshops for affected farmers and ranchers. Also authorizes Network to enter into contracts with community-based direct service organizations to initiate and expand programs. Requires a report from the Secretary in coordination with the Secretary of Health and Human Services describing the mental and behavioral health of farmers and ranchers. Authorizes \$10 million annually FY2019-2023.	Adopts the Senate provision with an amendment making Indian tribes eligible for grants. <b>(§7412)</b>
<b>Natural products research program.</b> Authorizes a natural products research program to improve human health and agricultural productivity through the discovery, development, and commercialization of products and agrichemicals from bioactive natural products, including products from plant, marine, and microbial sources. Authorizes \$7 million annually for FY2014-2018. <b>(7 U.S.C. 5937(e))</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7406)</b>	Identical to House provision. <b>(§7512)</b>	Identical to the House and Senate provisions. <b>(§7413)</b>
<b>Sun grant program.</b> Establishes six sun grant centers and authorizes competitive grants to enhance national energy security through the development, distribution, and implementation of biobased energy technologies. Authorizes \$75 million	Reauthorizes appropriations for FY2019-FY2023. <b>(§7407)</b>	Identical to House provision. <b>(§7513)</b>	Identical to the House and Senate provisions. <b>(§7414)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
annually through FY2018. <b>(7 U.S.C. 8114(g))</b>	No comparable provision.	<b>Mechanization and automation for specialty crops.</b> Directs the Secretary to conduct a review of programs in the Department that affect the production or processing of specialty crops. <b>(§7514)</b>	Identical to the Senate provision. <b>(§7610)</b>
<b>Subtitle E—Amendments to Other Laws</b>			
<b>Critical Agricultural Materials Act.</b> Authorizes a research program into the use of agricultural materials that are of strategic and industrial importance to the United States. Authorizes \$2 million annually for FY2014-FY2018. <b>(7 U.S.C. 178n(a)(2)).</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7501)</b>	Identical to the House provision. <b>(§7401)</b>	Identical to the House and Senate provisions. <b>(§7501)</b>
Section 5(b)(9) of the act provides for basic and applied research, technology development, and technology transfer. <b>(7 U.S.C. 178c(b)(9))</b>	No comparable provision.	Expands scope of the program to study the economic feasibility of developing native agricultural crops to include industrial hemp. <b>(§7401)</b>	Identical to the Senate provision. <b>(§7501)</b>
<b>Equity in Educational Land-Grant Status Act of 1994.</b> Establishes land-grant aid to colleges. <b>(7 U.S.C. 301 note)</b>	Amends provision to define 36 tribal colleges as “1994 land-grant colleges as “1994 land-grant institutions.” Reauthorizes endowment funding, capacity-building grants, and research grants for the 36 tribal colleges for FY2019-FY2023. <b>(§7502)</b>	Identical to House provision. <b>(§7402)</b>	Identical to the House and Senate provisions. <b>(§7502)</b>
<b>Research Facilities Act.</b> Defines and authorizes funding for agricultural research facilities. <b>(7 U.S.C. 390 et seq.)</b>	Amends the Research Facilities Act (7 U.S.C. 390(1)) by striking <i>a college, university, or nonprofit institution</i> and inserting <i>an entity eligible to receive funds under a capacity and infrastructure program as defined in Section 251(f)(1)(C) of the 1994 Agriculture Reorganization Act.</i> Adds a new section authorizing	Reauthorizes the provision for FY2019-FY2023. <b>(§7403)</b>	Identical to the House provision. <b>(§7503)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Competitive, Special, and Facilities Research Grant Act.</b> Authorizes a competitive grants program at USDA (the Agriculture and Food Research Initiative) to address various areas of importance to the agricultural production, food, and nutrition sectors. <b>(7 U.S.C. 3157(b))</b></p>	<p>competitive grants appropriation and limiting those funds made available to no more than 25% for any one project. Limits an eligible entity to receiving funds for only one project at a time. <b>(§7503)</b></p> <p>Amends the act by making technical corrections and adding clauses that accelerate research in the use of automation or mechanization for labor-intensive tasks in crop production and distribution and remove barriers to entry for young, beginning, socially disadvantaged veteran, and immigrant farmers and ranchers. <b>(§7504)</b></p>	<p>Similar to House provision. Also amends to add soil health as an environmental research area. Does not include the House provision regarding socially disadvantaged farmers and ranchers. <b>(§7404)</b></p>	<p>Adopts the House provision with an amendment striking the changes to matching requirements that are made in Section 7614 and also authorizes the Secretary to provide grants to carry out collaboration in biomedical and agricultural research using existing models. <b>(§7504)</b></p>
<p><b>Competitive, Special, and Facilities Research Grant Act.</b> Authorizes a competitive grants program at USDA to address various areas of importance to the agricultural production, food, and nutrition sectors. <b>(7 U.S.C. 3157(b))</b></p>	<p>No comparable provision.</p>	<p>Amends to create an extension design and demonstration initiative to encourage the design of adaptive prototype systems for extension and education that seek to advance the application, translation, and demonstration of scientific discoveries and other agricultural research for the adoption and understanding of food, agricultural, and natural resources practices. Authorizes competitive grants to land-grant institutions and agricultural experiment stations for up to 5 years for the design of extension and education prototypes, Provides \$5 million annually for FY2019-FY2023. <b>(§7405)</b></p>	<p>Identical to the Senate provision. <b>(§7505)</b></p>
<p><b>Renewable Resources Extension Act of 1978.</b> Authorizes \$30 million annually for FY2002-FY2018 for</p>	<p>Reauthorizes appropriations for FY2019-FY2023. <b>(§7505)</b></p>	<p>Identical to House provision. <b>(§7406)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7509)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
forestry-related extension activities. <b>(16 U.S.C. 1675, 1671)</b>			
<b>National Aquaculture Act of 1980.</b> Authorizes appropriations of \$1 million annually for FY1991-FY2018 to the Departments of Agriculture, Commerce, and the Interior to support research on aquaculture. <b>(16 U.S.C. 2809)</b>	Reauthorizes appropriations for FY2019-FY2023. <b>(§7506)</b>	Identical to House provision. <b>(§7407)</b>	Identical to the House and Senate provisions. <b>(§7510)</b>
<b>Purposes of agricultural research, extension, and education.</b> Describes the objectives and purposes of federal support for agricultural research, extension, and education. <b>(7 U.S.C. 3101, note)</b>	No comparable provision.	Repeals a review of the Agricultural Research Service authorized by Section 7404 of P.L. 107-171. Review would have evaluated the merits of establishing one or more national institutes focused on disciplines important to the progress of food and agricultural science. <b>(§7408)</b>	Identical to the Senate provision. <b>(§7506)</b>
<b>McIntire-Stennis Cooperative Forestry Research Act.</b> Provides funding to schools of forestry for research and extension activities. <b>(16 U.S.C. 582a-1)</b>	No comparable provision.	Amends to add 1994 institutions (tribal land grant colleges) that offer an associate's degree or a baccalaureate degree in forestry as eligible to participate in McIntire-Stennis funding under terms determined by the Secretary. <b>(§7414)</b>	Identical to the Senate provision. <b>(§7604)</b>
<b>Agriculture innovation center demonstration program.</b> Directs the Secretary to establish a demonstration program under which agricultural producers are provided technical assistance, assistance in marketing, market development, and business planning; and organizational, outreach, and development assistance. Authorizes appropriations of \$1 million	No comparable provision.	Amends to provide "such sums as necessary to carry out this section." <b>(§7418)</b>	Adopts the Senate provision with an amendment specifying that the board of directors for each Innovation Center be composed of a diverse group of representatives from public and private entities, including four entities that represent commodities produced in the state and may include a state legislator. The amendment also strikes the report to congress and authorizes \$15 million for each of FY2019-2023. <b>(§7608)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>annually FY2014-2018. (<b>7 U.S.C. 1632b</b>)</p> <p><b>Legitimacy of industrial hemp research.</b> Allows an institution of higher education or State department of agriculture to grow or cultivate industrial hemp for research purposes, if allowed under the laws of the State in which the institution is located. Establishes a definition for "industrial hemp" to mean the plant Cannabis sativa with a delta-9 tetrahydrocannabinol concentration of not more than 0.3% on a dry weight basis." (<b>7 U.S.C. 5940</b>)</p>	<p>No comparable provision.</p>	<p>Requires USDA to conduct a study of agricultural pilot programs, assessing the economic viability of the domestic production and sale of industrial hemp, and review the hemp pilot program and any other agricultural or academic research relating to industrial hemp. (<b>§7415</b>)</p> <p>Other provisions regarding industrial hemp are contained in the Horticulture title (XII) (<b>§§10111, 10112</b>), Crop Insurance title (XI) (<b>§§11101, 11106, 11112, 11120, 11101, 11121</b>), Miscellaneous title (XII) (<b>§12608</b>), and elsewhere in the Research title (XII) (<b>§§7125, 7401</b>).</p>	<p>Similar to the Senate provision but also requires USDA to submit a report describing the study on agricultural pilot programs not later than 12 months after the date of enactment. (<b>§7605</b>)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Collection of data relating to barley area planted and harvested.</b> Directs the Secretary through the National Agricultural Statistics Service to include New York in the states surveyed for the table entitled "barley area planted and harvested" in those reports. (<b>§7416</b>)</p>	<p>Identical to the Senate provision. (<b>§7606</b>)</p>
<p>No comparable report.</p>	<p>No comparable provision.</p>	<p><b>Collection of data relating to the size and location of dairy farms.</b> Requires the Administrator of the Economic Research Service (ERS) to update the report entitled "Changes in the Size and Location of US Dairy Farms" contained in the report of the ERS entitled "Profits, Costs, and the Changing Structure of Dairy Farming" and published in September 2007.</p>	<p>Identical to the Senate provision. (<b>§7607</b>)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Beginning Farmer and Rancher Development Program.</b> Authorizes a beginning farmer and rancher development program to provide training, education, outreach, and technical assistance initiatives for beginning farmers or ranchers. Authorizes \$20 million in mandatory funding annually for FY2014-FY2018 and \$30 million annually for FY2014-FY2018 in discretionary spending. <b>(7 U.S.C. 3319f)</b></p>	<p>Reauthorizes mandatory and discretionary appropriations for FY2019-FY2023. Amends to require that grant recipients provide a match in the form of cash or in-kind contributions equal to 25% of the grant funds provided. The Secretary is authorized to waive the matching requirement to effectively reach an underserved area or population. Amendment adds new subsection outlining the purposes of the competitive grants. Requires that not less than 5% of the funds be made available to socially disadvantaged farmers and ranchers, limited resource farmers and ranchers, and farm workers who desire to become farmers and ranchers. Also requires not less than 5% of the funds be made available to support programs and services that address the needs of veteran farmers.* <b>(§7507)</b></p>	<p>Requires an expanded table containing the full range of herd sizes. <b>(§7417)</b></p> <p>No comparable provision.</p>	<p>Similar to House provision. See <b>(§12301)</b></p>
<p><b>Federal agricultural research facilities.</b> Provides funding for federal agricultural research facilities. <b>(Title XIV, P.L. 99-198; 99 Stat. 1556; 128 Stat. 900)</b></p>	<p>Reauthorizes appropriations for FY2019-FY2023. No change to current law. <b>(7508)</b></p>	<p>Identical to House provision. <b>(§7112)</b></p>	<p>Identical to the House and Senate provisions. <b>(§7511)</b></p>
<p><b>Biomass research and development.</b> Establishes a research initiative between USDA and the Department of Energy to coordinate research and development programs and activities relating to biofuels and</p>	<p>Reauthorizes appropriations of \$20 million for each fiscal year for FY2019-FY2023. <b>(§7509)</b></p>	<p>Amends to add carbon dioxide intended for permanent sequestration to be considered a biobased product. Adds an expert in carbon sequestration to the membership of the Advisory Council. Reauthorizes \$3 million in annual</p>	<p>Adopts the Senate provision with an amendment striking the \$3 million in annual in mandatory spending for FY2019-FY2023. <b>(§7507)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>biobased products that are carried out by their respective departments. Authorizes \$20 million in discretionary funding annually for FY2014-FY2018. <b>(7 U.S.C. 8108(h))</b></p> <p><b>Foundation for Food and Agriculture Research</b></p> <p>A non-profit corporation established to advance the research mission of USDA by supporting research activities focused on key problems of national and international significance. The Foundation is governed by an elected Board of Directors of 15 members selected from a list of candidates provided by the National Academy of Sciences and a list provided by industry. Provides \$200 million in mandatory spending to remain available until expended. Federal funding is matched on a 1:1 basis. <b>(7 U.S.C. 5939)</b></p>	<p>No comparable provision.</p>	<p>mandatory spending and \$20 million in annual discretionary spending for FY2019-FY2023. <b>(§7409)</b></p> <p>Amends to include that the Board of Directors shall actively solicit and accept any funds, gifts, grants, devises, or bequests of real or personal property made to the Foundation, including from private entities. Requires publication of an annual notice to stakeholders of agricultural research priorities for the coming year, including a schedule for funding competitions and a description of how funding applications will be evaluated. Describes how the Foundation will improve transparency in the application review process. Requires the Secretary to transfer \$200 million of mandatory funding to the Foundation. <b>(§7413)</b></p>	<p>Identical to the Senate provision. <b>(§7603)</b></p>
<b>Subtitle F—Other Matters</b>			
<p><b>Enhanced Use Lease Authority Program.</b> Concerns the National Agricultural Library's authority under a pilot program to lease non-excess property. <b>(7 U.S.C. 3125a note)</b></p>	<p>Transitions the lease authority program from a pilot program to a permanent program and changes the dates of report submission requirements. <b>(§7601)</b></p>	<p>Amends the Federal Crop Insurance Reform and Department of Agriculture Reorganization Act of 1994 to terminate the lease authority program in FY2023, and to require reporting by FY2021. <b>(§7411)</b></p>	<p>Adopts the House provision with an amendment that strikes the clarification for the prohibition against onsite public retail development; establishes September 23, 2023, as the termination date of the program; and requires a report no later than September 30, 2021. <b>(§7601)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Functions and duties of the Under Secretary for Research, Education, and Economics. (7 U.S.C. 6971(d)(2))</b>	Declares that certain duties of the Secretary with respect to coordination of research across disciplines and to address the priority research areas of the Agriculture and Food Research Initiative. <b>(§7602)</b>	No comparable provision.	No comparable provision.
<b>Reinstatement of District of Columbia matching requirement for certain land-grant university assistance. (P.L. 93-471, §38-1202.09(e), D.C. Official Code)</b>	Amends Section 208(c) of the District of Columbia Postsecondary Education Reorganization Act to pay no more than one-half of the total cost of providing certain extension work. <b>(§7603)</b>	Identical to House provision. <b>(§7410)</b>	Identical to the House provision. <b>(§7508)</b>
No comparable provision.	<b>Farmland tenure, transition, and entry data initiative.</b> Directs the Secretary to collect and report annually data and analysis on farmland ownership, tenure, transition, and entry of beginning farmers. Authorizes \$2 million each fiscal year for FY2019-FY2023. <b>(§7604)</b>	No comparable provision.	No comparable provision.
No comparable provision.	<b>Transfer of administrative jurisdiction, portion of Henry A. Wallace Beltsville Agricultural Research Center, Beltsville, Maryland.</b> Authorizes the Secretary to transfer a parcel of real property at the Henry A. Wallace Beltsville Agricultural Research Center to the administrative jurisdiction of the Secretary of the Treasury and specifies the conditions of the transfer. <b>(§7605)</b>	Identical to House provision. <b>(§7412)</b>	Identical to the House and Senate provisions. <b>(§7602)</b>
<b>Smith-Lever Act of 1916, Sections 3 and 4; Hatch Act of 1887, Section 3; National Agricultural Research, Extension, and Teaching Policy Act, Sections 1444 and 1445.</b>	Amends provisions requiring submission of plans of work by land-grant institutions with respect to the use of formula funds and state matching funds provided under the Hatch Act, Smith-	No comparable provision.	Identical to the House and Senate provisions. <b>(§7612)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
(7 U.S.C. 343(h)(2)); (7 U.S.C. 344); (7 U.S.C. 366(c)); (7 U.S.C. 361 g); (7 U.S.C. 3221(d)); (7 U.S.C. 3222(e))	Lever Act, and similar formula funds provided to the 1890 land-grant universities. Provides that the procedures of such plans of work are not subject to audits to determine their sufficiency. <b>(§7606)</b>		
<b>Department of Agriculture Reorganization Act of 1994, Section 251.</b> (7 U.S.C. 6971(f)(1)(C))	Exempts entities receiving certain funds from time and effort reporting requirements under Part 200 of Title 2 of the <i>Code of Federal Regulations</i> with respect to the use of such funds. <b>(§7607)</b>	No comparable provision.	Identical to the House provision. <b>(§7613)</b>
No comparable provision	Provides that USDA, in consultation with the Food and Drug Administration (FDA), shall develop and carry out a national science-based education campaign to increase public awareness regarding the use of biotechnology in food and agriculture production. <b>(§7608)</b>	No comparable provision.	No comparable provision.
<b>Smith-Lever Act of 1916.</b> Provides formula funding for extension activities at land grant institution. (7 U.S.C. 343, et seq.)	No comparable provision.	No comparable provision.	<b>Smith-Lever Community Extension Program.</b> Amends the Smith-Lever Act to authorize 1994 land-grant colleges to compete for and receive funds for the Children, Youth, and Families at Risk funding and the Federally Recognized Tribes Extension Program. <b>(§7609)</b>
<b>Food Security Act of 1985.</b> Agriculture Conservation Experienced Services (ACES). Authorizes USDA to enter into technical assistance using qualified individuals 55 and older. Funding from farm bill conservation	No comparable provision.	Amends the Food Security Act to rename the Agriculture Conservation Experienced Services Program to Experienced Services and expands the program to include technical, professional, and administrative services for research, education, and economic	Adopts the Senate provision with technical amendments and strikes the sunset provision. <b>(§7611)</b>

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<b>Prior Law/Policy</b>	<b>House-Passed Bill (H.R. 2)</b>	<b>Senate-Passed Bill (H.R. 2)</b>	<b>Enacted 2018 Farm Bill (P.L. 115-334)</b>
programs may be used to carry out the program (16 U.S.C. 3851)		mission areas of USDA. Adds a sunset date of October 1, 2023.	

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Table 12. Forestry

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Subtitle A—Cooperative Forestry Assistance Act of 1978</b>			
Authorizes up to \$10 million in annual appropriations between FY2008 and FY2018 to implement the requirements for <b>statewide forest resource assessments</b> and strategies. (16 U.S.C. 2101a)	Reauthorizes funding at the current authorized level of up to \$10 million annually through FY2023. (§8101)	No comparable provision.	Identical to the House provision. (§8101)
Permanently authorizes up to 5% of the funds made available for all CFAA programs to be appropriated to carry out a program to support innovative regional or national forest restoration projects that address priority landscapes. The <b>Landscape Scale Restoration</b> program received average annual appropriations of \$14 million from FY2014 through FY2018. (16 U.S.C. 2109a)	Eliminates the existing program and establishes a State and Private Forest Landscape-Scale Restoration program to provide financial assistance for landscape-scale restoration projects that cross landownership boundaries (e.g., federal, state, tribal, and/or private forest land). Specifies that half of the program funding is to be allocated for a competitive grant program and the other half proportionally allocated to the states. Establishes a national and optional regional process for reviewing proposals for the competitive grant program and requires up to a 50% cost-share match, unless waived by the Secretary. Requires the development of performance metrics to measure the results of the program. Authorizes the program to receive \$10 million annually through FY2023, subject to appropriations. (§8104)	Establishes a competitive grant program similar to the House provision but does not include the requirement to allocate half of the program funding to the states. Also defines private forest land and state forest land differently; requires a 50% cost-share match without exceptions; does not establish a review process; requires proposals to be accessible by wood-processing infrastructure and based on best available science; and requires the Chief of the Forest Service to consult with the Chief of the NRCS and relevant stakeholders regarding program administration. Establishes the State and Private Forest Landscape-Scale Restoration Fund to administer program funds and authorizes the fund to receive \$20 million annually through FY2023, subject to appropriations. (§8101)	Identical to the Senate provision. (§8102)
Permanently authorizes such sums as necessary to be appropriated to carry out the <b>Forest Legacy Program</b> , which was created to protect forests from conversion to nonforest uses and	Eliminates permanent authority to receive annual appropriations of such sums as necessary and instead authorizes the program to receive \$35	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
received average annual appropriations of approximately \$59 million from FY2014 through FY2018. <b>(16 U.S.C. 2103c)</b>	million annually through FY2023, subject to appropriations. <b>(§8102)</b>		
Permanently authorizes such sums as necessary to be appropriated to carry out the <b>Community Forest and Open Space Conservation</b> program. The program provides financial assistance to local governments, federally recognized Indian tribes, and nonprofit organizations to establish community forests by acquiring and protecting private forests threatened by conversion to nonforest uses. It received an average of \$2.4 million annually in appropriations between FY2014 and FY2018. <b>(16 U.S.C. 2103d)</b>	Eliminates permanent authority to receive annual appropriations of such sums as necessary and instead authorizes the program to receive \$5 million annually through FY2023, subject to appropriations. <b>(§8103)</b>	No comparable provision.	No comparable provision.
<b>Subtitle B—Forest and Rangeland Renewable Resources Research Act of 1978</b>			
Authorizes a <b>Wood Fiber Recycling Research</b> program and authorized appropriations up to \$10 million annually through FY1996. <b>(16 U.S.C. 1648)</b>	No comparable provision.	Repeals the Recycling Research program. <b>(§8201)</b>	Identical to the Senate provision. <b>(§8201)</b>
Authorizes a <b>Forestry Student Grant</b> program to assist minority and female undergraduate and graduate students and authorizes appropriations of such sums as may be necessary without a sunset date. <b>(16 U.S.C. 1649)</b>	No comparable provision.	Repeals the Forestry Student Grant program. <b>(§8202)</b>	Identical to the Senate provision. <b>(§8202)</b>
<b>Subtitle C—Global Climate Change Prevention Act of 1990</b>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Authorizes the Secretary of Agriculture, upon an agreement with the Secretary of Defense, to study and develop a program to manage forests for biomass growth and carbon sequestration on military installations. <b>(7 U.S.C. 6708)</b>	No comparable provision.	Removes the specification for the agreement to manage for biomass growth and carbon sequestration and authorizes the Secretary of Agriculture, upon an agreement with the Secretary of Defense, to develop a program to manage forests and lands on military installations. <b>(§8302)</b>	Identical to the Senate provision. <b>(§8301)</b>
Authorizes the Secretary of Agriculture, in consultation with the Secretary of Energy, to carry out <b>Biomass Energy Demonstration Project</b> program to demonstrate the potential of short-rotation silvicultural methods to produce wood for energy. <b>(7 U.S.C. 6709)</b>	No comparable provision.	Repeals the Biomass Energy Demonstration Project program. <b>(§8301)</b>	Identical to the Senate provision. <b>(§8301)</b>
<b>Subtitle D—Healthy Forests Restoration Act of 2003</b>			
Directs the Secretary to develop an annual program of work which prioritizes <b>hazardous fuel reduction</b> projects on NFS that would protect at-risk communities that have developed a community wildfire protection plan (CWPP) and encourages the Secretary to allocate funding for assistance programs to prioritize hazardous fuel reduction projects recommended by those communities. Defines the wildland urban interface (WUI) as an area within, adjacent, or within 0.5 mile to a community identified as at-risk for large-scale wildland fire disturbance event in a CWPP. Authorizes up to \$760 million annually in appropriations for hazardous fuel reduction activities on federal and nonfederal land and	Encourages the Secretary to use any funds appropriated for hazardous fuels reduction activities in excess of \$300 million annually for cross-boundary hazardous fuel reduction projects on federal and nonfederal land. Also encourages the Secretary to use up to \$20 million or 20% of any excess funds appropriated annually to provide financial assistance grants to states to implement hazardous fuel reduction projects on nonfederal land. Further directs the Secretary to use any excess funds to support cross-boundary hazardous fuel reduction projects using existing authorities to cooperate or provide technical and financial assistance to states and authorizes the Secretary	Authorizes appropriations up to \$20 million annually through FY2023 to provide financial assistance grants to states for cross-boundary hazardous fuels reduction projects. Reduces the authorization of appropriations for hazardous fuel reduction activities to \$660 million annually through FY2023. <b>(§8401, §8402)</b>	Identical to the Senate provision. <b>(§8401, §8402)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
specifies that at least 50% of the funds should be allocated to projects on federal lands within the WUI. <b>(16 U.S.C. 6511, 6513, 6518)</b>	to allocate some of the excess funds for GNA projects. <b>(§8332)</b>		
Specifies that, at a national level, at least 50% of the funds for hazardous fuels reduction should be allocated to projects on federal lands within the WUI. <b>(16 U.S.C. 6513)</b>	No comparable provision.	Directs the Secretary to prioritize hazardous fuels funding for projects within the WUI to the maximum extent possible. <b>(§8625)</b>	No comparable provision.
Authorizes the Secretary to provide financial assistance to offset the cost of biomass for owners or operators of facilities which use biomass for as a raw material to produce energy. The <b>Biomass Commercial Utilization Program</b> was authorized up to \$5 million in appropriations annually through FY2008. <b>(16 U.S.C. 6531)</b>	No comparable provision.	Repeals the Biomass Commercial Utilization Program. <b>(§8403)</b>	Identical to the Senate provision. <b>(§8403)</b>
No comparable provision.	No comparable provision.	Authorizes the Secretary to establish a <b>water source protection program</b> on NFS land. Watershed restoration or protection projects proposed under a water source management plan must be consistent with the forest plan and any required environmental analyses may be conducted through a single analysis. Authorizes the Secretary to accept cash or in-kind donations from specified nonfederal partners. Authorizes \$10 million in annual appropriations through FY2023. <b>(§8404)</b>	Identical to the Senate provision. <b>(§8404)</b>
The Forest Service developed a Watershed Condition Framework to classify watershed conditions across the NFS, identify priority watersheds, and	No comparable provision.	Requires the Secretary to establish a <b>Watershed Condition Framework</b> for NFS land. Under the framework, the Secretary is required to identify up to 5 priority watersheds in each national	Identical to the Senate provision. <b>(§8405)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
develop restoration action plans in 2011.		forest (and 2 in each national grassland) and develop an action plan, in coordination with interested nonfederal landowners and other governments, to prioritize protection and restoration activities. Authorizes an emergency designation process if wildfire has significantly impacted a watershed <b>(§8405)</b>	
Authorizes such sums as necessary from FY2004 through FY2008, subject to annual appropriations, for <b>rapid forest insect and disease assessments</b> on federal and nonfederal lands <b>(16 U.S.C. 6556)</b>	No comparable provision.	Removes the authorization for appropriations and specifies that the authority terminates in FY2023. <b>(§8406)</b>	Identical to the Senate provision. <b>(§8406)</b>
Establishes the <b>Healthy Forests Reserve Program</b> (HFRP) to assist private and tribal landowners in restoring and enhancing forest ecosystems using 10-year agreements, 30-year contracts, 30-year easements, and permanent easements for the purposes of species recovery, improving biodiversity, and enhancing carbon sequestration as outlined in restoration plans. Authorizes appropriations for HFRP of \$12 million annually through FY2018. <b>(16 U.S.C. 6571-6578)</b>	Expands the purposes, eligibility requirements, and enrollment priorities of the program to include species recovery and habitat conservation considerations. Authorizes federally recognized Indian tribes to sell permanent easements on lands they own in fee simple. Specifies that restoration plans may include a variety of land management practices if necessary to achieve habitat restoration objectives. Reauthorizes HFRP at the current authorized level through FY2023, subject to appropriations. <b>(§8107(a))</b>	Similar to House provision, except for the inclusion of practices to improve biological diversity or to increase carbon sequestration in the definition of practices, and measures required in the restoration plan. <b>(§2426, §8407)</b>	Identical to the House provision. <b>(§8407(a))</b>
Authorizes the Secretary, upon request from the Governor, to designate landscape-scale <b>insect and disease treatment areas</b> on at least one national forest within the state. Designated areas must be experiencing	Adds invasive vegetation to the definition of a forest that is experiencing declining forest health, adds hazardous fuels reduction projects as a priority project category, and permanently authorizes the use of the procedures	No comparable provision.	Similar to the House provision except does not add invasive vegetation to the definition of <i>declining forest health</i> and authorizes the use of the procedures intended to expedite priority projects through FY2023. <b>(§8407(b))</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>substantially increased tree mortality or dieback due to insect or disease infestations. Authorizes the use of procedures intended to expedite the environmental analysis, administrative review, and judicial review for specified priority forest health projects within designated areas through FY2018. <b>(16 U.S.C. 6591a)</b></p>	<p>intended to expedite priority projects. <b>(§8107(b), §8109)</b></p>		
<p>Authorizes appropriations up to \$200 million annually through FY2024 for the insect and disease treatment areas on NFS lands. The program has never received appropriations although the program has been implemented using other authorized funding sources. <b>(16 U.S.C. 6591a(f))</b></p>	<p>No comparable provision.</p>	<p>Removes the authorization of appropriations for the insect and disease treatment areas. <b>(§8408)</b></p>	<p>Identical to the Senate provision. <b>(§8408)</b></p>
<p>Categorically excludes (CE) priority projects from the requirements to produce an environmental assessment or environmental impact statement under the National Environmental Policy Act (NEPA, P.L. 91-109) if the project was: developed through a collaborative process; maximizes the retention of old-growth and large trees to the extent practicable; considers best available science; is located within designated insect and disease treatment areas and either the WUI or in areas classified as Condition Class 2 or 3 in Fire Regime groups I, II, or III; and involves less than 3,000 acres. <b>(16 U.S.C. 6591a-6591b)</b></p>	<p>Expands the availability of the NEPA categorical exclusion (CE) to projects up to 6,000 acres and to projects located in areas classified as Condition Class 2 or 3 in Fire Regimes IV and V. <b>(§8107(b)-(c), §8321)</b></p>	<p>Requires the Secretary to apply the extraordinary circumstances procedures under 36 C.F.R. Part 220.6 when using the insect and disease treatment CE. <b>(§8409, see also §8611 below)</b></p>	<p>No comparable provision.</p>

**Subtitle E—Repeal or Reauthorization of Miscellaneous Forestry Provisions**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
The 2014 farm bill required the Secretary to revise the <b>strategic plan for forest inventory and analysis</b> within 180 days of enactment ( <b>16 U.S.C. 1642 note</b> )	No comparable provision.	Repeals the requirement to revise the forest inventory and analysis strategic plan. ( <b>§8501</b> )	Identical to the Senate provision. ( <b>§8501</b> )
The 2014 farm bill established a <b>semiarid agroforestry research center</b> in Lincoln, NE and authorizes appropriations of \$5 million annually ( <b>16 U.S.C. 1642 note</b> )	No comparable provision.	Eliminates permanent authority to receive annual appropriations and instead authorizes the program to receive \$5 million in annual appropriations through FY2023. ( <b>§8502</b> )	Identical to the Senate provision. ( <b>§8502</b> )
The National Forest Foundation Act authorizes the Secretary of Agriculture to provide matching funds to the <b>National Forest Foundation</b> (NFF) for administrative expenses through FY2018. Section 410(b) authorizes \$3 million in annual appropriations through FY2018 to provide matching funds for the NFF. ( <b>16 U.S.C. 583j</b> )	Reauthorizes the Secretary's authority to provide matching funds for NFF administrative expenses and appropriations at the current authorized level of \$3 million through FY2023. ( <b>§8108</b> )	Identical to the House provision. ( <b>§8503</b> )	Identical to the House provision. ( <b>§8503</b> )
The Facility Realignment and Enhancement Act established the Forest Service <b>Facility Realignment and Enhancement</b> program to authorize the conveyance of administrative sites or up to 10 undeveloped parcels of up to 40 acres of NFS land. Authorization expired FY2016. ( <b>16 U.S.C. 580d note</b> )	No comparable provision.	Reauthorizes the program from FY2019 through FY2023. ( <b>§8504</b> )	Identical to the Senate provision. ( <b>§8504</b> )
<b>Subtitle F—Forest Management</b>			
<i>Part I. Expedited Environmental Analysis and Availability of Categorical Exclusions to Expedite Forest Management activities</i>			
FS regulations implementing NEPA provide for extraordinary circumstances in which an action that would normally	No comparable provision.	Directs the Secretary of Agriculture, for NFS lands, and the Secretary of the Interior, for the public lands managed by	Similar to the Senate provision except projects may be up to 4,500 acres. ( <b>§8611</b> )

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>be covered by a CE may have the potential for a significant environmental effect and require additional analysis and action through an environmental assessment or environmental impact statement. FS identified extraordinary circumstances to include the potential for an effect of the proposed action on certain resource conditions (e.g., presence of federally protected species or habitat, wetlands, cultural or archaeological sites) within the project area. <b>(36 C.F.R. Part 220.6(b))</b></p> <p>BLM regulations implementing NEPA also provide for extraordinary circumstances to preclude the use of a CE for certain projects, although the conditions differ slightly from those for the FS. For example, BLM includes the potential for a project to introduce non-native species or have a disproportionate effect on low income or minority populations, among others. <b>(43 C.F.R. Part 46.215)</b></p>	<p>Defines relevant terms and specifies that the Secretary concerned refers to the Secretary of Agriculture for NFS lands or the Secretary of the Interior for the public lands. Excludes from the authorities established in the subtitle NFS or public lands that are designated</p>	<p>the Bureau of Land Management (BLM), to establish a CE for specified projects of up to 3,000 acres to protect, restore, or improve habitat for <b>greater sage-grouse and/or mule deer habitat</b> within one year of enactment. Projects must protect, restore, or improve habitat for either species, or concurrently for both species if the project is located in both mule deer and sage-grouse habitat. Projects must be consistent with the existing resource management plan and may not occur in designated wilderness areas, wilderness study areas, inventoried roadless areas, or any area where the removal of vegetation is restricted or prohibited. Projects may not include any new permanent roads, but may repair existing permanent roads. Temporary roads shall be decommissioned within three years of project completion, or when no longer needed. Directs each agency to apply its respective extraordinary circumstances procedures in determining whether to use the CE. On NFS lands, projects may only occur within designated <i>insect and disease treatment areas</i> (see above section). <b>(§8601, §8611)</b></p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>		<p>No comparable provision.</p>	

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
The Endangered Species Act (ESA, P.L. 93-205) requires consultation with the Secretary of the Interior to determine if a federal action may adversely impact a species—or its habitat—listed as endangered or threatened. <b>(16 U.S.C. 1536)</b>	wilderness areas, inventoried roadless areas except under specific conditions, or lands on which timber harvesting is prohibited by law. <b>(§8301, §8302)</b>  Provides for an expedited ESA consultation for forest management activities carried out under this subtitle on NFS or public lands or, if the Secretary concerned determines that the activity is not likely to adversely affect a listed species or designated critical habitat, removes the requirement for consultation. <b>(§8303)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Authorizes the Secretary to choose which categorical exclusion (CE) to use if a forest management activity on NFS or public lands qualifies for multiple CEs under this subtitle. <b>(§8304)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects up to 6,000 acres and for any combination of addressing an insect or disease infestation; reducing hazardous fuel loads; protecting a municipal water source; maintaining, enhancing, or modifying critical habitat to protect it from catastrophic disturbances; or increasing water yield on NFS or public lands. <b>(§8311)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects to prevent wildfire as a result of a catastrophic event or to use and generate revenue from the sale of forest products impacted by a catastrophic event on NFS or public lands, subject to a maximum project size of 6,000 acres	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	and a requirement to prepare a reforestation plan. <b>(§8312)</b>  Establishes a CE for projects up to 6,000 acres to improve, enhance, or create early successional forests for wildlife habitat improvement and other purposes on NFS or public lands. Projects should maximize production and regeneration of priority species. <b>(§8313)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects to remove hazardous trees to protect public health or safety, water supply, or public infrastructure on NFS or public lands. <b>(§8314)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for forest restoration or improvement projects up to 6,000 acres to reduce the risk of wildfire on NFS or public lands, including the removal of specified vegetation, including conifer trees, through livestock grazing, prescribed burns, and mechanical treatments; performance of hazardous fuels management; creation of fuel and fire breaks; modification of fences for livestock grazing; installation of erosion control devices; construction and maintenance of livestock grazing infrastructure; various specified soil treatments; and use of herbicides in accordance with applicable land and resource management plan and agency procedures. <b>(§8315)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects up to 6,000 acres to improve forest resiliency, reduce hazardous fuels, or improve	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	wildlife and aquatic habitat on NFS or public lands, including timber, salvage, and regeneration harvests; prescribed burning; stream restoration and erosion control; and road and trail decommissioning activities. Projects may include permanent roads up to three miles or temporary roads for up to three years. <b>(§8316)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects on NFS lands to construct, reconstruct, or decommission NFS roads up to three miles; reclassify or add NFS roads; reconstruct, rehabilitate, or decommission bridges; remove dams; or maintain facilities through the use of pesticides according to federal and state requirements. <b>(§8317)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects to operate, maintain, modify, reconstruct, or decommission existing developed recreation sites on NFS lands, including activities related to facility and site maintenance and road and trail construction, reconstruction, maintenance or decommissioning, subject to a maximum of three miles for permanent roads or three years for temporary roads. <b>(§8318)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes a CE for projects on NFS lands to construct, reconstruct, maintain, decommission, relocate, or dispose of an administrative site. Projects may include road and trail construction, reconstruction, or maintenance activities, subject to a	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>maximum of three miles for permanent roads or three years for temporary roads. <b>(§8319)</b></p> <p>Establishes a CE for projects on NFS lands to issue new special use authorizations or renew or modify existing or expired special use authorizations for the use or occupancy of NFS lands under certain specified conditions. Specifies that the Secretary of Agriculture is not required to prepare a project file for such actions. <b>(§8320)</b></p>	No comparable provision.	No comparable provision.
No comparable provision.	<p>Prohibits the Forest Service from considering certain criteria when considering if extraordinary circumstances exist that would potentially require further review and documentation under NEPA than would normally be required under a CE, such as wilderness designations, sensitive species, cumulative impacts, threatened or endangered species, or critical habitat. Eliminates the requirements to prepare an environmental impact statement for activities that would substantially alter a potential wilderness area. Directs the Forest Service to initiate rulemaking to implement these procedures within 60 days of enactment and issue final regulations within 120 days of enactment. <b>(§8503)</b></p>	No comparable provision.	No comparable provision.
No comparable provision.	<p>Requires the Secretary of Agriculture or the Secretary of the Interior to consider only the <b>proposed action and no-action alternative</b> while preparing an</p>	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	environmental assessment pursuant to NEPA for a forest management activity that is: developed through a collaborative process; proposed by a RAC; on lands identified as suitable for timber production; within areas designated as insect and disease treatment areas under HFRA; or covered by a community wildfire protection plan. <b>(§8335)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Requires the Secretary of Agriculture or the Secretary of the Interior to complete the environmental assessment for a <b>salvage operation</b> or reforestation activity within 60 days after the conclusion of a catastrophic event with specified time frames for public scoping, comments, and objections. Prohibits federal courts from issuing restraining orders or injunctions for any salvage operation or reforestation activity in response to a large-scale catastrophic event. <b>(§8334)</b>	No comparable provision.	No comparable provision.
<i>Part II. Miscellaneous Forest Management Activities</i>			
Authorizes the Secretary to sell, exchange, or interchange NFS lands for lands of equal value or cash payment and to dispose of <b>small tracts</b> of NFS	No comparable provision.	Increases the maximum value of lands eligible for disposal to \$500,000. Adds additional purposes for the Secretary to dispose of NFS lands: parcels which are	Identical to the Senate provision. <b>(§8621)</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
land, through sale or exchange, of up to \$150,000 in value, to improve management efficiencies where NFS lands are interspersed with nonfederal mineral rights owners (40 acres maximum), relieve encroachments due to erroneous surveys (10 acres maximum), or dispose of unneeded federal rights-of-way surrounded by nonfederal lands (no specified acreage limitation). Does not specify the disposition or use of sale proceeds. <b>(16 U.S.C. 521d and 521e)</b>		isolated, inaccessible, or have lost NFS character (40 acres maximum), relieve encroachments due to unintentionally erroneous surveys (10 acres maximum), or parcels which are used as a cemetery, landfill, or for sewage treatment under a special use authorization (no maximum specified). Specifies that proceeds are to be deposited into the Sisk Fund (as established by 16 U.S.C. 484a) and used for acquisition of land for administrative sites in the state from which the amounts were derived, for acquisitions to enhance recreational access, or to reimburse costs incurred by other small tract sales. <b>(§8621)</b>	
Authorizes the Secretary, through the Chief of the Forest Service, to participate in the <b>Agriculture Conservation Experienced Services</b> Program to provide technical services for conservation-related programs on NFS lands. <b>(16 U.S.C. 3851a)</b>	No comparable provision.	Terminates the authority at the end of FY2023. <b>(§8622)</b>	Identical to the Senate provision. <b>(§8622)</b>
No comparable provision.	No comparable provision.	Authorizes the Secretary to <b>lease administrative sites</b> on up to ten isolated, undeveloped parcels of up to 40 acres each per fiscal year, through FY2023. Requires the Secretary to consult with local and state government officials and provide public notice of the proposed lease, and to provide the local or county government the right of first refusal on the lease. The lease must be for market value, but may be paid in cash or in-kind considerations.	Identical to the Senate provision. <b>(§8623)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Permanently authorizes the Forest Service and BLM to enter into <b>Good Neighbor Agreements</b> (GNAs) with states to perform authorized forest restoration activities on NFS or public lands and nonfederal land. <b>(16 U.S.C. 2113a)</b></p>	<p>Expands the availability of GNAs to include federally recognized Indian tribes and county governments. <b>(§8331)</b></p>	<p>Authorizes the Secretary to retain any cash consideration and use for other leases or management of administrative sites. Excludes areas such as designated wilderness and national monuments, among others. Requires the Secretary to submit a list of anticipated and executed leases to Congress annually. <b>(§8623)</b></p> <p>Similar to the House provision, except specifies that proceeds from GNAs are not considered monies received from the NFS, and thus not subject to any applicable revenue-sharing laws. <b>(§8624)</b></p>	<p>Same as Senate provision but also specifies that through FY2023, funds received by the state through the sale of timber shall be retained and used by the state on additional GNA projects. <b>(§8624)</b></p>
<p>Authorizes the Secretary to exchange NFS lands for nonfederal land of equal value and in the same state, if it serves the public interest. Cash equalization payments of up to 25% are authorized if the land values are not equal. <b>(43 U.S.C. 1716(b))</b></p>	<p>No comparable provision.</p>	<p>Authorizes the Secretary to sell or exchange 30 tracts of NFS land in the Chattahoochee-Oconee National Forest in Georgia, totaling 3,841 acres and identified on maps, for disposal at market value. Authorizes cash equalization payment above 25% and specifies that proceeds are to be used for acquisition of NFS land in the state. <b>(§8626)</b></p>	<p>Identical to the Senate provision. <b>(§8625)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Designates the Upper Bald River <b>Wilderness</b> and adds land to the Big Frog, Little Frog, Sampson Mountain, Big Laurel Branch, and Joyce Kilmer-Slickrock Wilderness areas on NFS lands in Tennessee. <b>(§8627)</b></p>	<p>Identical to the Senate provision. <b>(§8626)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Authorizes the conveyance of specified NFS land in the Kisatchie National Forest in Louisiana. Requires the Secretary to first offer the sale to the</p>	<p>Identical to the Senate provision. <b>(§8627)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	Collins Camp Properties and authorizes the Secretary to collect cost-recovery fees from the Collins Camp Properties. Requires the Collins Camp Properties to administer any existing special use authorizations according to the terms of the permit unless the permit holder agrees to relinquish rights. <b>(§8629)</b>	Identical to the Senate provision. <b>(§8628)</b>
Establishes the <b>Collaborative Forest Landscape Restoration Program</b> (CFLRP) to select and fund the implementation of collaboratively-developed restoration projects for priority forest landscapes. The priority forest landscapes must be at least 50,000 acres and consist primarily of NFS lands, but may include other federal, state, tribal, or private land within the project area. Only 10	Reauthorizes the program through FY2023 at the current funding level and authorizes the Secretary to fund proposals for more than 10 fiscal years <b>(§8509)</b> .	Directs the Secretary to sell, at appraised value, 8.75 acres of land (including improvements) administered by NRCS to the Riverside Corona Resource Conservation District in CA. Specifies that the Secretary is not required to take any remediation or abatement efforts but is required to meet the disclosure requirements under the Comprehensive Environmental Response, Compensation, and Liability Act of 1980 and the Solid Waste Disposal Act for hazardous substances, pollutants, or contaminants. Further authorizes the Secretary to enter into non-competitive leases, contracts, and cooperative agreements with the Conservation District. <b>(§8630)</b>	Similar to both provisions. Reauthorizes \$80 million annually through FY2023 and adds the House and Senate Committees on Agriculture as recipients of the five-year program status reports. Authorizes the Secretary to issue a waiver to extend an existing project up to an additional 10 years. <b>(§8629)</b>
Reauthorizes \$80 million annually through FY2023 and adds the House and Senate Committees on Agriculture as recipients of the 5-year program status reports. <b>(§8631)</b>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>proposals may be selected in any given fiscal year, and the Secretary has the discretion to limit the number of proposals selected based on funding availability. Once selected, requires the publication of an annual accomplishments report and submission of 5-year status reports to specified congressional committees. Establishes a fund for to pay for up to 50% of the costs to implement and monitor projects on selected proposals and authorizes up to \$40 million in annual appropriations to the fund through FY2019. Appropriations to the fund may not be used on project planning and may only fund up to \$4 million per proposal per year for up to 10 years. The program received \$40 million annually in appropriations between FY2014 and FY2018 and 23 proposals have been selected and funded since the program was established in FY2010. <b>(16 U.S.C. 7301-7304)</b></p>	<p>Establishes a pilot program through December 21, 2027, for owners or operators of rights-of-way (ROW) on NFS land to develop, and implement vegetation management plans, subject to approval, and pay for and perform projects on specified NFS lands within and up to 75 feet from the ROW. Establishes that participants in the pilot are not liable to the United States for damage proximately caused by a wildfire which was caused by activities conducted pursuant to an approved</p>	<p>Similar to the House provision, except authorizes the pilot program through FY2023. Also excludes national grasslands and land utilization projects from the pilot. <b>(§8632)</b></p>	<p>Similar to both provisions. Establishes the pilot program through FY2023 and excludes national grasslands and land utilization projects. Establishes specific requirements for participants to be liable for or reimburse the Forest Service for the costs of wildfire suppression and damage to Forest Service resources under certain conditions, including limiting reimbursement costs to up to \$500,000 in some circumstances. Requires participants to adhere to Forest Service</p>
<p>No comparable provision.</p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	project, except in specified circumstances. Authorizes the Secretary to waive or modify provisions of the Federal Acquisition Regulation to provide non-competitive contracts to implement the pilot program. Authorizes the Secretary to contribute funds to approved projects if determined to be in the public interest, and to retain any proceeds from the pilot for program costs. <b>(§8502)</b>	Directs the Secretary to convey 150 acres of NFS land in Mississippi to the Scenic Rivers Development Alliance, upon their request, for cash consideration at fair market value. Authorizes the Secretary to collect cost recovery fees and retain the sale proceeds. <b>(§8633)</b>	and some state regulations regarding various fire prevention and vegetation removal activities. <b>(§8630)</b>
Establishes a program to conduct national and state-level inventories of public and private forest lands and resources <b>(16 U.S.C. 1642(e))</b>	No comparable provision.	Requires the Chief of the Forest Service to find efficiencies in the inventory and analysis program through improved use and integration of <b>remote sensing technologies</b> . The Chief is to partner with state and interested stakeholders. <b>(§12621)</b>	Identical to the Senate provision. <b>(§8631)</b>
No comparable provision.	Authorizes the Secretary, through the Chief of the Forest Service, to convey 1,520 acres of NFS land to the Village of Santa Clara, NM, upon request, and at fair market value. Authorizes the Secretary to charge cost recovery fees for the conveyance and to collect payment in periodic installments. <b>(§8506)</b>	No comparable provision.	Identical to the Senate provision. <b>(§8632)</b>
No comparable provision.	Authorizes the Secretary, through the Chief of the Forest Service, to convey 1,520 acres of NFS land to the Village of Santa Clara, NM, upon request, and at fair market value. Authorizes the Secretary to charge cost recovery fees for the conveyance and to collect payment in periodic installments. <b>(§8506)</b>	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	Adds land to the Rough Mountain and Rich Hole <b>Wilderness</b> areas on the George Washington National Forest in Virginia. <b>(§8628)</b>	No comparable provision.
<b>Part III. Timber Innovation</b>			
No comparable provision.	Defines <i>innovative wood product</i> , <i>mass timber</i> , and <i>tall wood building</i> and establishes a research, development, education, and technical assistance program—including a competitive grant program—to facilitate the use of innovative wood products for building and construction purposes. <b>(§8501)</b>	Identical to the House provision. <b>(§8641, §8642)</b>	Identical to the House provision. <b>(§8641, §8642)</b>
Using existing general authorities, such as the Rural Revitalization Technologies program (7 U.S.C. Section 6601, see below), granted to dispose of hazardous fuels and other wood residues from the NFS and other forest lands in a manner that supports wood energy and wood products markets, FS issued a request for proposals to receive grants or cooperative agreements to substantially expand and accelerate wood energy and wood products markets (“Forest Service Request for Proposals: 2016 Wood Innovations Funding Opportunity” (80 <i>Federal Register</i> 63498, October 20, 2015)).	No comparable provision.	Establishes a 50% cost-share <b>Wood Innovation Grant program</b> to advance the use of innovative wood products as described in the 2015 request for proposals to expand and accelerate wood energy and wood product markets to support forest management needs on NFS and other forested lands. Specifies that proposals which use or retrofit sawmill facilities located in counties with average annual unemployment above the national average shall be prioritized for funding. <b>(§8643)</b>	Identical to the Senate provision. <b>(§8643)</b>
Authorizes financial assistance for communities to plan and install wood energy systems in public buildings and authorizes appropriations of \$5 million annually through FY2018. The program	Changes the name to the <b>Community Wood Energy and Wood Innovation Program</b> and expands it to provide financial assistance for the installation of public or private wood energy systems or the construction of	No comparable provision.	Similar to the House provision, except specifies additional selection criteria the Secretary shall consider for awarding the grants, including the extent to which the proposal would displace conventional fossil fuel generation,

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
has never received appropriations. <b>(7 U.S.C. 8113)</b>	manufacturing or processing plants that use or produce innovative wood products, including mass timber. Cost-share grants may cover up to 35% of the capital cost for installing a community wood energy system or building an innovative wood product facility, capped at a total of \$1 million, or up to 50% if special circumstances, as established by the Secretary, apply, such as if the project involves a school or hospital in a low-income community, capped at a total of \$1.5 million. A maximum of 25% of the annual grant funds may go to projects proposing innovative wood products facilities. Specifies criteria the Secretary shall consider for awarding the grants. Authorizes the program to receive \$25 million annually through FY2023, subject to appropriations. <b>(§8106)</b>		minimize emission increases, and increase delivered thermal efficiency. <b>(§8644)</b>
<b>Subtitle G—Other Matters</b>			
Authorizes up to \$5 million annually through FY2018 for the <b>Rural Revitalization Technologies</b> program to provide technical and financial assistance to facilitate biomass and other small-diameter wood product development and use, specifically for small-scale or community-based business enterprises. The program is funded through allocations from FS's hazardous fuels management program. <b>(7 U.S.C. 6601(d)(2))</b>	Reauthorizes the program at the current authorized level of up to \$5 million annually through FY2023. <b>(§8105)</b>	No comparable provision.	Identical to the House provision. <b>(§8701)</b>
Establishes local <b>Resource Advisory Committees</b> (RACs) to coordinate,	Extends the authorization for RACs through FY2023 and reduces the	No comparable provision.	Similar to the House provision except establishes a process for the Secretary

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>review, and recommend projects under Title II of the Secure Rural Schools and Self-Determination Act of 2000 (SRS, P.L. 106-393) to the Secretary of Agriculture to implement on NFS lands and the Secretary of the Interior to implement on certain BLM lands through FY2018 and specifies that RACs shall consist of 15 members, with five members representing a balance of specified community interests. Members must reside within the state in which the RAC has jurisdiction. <b>(16 U.S.C. 7125)</b></p>	<p>membership requirement to nine members, with three members representing the specified community interests. Restricts membership to the county or adjacent counties within the RAC jurisdiction. Authorizes the Secretary concerned to designate an appointee to perform certain functions. <b>(§8202)</b></p>		<p>to modify the RAC membership requirements and establishes a pilot program, through FY2023, for the Secretary to designate a regional forester to appoint RAC members in Montana and Arizona. <b>(§8702)</b></p>
<p>The Tribal Forest Protection Act (TFPA) authorizes the Secretary concerned to enter into an agreement with federally recognized Indian tribes to implement forest or rangeland projects on tribal lands or on federal lands adjacent to tribal lands. <b>(25 U.S.C. 3115a(b))</b></p> <p>The Indian Self-Determination and Education Assistance Act (ISDEAA) authorizes federally recognized tribes to enter into contracts or agreements with the federal government to perform specified services. <b>(25 U.S.C. 5301 et seq.)</b></p>	<p>Requires the Secretary concerned to respond to a tribal request pursuant to TFPA within 120 days and, if the project is accepted, requires the project analysis to be completed within two years. Authorizes the Secretary concerned and federally recognized Indian tribes, on a demonstration basis, to enter into ISDEAA contracts to allow tribes to perform administrative, management, and other functions of the TFPA. <b>(§8401, §8402)</b></p>	<p>No comparable provision.</p>	<p>Similar to the House provision, except does not include the deadline requirements related to TFPA projects. Specifies that for ISDEAA contracts on NFS land, the Secretary of Agriculture shall carry out all responsibilities delegated to the Secretary of the Interior, the Secretary concerned shall make any decisions required to be made under TFPA and NEPA, and all contracts or projects shall be in accordance with Section 403(b)(2) of the ISDEAA. <b>(§8703)</b></p>
<p>The Wildfire Suppression Funding and Forest Management Activities Act, enacted as Title I of Division O of the FY2018 Consolidated Appropriations Act (P.L. 115-141), establishes a new mechanism for funding federal wildfire suppression activities.</p>	<p>Makes technical corrections. <b>(§8505)</b></p>	<p>No comparable provision.</p>	<p>Same as the House provision and also makes additional technical corrections. <b>(§8704)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Authorizes the Secretary to issue special use authorizations for the use and occupancy of NFS lands and charge cost recovery fees for processing and monitoring applications and an annual land use rental fee based on fair market value. Directs the Secretary of the Interior to update the fair market value rental fee schedule by August 8, 2006 and directs the Secretary of Agriculture to adopt the same revised fee schedule for NFS lands. <b>(43 U.S.C. 1761, 42 U.S.C. 15925)</b></p>	<p>Directs the Secretary of Agriculture to promulgate regulations revising the process to issue special use authorizations for communications sites or rights-of-ways on NFS lands within one year of enactment. Specifies that the new process must be streamlined, uniform, and standardized across the NFS to the extent practicable; that applications are to be considered and granted on a competitively neutral, technology neutral, and non-discriminatory basis; and lease terms must be a minimum of 15 years and shall renew automatically unless revoked for good cause. Establishes a fee structure based on the cost of processing and monitoring applications and approvals and establishes a new account for the FS to deposit and use those fees, subject to appropriations, for specified activities related to managing communication sites. <b>(§8507)</b></p>	<p>No comparable provision.</p>	<p>Similar to the House provision, except does not specify that leases shall auto-renew after 15 years. <b>(§8705)</b></p>
<p>No comparable provision.</p>	<p>Directs the Secretary of Agriculture and Secretary of the Interior to submit annual reports to Congress on specified wildfire and forest management metrics. <b>(§8508)</b></p>	<p>No comparable provision.</p>	<p>Same as the House provision and also requires the report to include additional metrics, such as the miles of roads and trails in need of maintenance or decommissioning; the backlog of maintenance activities for roads, trails, and recreational facilities on federal land; and other measures as needed to maintain, improve, or restore water quality on federal land or improve ecosystem function or resiliency on federal land. <b>(§8706)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	Authorizes the Secretary to convey 3.61 acres of NFS land (the West Fork Fire Station Conveyance Parcel), upon request from Dolores County, CO, for specified purposes, subject to a reversionary clause, and for no consideration. <b>(§8510)</b> .	No comparable provision.	Identical to the House provision. <b>(§8707)</b>
Establishes a competitive grant program for <b>forestry research</b> . Entities eligible for funding include state agricultural experiment stations, colleges and universities, research organizations, federal agencies, private organizations, and corporations capable of conducting forestry research. <b>(16 U.S.C. 582a-8)</b>	Adds forest restoration as a funding priority in addition to forestry research. Forest restoration grants are to be competitively awarded and may be used to support programs that restore native tree species. <b>(§8511)</b> .	No comparable provision.	Identical to the House provision. <b>(§8708)</b>
Authorizes Forest Service and BLM to enter into <b>stewardship end-result contracts</b> (stewardship contracts) with entities to combine timber sale contracts and service contracts to achieve specified land management goals. Revenue generated through a stewardship contract may be retained by the agency and is not considered monies received from the NFS, making those receipts exempt from various revenue-sharing laws. Contracts may be awarded on a best-value basis. <b>(16 U.S.C. 6591c)</b>	Establishes that receipts from Stewardship Contracting projects shall be considered monies received from the NFS, making those receipts subject to any applicable revenue-sharing laws. <b>(§8107(d))</b>	No comparable provision.	No comparable provision.
The Secure Rural Schools and Community Self-Determination Act of 2000 (SRS, P.L. 106-393), as amended, requires that 50% of the funds authorized by Title II of SRS are used on (1) road maintenance, decommissioning, or obliteration or (2) stream or	Changes the requirements to provide that 50% of the funds are to be used on timber or forest product sales, fire risk reduction, water supply, or forest stewardship projects. <b>(§8201)</b>	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
watershed restoration projects. (16 U.S.C. 7124(f))	Adds a new Section 209 to SRS, establishing a program for 10 select RACs to retain and use the revenues generated by projects they propose, through FY2023. (§8203)	No comparable provision.	No comparable provision.
<b>Export prohibition.</b> Prohibits the foreign export of unprocessed logs from the contiguous federal lands west of the 100 <sup>th</sup> Meridian unless the Secretary concerned determines through a rulemaking process that certain grades or species of lumber are surplus to domestic needs. (16 U.S.C. 620a)	Directs the Secretary to undertake a rulemaking to issue a determination exempting unprocessed dead and dying trees on NFS lands in California from the export prohibition for 10 years. (§8333)	No comparable provision.	No comparable provision.
No comparable provision.	Exempts all NFS land in Alaska from the Forest Service Roadless Area Conservation Rule as published in 66 <i>Federal Register</i> 9, January 12, 2001. (§8337)	No comparable provision.	No comparable provision.
No comparable provision.	Directs the Secretary to make vacant grazing allotments on NFS lands available to holders of existing grazing permits, under certain conditions. (§8338)	No comparable provision.	No comparable provision.
No comparable provision.	Creates a pilot research program on the Lincoln, Cibola, and Gila National Forests to study the effectiveness of silvicultural management technique to address natural resource concerns. Projects in the pilot program are subject to the refusal of the county government in which the project is located. Establishes an arbitration program as an alternative dispute resolution process	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	for challenges to projects in the pilot program. <b>(§8339)</b>  States that nothing in this title or any amendments made to the title would impact the availability of funds or other resources for wildfire suppression. <b>(§8504)</b>	No comparable provision.	No comparable provision.
No comparable provision.	No comparable provision.	Requires the Chief of the Forest Service to issue a report on the extent to which prairie dogs are present in grazing allotments on NFS lands within 180 days of enactment and to take appropriate action based on the report findings. <b>(§8634)</b>	No comparable provision.

Table 13. Energy

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Farm Security and Rural Investment Act of 2002 (Bio-Energy Provisions)</b>			
<b>Definitions</b>			
<b>Definition of <i>biobased product</i>.</b> A commercial or industrial product that is composed of biological products or an intermediate ingredient or feedstock. (7 U.S.C. 8101(4))	Same as current law. (§9001)	Expands the term to include renewable chemicals. (§9101)	Identical to Senate provision. (§9001)
<b>Definition of <i>biorefinery</i>.</b> A facility (including equipment and processes) that converts renewable biomass into biofuels and biobased products, and may produce electricity. (7 U.S.C. 8101(7))	Same as current law. (§9001)	Expands the term to include the conversion of renewable biomass or an intermediate ingredient or feedstock of renewable biomass into biofuels, renewable chemicals, or biobased products, or a combination thereof. (§9101)	Identical to Senate provision. (§9001)
<b>Definition of <i>renewable energy system</i>.</b> A system that produces useable energy from a renewable energy source and may include distribution components necessary to move energy produced by the system to an initial point of sale. A renewable energy system may not include a mechanism for dispensing energy at retail. (7 U.S.C. 8101(16))	Same as current law. (§9001)	Changes the definition to mean a system that produces useable energy from a renewable source, including the distribution components necessary to move energy produced by the system to the initial point of sale, and other components and ancillary infrastructure such as a storage system. (§9101)	Identical to Senate provision. (§9001)
<b>Authorized Programs</b>			
<b>Rural Energy Savings Program.</b> Extends program through FY2018. Provides loans to rural families and small businesses to implement durable cost-effective energy efficiency measures. Authorized to be	Adds two requirements to the loans for eligible entities section—eligibility for other loans and accounting. Increases the loan interest to not exceed 5 percent. Authorizes to be appropriated \$75 million annually for FY2019-FY2023. (§6401)	Extends the program through FY2023. Expands the definition of energy efficiency measures to include cost-effective on- or off-grid renewable energy or energy storage systems. Amends the program so that any debt a borrower may incur under the program	Similar to Senate provision with minor amendments. (§6303)

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>appropriated \$75 million annually for FY2014-FY2018. <b>(7 U.S.C. 8107a)</b></p>	<p>Extends program through FY2023. Authorizes to be appropriated \$2 million annually for FY2014-FY2023. No mandatory funding is authorized. Prohibits federal agencies from placing limitations on the procurement of wood and wood-based products. <b>(§6402)</b></p>	<p>cannot be applied to eligibility for loans for programs authorized by the Rural Electrification Act of 1936. Requires the Secretary to streamline accounting requirements for borrowers of the program while simultaneously maintaining adequate assurance of loan repayment. Increases the interest limits for loans to not exceed 6%. Requires the Secretary to publish annually the number of applications received for the program, the number of loans made, and the recipients of the loans made. Authorizes to be appropriated \$75 million annually through FY2023. <b>(§6302)</b></p> <p>Extends the program through FY2023, and assigns it to the rural development mission area. Requires the Secretary to update the criteria for determining which renewable chemicals are eligible to receive a “USDA Certified Biobased Product” label. Requires the Secretary and the Secretary of Commerce to develop North American Industry Classification System (NAICS) codes for both renewable chemical manufacturers and biobased product manufacturers. Adds an education and outreach component to the program for stakeholders, and establishes an expedited approval process for products to be determined eligible for the procurement program and to receive a biobased product label. Prohibits an agency from establishing procurement guidelines for biobased</p>	<p>Similar to Senate provision with minor amendments. Does not include an education and outreach component for the program. <b>(§9002)</b></p>
<p><b>Biobased Markets Program.</b> Extends program through FY2018. Requires federal agencies to purchase products with maximum biobased content (explicitly including forest products) subject to availability, flexibility, and performance standards. Minimum biobased content standards applied to federal contracts on case-by-case basis. Continued voluntary labeling. Authorized mandatory funding of \$3 million annually for FY2014-FY2018 for biobased products testing and labeling. Authorized to be appropriated \$2 million annually for FY2014-FY2018. <b>(7 U.S.C. 8102)</b></p>			

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Biorefinery, Renewable Chemical, and Biobased Product Manufacturing Assistance Program.</b> Extends program through FY2018. Assists in development of new and emerging technologies for advanced biofuels, renewable chemicals, and biobased products by providing loan guarantees—not to exceed 80% of project costs—for development, construction, and/or retrofitting of commercial-scale biorefineries. Authorizes mandatory funding of \$100 million in FY2014 and \$50 million each for FY2015 and FY2016. Authorizes to be appropriated \$75 million annually for FY2014-FY2018. <b>(7 U.S.C. 8103)</b></p>	<p>Extends program through FY2023. Amends the definition of eligible technology to include a technology that is being adopted in a viable commercial-scale operation of a biorefinery that produced advanced biofuel <i>or</i> a technology that has been demonstrated to have technical and economic potential for commercial application in a biorefinery that produces advanced biofuel. Authorizes to be appropriated \$75 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§6403)</b></p>	<p>products that are more restrictive than what the Secretary has established. Provides mandatory funding of \$3 million annually through FY2023, and authorizes to be appropriated \$3 million annually through FY2023. <b>(§9102)</b></p>	<p>Similar to Senate provision with minor amendments. Provides mandatory funding of \$50 million for FY2019 and \$25 million for FY2020. <b>(§9003)</b></p>
<p><b>Repowering Assistance Program.</b> Extends program through FY2018. Provides funds to replace the use of fossil fuels used to produce heat or power to operate biorefineries in existence as of the 2008 farm bill enactment date. Authorizes mandatory funding of \$12 million for FY2014, available until expended. Authorizes to be appropriated \$10 million annually for FY2014-FY2018. <b>(7 U.S.C. 8104)</b></p>	<p>Extends program through FY2023. Authorizes to be appropriated \$10 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§6404)</b></p>	<p>Repeals the program. <b>(§9104)</b></p>	<p>Identical to Senate provision. <b>(§9004)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Bioenergy Program for Advanced Biofuels.</b> Extends program through FY2018. Provides payments to producers to support and expand production of advanced biofuels by entering into contracts to pay producers for production of eligible advanced biofuels.</p> <p>Provides mandatory funding of \$15 million annually for FY2014-FY2018. Authorizes to be appropriated \$20 million annually (FY20014-FY2018) <b>(7 U.S.C. 8105)</b></p>	<p>Extends program through FY2023. Modifies the equitable distribution portion of the program by limiting the amount of payments for advanced biofuel produced from a single eligible commodity to not exceed one-third of the total program funding available in a fiscal year. Authorizes to be appropriated \$50 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§6405)</b></p>	<p>Extends program through FY2023. Provides mandatory funding of \$15 million annually for FY2019-FY2023. Authorizes to be appropriated \$15 million annually for FY2019-FY2023. <b>(§9105)</b></p>	<p>Similar to House provision with minor amendments. Provides mandatory funding of \$7 million annually for FY2019-FY2023. Authorizes to be appropriated \$20 million annually for FY2019-FY2023. <b>(§9005)</b></p>
<p><b>Biodiesel Fuel Education Program.</b> Extends program through FY2018. Awards competitive grants to nonprofit organizations that educate fleet operators and the public on biodiesel benefits. Provides mandatory funding of \$1 million annually (FY2008-FY2018). Authorizes to be appropriated \$1 million annually for FY2014-FY2018. <b>(7 U.S.C. 8106)</b></p>	<p>Extends program through FY2023. Authorizes to be appropriated \$2 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§6406)</b></p>	<p>Extends program through FY2023. Authorizes to be appropriated \$1 million annually through FY2023. No mandatory funding is authorized. <b>§9106)</b></p>	<p>Identical to House provision. <b>(§9006)</b></p>
<p><b>Rural Energy for America Program.</b> Authorization does not expire. Provides grants to conduct energy audits and for renewable energy development assistance and provides loan guarantees and grants for energy efficiency improvement projects and renewable energy systems. Provides mandatory funds of \$50 million in FY2014 and each fiscal year thereafter. Authorizes to be appropriated \$20 million annually for FY2014-FY2018. <b>(7 U.S.C. 8107)</b></p>	<p>Extends program through FY2023. Limits mandatory funding to FY2014-FY2018. Authorizes to be appropriated \$20 million annually for FY2014-FY2023. No mandatory funding is authorized for FY2019-FY2023. Provides a categorical exclusion for electric generating facilities with a capacity of 10 megawatts or less in the program from having to prepare an environmental assessments or an environmental impact statement. <b>(§6407)</b></p>	<p>Extends program through FY2023. Expands the program to provide financial assistance for the purchase and installation of efficient energy equipment or systems. Authorizes to be appropriated \$50 million annually through FY2023. Retains mandatory funding of \$50 million for FY2014 and each FY thereafter. <b>(§9107)</b></p>	<p>Extends program through FY2023. Retains mandatory funding of \$50 million for FY2014 and each fiscal year thereafter. Authorizes to be appropriated \$20 million annually through FY2023. Amends the financial assistance for energy efficiency improvements and renewable energy systems section to include certain limitations for loan guarantees to purchase and install energy efficient equipment or agricultural production or processing systems, and limits funds for</p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Biomass Research and Development Initiative.</b> Extends program through FY2018. Requires the Secretaries of Agriculture and Energy to coordinate research, development, and demonstration of technologies and processes for biofuels and biobased products. <b>(7 U.S.C. 8108)</b></p>	<p>Extends program through FY2023. Authorizes to be appropriated \$20 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§7509)</b></p>	<p>Extends program through FY2023. Amends the definition of biobased product to include carbon dioxide. Requires the Initiative's technical advisory committee to consist of an individual with expertise in carbon capture, utilization, and storage. Expands the objectives and technical areas of the Initiative to include carbon dioxide utilization and sequestration. Provides mandatory funding of \$3 million annually for FY2019-FY2023. Authorizes to be appropriated \$20 million annually through FY2023. <b>(§7409)</b></p>	<p>such loan guarantees to 15% of the annual funding provided to the program. <b>(§9007)</b></p> <p>Similar to Senate provision with minor amendments. Authorizes to be appropriated \$20 million annually for FY2019-FY2023. No mandatory funding is authorized. <b>(§7507)</b></p>
<p><b>Rural Energy Self-Sufficiency Initiative.</b> Not included in the 2014 farm bill—funding authority expired after FY2013. Established in the 2008 farm bill to provide financial assistance to increase the energy self-sufficiency of such communities. <b>(7 U.S.C. 8109)</b></p>	<p>Repeals the initiative. <b>(§6408)</b></p>	<p>Identical to House provision. <b>(§9108)</b></p>	<p>Identical to the House and Senate provisions. <b>(§9008)</b></p>
<p><b>Feedstock Flexibility Program.</b> Extends program through FY2018. Allows the CCC to purchase surplus sugar from processors for resale to ethanol producers for fuel ethanol. <b>(7 U.S.C. 8110)</b></p>	<p>Extends program through FY2023. <b>(§6409)</b></p>	<p>Identical to House provision. <b>(§9109)</b></p>	<p>Identical to the House and Senate provisions. <b>(§9009)</b></p>
<p><b>Biomass Crop Assistance Program.</b> Extends program through FY2018. Provides payments to owners and operators of agricultural land and nonindustrial private forest land that</p>	<p>Extends program through FY2023. Authorizes to be appropriated \$25 million annually for FY2019-FY2023. No</p>	<p>Extends the program through FY2023. Amends the definition of eligible material to include algae. Amends the definition of eligible material to not exclude oilseeds. Expands the</p>	<p>Similar to Senate provision with amendments. No mandatory funding is provided. Authorizes to be</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>establish, produce, and deliver biomass feedstocks to eligible processing plants. Modifies enrolled land eligibility requirements, limits one-time establishment payments, reduces the matching payment rate, and stipulates how much funding—10-50%—may be used for collection, harvest, storage, and transportation. <b>(7 U.S.C. 8111)</b></p>	<p>mandatory funding is authorized. <b>(§6410)</b></p>	<p>collection, harvest, storage and transportation portion of the program to include material harvested for hazardous woody fuel reduction. Removes the relationship to other laws providing for technical assistance funding. Retains mandatory funding of \$25 million through FY2023. Authorizes to be appropriated \$20 million annually through FY2023. <b>(§9110)</b></p>	<p>appropriated \$25 million annually through FY2023. <b>(§9010)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Establishes a Biogas Research and Adoption of Biogas Systems initiative. Requires the Secretary to form an Interagency Biogas Opportunities Task Force to coordinate policies, programs, and research to accelerate biogas research and investments in cost-effective biogas systems. Requires the Secretary to enter into an agreement with the National Renewable Energy Laboratory to conduct a biogas study that examines the barriers and opportunities of biogas systems, among other things. Requires the Secretary to collect and analyze data pertaining to biogas systems to develop markets for biogas and biogas system products. <b>(§9111)</b></p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p>Establishes a Carbon Utilization Education Program under the energy title. The program would provide competitive funding for eligible entities to provide education to the public and biogas producers about the benefits of carbon utilization and sequestration and the opportunities to aggregate multiple sources of organic waste into a single</p>	<p>Similar to Senate provision. Establishes a carbon utilization and biogas education program. No mandatory funding provided. Authorizes to be appropriated \$2 million annually through FY2023. <b>(§9014)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R.2)	Enacted 2018 Farm Bill (P.L. 115-334)
		biogas system, respectively. Mandatory funding is provided at \$2 million annually through FY2023. Authorizes to be appropriated \$2 million annually through FY2023. <b>(§9113)</b>	

**Table 14. Horticulture**

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Specialty Crop, Organic Agriculture, and Local Foods Programs</b>			
<p><b>Specialty crop market news.</b>            Authorizes support for the collection and dissemination of market news for specialty crops. Authorized appropriations of \$9 million annually through FY2018 to remain available until expended. <b>(7 U.S.C. 1622b(b))</b></p>	<p>Reauthorizes program and funding levels through FY2023. <b>(§9001)</b></p>	<p>Similar to House provision. <b>(§10101)</b></p>	<p>Identical to the House and Senate provision. <b>(§10101)</b></p>
<p><b>Farmers' Market and Local Food Promotion Program; Value-Added Producer Grants.</b> Authorizes the promotion of (1) farmers markets, community-supported agriculture programs, and other direct producer-to-consumer market opportunities and (2) local and regional food business enterprises. Authorizes CCC funding of \$30 million annually (FY2014 through FY2018) and authorized appropriations of \$10 million each year (FY2014-FY2018). <b>(7 U.S.C. 3005)</b></p> <p>Provides for Agricultural Product Market Development Grants supporting agricultural producers that add value to commodities, and support planning and business development projects. Authorizes \$40 million annually for FY2008-FY2018, subject to annual appropriations, in addition to \$63 million in mandatory spending to remain available until expended. <b>(7 U.S.C. 1632a(b)(7))</b></p>	<p>Amends 7 U.S.C. 3005(g)(3) only, which authorizes discretionary appropriations for these programs. Reorganizes the paragraph and authorizes appropriations of \$30 million annually for FY2019-FY2023. Does not make changes to the mandatory funding Section in (g)(1) and does not add any mandatory funding beyond FY2018. <b>(§9002)</b></p> <p>Does not reauthorizes mandatory funding for Value-Added Producer Grants, but instead increases discretionary funding to \$50 million annually FY2019-FY2023. <b>(§6501)</b></p>	<p>Combines and expands the existing Farmers' Market and Local Food Promotion Program (7 U.S.C. 3005) and the Value-Added Agricultural Product Market Development Grants (7 U.S.C. 1632a(b)(7)) to create a new "Local Agriculture Market Program" with expanded mandatory funding and administrative functions. Expanded mission would also support regional partnerships, developmental grants, and cooperative extension support, while also simplifying application and reporting requirements, and requiring program evaluation. Provides mandatory funding of \$60 million for FY2019 and each year thereafter, and authorized appropriations of \$20 million for FY2019 and each year thereafter. Funds would be allocated as follows: 10% for regional partnerships, 35% for producer grants, 47% for development grants for other eligible entities, and 8% for administrative expenses. Funding would also cover a pilot program (Agricultural Marketing Resource Center). <b>(§10102)</b></p>	<p>Similar to Senate provision with changes that provide separate requirements to be considered as an eligible entity for value-added producer grants from the farmers markets and local food promotion program. Provides annual CCC funding of \$50 million for FY2019 and each fiscal year thereafter, to remain available until expended. <b>(§10102)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Food safety education initiatives.</b> Amends the Agricultural Research, Extension, and Education Reform Act of 1998 (P.L. 105-185) to implement a program to educate fresh produce industry personnel and consumers on ways to reduce pathogens in fresh produce. Authorizes appropriations of \$1 million annually to remain available until expended. <b>(7 U.S.C. 7655a(c))</b></p>	<p>Reauthorizes program and funding levels through FY2023. <b>(§9003)</b></p>	<p>Similar to House provision. <b>(§10106).</b></p>	<p>Identical to the House and Senate provision. <b>(§10106)</b></p>
<p><b>Block grants to states.</b> The Specialty Crops Competitiveness Act of 2004 (P.L. 108-465), as amended, authorizes block grants to states to support projects in marketing, research, pest management, and food safety, among other purposes. Authorizes CCC funding of \$72.5 million annually (FY2014-FY2017) and \$85 million for FY2018 and each fiscal year thereafter. Funding for multi-state project grants shall remain available until expended, rising from \$1 million (FY2014) to \$5 million (FY2018). <b>(7 U.S.C. 1621 note)</b></p>	<p>Reauthorizes program and funding levels through FY2023. Requires USDA enter into a cooperative agreement to conduct program evaluation with state government and industry stakeholders <b>(§9004)</b></p>	<p>Reauthorizes program and funding levels through FY2023, including funding for approved multistate projects. Requires that performance measures be developed by the State agriculture departments for evaluation purposes, as well as best practices to enhance the competitiveness of specialty crops across multiple commodities, types of production, and geographic locations. Requires an audit of the program. Requires USDA provide guidance to States regarding best practices and national and regional priorities. <b>(§10107)</b></p>	<p>Similar to the House provision with changes to clarify that USDA may directly administer multistate projects for applicants in a nonparticipating state and provide for the evaluation of the grant program. <b>(§10107)</b></p>
<p><b>National Organic Program (NOP).</b> The Organic Foods Production Act (OFPA) of 1990 authorizes NOP to develop and enforce national standards for organically produced agricultural products. Authorizes the creation of National Organic Standards Board (NOSB) and the creation of the “National List of Approved and Prohibited Substances for Organic Farming and Handling Operations.”</p>	<p>Amends OFPA to include provisions in H.R. 3871 (Organic Farmer and Consumer Protection Act of 2017), including the following: limits the types of operations excluded from NOP certification; requires electronic import documentation; establishes mechanisms for collaborative investigations and enforcement; requires increased documentation; increases accreditation authority of NOP over certifying agents;</p>	<p>Amends OFPA to include limits the types of operations excluded from NOP certification; requires import certification, modernization of tracking and data collection; requires increased documentation and traceability; increases accreditation authority of NOP over certifying agents; requires audits of satellite offices; ensures coordination to data; and requires additional reporting, investigations, and</p>	<p>Identical to the House and Senate provisions in reauthorizing ODI funds to receive \$5 million (FY2019-FY2023) to remain available until expended. <b>(§10103)</b></p> <p>Similar to the Senate provision, reauthorizes mandatory CCC funding for NOCCSP of \$24 million (FY2019-FY2023) to remain available until expended. <b>(§10105)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Authorized appropriations were \$15 million annually (FY2014-FY2018). <b>(7 U.S.C. 6522)</b> Provides \$5 million in CCC funding for technology upgrades. <b>(7 U.S.C. 6519)</b></p> <p>Section 7407(d) of the 2002 farm bill, as amended, requires USDA to collect data under the Organic Production and Market Data Initiatives (ODI), providing \$5 million in mandatory CCC funds in FY204 (to remain available until expended). <b>(7 U.S.C. 5925c)</b></p> <p>Section 10606 establishes the National Organic Certification Cost Share Program (NOCCSP) to help producers and handlers of organic products obtain certification. Provides \$11.5 million in FY2014, to remain available until expended. <b>(7 U.S.C. 6523)</b></p>	<p>requires audits of satellite offices; ensures coordination to data; and requires additional reporting. <b>(§9006(a),(e)-(f))</b></p> <p>Reauthorizes NOP appropriations, increasing from \$16.5 million (FY2019) to \$24 million (FY2023), and provides \$5 million for technology upgrades to improve tracking and verification of organic imports (FY2019). <b>(§9006(g)-(h))</b> Reauthorizes ODI funds at current levels. <b>(§9006(i))</b> Funding for NOCCSP is not reauthorized.</p> <p>Requires USDA to establish procedures for expedited petitions for postharvest handling substances related to food safety pertaining to the NOP’s “National List of Approved and Prohibited Substances.” <b>(§9006(b))</b></p> <p>Amends the eligibility and consultation requirements of the NOSB. <b>(§9006(c)-(d))</b></p>	<p>data collection related to organic imports. <b>(§10104(a)-(d), (f)-(g))</b> Requires the establishment of an Organic Agricultural Product Imports Interagency Working Group, and submission of an organic trade enforcement interagency coordination report. <b>(§10104(h))</b></p> <p>Reauthorizes NOP appropriations, increasing from \$15 million (FY2018) to \$24 million (FY2023), and provides \$5 million to improve tracking and verification of organic imports (FY2019). <b>(§10104(i))</b> Reauthorizes ODI funds to receive \$5 (FY2019-FY2023). <b>(§10103)</b> Reauthorizes mandatory funding for NOCCSP of \$11.5 million annually for FY2019 through FY2023, to remain available until expended. <b>(§10105)</b></p> <p>Amends the eligibility and consultation requirements of the NOSB. <b>(§10104(e))</b></p>	<p>Amends OFPA similar to provisions in both the Senate and House provisions. Changes provide for the oversight of foreign and domestic certifying offices, outline notice and process requirements for new and suspended certifications, require additional documentation and verification, and require employees of an owner or operator of an organic farming operation to represent the owner or operator on NOSB. <b>(§10104)</b></p>
<p><b>Plant Variety Protection Act.</b> Provides legal intellectual property rights protection to breeders of new varieties of plants that are sexually reproduced (by seed) or tuber-propagated. USDA issues Certificates of Protection that protect varieties for 20 years (25 years for vines and trees). <b>(7 U.S.C. 2401(a), 2402(a), 2541(a)(3), and 2568(a))</b></p>	<p>Amends the Plant Variety Protection Act to include certain protections for sexually reproduced varieties. <b>(§9005)</b></p>	<p>Similar to House provision. <b>(§10108)</b></p>	<p>Identical to the House and Senate provision. <b>(§10108)</b></p>
<p>Plant Protection Act <b>(7 U.S.C. 7701 et seq.)</b></p>	<p>Addresses cooperation between the Animal and Plant Health Inspection Service and the Forest Service to intercept tree and wood pests and</p>	<p>No comparable provision.</p>	<p>Similar to the House provision but requires USDA submit a report on forest pests. <b>(§10110)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334`)
<p><b>Section 111 Cap.</b> The Commodity Credit Corporation (CCC) is a government-owned financial institution that provides most of the mandatory payments administered by various agencies of USDA. CCC may reimburse other government agencies for administrative services in connection with authorized activities. Total allotments and transfers of CCC funds for these services may not exceed FY1995 levels. This is commonly referred to as the section 111 cap. <b>(15 U.S.C. 714i)</b></p>	<p>would require a report on the interception of forest pests. <b>(§9122)</b></p> <p>No comparable provision.</p>	<p>Excludes funds for technical assistance from the CCC section 11 cap. <b>(§10110)</b></p>	<p>Identical to Senate provision. <b>(§10112)</b></p>
<b>Industrial Hemp</b>			
<p><b>Legitimacy of industrial hemp research.</b> Allows an institution of higher education or State department of agriculture to grow or cultivate industrial hemp for research purposes, if allowed under the laws of the State in which the institution is located. Establishes a definition for "industrial hemp" to mean "the plant <i>Cannabis sativa</i> L. and any part of such plant, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis." <b>(7 U.S.C. 5940)</b></p>	<p>No comparable provision.</p>	<p>Incorporates provisions in S. 2667 (Industrial Hemp Farming Act of 2018). Creates a new "Hemp Production" subtitle under the Agricultural Marketing Act of 1946 (AMA, 7 U.S.C. Section 1621 <i>et seq.</i>), expanding the statutory definition of hemp, expanding eligibility to include tribes and territories, and establishing a regulatory framework to monitor compliance and regulate production. Authorizes states and tribal governments wanting primary regulatory authority over hemp production to submit a plan to USDA for approval (covering grower location, licensing, procedures for testing, inspections, background checks, disposal, enforcement of violations, and other requirements). Requires USDA to</p>	<p>Similar to Senate provision with additional clarification and changes, including auditing authority and a grandfather clause regarding existing program participation. Authorizes USDA to provide technical assistance to states and Indian tribes to aid in the development of a state or tribal plan. Modifies criteria for participation in the program such that "[a]ny person convicted of a felony relating to a controlled substance shall be ineligible to participate under the state or tribal plan for a 10-year period following the date of the conviction" except in cases where hemp producers have been lawfully participating in a state hemp pilot program as authorized by the 2014 farm bill. <b>(§10113)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<p>develop an agency plan(s) to be implemented in states and tribal territories that forego submitting a plan to USDA. Requires USDA to report any unlicensed hemp production to the U.S. Attorney General and requires other information sharing to law enforcement.</p> <p>Expands definition of hemp to mean the "Cannabis sativa L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis. "plant <i>Cannabis sativa</i> L. and any part of that plant, including the seeds thereof and all derivatives, extracts, cannabinoids, isomers, acids, salts, and salts of isomers, whether growing or not, with a delta-9 tetrahydrocannabinol concentration of not more than 0.3 percent on a dry weight basis."</p> <p>Authorizes appropriations "such sums as are necessary" for USDA to support and enforce state and tribal plans. <b>(§10111, §10112)</b></p>	<p>The Joint Explanatory Statement further requires that USDA "collect, maintain, and make accessible to Federal, state, territorial, and local law enforcement, real-time information regarding the status of a license or other authorization for all hemp producers, whether participating under a state, tribal, or USDA plan" and encourage USDA to develop an MOU with federal law enforcement agencies to "define the parameters of this system and to potentially share the costs of such information sharing system."</p> <p>Prohibits a state or Indian tribe from interfering with the "transportation or shipment of hemp or hemp products" (as defined in statute and subject to USDA oversight) through the state or tribal domain. <b>(§10114)</b></p> <p>Other provisions regarding hemp are contained in the bill's Miscellaneous title <b>(§12619)</b>, Research title <b>(§7501, §7605, and §7129)</b>, and Crop Insurance title <b>(§11101, §11106, §11113, §11119, and §11121)</b></p>

**Chemical Regulation and Information Collection**

<p><b>Role of states in regulation of pesticides.</b> The Federal Insecticide, Fungicide, and Rodenticide Act (FIFRA) governs the sale, distribution, and use of pesticides through registration (i.e., licensing), which includes the approval of a label specifying its proper use.</p>	<p>Amends FIFRA to define <i>state lead agency</i> and requires EPA to cooperate with federal agencies and state agencies regarding FIFRA regulations. Authorizes EPA to award cooperative agreements to states and tribes to ensure uniformity of FIFRA regulations. Expressly</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
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Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>FIFRA requires EPA to cooperate with federal and state agencies in administering the act and its regulations and authorizes EPA to award cooperative agreements to enforce the act. FIFRA provides that states may regulate the sale or use of any federally registered pesticide in their respective jurisdictions but only if and to the extent the regulation does not permit any sale or use prohibited under the act. <b>(7 U.S.C. 136, 136t, 136u, 136v, 136w)</b></p> <p><b>Pesticide registrations; experimental use permits.</b> FIFRA Section 3 specifies criteria for the registration of a pesticide by EPA, establishes a process for the periodic review of existing pesticide registrations, and authorizes EPA to conditionally grant the registration of a pesticide if it meets certain criteria. FIFRA Section 5 governs the issuance of experimental use permits for pesticides. <b>(7 U.S.C. 136a, 136c, 136d)</b></p> <p>ESA authorizes federal agencies, such as EPA, to consult with the Interior Department's Fish and Wildlife Service (FWS) and the Commerce Department's National Marine Fisheries Service (NMFS) when federal agency actions may likely jeopardize the continued existence of any endangered or threatened species or adversely modify their critical habitat. <b>(16 U.S.C. 1536)</b></p>	<p>preempts political subdivisions of a state, but not a state, from regulating the sale and use of pesticides within their respective jurisdictions. <b>(§9101)</b></p> <p>Amends FIFRA to require EPA to determine that certain agency actions are not likely to jeopardize the survival of a federally listed threatened or endangered species or alter critical habitat in a way that affects the survival and recovery of such species and expressly states that EPA is not required to consult with FWS and NMFS under ESA unless requested by an applicant for a pesticide registration. Requires EPA to consider certain information when making such a determination and engage in collaboration with other federal agencies. <b>(§9111, 9112)</b></p>	<p>No comparable provision.</p>	<p>Substitutes House provisions <b>(§§9111, 9112, 9113, 9114, 9115, and 9116)</b> with an amendment that establishes an interagency working group and requires certain reports in Section 3 of FIFRA. <b>(§10115)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Administrative review; suspension.</b> FIFRA Section 6 governs the cancellation, change in classification, or suspension of a pesticide registration. (7 U.S.C. 136d)	Authorizes EPA to initiate proceedings to cancel a pesticide registration or change a pesticide's classification if the agency determines that the proper use of the registered pesticide jeopardizes the survival of a federally listed species or alters critical habitat in a way that affects the survival and recovery of such species. (§9113)	No comparable provision.	Substitutes House provisions (§§9111, 9112, 9113, 9114, 9115, and 9116) with an amendment that establishes an interagency working group and requires certain reports in Section 3 of FIFRA. (§10115)
<b>Unlawful acts.</b> FIFRA Section 12 specifies unlawful acts that are subject to civil or criminal penalties. (7 U.S.C. 136j)	Clarifies that any taking of federally listed species incidental to the lawful use of a pesticide that EPA has determined not to jeopardize the survival of such species or alter their critical habitat shall not be considered unlawful under ESA. (§9114)	No comparable provision.	Substitutes House provisions (§§9111, 9112, 9113, 9114, 9115, and 9116) with an amendment that establishes an interagency working group and requires certain reports in Section 3 of FIFRA. (§10115)
<b>Authority of states.</b> FIFRA Section 24 authorizes a state to register EPA-registered pesticides for additional uses to meet special local needs within the state if EPA had not previously disapproved such uses. (7 U.S.C. 136v)	Amends requirements regarding state pesticide registrations and federally listed species considerations. Repeals EPA authority to suspend the authority of a state to register pesticides for not exercising adequate controls. (§9115)	No comparable provision.	Substitutes House provisions (§§9111, 9112, 9113, 9114, 9115, and 9116) with an amendment that establishes an interagency working group and requires certain reports in Section 3 of FIFRA. (§10115)
No comparable provision.	Directs EPA to publish, and revise as appropriate, a work plan and processes for completing determinations on whether the registration of a pesticide would jeopardize the survival of federally listed threatened or endangered species or would alter their critical habitat. (§9116)	No comparable provision.	Substitutes House provisions (§§9111, 9112, 9113, 9114, 9115, and 9116) with an amendment that establishes an interagency working group and requires certain reports in Section 3 of FIFRA. (§10115)
<b>Use and discharges of authorized pesticides.</b> FIFRA Section 3 directs EPA to register pesticides that have a pesticidal effect and, when used in	Amends FIFRA to prohibit EPA or a state from requiring a permit for point source discharges of a pesticide registered under FIFRA into navigable	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334')
<p>conformance with labeling directions, do not present unreasonable adverse effects on human health or the environment. Pesticide registrations govern the sale, distribution, and use of a pesticide. <b>(7 U.S.C. 136a)</b> The Clean Water Act (CWA) makes it unlawful to discharge any pollutant into navigable waters unless specifically authorized by a permit, such as a permit for the discharge of a pollutant or group of pollutants from a point source into navigable waters under Section 402. Any person who unlawfully discharges a pollutant is subject to civil/criminal penalties. <b>(33 U.S.C. 1342)</b></p> <p>Pesticide general permits cover most discharges of biological and chemical pesticides into navigable waters.</p>	<p>waters except in specific circumstances provided under new CWA Section 402(s). <b>(§9117)</b> Amends the CWA to prohibit EPA or a state from requiring a permit for point source discharges of a pesticide registered under FIFRA into navigable waters. Defines circumstances where a permit would be required (e.g., pesticide applications in violation of FIFRA, stormwater discharges, industrial or treatment works effluents, and certain vessel discharges). <b>(§9118)</b></p>		
<p><b>Pesticide registration fees reauthorization.</b> FIFRA authorizes EPA to collect fees from pesticide manufacturers for the maintenance of existing pesticide registrations and evaluation of applications to register new pesticides, amend existing registrations, or related activities. <b>(7 U.S.C. 136 et seq.)</b></p>	<p>Enacts into law H.R. 1029 of the 115<sup>th</sup> Congress, entitled the Pesticide Registration Improvement Enhancement Act of 2017. As passed by the House on March 20, 2017, H.R. 1029 would amend FIFRA to extend the authority to collect pesticide fees and for other purposes. <b>(§9119)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Collection of Pesticide Use Information.</b> Requires USDA coordinate with EPA in designing surveys of farmers on the use of pesticides to control pests and diseases of major crops, including fruits and vegetables, and make results available to EPA. <b>(7 U.S.C. 136i-2)</b></p>	<p>No comparable provision.</p>	<p>Requires USDA, acting through the Office of Pest Management Policy (see Section 7306), to conduct a multiple crop and pesticide use survey of farmers to collect data for risk assessment modeling and mitigation for an active ingredient. Requires USDA to submit the survey to EPA. Authorizes</p>	<p>Similar to Senate provision but provides CCC funding of \$500,000 for FY2019 to remain available until expended. <b>(§10109)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Methyl bromide.</b> Section 419 of the Plant Protection Act provides that USDA—in consultation with state, local and tribal authorities—shall establish a program to identify alternatives to methyl bromide for treatment and control of plant pests and weeds. For uses where no registered, effective, economically feasible alternatives available can currently be identified, USDA shall initiate research programs to develop alternative methods of control and treatment. <b>(7 U.S.C. 7719)</b></p>	<p>Requires USDA to establish a process to determine authorized methyl bromide uses in response to an emergency event. Amends the definition of an emergency event. Sets limitations on use per emergency event to allow for up to 20 metric tons of methyl bromide to be used per event at a specific location. <b>(§9121)</b></p>	<p>appropriations of \$2.5 million to remain available until expended. <b>(§10109)</b></p> <p>No comparable provision.</p>	<p>Substitutes House provision with an amendment that requires a study on methyl bromide use in response to an emergency event. <b>(§10116)</b></p>
<p><b>Definition of retail facilities.</b> Occupational Safety and Health Act of 1970 (OSHA) regulations exempt retail facilities from its standards for Process Safety Management (PSM) of Highly Hazardous Chemicals. While current regulations do not define the term <i>retail facility</i>, OSHA, in accordance with a ruling of the U.S. Court of Appeals, considers a facility to be a retail facility if more than half of the facility's income is obtained from direct sales to end users. <b>(29 U.S.C. 655)</b></p>	<p>Requires OSHA to revise the PSM standard to formally define <i>retail facility</i> in accordance with its current, income-based definition. <b>(§9131)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p><b>Report on regulation of plant biostimulants.</b> <i>Plant biostimulant</i> is not defined in current law or regulation. Plant biostimulants that meet the definition of a “plant regulator” under FIFRA (7 U.S.C. Section 136 et seq.) are subject to requirements under the act.</p>	<p>Requires USDA—in consultation with EPA, states, and stakeholders—to submit a report to the President and Congress that identifies potential regulatory and legislative reforms to ensure the expeditious and appropriate review, approval, uniform national</p>	<p>No comparable provision.</p>	<p>Substitutes House provision with an amendment that authorizes a study including authority for USDA to modify the description of plant biostimulant. <b>(§10111)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2 )	Enacted 2018 Farm Bill (P.L. 115-334`)
	labeling, and availability of plant biostimulant products to agricultural producers. Defines <i>plant biostimulant</i> for purposes of the section. <b>(§9201)</b>		

**Table 15. Crop Insurance**

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Definitions</b>			
The Federal Crop Insurance Act lists defined terms used in the statute. <b>(7 U.S.C. 1502(b))</b>	No comparable provision.	<b>Cover crop termination:</b> a practice that historically and under reasonable circumstances results in the termination of the growth of a cover crop.  <b>Hemp:</b> the meaning given the term in Section 297A of the Agricultural Marketing Act of 1946. <b>(§11101)</b>	Identical to Senate provision. <b>(§11101)</b>
<b>Data Collection and Sharing of Records</b>			
<b>Data Collection.</b> Requires the Federal Crop Insurance Corporation (FCIC) to assemble data for the purpose of establishing sound actuarial bases for insurance of agricultural commodities. <b>(7 U.S.C. 1506(h)(2))</b>	No comparable provision.	Requires the National Agricultural Statistics Service (NASS) to share data in aggregate form with FCIC for the purpose of providing insurance and to maintain the confidentiality of the data in the same manner and extent required under section 1770 of the Food Security Act of 1985 (7 U.S.C. 2276) and the Confidential Information Protection and Statistical Efficiency Act of 2002 (44 U.S.C. 3501). Requires USDA to ensure that “appropriate data” are collected by the Farm Service Agency (FSA) in the noninsured crop disaster assistance program, that FSA shares that data with FCIC, and that FCIC considers the data at least once a year. <b>(§11102)</b>	Identical to Senate provision. <b>(§11102)</b>
<b>Sharing of Records.</b> Requires sharing of records with USDA agencies and local offices, appropriate state and federal agencies and divisions, and Approved Insurance Providers (AIPs) in carrying out certain crop insurance and noninsured crop assistance (NAP)	No comparable provision.	Requires the Secretary of Agriculture to share records for program purposes with private developers of crop insurance products who have received payment under section 522(b)(2)(E) of the Federal Crop Insurance Act (FCIA) (7 U.S.C. 1522(b)(2)(E)). <b>(§11103)</b>	Identical to Senate provision. <b>(§11103)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>functions, subject to certain statutory limitations. <b>(7 U.S.C. 1506(h)(3))</b></p> <p><b>Specifies resources the FCIC board should use:</b> in (1) classifying land as to risk and production capability and in the development of acceptable conservation practices, (2) developing a timber insurance plan, (3) in determining individual producer yields, and (4) consulting federal agencies as necessary. <b>(7 U.S.C. 1507(f))</b></p>	<p>No comparable provision.</p>	<p>Updates how the FCIC board should use resources, data, and collaborate with USDA agencies, and other federal agencies for multiple purposes, including: (1) working with FSA to determine individual producer yields, to share information on disadvantaged farmers and ranchers, to investigate potential waste, fraud, and abuse, and to share information to support the transition of crops from the noninsured crop disaster assistance program to crop insurance; (2) working with the Natural Resource Conservation Service (NRCS) to classify land as to risk and production capacity, to assess long-term trends and impacts from weather variability, and to consider acceptable conservation practices; and (3) working with other federal agencies as necessary. <b>(§11104)</b></p>	<p>Similar to Senate provision except modifies paragraph (3) on use of resources, data, boards, and committees of federal agencies by providing greater discretion to the FCIC board in using NRCS data by adding “If the Board determines it is necessary” before “The Board shall use, to the maximum extent practicable, the resources, data, boards, and the committees of the NRCS, and by removing weather variability impacts and long-term trends and opportunities to mitigate those impacts from topics for which the Board may use NRCS data.” <b>(§11104)</b></p>
<b>Specialty Crops</b>			
<p><b>Specialty Crops Coordinator.</b> Requires FCIC to establish the position of Specialty Crops Coordinator with the primary responsibility of addressing the needs of specialty crop producers, among other duties related to specialty crops. Requires the Specialty Crops Coordinator to use information collected from FCIC field office directors and other sources, including extension service and colleges and universities, in states in which specialty</p>	<p>No comparable provision.</p>	<p>Requires the Specialty Crop Coordinator to: (1) designate a Specialty Crops Liaison in each regional field office, (2) share the contact information of the Specialty Crops Liaisons with specialty crop producers, and (3) establish a website focused on crop insurance for specialty crop producers. The website must include an online mechanism to provide comments or feedback, a calendar of opportunities and events related to specialty crops,</p>	<p>Similar to Senate provision except does not include specific requirements for the content of the website focused on federal crop insurance for specialty crops. <b>(§11105(a))</b></p>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>crops have a significant economic effect. <b>(7 U.S.C. 507(g))</b></p> <p><b>Addition of New and Specialty Crops.</b> Requires data collection, reporting to Congress on progress and timetable for expanding coverage to new and specialty crops, reporting to Congress on the feasibility of crop insurance offerings for specialized producers of vegetables and other perishable crops who market through direct marketing channels, and completion of a feasibility study and limited pilot program on the feasibility of insuring nursery crops. <b>(7 U.S.C. 508(a)(6))</b></p>	<p>No comparable provision</p>	<p>and a plan for examining potential new crops to be added to existing policies or plans of insurance for specialty crops, opportunities to expand existing policies or plans, and the potential for providing additional policies or plans of insurance for specialty crops, such as adding a revenue option or endorsement. <b>(§11105(a))</b></p> <p>Requires the FCIC manager (usually the RMA administrator) to annually present research and development to the FCIC board for not less than two of the following: (1) an insurance policy or plan for a new crop; (2) expansion of existing insurance to additional counties or states, including malting barley endorsements or contract options; and (3) research and development for a new policy or plan of insurance for crops with existing insurance, such as dollar plans. <b>(§11105(b))</b></p>	<p>Similar to Senate provision except decreases the number of required actions from two of the three listed to one. <b>(§11105(b))</b></p>
<b>Insurance Policy Provisions</b>			
<p><b>Prohibits coverage of post-harvest losses,</b> except for tobacco, potatoes, and sweet potatoes. <b>(7 U.S.C. 508(a)(2))</b></p>	<p>No comparable provision.</p>	<p>Adds hemp to the crops for which post-harvest losses may be covered. <b>(§11106)</b></p>	<p>Identical to Senate provision. <b>(§11106)</b></p>
<p><b>Consideration for good farming practices.</b> Excludes coverage for losses due to the failure of the producer to follow good farming practices, including scientifically sound sustainable and organic farming practices. <b>(7 U.S.C. 508(a)(3)(A)(iii))</b></p>	<p>No comparable provision.</p>	<p>Clarifies conditions for voluntary conservation practices, including cover crop termination, to be considered as good farming practices. Specifies that cover crop termination shall not affect the insurability of a subsequently planted insurable crop if the cover crop</p>	<p>Similar to Senate provision except expands FCIC's authority to establish exceptions to cover crop termination guidelines by allowing FCIC to override an agricultural expert's opinion if FCIC finds it unreasonable and also makes</p>



Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Defines adequately served.</b> Requires the FCIC board to review polices and plans of insurance to determine if each state is adequately served, requires the FCIC board to report to Congress on its review and provide recommendations to increase participation in states that are not adequately served. (7 U.S.C. 508(a)(7))</p>	No comparable provision.	<p>termination is carried out according to guidelines approved by the Secretary of Agriculture, NRCS, or an agricultural expert recognized by FCIC. (§11107)</p>	<p>technical changes and reorders additional paragraphs. (§11107)</p>
<p><b>Forage and Grazing</b></p>			
<p><b>Catastrophic risk protection.</b> Requires FCIC to offer catastrophic risk protection (high-deductible coverage) for all crops except for “crops and grasses used for grazing.” (7 U.S.C. 1508(b)(1))</p>	<p>Strikes the exception that catastrophic risk protection plans shall not be available for crops and grasses used for grazing. (§10001(a))</p>	No comparable provision.	<p>Identical to House provision. (§11109(a))</p>
<p><b>Ineligible producers.</b> Makes producers ineligible to receive both catastrophic risk protection benefits and other assistance for the same loss under any program administered by USDA, with the exception of certain emergency loans. (7 U.S.C. 1508(n)(1),(2))</p>	<p>Provides an exception to the limitation on multiple benefits for the same loss for coverage described in the new Section 508D of the FCIA. (§10001(b))</p>	No comparable provision.	No comparable provision.
No comparable provision.	<p><b>Expanded coverage for forage and grazing.</b> Adds a new Section 508D, which permits separate crop insurance policies, including a catastrophic risk protection plan, to be purchased for</p>	No comparable provision.	<p>Similar to House provision with technical modifications to clarify that the provision allows producers to purchase separate policies for each intended use, as determined by FCIC,</p>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
	crops that can be both grazed and mechanically harvested on the same acres during the same growing season. Such separate policies can be independently indemnified for each intended use. <b>(§10001(c))</b>		and any indemnity paid under those policies for each intended use shall not be considered the same loss for the purposes of 7 U.S.C. 1508(n). <b>(§11109(b))</b>
<b>CAT fees.</b> Sets the administrative fee for catastrophic risk protection (commonly referred to as CAT fees) at \$300 per crop per county. <b>(7 U.S.C. 1508(b)(5)(A))</b>	Increases the administrative basic fee to \$500 per crop per county. <b>(§10002)</b>	No comparable provision.	Similar to House provision except increases CAT fee from \$300 to \$655 (instead of \$500) per crop per county. <b>(§11110)</b>
<b>Additional coverage options.</b> Requires FCIC to offer insurance plans that provide additional coverage, including additional coverage based on an individual yield and loss basis, an area yield and loss basis, an individual yield and loss basis supplemented with coverage based on an area yield and loss basis, or a margin basis. <b>(7 U.S.C. 1508(c)(1))</b>	Provides that crops for which the producer has elected agriculture risk coverage (ARC) or that are enrolled in the stacked income protection plan (STAX) are ineligible for coverage based on an area yield and loss basis or coverage based on the supplemental coverage option (SCO). <b>(§10003(a))</b> Adds conforming amendments. <b>(§10003(b))</b>	No comparable provision.	No comparable provision.
<b>Performance-based premium discounts.</b> Authorizes FCIC to provide performance-based premium discounts to producers with “good insurance or production experience relative to other producers” of the same crop in the same area. <b>(7 U.S.C. 1508(d)(3))</b>	Repeals the authority for performance-based discounts for producers. <b>(§10004(a))</b> Adds conforming amendments. <b>(§10004(b))</b>	Authorizes FCIC to offer discounts for risk-reducing practices. Specifies types of practices FCIC shall consider for discounts for the 2020 reinsurance year, including precision irrigation or fertilization, crop rotations, and cover crops. Requires FCIC to seek expert opinions and consider additional practices based on new evidence on an annual basis. <b>(§11109)</b>	No comparable provision.
<b>Enterprise units.</b> Authorizes FCIC to pay premium subsidies for plans or policies of insurance with whole farm or enterprise units, specifies parameters	No comparable provision.	Authorizes FCIC to allow a producer to establish a single enterprise unit by combining enterprise units or enterprise units with basic units and optional units	Identical to Senate provision. <b>(§11111)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
for the premium subsidy percentages for whole farm or enterprise units, including a maximum of 80% of premium, and requires FCIC to offer separate enterprise units for irrigated and nonirrigated acreage of crops in counties beginning in crop year 2015. An enterprise unit consists of all insurable acreage of the same insured crop in the county in which the insured has a share. Enterprise units receive a premium discount compared to smaller units. <b>(7 U.S.C. 1508(e)(5))</b>		in one or more other counties. <b>(§11110)</b>	
<b>Federal premium subsidies.</b> Sets premium subsidy percentages by insurance plans, coverage levels, and practices. <b>(7 U.S.C. 508(e))</b>	No comparable provision.	Sets premium subsidies for a member of an Indian tribe for the first-time purchase of pasture, rangeland, and forage insurance at 90% of premium. <b>(§11111)</b>	No comparable provision.
<b>Calculation of APH yields.</b> Details how FCIC determines yields and provides exceptions to the calculation of actual production history (APH) yields, such as transitional yields and yield exclusion options. <b>(7 U.S.C. 1508(g))</b>	Requires FCIC to establish underwriting rules that would give producers the choice to limit their APH decreases to 10% of the previous year's APH. Requires actuarially sound premiums to cover the additional risk. <b>(§10005)</b>	No comparable provision.	Identical to House provision. <b>(§11112)</b>
<b>Submission of policies and materials to FCIC board.</b> Authorizes the FCIC board to review and evaluate private submissions for new crop insurance policies or provisions, or premium rates. Approved submissions are eligible for cost reimbursement, premium subsidies, administrative and operating subsidy, and reinsurance by FCIC. Requires private submitters to show that proposed submissions are	No comparable provision.	Authorizes FCIC to waive certain viability and marketability requirements in the case of a policy or pilot program relating to the production of hemp. <b>(§11112)</b>	Identical to Senate provision. <b>(§11113)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
viable and marketable, among other requirements. <b>(7 U.S.C. 1508(h))</b>			
<p><b>Whole farm revenue agent incentives.</b> Sets maximum administrative and operating subsidies at 24.5% of premium. <b>(7 U.S.C. 1508(k)(4))</b></p> <p>Approved Insurance Providers (AIPs) may not pay more than 80% of administrative and operating subsidy (A&amp;O) and catastrophic loss adjustment expense subsidy (CAT LAE) as a base commission to agents. However, if certain conditions are met, AIPs may pay up to 100% of A&amp;O and CAT LAE to agents. <b>(2011 and subsequent Standard Reinsurance Agreements, §III(a)(4))</b></p>	No comparable provision.	Requires FCIC to pay additional A&O to AIPs to pay to agents selling whole farm revenue policies in certain circumstances. Sets a minimum of \$1,000 in agent compensation for selling a whole farm revenue policy and an additional \$300 for sales to first-time purchasers of the whole farm revenue policy. To the extent that this provision allows for compensation that is higher than what is allowed in the Standard Reinsurance Agreement (SRA), the additional amount is not subject to agent compensation limits under the SRA. <b>(§11113)</b>	No comparable provision.
<p><b>Crop production on native sod (“Sodsaver”).</b> During the first four years of planting, crop insurance and NAP benefits are reduced on native sod acreage in Minnesota, Iowa, North Dakota, South Dakota, Montana, and Nebraska. Provisions include: (1) a reduction in the crop insurance premium subsidy by 50 percentage points, and NAP fee is doubled; (2) annual data for actual production history are equal to 65% of the transitional yield for all four years rather than the higher, variable percentage applicable for other cropland; and (3) for crop insurance, yield substitutes are not allowed; that is, low farm yields must be used in the actual production</p>	No comparable provision.	Amends the Sodsaver provision to require the loss of four cumulative years of crop insurance and NAP benefits following planting on native sod. Differentiates between land tilled between enactment of the 2014 farm bill and enactment of this bill, and land tilled subsequent to enactment of this bill. Non-hay and non-forage insurable crops tilled on native sod after enactment are subject to four cumulative years of reduced benefits. For insurable hay and forage crops planted on native sod, benefits are reduced for four cumulative years during each crop year of planting. Producers must certify all tillage on native sod using an FSA acreage report	Similar to Senate provision with amendments. Adds that reductions in benefits, subsequent to enactment, are for not more than four cumulative years during the first 10 years after initial tillage. Excludes provisions distinguishing between insurable non-hay and non-forage crops (as opposed to insurable hay and forage crops), as well as conversion certification, corrections, annual reports to Congress and the option for a governor of a state to elect to have the requirements apply to the state. <b>(§11114)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>history rather than replacing them with potentially higher transitional yield (T-yield). (On other cropland, producers can substitute 60% of the T-yield for any actual yield below 60% of the T-yield). <b>(7 U.S.C. 1508(o))</b></p>		<p>form and maps. Annual reports to Congress are required on total certified acres by state and county. Governors of states outside of the six covered under the provision may elect to apply Sodsaver in their state. <b>(§11114)</b></p>	
<p><b>Use of NASS data to combat waste, fraud, and abuse.</b> Requires USDA to develop and implement a coordinated plan for FSA to assist FCIC in the ongoing monitoring of the federal crop insurance program to identify potential fraud, waste, or abuse. <b>(7 U.S.C. 1515(d)(1))</b></p>	<p>No comparable provision.</p>	<p>Authorizes FCIC to use NASS data in existing data mining efforts to detect anomalies and identify potential fraud for audits and other enforcement actions. <b>(§11115)</b></p>	<p>Identical to Senate provision. <b>(§11115)</b></p>
<p><b>Submission of policy information to FCIC.</b> Requires the Secretary of Agriculture to establish procedures outlining required information and deadlines for AIPs to submit policy information to FCIC. <b>(7 U.S.C. 1515(g))</b></p>	<p>No comparable provision.</p>	<p>Requires AIPs to submit the actual production history used to establish insurable yields to FCIC not later than 30 days after the applicable production reporting date for the crop to be insured. <b>(§11116)</b></p>	<p>Similar to Senate provision except limits the submission requirement to policies for a covered commodity (as defined in Section 1111 of 7 U.S.C. 9011) and allows AIPs to correct errors in the submitted information. <b>(§11116)</b></p>
<p><b>Acreage report streamlining initiative.</b> Requires the Secretary of Agriculture to develop and implement an acreage report streamlining initiative project to allow producers to report acreage and other information directly to USDA. <b>(7 U.S.C. 1515(j)(1)(B)(ii)).</b></p>	<p>No comparable provision.</p>	<p>Requires the Risk Management Agency and the Farm Service Agency to implement a consistent method for determining crop acreage, acreage yields, farm acreage, property descriptions, and other common informational requirements, including measures of common land units. Requires FCIC to require Approved Insurance Providers to accept reports of crop acreage, acreage yields, and other information from producers or authorized agents in an electronic format. <b>(§11117)</b></p>	<p>No comparable provision.</p>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	<b>Continuing education for loss adjusters and agents.</b> Requires FCIC to establish requirements for continuing education on conservation and agronomic practices, including organic and sustainable practices, for loss adjusters and agents of AIPs. <b>(§11118)</b>	Similar to Senate provision except with more detailed and expansive education topics. <b>(§11117)</b>
<b>Information technology.</b> Requires the Secretary of Agriculture to maintain and upgrade information management systems used to administer the federal crop insurance program. <b>(7 U.S.C. 1515(j)(1)).</b>		Provides \$1,000,000 in annual funding for information technology in fiscal years 2019 and 2020. <b>(§11119)</b>	No comparable provision.
<b>Funding for reviews, compliance, and program integrity.</b> Provides up to \$9,000,000 per fiscal year from the insurance fund for expenses, including operating and reviewing plans of insurance (including actuarial and related information) and for maintaining the actuarial soundness and financial integrity of the program. Allows the Secretary to merge some or all of the funds into the accounts of the RMA and to obligate the funds. <b>(7 U.S.C. 1516(b)(2)(C)(i) and (ii))</b>	Reduces the funds available for review, compliance, and program integrity from \$9 million to \$7 million per fiscal year. <b>(§10006)</b>	No comparable provision.	Identical to House provision. <b>(§11118)</b>
<b>Defines agricultural commodities.</b> Defines <i>agricultural commodity</i> as “wheat, cotton, flax, corn, dry beans, oats, barley, rye, tobacco, rice, peanuts, soybeans, sugar beets, sugar cane, tomatoes, grain sorghum, sunflowers, raisins, oranges, sweet corn, dry peas, freezing and canning peas, forage, apples, grapes, potatoes, timber and forests, nursery crops, citrus, and other	No comparable provision.	Adds <i>hemp</i> to the definition of <i>agricultural commodity</i> . <b>(§11120)</b>	Identical to Senate provision. <b>(§11119)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>fruits and vegetables, nuts, tame hay, native grass, aquacultural species (including, but not limited to, any species of finfish, mollusk, crustacean, or other aquatic invertebrate, amphibian, reptile, or aquatic plant propagated or reared in a controlled or selected environment), or any other agricultural commodity, excluding stored grain, determined by the Board, or any one or more of such commodities, as the context may indicate.” (7 U.S.C. 1518)</p>			
<p><b>Research, development, and maintenance costs.</b> Authorizes FCIC to contract with private submitters to research and develop new crop insurance policies. FCIC may approve up to 75% of the projected total research and development costs to be paid in advance to an applicant. Provides for reimbursement of “reasonable research and development costs.” (7 U.S.C. 1522(b))</p>	<p>Allows for reimbursement of “reasonable and actual research and development costs” related to policies that have been approved by the FCIC board. Defines <i>reasonable and actual costs</i> as costs based on (1) wage rates equal to two times Bureau of Labor Statistics hourly wage rates plus benefits or (2) actual documented costs incurred by the applicant. Prohibits disapproval of a user fee based on (1) it being compared to a maintenance fee or (2) the potential for the fee to result in a financial gain/loss to the applicant. Limits discretion of the FCIC board in approval of user fees. (§10007(a))</p>		<p>Similar to House provision with amendments to clarify that the limitation of two times the Bureau of Labor Statistics hourly wage rate applies to any employees or contracted personnel costs, but does not require the rates submitted to be the rates actually paid. Modifies the requirements for the FCIC Board to approve or disapprove the amount of a maintenance fee by removing the provision prohibiting disapproval of a use fee based on comparisons to maintenance fees or the potential for the fee to result in financial gain/loss to the applicant. Adds that the fee shall remain in effect and not reviewed by the FCIC Board unless specified criteria are met. (§11120(a))</p>
<p>No comparable provision.</p>	<p><b>Resubmission of reimbursement requests.</b> Provides that this section applies to reimbursement requests made on or after October 1, 2016, and that requests for reimbursement</p>	<p>No comparable provision.</p>	<p>Identical to House provision. (§11120(b))</p>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>previously denied between October 1, 2016, and the date of enactment of this act may be resubmitted. <b>(§10007(b))</b></p> <p>No comparable provision.</p>	<p>Authorizes the FCIC board to waive the viability and marketability requirements for reimbursement of research and development relating to a policy to insure the production of hemp. <b>(§11121)</b></p>	<p>Identical to Senate provision. <b>(§11121)</b></p>
<b>Research and Development Authority</b>			
<p><b>Priorities.</b> Authorizes FCIC to conduct activities or contract for research and development efforts to maintain or improve existing policies or develop new policies. Directs FCIC to conduct or contract for specific types of coverage for specific crops or livestock. <b>(7 U.S.C. 1522(c))</b></p>	<p>Strikes 16 completed studies and research and development contracts. <b>(§10008(a))</b></p> <p>Defines <i>beginning farmer or rancher</i> for the purposes of research and development of whole farm insurance plans as having actively operated and managed a farm or ranch for less than 10 years. <b>(§10008(b))</b></p> <p>Requires FCIC to contract with one or more qualified entities to conduct research and development on (1) a policy to insure certain crops due to losses due to tropical storms or hurricanes; (2) create a separate practice for subsurface irrigation; (3) the difference in rates, average yields, and coverage levels of grain sorghum policies as compared to other feed grains within a county (with a reporting requirement of sorghum study results within a year of enactment) and; (4) establish an alternative (and optional) method of adjusting for quality losses</p>	<p>Requires FCIC to conduct activities or enter into contracts to carry out research and development to maintain or improve existing policies or develop new policies. Provides direction for the following priorities: effectiveness of whole farm plans, irrigated grain sorghum, limited irrigation practices, quality loss, citrus, greenhouses, hops, local foods, irrigation practices for rice, and batture lands. <b>(§11122)</b></p>	<p>Adopts House and Senate provisions with some modifications. Adds a factor for the FCIC board to consider in reviewing the effectiveness of whole farm plans. Amends the provisions on research and development related to irrigated grain sorghum and limited irrigation practices. Modifies the provisions related to quality losses and local foods. Makes technical modifications to provisions regarding subsurface irrigation practices and tropical storm/hurricane insurance. Also removes the reference to a specific river mile location within the Lower Mississippi River Valley from the batture land provision. <b>(§11122)</b></p>



Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Funding.</b> Under Sections 522 and 523 of the FCIA, FCIC may enter into contracts to carry out research and development for new crop insurance policies. <b>(7 U.S.C. 1522 and 1523)</b>	that does not impact the APH of producers. <b>(§10008(c))</b>  Amends the act to discontinue partnerships for risk management development and implementation and to reduce CCC funding for research and development contracting from \$12.5 million to no more than \$8 million for FY2019 and each subsequent fiscal year. <b>(§10009)</b>	No comparable provision.	Similar to House provision except maintains FCIC's authority to enter into public and private partnerships to develop risk management tools and improve compliance analysis tools and technology. <b>(§11123)</b>
<b>Pilot programs.</b> Requires the FCIC board to approve two or more proposed policies or plans of insurance from AIPs if the policies or plans meet certain criteria. <b>(7 U.S.C. 1523(i)(3)(A))</b>	No comparable provision.	No comparable provision.	Adopts technical amendment adding a period to the end of 7 U.S.C. 1523(i)(3)(A). <b>(§11124)</b>
<b>Education and Risk Management Assistance</b>			
<b>Underserved states.</b> Authorizes FCIC to establish a program for crop insurance education and information to producers in states where federal crop insurance participation and availability are low and producers are underserved by the federal crop insurance program. <b>(7 U.S.C. 1524(a)(2))</b>  <b>Partnerships for Risk Management Education.</b> Authorizes the Secretary, through NIFA, to establish a program of competitive grants for public and private entities to educate agricultural producers about the full range of risk management activities, including futures, options, agricultural trade options, and crop insurance, among others. <b>(7 U.S.C. 1524(a)(3))</b>	Eliminates the crop insurance education and information program for targeted states carried out by RMA and AMA and reauthorizes the risk management education and assistance carried out through NIFA.  Directs the FCIC insurance fund to transfer \$5 million for FY2018 and each fiscal year thereafter to fund partnerships for risk management education. <b>(§10010)</b>	Adds conservation activities to the list of risk management activities that are eligible for competitive educational grants. <b>(§11123)</b>	Similar to House provision except consolidates crop insurance education grants for underserved producers with the Partnerships for Risk Management Education in 7 U.S.C. 1524 and maintains the AMA program. Adopts the Senate provision adding <i>conservation activities</i> to the list of allowable activities funded under Partnerships for Risk Management Education. <b>(§11125)</b>

Prior Current Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Agricultural Management Assistance (AMA) Program.</b>			
Authorizes the AMA program, which provides financial and technical to producers in 16 specified states for conservation practices, risk mitigation, and market diversification. Provides \$15 million in annual mandatory funding in FY2008-FY2014 and \$10 million each fiscal year thereafter. Requires 50% to NRCS, 40% to RMA, and 10% to AMS. <b>(7 U.S.C. 1524(a)(2) and 1524(b))</b>			
<b>Cropland Report Annual Updates</b>			
Requires the Secretary of Agriculture to provide annual reports each January 1 to the House and Senate Agriculture Committees on changes in cropland acreage in each applicable county and state, from on January 1, 2015 through January 1, 2018. <b>(11014(c)(2) of 2014 farm bill, Public Law 113-79)</b>	No comparable provision.	Extends authority to January 1, 2023. <b>(§11124)</b>	Similar to Senate provision except removes requirements for baseline cropland reports and annual updates. <b>(§11126)</b>

Table 16. Miscellaneous

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Livestock</b>			
<p><b>Animal Health Protection Act (AHPA).</b> AHPA contains provisions to prevent, detect, control, and eradicate diseases and pests to protect animal health. (7 U.S.C. 8301 et seq.) The 2014 farm bill (P.L. 113-79) establishes a National Animal Health Laboratory Network to develop and enhance national veterinary diagnostic capabilities, with an emphasis on surveillance planning, vulnerability analysis, and technology development and validation. Authorizes appropriations of \$15 million per year for FY2014-FY2018. (7 U.S.C. 8308a)</p>	<p>Requires USDA to establish the <b>National Animal Disease Preparedness and Response Program (NADRP)</b> to address the risk of the introduction and spread of animal pests and diseases that affect the U.S. livestock and related industries, including export expansion.</p> <p>Directs USDA to sign cooperative agreements or other legal agreements with state departments of agriculture, offices of the chief animal health state official, land-grant colleges or universities or non-land-grant colleges of agriculture, colleges of veterinary medicine, state or national livestock producer organizations, state emergency agencies, veterinarian organizations recognized by the American Veterinary Medical Association, Indian tribes, federal agencies, or a combination of entities.</p> <p>To the extent practicable, activities include enhancing animal pest and disease analysis and surveillance; expanding outreach and education; targeting domestic inspection at vulnerable points; strengthening threat identification; improving biosecurity; enhancing emergency response capabilities; conducting technology development (veterinary biologics, diagnostics, animal drugs, and animal medical devices); enhancing electronic</p>	<p>Similar to House provision. Establishes the <b>National Animal Disease Preparedness Response, and Recovery Program. (§12103)</b></p>	<p>Similar to House provision but amends it to establish a new definition for <i>veterinary countermeasures</i>, which are any biological, pharmaceutical, non-pharmaceutical, or other products or equipment to protect, detect, respond to, or mitigate harm to public or animal health from animal pests or diseases. (<b>§12101(a)</b>)</p> <p><b>NADPRP</b> is established to address increasing risk for the spread of animal pests and diseases in the United States. (<b>§12101(b)</b>)</p> <p>Authorizes the Secretary to enter into cooperative agreements during FY2019-FY2023 under NADPRP. This limitation does not affect other cooperative agreements established beyond FY2023. (<b>§12101(e)</b>)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
	<p>sharing of health data and risk analysis; and other activities as determined by USDA.</p> <p>USDA will notify entities of information required to enter into cooperative agreements, requirements for the use of funds, and criteria to evaluate the activities. USDA may consider entities' ability to contribute nonfederal funds but may not require entities to contribute funds.</p> <p>Requires recipients to use funds according to cooperative agreements. Recipients may enter sub-agreements with state entities responsible for animal disease prevention, surveillance, and response.</p> <p>Requires recipients to submit to USDA reports describing the purposes and results of activities no later than 90 days after completion of activities.</p> <p>Requires USDA to establish a <b>National Animal Health Vaccine Bank</b> to protect U.S. agriculture and food systems against terrorist attack, major disaster, and other emergencies. Requires the Vaccine Bank to maintain sufficient quantities of animal vaccine, antiviral, therapeutic, or diagnostic products for rapid response to animal disease outbreak that would have a damaging effect on human health or the economy. Directs it to leverage existing mechanisms and infrastructure of the National Veterinary Stockpile of APHIS. Also requires USDA to prioritize the</p>	<p>Similar to the House provision. Establishes the <b>National Animal Vaccine and Veterinary Countermeasures Bank. (§12103)</b></p>	<p>Similar to House provision in that USDA is to maintain sufficient quantities of veterinary countermeasures to appropriately respond to damaging animal diseases, with a priority on foot-and-mouth disease. <b>(§12101(c))</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Sheep Production and Marketing Grant Program.</b> Establishes a competitive grant program through USDA's Agricultural Marketing Service to improve the sheep industry, including infrastructure, business, resource development, or innovative approaches</p>	<p>acquisition of sufficient quantities of foot-and-mouth disease vaccine and consider contracting with one or more entities capable of producing foot-and-mouth disease vaccines and having surge production capacity.</p> <p>For FY2019, requires mandatory funding of \$250 million from the CCC, of which \$30 million is for the <b>National Animal Health Laboratory Network (NAHLN)</b>, \$70 million for the <b>National Animal Disease Preparedness and Response Program (NADPRP)</b>, and \$150 million for the <b>National Animal Health Vaccine Bank (NAVVCB)</b>. In FY2020-FY2023, \$50 million per year in mandatory CCC funds is available for the three programs, of which not less than \$30 million per year is for the National Animal Disease Preparedness and Response Program. In addition, authorizes appropriations of \$15 million per year for FY2019-FY2023 for the NAHLN. Funds made available may be used until expended. <b>(§11101)</b></p>	<p>Authorizes appropriations of \$30 million per year for FY2019-FY2023 for the <b>NAHLN</b>. <b>(§12102)</b></p> <p>Authorizes appropriations for such sums as necessary to carry out the preparedness program and the vaccine bank. <b>(§12103)</b></p>	<p>Similar to House provision but amends authority for the <b>NAHLN</b> programs to establish the <b>NADPRP</b> and <b>NAVVCB</b> programs. Also, authorizes mandatory funding of \$120 million for FY2019-FY2022, of which \$20 million is reserved for NADPRP, and \$100 million is to be allocated between the three programs. Also provides mandatory funding of \$30 million for FY2023 and each year thereafter, of which \$18 million is reserved for NADPRP, and \$12 million is to be allocated between the three programs.</p> <p>In addition, the authorization for appropriations for NAHLN is increased to \$30 million for each of FY2019-FY2023, to remain available until expended. Authorization for appropriations of such sums as necessary is provided for NADPRP and NAVVCB for FY2019-FY2023. <b>(§12101(d))</b></p>
	<p>Under the authority of the proposed Textile Trust Fund, authorizes \$2 million of CCC funds for FY2019 for the purposes of strengthening and enhancing the production of sheep and sheep products in the United States,</p>	<p>Authorizes appropriations of \$1.5 million per year for FY2019-FY2023. <b>(§12101)</b></p>	<p>Similar to House provision, amends the provision to leave the grant program under existing authority instead of placing it under the Textile Trust Fund. <b>(§12102)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
for long-term needs. Provided \$1.5 million in CCC mandatory funds for FY2014 to remain available until expended. <b>(7 U.S.C. 1627a)</b>	with funds remaining available until expended. <b>(§ 1304(e)(3))</b>	<p><b>Study on Livestock Dealer Statutory Trust.</b> Requires USDA to conduct a study on the feasibility of establishing a livestock dealer statutory trust, and to submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry no later than 540 days after enactment. The study is to cover: (1) the effects of a trust on buyer and seller market behavior; (2) the effect on credit availability, including impacts on lenders and lending behavior; (3) unique circumstances common to livestock dealers and how they impact the functioning of a statutory trust; (4) the feasibility of electronic transfer of funds or other expeditious payments to provide sellers protection for nonsufficient funds payments; (5) the effectiveness of statutory trusts in other agricultural segments; and (6) the effects of setting a de minimis annual sales threshold exemption. <b>(§12104)</b></p>	Similar to Senate provision but adds three other considerations for the study: (1) how a dealer trust would affect seller recovery in case of a default in payment, (2) whether an appointed trustee under a dealer trust would improve seller recovery, and (3) how a dealer trust would affect sellers in relation to preferential transfer in bankruptcy. The study is to be completed within one year of enactment. <b>(§12103)</b>
No comparable provision.	No comparable provision.	<p><b>Definition of Livestock.</b> Amends the act to include llamas, alpacas, live fish, crawfish, and other animals. <b>(§12105)</b></p>	Identical to Senate provision. <b>(§12104)</b>
<p><b>Emergency Livestock Feed Assistance Act of 1988.</b> Under the Act, USDA provides emergency feed assistance to preserve and maintain livestock in any state or area of a state because of disease, insect infestation, flood, drought, fire, hurricane, earthquake, storm, hot weather, or</p>	No comparable provision.		

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
other natural disaster. <b>(7 U.S.C. 1471 and 1471a)</b>			
<p><b>National Aquatic Animal Health Plan.</b> Authorizes USDA to enter into cooperative agreements for the purpose of detecting, controlling, or eradicating diseases of aquaculture species and promoting species-specific best management practices on a cost-share basis. The Secretary may use authorities from AHPA <b>(7 U.S.C. 8301 et seq.)</b> to carry out the plan. Authorizes such sums as necessary to be appropriated in each of FY2008-FY2018. <b>(7 U.S.C. 8322)</b></p>	<p>Authorizes appropriations of such sums as necessary to administer the program through FY2023. <b>(§11102)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision. Amends the provision to repeal the authorization for appropriations. <b>(§12105)</b></p>
<p><b>Veterinary training.</b> Allows USDA to develop a program to maintain a sufficient number of federal and state veterinarians who are trained in the recognition and diagnosis of exotic and endemic animal diseases. <b>(7 U.S.C. 8318)</b></p>	<p>Amends the section to include “veterinary teams, including those based at colleges of veterinary medicine” and inserts <i>and who are capable of providing effective services before, during, and after emergencies</i> at the end of the section. <b>(§11103)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§12106)</b></p>
<p>No comparable provision.</p>	<p><b>Report on FSIS guidance and outreach to small meat processors.</b> Requires the USDA inspector general to provide the Secretary of Agriculture a report on the effectiveness of existing FSIS guidance materials and tools for small and very small establishments.</p> <p>The report is to include (1) an evaluation of the outreach conducted by FSIS, (2) an evaluation of guidance materials and tools used by FSIS, (3) an evaluation of FSIS responsiveness to inquiries and issues, and (4)</p>	<p>No comparable provision.</p>	<p>Similar to House provision. Amends the provision to require USDA to contract with a land-grant college or university or non-land-grant college of agriculture to review the effectiveness of FSIS guidance materials and provide any recommendations to USDA. <b>(§12107)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	<p>recommendations FSIS should take to improve regulatory clarity and consistency. <b>(§11104)</b></p> <p><b>Regional cattle and carcass grading correlation and training centers.</b> USDA is required to establish not more than three regional centers to provide education and training for cattle and carcass beef graders of the Agricultural Marketing Service, cattle producers, and other professionals involved in the reporting, delivery, and grading of feeder cattle, live cattle, and carcasses. The centers are to be located near cattle feeding or slaughtering areas, provide intensive training, and coordinate the existing resources of USDA, state agricultural extension and research centers, relevant contract markets, and producers. Funding for the centers may not be used for new construction or remodeling of facilities, but may be used for rental space. The centers may also accept in-kind donations to cover such spaces. <b>(§11105)</b></p>	No comparable provision.	Identical to House provision. <b>(§12108)</b>
<b>Agriculture and Food Defense</b>			
<p><b>Office of Homeland Security.</b> The 2008 farm bill (Section 14111 of P.L. 110-246) established the office to coordinate and advise the Secretary on homeland security activities for agricultural disease emergencies, agro-terrorist acts, and other threats to agricultural biosecurity. The office is the primary liaison with other federal</p>	No comparable provision.	Repeals the Office of Homeland Security as established. <b>(§12201)</b>	Identical to Senate provision. See <b>Section 12202</b> below. <b>(§12201)</b>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>departments and agencies on the coordination of efforts and interagency activities pertaining to agricultural biosecurity. <b>(7 U.S.C. 8911)</b></p> <p><b>The Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. <b>(7 U.S.C. 6901 et seq.)</b></p> <p>Similar provisions to those in the Agriculture and Food Defense subtitle exist in various forms in other laws. For example, the National Agriculture and Food Defense Strategy (21 U.S.C. 2202) in the Food Safety Modernization Act (P.L. 111-353).</p>	No comparable provision.	<p>USDA is required to establish an <b>Office of Homeland Security</b> under the 1994 act. The office is to be headed by an executive director whose duties include (1) serve as principal advisor to the Secretary on homeland security issues; (2) coordinate the department's homeland security activities; (3) act as the primary liaison with other federal departments and agencies; (4) coordinate USDA's information gathering on early warning and threats and risks to critical infrastructure; (5) liaise with the Director of National Intelligence; (6) coordinate exercises to identify and eliminate gaps in preparedness; (7) produce a department-wide strategic coordination plan; and (8) carry out other duties as determined by the Secretary.</p> <p>USDA is required to carry out an <i>Agriculture and Food Threat Awareness Partnership Program</i> with the intelligence community to share personnel and information in order to improve communications and analysis. This program is to be conducted in collaboration with federal, state, and local authorities. <b>(§12202)</b></p>	Identical to Senate provision. <b>(§12202)</b>
No comparable provision.	No comparable provision.	<p><b>Agriculture and Food Defense.</b> Provides definitions relevant to the section. <b>(§12203(a))</b></p>	Similar to Senate provision except amends the provision to use the definition of <i>veterinary countermeasure</i> as

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	USDA is required to conduct <i>Disease and Pest of Concern Response Planning</i> that includes establishing a list of diseases and pests using expert opinion and evidence related to the diseases and pests, and to develop a comprehensive response plan for them. The response plans are to be developed on a state or regional basis and include a concept of operations, and the appropriate interactions between federal, state, local, and tribal governments, and animal and plant industry partners. The plans are to include a decision matrix and performance metrics. <b>(§ 12203(b))</b>	established in Section 12101 of the Agricultural Improvement Act of 2018. <b>(§ 12203(a))</b>  Identical to Senate provision. <b>((§ 12203(b))</b>
<b>Special authorization for biosecurity planning and response.</b> Land-grant universities, federal and state agencies, state departments of agriculture, and other stakeholders established a National Plant Diagnostic Network (NPDN) in 2002 to enhance agricultural security. Under the National Agricultural Research, Extension, and Teaching Policy Act (NARETPA), NIFA provides funding to the network through authorized appropriations. <b>(7 U.S.C. 3351)</b>	No comparable provision.	USDA is required to establish a <i>National Plant Diagnostic Network</i> to monitor threats to plant health from diseases or pests. The network is to provide increased awareness and early identification, coordinate between USDA and state agencies, establish diagnostic standards, establish regional hubs of expertise and leadership, and establish a national repository of records of endemic or emergent diseases and pests of concern. <b>(§ 12203(c))</b>  The Director of NIFA would lead the network, and coordinate and collaborate with land-grant colleges and universities, and partner with the Administrator of the Animal and Plant	Identical to Senate provision. <b>(§ 12203)(c)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Agricultural Bioterrorism Protection Act of 2002.</b> Under the act, USDA established and maintains a list of biological agents and toxins that potentially pose a severe threat to animal or plant health, or animal or plant product. <b>(7 U.S.C. 8401(a)(1)(B)(i))</b></p>	No comparable provision.	<p>Health Inspection Service. <b>(§12203(c)(3) and (4))</b></p> <p>Authorizes appropriations for the network of \$15 million per year for FY2019-FY2023. <b>(§12203(c)(5))</b></p> <p>USDA is to establish a <i>National Plant Disease Recovery System</i> for strategic long-term planning on high-consequence plant transboundary diseases. The recovery system is to coordinate response operations, make long-range plans for research projects for long-term recovery, identify specific genotypes, cultivars, breeding liens and disease-resistant materials for crop stabilization and improvement, and establish a watch list of transboundary diseases for long-term planning. <b>(§12203(d))</b></p>	<p>Similar to Senate provision. Adds the criteria for consideration of being added to the list of biological agents and toxins: the potential impact on performance of research on the causative agent of the disease. <b>(§12204)</b></p>
No comparable provision.	No comparable provision.	<p><b>Biological agents and toxins list.</b> Amends the criteria to be considered for adding a biological agent or toxin to the list, as follows: (1) whether adding to the list would have a substantial negative impact on the research and development of solutions for animal or plant diseases, and (2) whether the negative impact substantially outweighs the risk posed by not adding it to the list. <b>(§12204)</b></p> <p><b>Authorization of appropriations.</b> Authorizes appropriations of \$5 million of each fiscal year for FY2019- FY2023. <b>(§12205)</b></p>	Identical to Senate provision. <b>(§12205)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Historically Underserved Producers</b>			
<p><b>Outreach and assistance for socially disadvantaged farmers and ranchers and veteran farmers and ranchers.</b> Provides for an outreach and technical assistance program to assist socially disadvantaged farmers and ranchers and veteran farmers and ranchers in owning and operating farms and ranches and in participating equitably in the full range of agricultural programs offered by USDA. <b>(7 U.S.C. 2279(a)(4))</b></p>	<p>Reauthorizes \$10 million in mandatory spending each year for FY2019-FY2023. Prioritizes grants under the program for agricultural education for youth under the age of 18, for agricultural employment and volunteer opportunities for youth under the age of 18, and for projects that demonstrate experience in providing such education and opportunities to socially disadvantaged youth. Reauthorizes appropriations of \$20 million each for FY2019-FY2023. <b>(§11201)</b></p>	<p>No comparable provision</p>	<p>Similar to House provision. Certain elements of the House provision are placed in the <b>Farming Opportunities Training and Outreach</b> program. See Section 12301 below.</p>
<p><b>Farm Security and Rural Investment Act of 2002.</b> Established a <i>beginning farmer and rancher development program</i>. Authorized a competitive grant program to support new and established local and regional training and technical assistance initiatives for beginning farmers and ranchers. <b>(7 U.S.C. 3319f)</b></p>	<p>No comparable provision.</p>	<p>Repeals the beginning farmer and rancher development program in the 2002 Act.</p> <p>Amends the 1990 Act by renaming the development program <b>Farming Opportunities Training and Outreach</b>. Gives priority in making grants and entering into contract to nongovernmental and community-based organizations with an expertise in working with socially disadvantaged farmers and ranchers or veteran farmers and ranchers. Directs the Secretary to ensure the geographical diversity of eligible entities.</p>	<p>Similar to Senate provision. Amends the provision by adding a matching requirement to the grant program supporting local and regional training and outreach and requiring a recipient or participant to provide a match in the form of cash or in-kind contributions equal to 25% of the grant funds provided. Also provides the Secretary of Agriculture with authority to waive the matching requirement.</p>
<p><b>Food, Agriculture, Conservation, and Trade Act of 1990.</b> Established the Outreach and Assistance for Socially Disadvantaged Farmers and Ranchers and Veteran Farmers and Ranchers program. Authorized the Secretary to carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers and veteran farmers or ranchers in owning and operating farms and ranches; and in participating equitably in the full range of agricultural</p>		<p>Authorizes USDA, NIFA, to make competitive grants, and enter contracts or agreements, to support new and established local and regional training, education, outreach, and technical assistance initiatives for beginning farmers and ranchers. Grants, contracts,</p>	<p>Amends the mandatory funding authorization to \$30 million for FY2019-FY2020, \$35 million for FY2021, \$40 million for FY2022, and \$50 million for FY2023 and thereafter. Also authorizes annual appropriations of \$50 million for FY2019-FY2023. Funding is to be equally divided between the Outreach to Socially Disadvantaged and Veteran Farmers and Ranchers program</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>programs offered by the Department. <b>(7 U.S.C. 2279)</b></p>		<p>or agreements can be for three years or less, and may provide not more than \$250,000 per year. Partnerships and collaborations that are led by or include nongovernmental, community-based organizations and school-based educational organizations with expertise in new agricultural producer training and outreach are to receive priority.</p> <p>Requires USDA to establish beginning farmer and rancher education teams to develop curricula and conduct educational programs and workshops for beginning farmers and ranchers in diverse geographical areas of the United States. The material is to be online and may include online courses for direct use by beginning farmers and ranchers.</p> <p>Authorizes \$50 million in mandatory spending for FY2018 and each fiscal year thereafter. Authorizes \$50 million discretionary spending each year for FY2018-2023. Of the funds authorized, 50% is reserved for the beginning farmer and rancher development grants, and 50% for farming opportunities training and outreach. Of those amounts, 5% of beginning farmer and rancher outreach and assistance, education teams, and curriculum and training clearinghouse funds are reserved for veteran farmers, and 5% for limited resource farmers, socially disadvantaged farmers and ranchers, and farmworkers who desire to become farmers. <b>(§12301)</b></p>	<p>and the Beginning Farmers and Ranchers Development Grant program. <b>(§12301)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Urban agriculture.</b> Previous farm bills expanded federal support for local and regional food systems, mostly in the form of new or expanded grants and loans across a range of USDA programs and agencies.</p>	<p>No comparable provision.</p>	<p><b>Urban agriculture.</b> Amends existing law to incorporate provisions introduced in S. 3005 (Urban Agriculture Act of 2018), including establishing: (1) an Office of Urban Agriculture and Innovative Production at USDA to encourage and promote urban, indoor, and other emerging agricultural practices; (2) an Urban Agriculture and Innovative Production Advisory Committee; (3) new grant authority for USDA to support the development of urban agriculture and innovative production; and (4) new pilot programs and reporting requirements. Authorizes \$25 million in annual appropriations for FY2019 and each fiscal year thereafter. <b>(§12302)</b></p>	<p>Similar to the Senate provision but with amendments that adjust the committee membership, the director’s responsibilities, reporting requirements, and certain other requirements. Authorizes annual appropriations of \$25 million for FY2019-FY2023.</p> <p>Other provisions from S. 3005 were adopted in part, including <b>Section 2405</b>, Soil Testing and Remediation Assistance; <b>Section 7212</b>, Urban, Indoor, and Other Emerging Agricultural Production Research, Education, and Extension Initiative; <b>Section 11122</b>, Research and Development Authority; and provisions in <b>Section 1601</b> (Noninsured Crop Assistance Program). <b>(§12302)</b></p>
<p>Establishes the <b>Office of Tribal Relations</b> in the Office of the Secretary to advise the Secretary on policies related to Indian tribes. <b>(7 U.S.C. 6921)</b></p>	<p>No comparable provision.</p>	<p><b>Tribal Advisory Committee.</b> Direct the Secretary to create the Tribal Advisory Committee to provide advice and guidance to the Secretary on matters relating to Tribal and Indian affairs. The Committee will facilitate but not supplant government-to-government consultation between USDA and Indian tribes.</p> <p>The Council would be composed of 9 members, 7 appointed by the Secretary and one each by the Chair of the Senate Committee on Indian Affairs and the ranking member. Members would be appointed for 3-year terms, with the first 7 appointments appointed to 2-year terms. A member of the Office of Tribal Relations and the Assistant Secretary</p>	<p>Similar to Senate provision but amends the composition of the committee to 11 members, three appointed by the Secretary, one each appointed by the chair of the Senate Committee on Indian Affairs and the ranking member, one each appointed by the chair of the Senate Committee on Agriculture and the ranking member, and two each appointed by the chair of the House Committee on Agriculture and the ranking member. <b>(§12303)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Established the <b>Office of Advocacy and Outreach</b> which leads USDA in implementing outreach and assistance to socially disadvantaged farmers and ranchers and veteran farmers and ranchers. Also carries out the functions and duties of the Office of Outreach and Diversity under the Assistant Secretary for Civil Rights, oversees the Office of Small Farms Coordination, and coordinates with NIFA on the administration of the beginning farmer and rancher development program. <b>(7 U.S.C. 6934)</b></p>	<p>Requires the Secretary to designate a <b>state beginning farmer and rancher coordinator</b> from among existing employees of Farm Service Agency, the Natural Resources Conservation Service, the Risk Management Agency, the Rural Business-Cooperative Service, and the Rural Utilities Service. Requires USDA to coordinate the development of a training plan for each state coordinator, to work with various outreach coordinators in state offices, and to work with the Office of Partnership and Public Engagement, the successor agency of the Office of Advocacy and Outreach. <b>(§11202)</b></p>	<p>for Indian Affairs of the Department of the Interior shall attend each meeting of the Committee.</p> <p>The Committee will identify issues relating to programs of USDA and Indian tribes and submit recommendations and solutions to such identified issues. The Committee will identify priorities and provide advice on strategies to Tribal consultation on issues at the Tribal, regional, or national level that concern USDA. The Committee will submit an annual report describing the activities and recommendations for legislative or administrative action, and the Secretary shall respond in writing to that report. <b>(§12304)</b></p> <p><b>Youth outreach and beginning farmer coordination.</b> Similar to House provision. Amends Subtitle D of title VII of the Farm Security and Rural Investment Act of 2002 by adding a new section 7405 that requires the Secretary to establish the position of <b>national beginning farmer and rancher coordinator</b> to advise the Secretary on issues affecting beginning farmers and ranchers, and in consultation with state food and agriculture councils. The National Coordinator is required to designate a <b>state beginning farmer and rancher coordinator</b> for each state.</p> <p>The national coordinator will report at least annually on actions taken to assist beginning farmers and ranchers. Permits</p>	<p>Similar to Senate provision but adopts the definition of <i>beginning farmer or rancher</i> from Section 2501(a) of the Food, Agriculture, Conservation, and Trade Act of 1990. <b>(§12304)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)</p>	<p>Amends the 1994 Act to establish the position of <b>agricultural youth organization coordinator</b> to promote the role of youth-serving organizations and school-based agricultural education. Outlines contracts and cooperative agreements the coordinator may engage in with land-grant universities, research centers of the Agricultural Research Service, and nonprofit organizations. (§11206)</p>	<p>the coordinator to enter into contacts and agreements with universities or nonprofits to conduct research on the profitability of new farms, to develop educational materials, to conduct workshops, and to conduct mentoring activities. (§12306)</p> <p><b>Youth outreach and beginning farmer coordination.</b> Similar to the House provision, the Secretary is required to create an <b>agricultural youth coordinator</b> to promote and motivate young people to pursue careers in agriculture, food, and natural resources. (§12306)</p>	<p>Similar to House provision but amends it by substituting <i>young farmers</i> for <i>youth</i>. (§12305)</p>
<p><b>Outreach and assistance for socially disadvantaged farmers and ranchers and veteran farmers and ranchers.</b> Requires the Secretary of Agriculture to carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers and veteran farmers or ranchers (A) in owning and operating farms and ranches; and (B) in participating equitably in the full range of agricultural programs offered by the Department. (7 U.S.C. 2279)</p>	<p>No comparable provision.</p>	<p><b>Availability of Department of Agriculture programs for veteran farmers and ranchers.</b> Amends provisions of the Federal Crop Insurance Act; the Consolidated Farm and Rural Development Act (ConAct); Agricultural Research, Extension, and Education Reform Act of 1998; the Federal Agriculture Improvement and Reform Act of 1996; the Food Security Act of 1985; and Agricultural Act of 2014 to define <i>veteran farmer and rancher</i> in those statutes and to designate veteran farmers and ranchers as “covered producers” and “covered farmers and ranchers” and to insert <i>veterans</i> as specifically eligible farmers and ranchers for various forms of</p>	<p>Identical to Senate provision. (§12306)</p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
agriculture assistance and support under these statutes. (§12307)			
<b>Department of Agriculture Reorganization Act of 1994 Amendments</b>			
<p>In May 2017, USDA announced an agency reorganization that created an Under Secretary for Trade and Foreign Agricultural Affairs, an Under Secretary for Farm Production and Conservation, and an Assistant to the Secretary for Rural Development. The duties of the new Under Secretaries were previously assigned to the Under Secretary of Farm and Foreign Agricultural Affairs and the Under Secretary for Natural Resources and Environment. The duties of the Assistant to the Secretary were formerly assigned to the Under Secretary for Rural Development</p> <p>USDA used authorities under the Department of Agriculture Reorganization Act of 1994 (<b>7 U.S.C. 6911 et seq</b>) and the Reorganization Plan No. 2 of 1953 (<b>7 U.S.C. 2201 note</b>).</p>	<p>Reorganization provisions are in <b>Subtitle F—Other Matters</b> in the House bill.</p>	<p>Reorganization provisions are in <b>Subtitle D—Department of Agriculture Reorganization Act of 1994 Amendments</b> in the Senate bill.</p>	<p>Identical to Senate provision. Reorganization provisions are in <b>Subtitle D—Department of Agriculture Reorganization Act of 1994 Amendments</b>.</p>
<p>Establishes the <b>Assistant Secretaries of Agriculture</b> under the Department of Agriculture Reorganization Act of 1994. (<b>7 U.S.C. 6918</b>)</p>	<p>No comparable provision.</p>	<p>Amends the 1994 Act to change the name of the Assistant Secretary of Agriculture for Congressional Relations to Assistant Secretary of Agriculture for Congressional and Intergovernmental Affairs. Any official serving in the position on the date of enactment, and who has been confirmed by the Senate, is not required to be reconfirmed. (<b>§12401</b>)</p>	<p>Identical to Senate provision. (<b>§12401</b>)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Establishes the <b>military veterans agricultural liaison</b> under the Department of Agriculture Reorganization Act of 1994. <b>(7 U.S.C. 6919)</b>	No comparable provision	Amends the duties of the liaison to require the establishment and periodic update of a website that identifies available apprenticeships for veterans in USDA, job and skills training opportunities. The information should be designed to assist businesses, nonprofits, educational institutes, and farmers that want to create apprenticeship programs for veterans and have them approved by a state approving agency under 38 U.S.C. Chapter 36. The liaison is required to consult with and give technical assistance to the Department of Defense, Department of Veteran Affairs, the Small Business Administration, and the Department of Labor.  Requires USDA to conduct a study on the effectiveness of the website. The liaison is required to submit an annual report on beginning farmer training for veterans and agricultural vocational and rehabilitation programs for veterans. <b>(§12402)</b>	Identical to Senate provision. <b>(§12402)</b>
<b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. <b>(7 U.S.C. 6911 et seq.)</b>	No comparable provision.	Amends the 1994 act to require <b>Civil Rights Analyses</b> . Defines civil rights analysis as a review to analyze and identify actions, policies and decisions that may have an adverse impact on employees, contractors, or beneficiaries of any USDA program or activity based on membership in a group protected by federal law. Before implementing actions, policy, or decision documents, USDA is to conduct a civil rights analysis. These include entries into the	Similar to Senate provision except requires USDA to conduct a civil rights impact analysis according to Departmental Regulation 4300-004, issued by USDA October 16, 2016. <b>(§12403)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>Establishes <b>Consolidated Farm Service Agency (FSA)</b> under the Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6932)</p>	<p>No comparable provision.</p>	<p>Federal Register, charters for advisory committees, councils, or boards, any regulations or new or revised instructions, procedures, or guidance, reductions-in-force, or transfer of functions, or any policy, program, or activity that might have an adverse civil rights impact The Assistant Secretary for Civil Rights may grant expedited review or waivers in certain cases. No later than 2 years after enactment, the Comptroller General is required to conduct a study on the effectiveness of USDA in processing and resolving civil rights complaints, minority participation rates in farm programs, the realignment of civil rights functions under Secretarial Memorandum 1076-023 (March 9, 2018) and whether the realignment has had negative implications, efforts of USDA to identify actions, programs, or activities that may have an adverse effect, and efforts to strategically plan actions to decrease discrimination and civil rights complaints. The Comptroller General is to submit the report to the House and Senate agriculture committees no later than 60 days after completion of its study on civil rights. (§12403)</p> <p><b>Farm Service Agency.</b> Amends the section, and other related sections in the 1994 Act, by removing the term “consolidated.” (§12404)</p>	<p>Identical to Senate provision. (§12404)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Department of Agriculture Reorganization Act of 1994. <b>(7 U.S.C. 6933(d)(1))</b>	Removes Under Secretary of Agriculture for Farm and Foreign Agricultural Services and inserts Under Secretary of Agriculture for Production and Conservation in the Office of Risk Management. <b>(§11601(a))</b>	Identical to House provision. <b>(§12405(a))</b>	Identical to Senate provision. <b>(§12405)(a)</b>
Department of Agriculture Reorganization Act of 1994. <b>(7 U.S.C. 6952(b)(3))</b>	Removes Under Secretary of Agriculture for Farm and Foreign Agricultural Services and inserts Under Secretary for Trade and Foreign Agricultural Affairs in the Multiagency Task Force. <b>(§11601(a))</b>	Removes Under Secretary of Agriculture for Farm and Foreign Agricultural Services and inserts Under Secretary for Agriculture for Farm Production and Conservation in the Multiagency Task Force. <b>(§12405(b))</b>	Identical to Senate provision. <b>(§12405)(b)</b>
Food for Peace Act. <b>(7 U.S.C. 1725(b))</b>	Removes Under Secretary of Agriculture for Farm and Foreign Agricultural Services and inserts Under Secretary for Trade and Foreign Agricultural Affairs in the Food Aid Consultative Group. <b>(§11601(a))</b>	Identical to House provision. <b>(§12405(c))</b>	Identical to Senate provision. <b>(§12405)(c)</b>
Higher Education Act of 1965. <b>(20 U.S.C. 1131c(c)(1)(A))</b>	Removes Under Secretary of Agriculture for Farm and Foreign Agricultural Services and inserts Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs in the Interagency Committee on Minority Careers in International Affairs. <b>(§11601(a))</b>	Identical to House provision. <b>(§12405(d))</b>	Identical to Senate provision. <b>(§12405)(d)</b>
Established the <b>Office of Advocacy and Outreach</b> which leads USDA in implementing outreach and assistance to socially disadvantaged farmers and ranchers and veteran farmers and ranchers. Also carries out the functions and duties of the Office of Outreach and Diversity under the Assistant Secretary for Civil Rights, oversees the	Renames the Office of Advocacy and Outreach as the <b>Office of Partnerships and Public Engagement</b> . Amends the section to improve access to USDA programs to limited resource producers, veteran farmers and ranchers, and tribal farmers and ranchers. Also adds “promoting youth outreach” as an objective of the	Reauthorizes appropriations of \$2 million each fiscal year for FY2019-FY2023 for the Office of Advocacy and Outreach. <b>(§12303)</b>	Similar to the House provision, except removes specific mention of tribal farmers and ranchers, which are already included in the definition of <i>socially disadvantaged farmers and ranchers</i> . <b>(§12406)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Office of Small Farms Coordination, and coordinates with NIFA on the administration of the beginning farmer and rancher development program. (7 U.S.C. 6934)	newly named office. Reauthorizes appropriations funding of \$2 million each fiscal year FY2019-FY2023. (§11203)		
Establishes the <b>Under Secretary of Agriculture for Rural Development</b> under the Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6941)	No comparable provision.	Requires USDA to re-establish the position of <b>Under Secretary of Agriculture for Rural Development</b> . The authority in this provision does not terminate. (§12406)	Identical to Senate provision. (§12407)
The May 2017 USDA reorganization replaced the Under Secretary of Agriculture for Rural Development with an Assistant to the Secretary for Rural Development.			
Establishes the <b>Rural Utilities Service (RUS)</b> under the Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6942)	No comparable provision.	<b>Administrator of RUS.</b> Amends compensation for the RUS administrator. The base pay is not to exceed the maximum amount of compensation payable to a member of the Senior Executive Service under 5 U.S.C. 5382, except the certification requirement does not apply. Removes the RUS administrator from Level IV Executive Schedule (5 U.S.C. 5315). Makes conforming amendments to various laws by striking <i>Administrator of RUS</i> and inserting <i>Secretary of Agriculture</i> . (§12407)	Similar to Senate provision but amends it to properly align with Title 5 and remove unnecessary conforming amendments. (§12408)
Rural Electrification Act of 1936 (7 U.S.C. 918b)			
ConAct (7 U.S.C.2008p(a))			
Farm Security and Rural Investment Act of 2002 (7 U.S.C. 8107a(b)(a))			
Launching Our Communities' Access to Local Television Act of 2000 (47 U.S.C. 1103)			
<b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)	No comparable provision.	Requires USDA to establish the position of <b>Rural Health Liaison</b> . The liaison is to (1) consult with the Secretary of Health and Human Services and coordinate USDA's role in rural health; (2) integrate USDA rural health strategic planning and activities; (3)	Similar to Senate provision but changes the name of the Interagency Task Force on Agriculture and Rural Prosperity to the Council on Rural Community Innovation and Economic Development. (§12409)

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Establishes the <b>Natural Resources Conservation Service (NRCS)</b> under the Department of Agriculture Reorganization Act of 1994. <b>(7 U.S.C. 6962)</b>	No comparable provision.	improve communications within USDA and other federal agencies; (4) advocate for health care and infrastructure needs; (5) provide stakeholders with relevant information on USDA programs for rural health; (6) maintain communication with public health, medical, occupational safety, and other stakeholders on current and upcoming issues; (7) consult on programs, pilot projects, research, and training; (8) provide expertise on rural health as Chair of the Interagency Task Force on Agriculture and Rural Prosperity, and (9) provide technical assistance and guidance to USDA outreach, extension, and county offices. <b>(§12408)</b>	Similar to Senate provision, reduces the 60-day notice to 30 days. The provision's authority expires on September 30, 2023. <b>(§12410)</b>
Establishes the <b>Under Secretary of Agriculture for Research, Education, and Economics (REE)</b> under the Department of Agriculture Reorganization Act of 1994. <b>(7 U.S.C. 6971)</b>	No comparable provision.	Adds a section on field offices, by prohibiting USDA from closing an NRCS field office unless the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry are notified no later than 60 days before closure. Prohibits, without 60-day committee notification, the permanent relocation of NRCS field employees if the result is two or fewer employees. <b>(§12410)</b>  Amends the Research, Education, and Extension Office under REE by renaming it the <b>Office of Chief Scientist</b> , and changes the names where they appear.  Amends the term of service of division chiefs in the Office to "not less than 3 years." In addition, the Under Secretary	Identical to Senate provision. <b>(§12411)</b>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Establishes the <b>National Appeals Division</b> under the Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6992 et seq.)	No comparable provision.	of REE is to select personnel to oversee the implementation, training, and compliance with USDA scientific integrity policy, integrate strategic planning and evaluation, prepare an annual report to Congress, and coordinate international engagements with the Department of State, other federal offices, and international agencies. Authorizes appropriations of such sums as necessary to fund the costs of division personnel.  Amends the Rotation of Personnel clause by adding (iii) provides strong staff continuity to the Office of Chief Scientist. (§12411)	Amends the act to require the director of the division to recommend to the Secretary persons to be hearing officers, whereas previously the director appointed hearing officers. Specifies that each position in the division is to be filled with persons who are not political appointees. (§12412)
<b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)	No comparable provision.	Amends the 1994 Act to establish Subtitle J—Trade and Foreign Agricultural Affairs, and the Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs. The Under Secretary is appointed by the President, by and with the advice and consent of the Senate. The Under Secretary's principal functions are trade and foreign agricultural affairs, and whatever other duties may be required by law or prescribed by the Secretary. (§12412)	Identical to Senate provision. (§12413)

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)</p> <p><b>Agriculture Act of 2014 (P.L. 113-79)</b></p>	No comparable provision.	<p>Repeals several sections of the 1994 Act and one in the 2014 farm bill that are in 7 U.S.C. 6901 et seq. as follows: Transfer of Department Functions to Secretary of Agriculture (Section 6911); Reductions in Number of Department Personnel (Section 6913); Consolidation of Headquarters Offices (Section 6914); Reports by Secretary (Section 6917); Reorganization of Forest Service (Section 6963); Program Staff (Section 6972); Proposed Conforming Amendments (Section 7013); and Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs (Section 6935) in the 2014 farm bill. (§12413)</p>	<p>Similar to Senate provision but adds amended language from Section 12415 of the Senate-passed bill (see below). (§12414)</p>
No comparable provision.	No comparable provision.	<p><b>Effect of Subtitle.</b> The effective date for the provisions in Subtitle D— Department of Agriculture Reorganization Act of 1994 Amendments (excluding 12407(a)(1)(B) and 12414(b)(2)) take effect upon enactment. The subtitle provisions do not affect the authority of the Secretary or the authorities delegated. (§12415)</p>	<p>No comparable provision. Incorporates Senate amended language in <b>Section 12414</b>, above.</p>
<p>Establishes the <b>Office of Risk Management</b> under Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6933)</p>	No comparable provision.	<p><b>Technical Corrections.</b> Strikes the first clause in section (a), which refers to a nonexistent paragraph. (§12414(a))</p>	<p>Identical to Senate provision. (§12415)</p>
<p>Establishes <b>Assistant Secretaries of Agriculture</b> under Department of Agriculture Reorganization Act of 1994. (7 U.S.C. 6918)</p>	No comparable provision.	<p>Amends some language in sections (b) and (c) to correct an error. Amends the effective date language. (§12414(b))</p>	



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Termination of Authority.</b> Ends the Secretary of Agriculture’s authority to reorganize USDA two years after the enactment of the Department of Agriculture Reorganization Act of 1994. Lists functions that are not affected by the two-year termination date. (7 U.S.C. 7014)</p>	<p>Adds to provisions that do not terminate <i>Section 772 of the Agriculture, Rural Development, Food and Drug Administration, and Related Agencies Appropriations Act, 2018, or the Agriculture and Nutrition Act of 2018</i> in 7 U.S.C. 7014(b). (<b>§11602</b>)</p> <p>Section 772 establishes the position of Under Secretary of Farm Production and Conservation, which replaces the Under Secretary of Agriculture for Farm and Foreign Agricultural Services. Section 772 also amends 5 U.S.C. 5314, which lists Level III positions of the Executive Schedule, by striking <i>Under Secretary for Farm and Foreign Agricultural Services</i> and inserting <i>Under Secretary of Farm Production and Conservation</i> and <i>Under Secretary of Agriculture for Trade and Foreign Agricultural Affairs</i>.</p>	<p>Similar to House provision, except inserts the <i>Agriculture Improvement Act of 2018</i> in 7 U.S.C. 7014(b). (<b>§12416</b>)</p>	<p>Similar to House provision except adopts the title <i>Agriculture Improvement Act of 2018</i>. (<b>§12416</b>)</p>
<b>Other Miscellaneous Provisions</b>			
<p><b>Acer Access and Development Program.</b> Authorizes grants to state and tribal governments to promote the domestic maple syrup industry. Authorizes appropriations of \$20 million per year for FY2014 through FY 2018. (7 U.S.C. 1632c)</p>	<p>No comparable provision.</p>	<p>Reauthorizes appropriations of \$20 million per year through FY2023. (<b>§12501</b>)</p>	<p>Identical to Senate provision. (<b>§12501</b>)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Pet and women safety.</b> Adds various provisions of Title 18 of the U.S. Code to address domestic violence and stalking, interstate stalking, interstate violation of protection orders, and restitution (Sections 2261, 2262, 2264A,</p>	<p>Similar to the Senate provision. Renames the provision <b>Protecting Animals with Shelter</b>. Clarifies the definition of <i>pet</i> to include service animals, emotional support animals, and horses. Authorizes USDA to enter into a memorandum of understanding with</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
		<p>and 2266) that also involve the pets of abuse victims.</p> <p>Authorizes the Secretary, acting in consultation with the Office of the Violence Against Women of the Department of Justice, the Secretary of Housing and Urban Development, and the Secretary of Health and Human Services, to award grants to eligible entities to carry out programs to provide assistance to victims of domestic violence, dating violence, sexual assault, or stalking and the pets of such victims. Grants may be used to provide emergency and transitional shelter and housing assistance for domestic violence victims with pets, short-term shelter and housing assistance, support services to victims fleeing a situation of domestic violence, and provide pet-related services such as transportation, veterinary services, and pet care. The provision describes conditions of an award, such as being bound to the nondisclosure of confidential information requirements of the Violence Against Women Act of 1994 (34 U.S.C. 1229(a)). Assistance to victims is limited to no more than 24 months, although there is provision for an extension of up to 6 months.</p> <p>A report to Congress is required which will be transmitted to the Office of Violence Against Women, the Office of Community Planning and Development, and the Administration for Children and Families.</p>	<p>the head of other relevant departments to facilitate the grant program to assist victims of domestic violence and their pets. <b>(§12502)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Import prohibitions on specified foreign produce.</b> Requires that certain imported produce comply with marketing order grade, size, quality, and maturity provisions or comparable marketing order restrictions. (7 U.S.C. 608e-1(a))</p>	<p><b>Pecan marketing orders.</b> Amends the section by adding pecans. (§9202)</p>	<p>Authorizes an appropriation of \$3 million each year for FY2019-FY2023. (§12503)</p>	<p>Similar to the Senate provision but clarifies that the term <i>cherries</i> includes all processed tart or sour cherries, including frozen and dried cherries (with or without added sweetener), cherry juice (concentrate or single strength), and canned cherries. (§12503)</p>
<p><b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)</p>	<p>Amends the 1994 act to require USDA to establish, within the Office of the Secretary, a <b>food loss and waste reduction liaison</b> to coordinate federal programs to measure and reduce the incidence of food loss and waste, provide information and resources, and raise awareness of the liability protections for donated foods. (§11607)</p>	<p>No comparable provision.</p>	<p>Similar to House provision but amends it by including Senate provision (Section 12506 of the Senate-passed bill) that requires USDA to conduct a study on food waste. The Secretary is to conduct the study in consultation with the liaison on food waste and issue reports on food waste data and efforts to reduce waste. (§12504)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Study on food waste.</b> Requires USDA to conduct a study to evaluate and determine methods of measuring food waste; standards for the volume of food waste; and factors that create food waste. (§12506)</p>	<p>Similar to Senate provision but amends it by including it in the provision that creates the food loss and waste reduction liaison position in USDA. (See §12504 above)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Report on business centers.</b> Requires the Comptroller General of the United States to provide House and Senate agriculture committees a report evaluating USDA business centers. The report is to examine the effectiveness on customer service and on funding in the Natural Resources Conservation Service, the Farm Service Agency, and the Risk Management Agency; the</p>	<p>Identical to Senate provision. (§12505)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	impact on information technology modernization, on human resources; and concerns, and positive or negative impacts of the centers. The report is due no later than 365 days after enactment. <b>(§12507)</b>	Identical to Senate provision. <b>(§12506)</b>
No comparable provision.	No comparable provision.	<b>Report on personnel.</b> USDA is required to provide the House and Senate agriculture committees a biannual report on the number of staff years and employees for each agency for each fiscal year 2019 through 2023. <b>(§12509)</b>	Identical to Senate provision. <b>(§12507)</b>
No comparable provision.	<b>Century Farms Program.</b> Establishes a program under which the Secretary of Agriculture recognizes any farm or ranch, as defined in Cooperative Services Grant Programs, which has been in continuous operation for at least 100 years, and has been owned by the same family for at least 100 consecutive years, as verified through appropriate documentation. <b>(§11610)</b>	Identical to House provision. <b>(§12512)</b>	Identical to House provision. <b>(§12508)</b>
No comparable provision.	<b>Report on dog importation.</b> USDA, in consultation with the Secretaries of Commerce (DOC), Health and Human Services (HHS), and Homeland Security (DHS), is to submit a report to the	Identical to House provision. <b>(§12513)</b>	Similar to the House provision but revises the deadline for submitting the report to one year after enactment. Also, specifies the report is to include the three most recent calendar years of

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Native American Housing Assistance and Self-Determination Act of 1996.</b> Authorizes the Secretary of Housing and Urban Development to make grants on behalf on Indian tribes to carry out affordable housing activities. <b>(25 U.S.C. 4103)</b></p>	<p>House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on the importation of dogs within 180 days of enactment. The report is to include (1) an estimate of the number of dogs imported annually, (2) the number of dogs imported for resale, (3) the number imported for resale but denied importation due to failure of Animal Welfare Act (7 U.S.C. 2148) requirements, and (4) Secretary recommendations of federal statutory changes needed for importation for resale. <b>(§11612)</b></p>	<p><b>Promise Zones.</b> Authorizes the Secretary, after consultation with other Departments, to designate “Tribal Promise Zones” nominated by 1 or more Indian tribes. Designations of Tribal Promise Zones shall occur before January 1, 2020. Designation as a Promise Zone is for the purpose of priority consideration in federal grant programs upon execution of the Tribal Promise Zone agreement with the Secretary. Designation as a Tribal Zone requires a competitiveness plan to address the needs of the nominated zone to attract investment and jobs and improve educational opportunities, demonstrate collaboration across a wide range of stakeholders, outline a strategy that connects the nominated zone to drivers of regional economic growth, and proposes a strategy for focusing on increased access to high</p>	<p>data for the total number of dogs, including personal pets, imported, instead of estimates of dog imports, and that DOC, HHS, and DHS are to provide USDA dog importation data and recommendations no later than 180 days after the enactment. <b>(§12509)</b></p>
	<p>No comparable provision.</p>		<p>Similar to Senate provision but strikes the section on competitive enhancement in federal awards to tribal promise zones. <b>(§12510)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	Similar to Section 6801 and Section 6802 in the Rural Development title.	<p>quality affordable housing and improved public safety. From the list of nominated sites, the Secretary shall designate Tribal Promise Zones based on the effectiveness of the competitiveness plan, unemployment rates, poverty rates, vacancy rates, crime rates, and other factors determined by the Secretary. Tribal Zones will receive priority for each federal grant program, technical assistance, and capacity building competitive funding application opportunity. Tribal Zone designation will terminate after 10 years, or the date of revocation of such designation. <b>(§12515)</b></p> <p><b>Precision agriculture connectivity.</b> States the congressional findings on precision agriculture and authorizes the establishment of a task force by the Federal Communications Commission for reviewing the connectivity and technology needs of precision agriculture. The task force will collaborate with USDA and public and private stakeholders in the agriculture and technology fields to identify gaps in the availability of broadband across agricultural land and to develop policy recommendations. <b>(§12516)</b></p>	<p>Similar to Senate provision but clarifies the definition of <i>broadband Internet access service</i> and adds that no additional funds are authorized to be appropriated to carry out this section. <b>(§12511)</b></p>
<p>No comparable provision.</p> <p>The <b>U.S. Drought Monitor</b> is a collaboration between the USDA, National Oceanic and Atmospheric Administration (NOAA), and the National Drought Mitigation Center at</p>	No comparable provision.	<p><b>Improved soil moisture and precipitation monitoring.</b> Requires the Secretary to develop and implement a cost-effective strategy to improve the accuracy of the <b>U.S. Drought Monitor</b> within one year of enactment. USDA is required to prioritize the</p>	<p><b>U.S. Drought Monitor.</b> Requires the Secretary to coordinate with NDMC and NOAA to improve the accuracy of the U.S. Drought Monitor. Programs that use drought or precipitation indices, such as LFP and federal crop insurance, are required to use</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>the University of Nebraska-Lincoln. Weekly maps are released based on measurements of climatic, hydrologic, and soil conditions and are combined with local impacts and observations across the country. The drought monitor is used to determine drought relief for USDA programs (e.g., Livestock Forage Program (LFP) and the Non-Fat Dry Milk Program) and by the Internal Revenue Service (IRS) to determine the replacement period for livestock sold because of drought. Funding is not directly appropriated for these efforts.</p>	<p>No comparable provision.</p>	<p>implementation of soil moisture monitoring stations (up to 50 per state) in drought prone states. Authorizes an appropriation of \$5 million annually between FY2019 through FY2023 for these stations. USDA is also required to standardize soil moisture data collection and data derived from <i>citizen science</i> (as defined in 15 U.S.C. 3724, and including the Cooperative Observer Program at the National Weather Service). For Livestock Forage Program (LFP) and federal crop insurance policies, USDA is required to use the U.S. Drought Monitor, soil moisture data from the aforementioned stations, data from the Cooperative Observer Program, and any other applicable data to determine grazing losses and grazing rates. USDA may coordinate with other federal, state, and local governments, and nonfederal entities. <b>(§12517)</b></p>	<p>consistent sources of data. USDA is required to conduct a review—within one year of enactment—of the types, coverage, and sources of data used by the U.S. Drought Monitor. Following the review USDA must expand the collection of data and develop standards for integrating data from external sources. Authorizes an appropriation of \$5 million annually for FY2019-FY2023. <b>(§12512)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Dairy Business Innovation Initiatives.</b> The USDA Agricultural Marketing Service (AMS) is required to establish at least three regionally located dairy business innovation initiatives to encourage the use of regional milk production, create higher-value use of dairy products, promote processing and marketing innovation, diversify markets to reduce risk, and use of federal resources. The initiatives are to provide direct nonmonetary assistance (e.g., technical assistance, training, informational websites, and conferences) and grants for</p>	<p>Similar to Senate provision but amends it to streamline the establishment of initiatives, eligible and ineligible entities, and types of assistance. Also modifies priorities for awarding grants and simplifies the reporting requirements. <b>(§12513)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	modernization, specialization, updates to the value chain, and product development and marketing. Within one year of enactment, USDA is to provide a report to Congress describing the implementation of the initiatives. Authorizes appropriations of \$20 million each fiscal year. <b>(§12519)</b>	Identical to Senate provision. <b>(§12514)</b>
No comparable provision.	<b>Prohibition on slaughter of dogs and cats for human consumption.</b> Amends the Animal Welfare Act (7 U.S.C. 2131 <i>et seq.</i> ) to prohibit knowingly slaughtering dogs or cats for human consumption. Also prohibits the transporting, possessing, buying, selling, or donation of a dog or cat for such purposes and imposes penalties of not more than one year in prison, and/or a \$2,500 fine for violations. The provision does not limit any state or local law to protect animal welfare. <b>(§11613)</b>	Similar to House provision. Imposes a fine of not more than \$5,000 per violation. <b>(§12521)</b>	Identical to Senate provision. <b>(§12515)</b>
<b>Food labeling.</b> The Nutrition Labeling and Education Act of 1990 (P.L. 101-	Requires USDA to submit a report to the House and Senate Agriculture	No comparable provision.	Similar to House provision with changes that incorporate language permitting the



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
535) amended the Federal Food, Drug, and Cosmetic Act and provides the FDA with the authority to require nutrition labeling on most packaged foods. <b>(21 U.S.C. 343(q))</b>	Committees examining the effect of a final FDA regulation, “Food Labeling: Revision of the Nutrition and Supplement Facts Labels” (81 <i>Federal Register</i> 33742) and whether the nutrition facts panel on the labeling of packaged food regarding “added sugar” should apply for foods with added honey and maple syrup. <b>(§9203)</b>		food labeling requirements under Section 403(q) of the Federal Food, Drug, and Cosmetic Act (21 U.S.C. 343(q)) to not require that nutrition facts label of any single ingredient sugar, honey, agave, and syrup (including maple syrup) that is packaged and offered for sale as a single ingredient food bear the declaration “Includes Xg Added Sugars.” <b>(§12516)</b>
<b>Peanuts Standards Board.</b> Establishes a board consisting of producers and industry representatives from peanut-producing states. Board members are appointed from three regions: Southeast (Alabama, Georgia, and Florida); Southwest (Texas, Oklahoma, and New Mexico); and Virginia/Carolina (Virginia and North Carolina). Members of the board are to advise the Secretary on quality and handling standards for domestic and import peanuts. <b>(7 U.S.C. 7958(c))</b>	<b>South Carolina inclusion in Virginia/Carolina peanut-producing region.</b> Amends the designated Virginia/Carolina region by adding South Carolina as a state represented on the Peanut Standards Board. <b>(§11606)</b>	Identical to House provision. <b>(§12502)</b>	Identical to House provision. <b>(§12517)</b>
These <b>Examination, Selection, and Placement</b> provisions govern the civil service. <b>(5 U.S.C. Chapter 33)</b>	No comparable provision.	No comparable provision.	<b>Forest Service hire authority.</b> Allows the Secretary, without regard to most provisions of 5 U.S.C. 33, to appoint a former resource assistant, as defined in 16 U.S.C. 1722, directly to a position in the Forest Service for which the candidate meets the Office of Personnel Management qualification standards. <b>(§12518)</b>
No comparable provision.	No comparable provision.	No comparable provision.	<b>Conversion authority.</b> Allows the Secretary to noncompetitively convert an individual to an appointment in the competitive service with USDA if the

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	No comparable provision.	<p>individual is a U.S. citizen and a recent graduate or student who has been awarded and successfully completed a scholarship program grant by USDA through the 1890 National Scholars Program or the 1994 Tribal Scholars Program. The person must meet OPM qualification standards. The provision does not require the Secretary to convert an individual. (§12519)</p> <p><b>Authorization of protection operations for the Secretary of Agriculture and others.</b> Authorizes USDA to employ qualified law enforcement officers or special agents to protect the Secretary and Deputy Secretary in their official duties. USDA is required to provide a report to the House and Senate Agriculture Committees describing the protection provided and associated expenditures. The first report is due September 30, 2019, and each September 30 thereafter through 2024. (§12520)</p>
<p><b>National Oilheat Research Alliance Act of 2000 (NORA).</b> Established an oilheat industry alliance to develop projects for the research, development, and demonstration of clean and efficient oilheat utilization equipment; and to operate programs that enhanced consumer and employee training. (42 U.S.C. 6201 note; P.L. 106-469)</p>	No comparable provision.	<p>Repeals the sunset clause of the 2000 act. Amends the act to limit the amount of assessment funds the Alliance can obligate in a fiscal year to 75% of the assessments. Excess amounts over the 75% limit are to be deposited in an escrow account, and interest earned must be deposited in the account and not be obligated. After the covered period, the alliance may obligate up to one-fifth of the amount in the escrow account on the last day of the covered period. For estimating the amount of</p>	<p>Similar to Senate provision but amends the sunset clause to extend NORA 10 years. Changes the limitations on the obligated funds provision from fiscal years to calendar years. (§12531)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>General Provisions</b>	No comparable provision.	assessment to be collected for a fiscal year, the estimate is to be 62% of the actual amount collected in the most recent fiscal year that has been audited as of the beginning of the fiscal year for which funds are being obligated. Fiscal years are the ninth and 10 <sup>th</sup> fiscal years after enactment and the covered period begins upon enactment and ends on the last day of the 11 <sup>th</sup> fiscal year. <b>(§12627)</b>	<p><b>Baiting of migratory game birds.</b> Within 30 days of the enactment of this act, requires the Secretary of the Interior, in consultation with the Secretary of Agriculture, to revise 50 C.F.R. Part 20 to clarify that rice ratooning and post-disaster flooding, when carried out as part of a normal agriculture operation, do not constitute baiting with regard to migratory game bird hunting. Defines “rice ratooning” and “post-disaster flooding.”</p> <p>Requires the Secretary of Agriculture to, not less than once a year, provide a report to the Secretary of the Interior that describes any changes to normal agricultural operations across the United States.</p> <p>Requires the Secretary of Agriculture, in consultation with the Secretary of the Interior and after seeking input from state departments of fish and wildlife or the Regional Migratory Bird Flyway Councils of the U.S. Fish and Wildlife Service, to publicly post a report on the</p>
<p><b>Taking, killing, or possessing migratory birds unlawful.</b> Prohibits any person to take any migratory game bird by the aid of baiting, or on or over a baited area, when an individual knows or should reasonably know an area is baited under authority of the Migratory Bird Treaty (16 U.S.C. 703 <i>et seq.</i>). The prohibition also extends to the baiting of or causing the baiting of an area to aid in the taking of a migratory game bird. The prohibition is implemented through 50 C.F.R. 20.21(i), which clarifies that areas that have seeds or grains spread through normal agricultural practices are not considered baited and that the inadvertent scattering of grain or other feed as the result of a hunter entering an area does not constitute baiting. <b>(16 U.S.C. 703)</b></p>	No comparable provision.	<p><b>Baiting of migratory game birds.</b> Within 30 days of the enactment of this act, requires the Secretary of the Interior, in consultation with the Secretary of Agriculture, to revise 50 C.F.R. Part 20 to clarify that rice ratooning and post-disaster flooding, when carried out as part of a normal agriculture operation, do not constitute baiting with regard to migratory game bird hunting. Defines “rice ratooning” and “post-disaster flooding.”</p> <p>Requires the Secretary of Agriculture to, not less than once a year, provide a report to the Secretary of the Interior that describes any changes to normal agricultural operations across the United States.</p> <p>Requires the Secretary of Agriculture, in consultation with the Secretary of the Interior and after seeking input from state departments of fish and wildlife or the Regional Migratory Bird Flyway Councils of the U.S. Fish and Wildlife Service, to publicly post a report on the</p>	<p>Similar to Senate provision but amends the reporting requirement by shifting responsibility for the report on the impact of rice ratooning and post-disaster flooding on migratory game birds to the Secretary of the Interior in consultation with the Secretary of Agriculture and after seeking input from state departments of fish and wildlife or the Regional Migratory Bird Flyway Councils of the U.S. Fish and Wildlife Service. <b>(§12601)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Pima Agriculture Cotton Trust Fund.</b> Establishes a trust fund in the Treasury of the United States for the purpose of reducing the injury to domestic manufacturers resulting from tariffs on cotton fabric that are higher than tariffs on certain apparel articles made of cotton fabric. The Secretary may make payments to nationally recognized associations that promote pima cotton use, yarn spinners who produce ring spun cotton yarns, and manufacturers that cut and sew cotton shirts in the United States and that certify that they used imported cotton fabric in 2013. Payments to spinners and manufacturers are based on a production ratio and must be certified through affidavit. The Secretary shall transfer \$16 million for each of the calendar years 2014-2018 from the Commodity Credit Corporation (CCC) to the trust fund, and are to remain available until expended. <b>(7 U.S.C. 2101 note)</b></p>	<p>Repeals the Pima Cotton Trust Fund. <b>(§11301)</b></p>	<p>impact of rice ratooning and post-disaster flooding on the behavior of migratory game birds that are hunted in areas where these practices have occurred. <b>(§12602)</b></p> <p>Reauthorizes the trust fund in the Treasury of the United States for the purpose of reducing the injury to domestic manufacturers resulting from tariffs on cotton fabric that are higher than tariffs on certain apparel articles made of cotton fabric. The Secretary may make payments to nationally recognized associations that promote pima cotton use, yarn spinners who produce ring spun cotton yarns, and manufacturers that cut and sew cotton shirts in the United States and that certify that they used imported cotton fabric in the prior calendar year. A yarn spinner shall not receive more than the cost of pima cotton that was purchased during the prior calendar year and was used in spinning any cotton yarns. The Secretary shall reallocate any amounts to spinners using the new ratio. The Secretary shall transfer \$16 million for each of the calendar years through 2023 from the CCC to the trust fund to remain available until expended. <b>(§12603)</b></p>	<p>Identical to Senate provision. <b>(§12602)</b></p>
<p><b>Agriculture Wool Apparel Manufacturers Trust Fund.</b> Establishes a trust fund in the Treasury of the United States for the purpose of reducing the injury to domestic manufacturers resulting from tariffs on</p>	<p>Repeals the Wool Apparel Manufacturers Trust Fund. <b>(§11302)</b></p>	<p>Reauthorizes the trust fund in the Treasury of the United States and directs the Secretary shall transfer up to \$30 million in CCC funds for each of the calendar years through 2023 to the</p>	<p>Identical to Senate provision. <b>(§12603)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>wool fabric that are higher than tariffs on certain apparel articles made of wool fabric. Annual payments based on one of four funding mechanisms are to be made to eligible domestic manufacturers of wool fabric and processors of wool material. The Secretary shall transfer up to \$30 million in CCC funds for each of the calendar years 2014-2019 to the Agriculture Wool Trust. The funds remain available until expended. <b>(7 U.S.C. 7101 note)</b></p>		<p>Agriculture Wool Trust to remain available until expended. <b>(§12604)</b></p>	
<p><b>Wool Research, Development, and Promotion Trust Fund.</b> Establishes a trust fund for the purpose of assisting U.S. wool producers to improve the competitiveness of the American wool market. The trust fund sunsets effective January 1, 2015. Section 12316 of the 2014 farm bill provided \$2.25 million of CCC funds for grants as defined in the trust fund for each of the calendar years 2015-2019. The funds remain available until expended. <b>(7 U.S.C. 7101 note)</b></p>	<p>Repeals Wool Research and Promotion Grants Funding. <b>(§11303)</b></p>	<p><b>Wool research and promotion.</b> Reauthorizes grants funding for the purpose of assisting U.S. wool producers to improve the competitiveness of the American wool market providing \$2.25 million of CCC funds for each of the calendar years 2020 through 2023 to remain available until expended. <b>(§12605)</b></p>	<p>Identical to Senate provision. <b>(§12604)</b></p>
<p><b>Specialty Crop Research Initiative.</b> A specialty crop research and extension initiative established within USDA addresses the critical needs of the specialty crop industry. It provides mandatory CCC funds of \$80 million for FY2014 and each fiscal year thereafter and authorizes appropriations of \$100 million annually for FY2014-FY2018. At least \$25 million is reserved for the emergency citrus disease research and extension program. An additional \$25 million is authorized to</p>	<p>No comparable provision.</p>	<p><b>Emergency Citrus Disease Research and Development Trust Fund.</b> Establishes a trust fund in the Treasury of the United States to address domestic or invasive citrus diseases and pests, including huanglongbing and the Asian Citrus Psyllid. USDA may make payments to entities engaged in scientific research on diseases and pests, and the dissemination and commercialization of relevant information, techniques, or technology to solve citrus production</p>	<p>Similar to the Senate provision with changes simplifying the program. Also establishes the Emergency Citrus Disease Research and Development Trust Fund to support the Emergency Citrus Disease Research Extension Program (Agricultural Research, Extension and Education Reform Act of 1998, Section 412(j), see Section 7305 in Table 11). <b>(§12605)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>be appropriated annually for FY2014-FY2018. <b>(7 U.S.C. 7632 et seq.)</b></p>	<p>No comparable provision.</p>	<p>disease or pest problems. Authorizes mandatory CCC funding of \$25 million annually (FY2019-FY2023), to remain available until expended. <b>(§12606)</b></p>	<p>Identical to Senate provision. <b>(§12606)</b></p>
<p><b>United States-Korea Free Trade Agreement Implementation Act</b> (KORUS; P.L. 112-41). Section 503 of the act includes the rate and ending date for merchandise processing fees in the KORUS agreement. <b>(19 U.S.C. 3805 note)</b></p>	<p>No comparable provision.</p>	<p><b>Merchandise processing fees.</b> Amends the ending date in Section 503 of the Act from February 24, 2027 to May 26, 2027. <b>(§12607)</b></p>	<p>Similar to Senate provision, amends it by merging Senate bill Section 2506 and House bill Section 7604 provisions. Also, amends the reporting timeline to at least once every three years. Authorizes \$3 million in annual appropriations to carry out this section for FY2019-FY2023, with funds to remain available until expended. <b>(§12607)</b></p>
<p><b>Outreach and assistance for socially disadvantaged farmers and ranchers and veteran farmers and ranchers.</b> Requires the Secretary to carry out an outreach and technical assistance program to encourage and assist socially disadvantaged farmers and ranchers and veteran farmers or ranchers in (A) owning and operating farms and ranches; and (B) in participating equitably in the full range of agricultural programs offered by the Department. <b>(7 U.S.C. 2279)</b></p>	<p>No comparable provision.</p>	<p><b>Farmland ownership data collection.</b> Amends to require the Secretary to report, at least once every 5 years, data and analysis on farmland ownership, tenure, transition, and entry of beginning farmers and ranchers and socially disadvantaged farmers and ranchers. The Secretary will collect and distribute comprehensive reporting of trends in farm ownership, tenure, barriers to entry, profitability, and viability of beginning and socially disadvantages farmers and ranchers; develop surveys and report statistical and economic analysis on these variables; and require the National Agricultural Statistics Service to include tenure, ownership, and transition of agricultural land survey questions in a follow-up survey to the Census of Agriculture. The survey will include questions on the extent to which non-farming landowners are purchasing and holding onto farmland for the sole purpose of real estate investment, the impact of these farmland ownership</p>	<p>Similar to Senate provision, amends it by merging Senate bill Section 2506 and House bill Section 7604 provisions. Also, amends the reporting timeline to at least once every three years. Authorizes \$3 million in annual appropriations to carry out this section for FY2019-FY2023, with funds to remain available until expended. <b>(§12607)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Rural Emergency Medical Training and Equipment Assistance Program.</b> Authorizes grants to eligible entities to provide for improved emergency medical services in rural areas under Section 330J of the Public Health Service Act (42 U.S.C. 201 et seq.) An entity shall use amounts received under a grant made under subsection (a), either directly or through grants to emergency medical service squads that are located in, or that serve residents of, a nonmetropolitan statistical area, an area designated as a rural area by any law or regulation of a State, or a rural census tract of a metropolitan statistical area (as determined under the most recent Goldsmith Modification, originally published in a notice of availability of funds in the <i>Federal Register</i> on February 27, 1992, 57 <i>Fed. Reg.</i> 6725). Authorizes such sums as necessary for FY2002-FY2006. <b>(42 U.S.C. 254c-15)</b></p>	<p>No comparable provision.</p>	<p>trends on the successful entry and viability of beginning and socially disadvantaged farmers and ranchers, and the impact of land tenure patters by race, gender, and ethnicity. <b>(§12625)</b></p> <p>Reauthorizes and amends the program to add a new section, ‘Supporting and Improving Rural EMS Needs Act of 2018.’ Eligible grant recipients are emergency medical services agencies operated by a local or tribal government, including fire-based and non-fire based. Funds may be used to train emergency medical service personnel to obtain and maintain licenses and certifications, conduct courses that qualify graduates to serve in an emergency medical services agency, fund specific training to meet federal and state licensing or certification requirements, to acquire emergency medical services equipment, recruit and retain emergency medical services personnel. Grants cannot exceed \$200,000, and require a 25% match from the recipient. Eligible rural areas are defined. Funding of such sums as necessary is authorized to be appropriated annually for FY2019-FY2023. <b>(§12628)</b></p>	<p>Similar to Senate provision, except reduces the recipient match requirement from 25% to 10% of the amount received under the grant. <b>(§12608)</b></p>
<p>No comparable provision.</p>	<p><b>Commission on Farm Transition—Needs for 2050.</b> Establishes a commission to conduct a study on issues affecting the transition of agricultural operations from established farmers and ranchers to the next generation of farmers and ranchers.</p>	<p>No comparable provision.</p>	<p>Similar to House provision but amends it to clarify applicable exemptions to the Federal Advisory Committee Act (5 U.S.C. App.) and to add a termination date for the commission of September 30, 2023. <b>(§12609)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>United States Grain Standards Act (USGSA).</b> Establishes official marketing standards for grains and oilseeds and sets procedures for grain inspection and weighing services. Authorizes user fees for services. <b>(7 U.S.C. 71 et seq.)</b></p> <p><b>Exceptions to Geographic Areas for Official Agencies Under the USGSA.</b> Revises USGSA regulations to establish criteria to allow more than one designated official agency to inspect or weigh grain within a single geographic area. Criteria to consider for exceptions are (1) timely service, (2) nonuse of service, and (3) barge probe service. The rule enhances the orderly marketing of grain by providing segments of the grain industry with more cost-effective and responsive official grain inspection and weighing services without undermining the integrity of the official system. <b>(68 Federal Register 19137 (April 18, 2003))</b></p>	<p>Outlines the composition and operation of the commission. Not later than one year from enactment, the commission is required to submit to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry a report on the study results and recommendations the commission considers appropriate. <b>(§11205)</b></p> <p>Restores exceptions created in the 2003 regulation <b>(7 C.F.R. 800.117)</b> that were revoked on or after September 30, 2015, upon the reauthorization of the USGSA (Title III of P.L. 114-54). Grain handling facilities must request the restoration of exceptions within 180 days of enactment. <b>(§11401)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision except restores the nonuse of service exception in the 2003 regulation and allows a grain handling facility that lost a nonuse of service exception after October 15, 2015, to notify the Federal Grain Inspection Service to restore the exception. <b>(§12610)</b></p>



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>USDA conference transparency.</b> Requires USDA to provide annual reports to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on conferences sponsored or held by USDA or attended by USDA employees. Conferences that cost the federal government less than \$10,000 are excluded from reporting requirements. <b>(7 U.S.C. 2255b(a)(3)(A))</b></p>	<p>Amends the subsection by raising the exclusion to \$75,000. <b>(§11603)</b></p>	<p>No comparable provision.</p>	<p>Similar to House provision except amends the exclusion to \$50,000. <b>(§12611)</b></p>
<p>No comparable provision.</p>	<p><b>National Agriculture Imagery Program.</b> Requires USDA, through the Farm Service Agency, to carry out a national agriculture imagery program to annually acquire aerial imagery during the agricultural growing season. Requires the data to (1) include high resolution processed digital imagery; (2) be available in a format that can be provided to federal, state, and private sector entities; (3) be technologically compatible with geospatial information technology; and (4) be consistent with the standards of the Federal Geographic Data Committee. Authorizes an appropriation of \$23 million for FY2019 and each fiscal year thereafter. <b>(§11604)</b></p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§12612)</b></p>
<p><b>Commodity Promotion, Research, and Information Act of 1996.</b> Authorizes the establishment of commodity promotion and research programs (i.e., checkoff programs). <b>(7 U.S.C. 7401 et seq.)</b></p>	<p><b>Report on inclusion of natural stone products in Commodity Promotion, Research, and Information Act of 1996.</b> Requires that not later than 180 days after enactment, USDA is required to submit</p>	<p>No comparable provision.</p>	<p>Identical to House provision. <b>(§12613)</b></p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Department of Agriculture Reorganization Act of 1994.</b> Authorizes the Secretary to streamline, reorganize, and manage USDA programs and activities. (7 U.S.C. 6911 et seq.)</p>	<p>a report to the House Committee on Agriculture that examines the effects of establishing a promotion and research program for natural stone. The report is to cover the effects a program would have on (1) research and promotion of natural stone, (2) development and expansion of domestic markets, (3) economic activity of the natural stone industry subject to a promotion board, (4) economic development in rural areas, and (5) benefits to U.S. consumers of natural stone. (§11605)</p> <p>Amends the 1994 Act to require USDA to establish a <b>Food Access Liaison</b> within the Office of the Secretary. The Liaison is to coordinate USDA programs to reduce barriers to food access, and provide information and outreach. The Liaison is to submit an annual report to Congress on USDA efforts to reduce barriers to food access. (§11608)</p>	<p>No comparable provision.</p>	<p>Identical to House provision. (§12614)</p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Eligibility for operators on heirs' property land to obtain a farm number.</b> In the case of a farm operator that has inherited farmland and seeks assignment of a farm number for purposes of farm identification and assignment of farm program payments, the operator must provide eligible documentation including: (1) in states that have adopted the Uniform Partition of Heirs Property Act, a court order verifying the land meets the definition of heirs property or certification from the local recorder of deeds that the</p>	<p>Identical to Senate provision. (§12615)</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Animal Welfare Act.</b> The Act regulates the transportation, purchase, sale, housing, care, handling, and treatment of animals by carriers, persons, or organizations using them for research, experimental purposes, exhibition purposes, holding them for sale as pets or for any such purpose or use. <b>(7 U.S.C. 2131 et seq.)</b></p>	<p><b>Extending prohibition on animal fighting to the territories.</b> Amends Section 26 of the Animal Welfare Act (7 U.S.C. 2156) by removing the exemption for states where animal fighting would not be a violation of the law. Makes it unlawful to sell, buy, or transport in interstate or foreign commerce any knife or sharp object to be used on the leg of a bird as a weapon in animal fighting. <b>(§11616)</b></p>	<p>recorded landowner is deceased and not less than one heir has initiated a procedure to retitle the land; (2) a tenancy-in-common agreement that sets out ownership rights and responsibilities among all of the land owners; (3) tax returns for the preceding five years; (4) self-certification that the farm operator has control of the land; and (5) any other documentation identified by the Secretary as an alternative form of eligible documentation. <b>(§12623)</b></p>	<p>Similar to House provision but adds an “effective date” of one year after enactment. <b>(§12616)</b></p>
<p><b>Prohibited Acts.</b> Under the authority of the Endangered Species Act (ESA; 16 U.S.C. 1531 <i>et seq.</i>) all individuals are required to obtain permission from the Secretary of the Interior prior to engaging in the import or export of fish, wildlife, or raw or worked African elephant ivory. Exemptions for this requirement are provided for individuals engaging in the import or export of shellfish and fishery products for species not listed as threatened or endangered under the ESA. The section is enforced by the U.S. Fish and Wildlife Service and</p>	<p>No comparable provision.</p>	<p><b>Expedited exportation of certain species.</b> Within 180 days of enactment, requires the Director of the U.S. Fish and Wildlife Service to issue a proposed rule to amend 50 C.F.R. 14.92 to establish expedited procedures relating to the export of sea urchin and sea cucumber species. To be eligible for an exemption, the sea urchin and sea cucumber species intended for export must not require permits under 50 C.F.R. Parts 16, 17, or 23; must have been harvested from waters under U.S. jurisdiction; and must be exported for</p>	<p><b>Exemption of exportation of certain echinoderms from permission and licensing requirements.</b> Similar to Senate provision but reduces to within 90 days of enactment, the requirement that the director of the U.S. Fish and Wildlife Service amend 50 C.F.R. 14.92 to clarify that <i>Strongylocentrotus droebachiensis</i>, commonly known as the green sea urchin, is exempt from the export permission requirements of the ESA (16 U.S.C. 1538(d)(1)) and an export license under 50 C.F.R. Part 14. To be covered</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>implemented through title 50 C.F.R. Part 14, which requires all individuals, who are not exempted, to obtain an import/export license prior to engaging in business. <b>(16 U.S.C. 1538(d)(1))</b></p>	<p>No comparable provision.</p>	<p>the purpose of animal or human consumption. As part of the proposed rulemaking, the Director may provide an exemption from the requirements to obtain permission under 16 U.S.C. 1538(d)(1), or an export license under 50 C.F.R. Part 14. Prior to providing such an exemption, the Director must find that an exemption will not have a negative impact on the conservation of the species. Additionally, an entity is not eligible to receive an exemption if they have been convicted of violating a federal law related to the import, transport, or export of wildlife within not less than five years prior to the date on which the entity applies for the exemption. <b>(§12601)</b></p>	<p>by the exemption, green sea urchins and any products of that species intended for export must not require a permit under 50 C.F.R. Parts 16, 17, or 23; must have been harvested from waters under state jurisdiction or imported for processing in the United States pursuant to an import license; and must be exported for the purpose of animal or human consumption. Unless the person has qualified for and obtained an export license, any person convicted of violating a federal law related to the import, transport, or export of wildlife during the five-year period beginning on the date of the most recent conviction shall not be permitted to engage in business as an exporter of green sea urchins. State agencies that regulate green sea urchin fisheries are required to annually transmit fishery data to the applicable marine fisheries commission. The exemption shall not apply if the state fails to transmit these data or if the applicable marine fisheries commission determines that these data fail to prove that the state agency is engaged in conservation and management of the species. <b>(§12617)</b></p>
<p>No comparable provision.</p>	<p>No comparable provision.</p>	<p><b>Data on conservation practices.</b> Adds a new provision requiring USDA to collect and analyze select conservation practices and their effect on crop yields, soil health, risk, and profitability. Establishes privacy and confidentiality requirements and creates a data warehouse accessible by</p>	<p>Adds a new provision requiring the Secretary to identify available USDA data sets on the use and effectiveness of conservation practices, including their effect on crop yields, soil health, risk, and profitability. Requires a report to Congress, within one year of enactment, that identifies the</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Controlled Substances Act (CSA).</b> Schedule I of the CSA (21 U.S.C. Section Section 801 <i>et seq.</i>) includes all cannabis varieties under the term “marihuana” that is defined to mean “all parts of the plant <i>Cannabis sativa</i>,” covering both marijuana and industrial hemp. (21 U.S.C. §802(16))</p>	No comparable provision.	<p>academic institutions or researchers. Requires technical assistance and the development of internet-based tools to assist producers in improving sustainable production practices. Authorizes USDA to utilize existing authorities and funds. (§12504)</p>	<p>aforementioned data sets and the requirements for university researchers to access the data. (§12618)</p>
<p><b>Provisions Moved to Other Titles</b></p>		<p><b>Conforming changes to Controlled Substances Act (CSA).</b> Amends Section 102 of the CSA (21 U.S.C. 802(16)) to exclude “industrial hemp” from the statutory definition of marijuana. Industrial hemp is defined as containing a delta-9 tetrahydrocannabinol (marijuana’s primary psychoactive chemical) concentration of not more than 0.3% on a dry weight basis content. (§12608)</p>	<p>Identical to Senate provision. (§12619) Other provisions regarding industrial hemp are contained in the bill’s Horticulture title (§10113 and 10114), Research title (§7501, §7605, and §7129), and Crop Insurance title. (§11101, §11106, §11113, §11119, and §11121)</p>
<p><b>Agriculture Act of 2014.</b> Establishes Agriculture Risk Coverage (ARC) program. See Table 5.</p>	No comparable provision.	<p><b>Administrative units.</b> (§12611)</p>	See §1107(6) in Table 5.
<p><b>Emergency Assistance for Livestock, Honey Bees, and Farm-Raised Fish (ELAP).</b> See Table 5.</p>	No comparable provision.	Amends ELAP. (§12610)	See §1501 in Table 5.
<p><b>Noninsured Crop Disaster Assistance Program (NAP).</b> See Table 5.</p>	See (§11501) (§11502) and (§11503)	See (§1601) and (§1602)	See §1601 in Table 5.
<p><b>Emergency Conservation Program.</b> See Table 6.</p>	See House bill. (§2406)	Similar to House provision. (§12614)	See §2403 in Table 6.
<p><b>Bill Emerson Good Samaritan Food Donation Act</b> See Table 8.</p>	No comparable provision.	<p><b>Food donation standards.</b> (§12615)</p>	See §4104 in Table 8.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Healthy Food Financing Initiative.</b> See Table 8.	No comparable provision.	Amends the Initiative. (§12409)	See §4204 in Table 8.
No comparable provision.	No comparable provision.	<b>Micro-Grants for Food Security.</b> (§12616)	See §4206 in Table 8.
<b>Buy American requirements for National School Lunch Program and School Breakfast Program.</b> See Table 8.	No comparable provision.	<b>Buy American.</b> (§12622)	See §4207 in Table 8.
No comparable provision for farm loans. See Table 9.	No comparable provision.	<b>Loans to purchasers of land with undivided interest and no administrative authority relending program.</b> (§12624)	See §5104 in Table 9.
<b>Individual Development Accounts.</b> See Table 9.	Reauthorizes appropriations. (§5301)	Reauthorizes appropriations. (§12624(a))	See §5301 in Table 9.
<b>Microloans.</b> See Table 9.	No comparable provision.	<b>Use of additional Commodity Credit Corporation funds for direct operating microloans under certain conditions.</b> (§12617)	See §5304 in Table 9.
<b>Native American Housing Assistance and Self-Determination Act of 1996.</b> See Table 10.	No comparable provision.	<b>Establishment of technical services.</b> (§12514)	See §6302 of Table 10.
<b>ConAct.</b> See Table 10.	No comparable provision.	<b>Rural Innovation Stronger Economy Grant Program.</b> (§12619)	See §6424 in Table 10.
<b>Rural Business Investment Program.</b> See Table 10.	No comparable provision.	<b>Rural Business Investment Program.</b> (§12626)	See §6426 in Table 10.
<b>High-priority research and extension initiatives.</b> See Table 11.	No comparable provision.	<b>Dryland farming agricultural systems.</b> (§12620)	See §7209 in Table 11.
<b>Agriculture Conservation Experienced Service Program (ACES).</b> See Table 11.	No comparable provision.	<b>Experienced Services Program.</b> (§12305)	See §7611 in Table 11.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<b>Forest and Rangeland Renewable Resources Research Act of 1978.</b> See Table 12.	No comparable provision.	<b>Remote sensing technologies.</b> <b>(§12621)</b>	See <b>§8632</b> in Table 12.
<b>Provisions Not Enacted</b>			
Establishes the <b>Office of Tribal Relations</b> in the Office of the Secretary to advise the Secretary on policies related to Indian tribes. <b>(7 U.S.C. 6921)</b>	Amends the section to require the Secretary of Agriculture to (1) establish an Office of Tribal Relations within the Office of Partnerships and Public Engagement to advise the Secretary on policies related to Indian tribes and (2) establish the "New Beginnings Initiative," under which the Secretary shall provide funds to a land-grant college or university in the amount equal to the amount such land-grant college or university expends for providing educational programs and services for, or tuition paid with respect to, Indians at a land-grant college or university. <b>(§1204)</b>	No comparable provision.	No comparable provision.
No comparable provision.	Establishes the <b>Textile Trust Fund</b> for the purpose of reducing injury for domestic manufacturers resulting from tariffs on pima fabric and wool products that are higher than tariffs on certain apparel items made of pima cotton fabric and wool. The Secretary may make payments to nationally recognized associations who promote pima cotton use, yarn spinners who produce ring spun cotton yarns in the United States and certify through affidavit that they used pima cotton during the year in which the affidavit is filed and the previous calendar year, and manufacturers that cut and sew cotton	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Agricultural Act of 1961 and ConAct. (7 U.S.C. 1991(a)(13)(D))	<p>shirts in the United States and that certify through affidavit that they used imported cotton fabric during the previous calendar year.</p> <p>In addition, the Textile Trust Fund is established for the purpose of reducing economic injury to domestic manufacturers resulting from tariffs on wool fabric that are higher than tariffs on certain apparel articles made of wool fabric. Payments to eligible wool manufacturers and processors must be certified through affidavit.</p> <p>For each of the calendar years 2019-2023, the Secretary shall transfer \$8 million of CCC funds to the Textile Trust Fund for eligible manufacturers of pima cotton, \$15 million to eligible wool manufacturers, and \$2.25 million in grants for wool research and promotion. Funds are to remain available until expended. (§11304)</p>	No comparable provision	No comparable provision.
Agricultural Marketing Act of 1946. (7 U.S.C. 1627b(f)(3)(B)(i))	<p>In the definitions, inserts <i>or other official designated by the Secretary of Agriculture after Under Secretary for Rural Development</i> where it appears and inserts <i>or designated official after Under Secretary</i> where it appears. (§11601(b))</p>	No comparable provision.	No comparable provision.
Native American Business Development, Trade Promotion, and	<p>Inserts <i>or other official designated by the Secretary of Agriculture after Under Secretary of Agriculture for Rural</i></p>	No comparable provision.	No comparable provision.



Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
Tourism Act of 2000. <b>(25 U.S.C. 4305(a)(2)(A))</b>	<i>Development</i> in the Intertribal Tourism Demonstration Projects. <b>(§11601(b))</b>		
Rehabilitation Act of 1973. <b>(29 U.S.C. 721(a)(11)(C))</b>	Inserts <i>or other official designated by the Secretary of Agriculture after Under Secretary for Rural Development of the Department of Agriculture</i> in the State Plans for Vocational Rehabilitation Services. <b>(§11601(b))</b>	No comparable provision.	No comparable provision.
<b>Cotton classification services.</b> Authorizes USDA to make cotton classification and classification fee collection services available to cotton producers. <b>(7 U.S.C. 473a)</b>	Amends the cotton classification section by allowing employees who are hired to classify cotton to work up to 240 days in a service year and be rehired noncompetitively every year for the same position, or a successor position, if they meet performance standards. <b>(§11609)</b>	No comparable provision.	No comparable provision.
No comparable provision.	<b>Report on agricultural innovation.</b> Requires USDA, in consultation with EPA and FDA, to prepare and submit a report to the House Committee on Agriculture and the Senate Committee on Agriculture, Nutrition, and Forestry on plans for improving federal government policies and procedures with respect to gene editing and other precision plant breeding methods. <b>(§11611)</b>	No comparable provision.	No comparable provision.
<b>Interagency cooperation.</b> Under the authority of the Endangered Species Act (ESA; 16 U.S.C. 1531 <i>et seq.</i> ), directs all federal agencies to aid in the conservation of species listed as threatened or endangered under the. Requires federal agencies to consult with the relevant Secretary responsible for implementing of the ESA on agency	<b>Consideration of the totality of conservation measures.</b> Requires the responsible Secretary to consider off-setting effects of avoidance, minimization, and other species-protection or conservation measures already in place or proposed to be implemented as part of a federal action when determining if an action is likely to	No comparable provision.	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p>actions, including actions in which the agency provides funding or permitting to nonfederal partners, to ensure that the actions are not likely to jeopardize a listed species or adversely modify designated critical habitats. Outlines the consultation process between federal agencies and the respective Secretary. Requires the consultation process, when necessary, to be completed within 90 days or a timeline that is otherwise agreed to pursuant to the requirements under the section. Following the conclusion of the consultation, requires the Secretary to promptly issue a biological opinion with the findings. The biological opinion may find that either the action is unlikely to jeopardize the species or adversely modify critical habitat or, in the event that jeopardy or adverse habitat modification is likely, the opinion may include reasonable and prudent alternatives for the agency action. Provides for an exemption process and identifies the process by which an exemption can be applied for and granted. <b>(16 U.S.C. 1536(b)(3))</b></p>	<p>jeopardize a listed species or adversely impact critical habitat during the consultation process between a federal agency and the responsible Secretary required pursuant to the ESA. Conservation measures may include the development, improvement, protection, or management of species habitat whether or not it is designated as critical habitat of such species. <b>(§11614)</b></p>		
<p><b>Control of depredating and otherwise injurious birds.</b> Under the authority of the Migratory Bird Treaty (7 U.S.C. 703 et seq.), regulates how a person may take, possess, or transport migratory birds for depredation control purposes. <b>(50 C.F.R. Subpart D)</b></p>	<p><b>Depredation permits for black vultures.</b> Allows the Secretary of the Interior, in conjunction with the Director of the United States Fish and Wildlife Service, to authorize the issuance of depredation permits to livestock farmers for black vultures, otherwise prohibited by Federal law, to prevent black vultures from taking livestock during the calving season. The</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
<p><b>Clean Water Rule: definition of Waters of the United States.</b> A final rule issued on June 29, 2015, by the Environmental Protection Agency and the Secretary of the Army. It defines the scope of the waters protected under the Clean Water Act (33 U.S.C. 1251 et seq.). <b>(80 Federal Register 37054)</b></p>	<p>permits are allowed only in states or regions where producers are affected by black vultures. Producers are required to report takings to the proper enforcement agencies. <b>(§11615)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p><b>Prohibition against interference by state and local governments with production of agricultural products from other states.</b> Prohibits any state or local government from setting standards or conditions on the production or manufacture of agricultural products from other states if the products are produced or manufactured according to federal law or the laws of the state or locality. <b>(§11701)</b></p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>
<p>No comparable provision.</p>	<p><b>Federal cause of action to challenge state regulation of interstate commerce.</b> Empowers producers, consumers, trade organizations, governments, and others affected by a state standard or condition for products sold in interstate commerce to bring action in the appropriate court to invalidate the state standard or condition and to seek damages for economic losses, subject to</p>	<p>No comparable provision.</p>	<p>No comparable provision.</p>

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	a 10-year statute of limitations. Requires courts to issue a preliminary injunction on the state standard or condition unless the state provides convincing evidence it would prevail in the case or the injunction would cause irreparable harm. <b>(§11702)</b>	<p><b>Information technology modernization.</b> The Comptroller General is to examine USDA efforts related to information technology for business centers and conservation, and efforts to modernize other information technology projects. An initial report including a detailed description, a justification, a cost-benefit analysis, and a description of concerns on each project is due to the House and Senate agriculture committees no later than 180 days after enactment. The Comptroller General is to provide the committees regular briefings and, no later than two years after enactment, the Comptroller General is to provide a comprehensive report that reviews awarded contracts and activities, a description of any problems or inadequacies, and recommendations. <b>(§12508)</b></p>	No comparable provision.
No comparable provision.	No comparable provision.	<p><b>Restrictions on use of certain poisons for predator control.</b> Sodium cyanide is a public safety, national security, environment, and accidental contact risk when used to control predatory animals. The provision prohibits the use of sodium cyanide as a predator control device</p>	No comparable provision.

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
No comparable provision.	No comparable provision.	unless used in accordance with the February 27, 2018 Wildlife Services Directive Number 2.415 of the Animal and Plant Health Inspection Service, and the implementing guidelines. <b>(§12511)</b>	No comparable provision.
<b>National Flood Insurance Program.</b> Offers primary flood insurance to properties with significant flood risk, and aims to reduce flood risk through the adoption of floodplain management standards. <b>(42 U.S.C. 4001 et seq.)</b>	No comparable provision.	<b>Study of marketplace fraud of unique traditional foods.</b> Requires the U.S. Comptroller General to conduct a study (within one year of enactment) of the market impact of traditional and tribally produced foods and products; the marketplace fraud of foods that mimic tribal foods; and an analysis of federal laws administered by USDA, intellectual property laws, and trademark laws that might protect against such fraud. <b>(§12518)</b>	No comparable provision.
No comparable provision.	No comparable provision.	Reauthorizes financing for the program (42 U.S.C. 4016(a)) and extends the termination date for entering new flood insurance contracts (42 U.S.C. 4026) until January 31, 2019. <b>(§12609)</b>	No comparable provision.
<b>Pollinator habitat.</b> USDA may encourage the development of habitat for native and managed pollinators, and	No comparable provision.	<b>Drought and water conservation agreements.</b> Adds a section to the Conservation Reserve Enhancement Program (CREP) under the Conservation Reserve Program (CRP) allowing dryland farming on CREP acres if the purpose of the CREP agreement is to address regional drought concerns. <b>(§12612)</b>	No comparable provision.
		<b>Encouragement of pollinator habitat development and protection.</b> Adds new considerations	

Prior Law/Policy	House-Passed Bill (H.R. 2)	Senate-Passed Bill (H.R. 2)	Enacted 2018 Farm Bill (P.L. 115-334)
use conservation practices to maximize the benefits for honey bees when carrying out farm bill conservation programs. <b>(16 U.S.C. 3844(h))</b>	No comparable provision.	for pollinators under farm bill conservation programs, including planning for biological control methods of pest control and producer training related to biological control methods. <b>(§12613)</b>	No comparable provision.
<b>ConAct.</b> Authorizes the Secretary to make and guarantee loans and grants to support essential community facilities in rural areas. <b>(7 U.S.C. 1926(a))</b>	No comparable provision.	<b>Business and innovation services essential community facilities.</b> Amends to make business and innovation services, such as incubators, co-working spaces, makerspaces, and residential entrepreneur and innovation centers eligible for funding as essential community facilities. <b>(§12618)</b>	No comparable provision.
<b>Farmer loan pilot projects.</b> Authorizes pilot projects of limited scope and duration for Subtitles A-D (farm real estate loans, operating loans, emergency loans and administrative provisions) of the ConAct to evaluate processes and techniques that may improve efficiency and effectiveness. (7 U.S.C. 1983d)	No comparable provision.	Authorizes (in a new section) pilot projects of limited scope and duration for Subtitles A, B, C, and D (real estate loans, operating loans, emergency loans, and administrative provisions) of the ConAct to evaluate processes and techniques that may improve efficiency and effectiveness. <b>(§12624(b))</b>	No comparable provision.

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## Author Information

Mark A. McMinimy, Coordinator  
Section Research Manager

Renée Johnson  
Specialist in Agricultural Policy

Sahar Angadjivand  
Analyst in Agricultural Policy

Jim Monke  
Specialist in Agricultural Policy

Randy Alison Aussenberg  
Specialist in Nutrition Assistance Policy

Anita Regmi  
Analyst in Agricultural Policy

Kara Clifford Billings  
Analyst in Social Policy

Isabel Rosa  
Analyst in Agricultural Policy

Kelsi Bracmort  
Specialist in Natural Resources and Energy Policy

Randy Schnepf  
Specialist in Agricultural Policy

Alyssa R. Casey  
Analyst in Agricultural Policy

Megan Stubbs  
Specialist in Agricultural Conservation and Natural Resources Policy

Tadlock Cowan  
Analyst in Natural Resources and Rural Development

Michaela D. Platzer  
Specialist in Industrial Organization and Business

Joel L. Greene  
Analyst in Agricultural Policy

Jerry H. Yen  
Analyst in Environmental Policy

Katie Hoover  
Specialist in Natural Resources Policy

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# **ATTACHMENT 7**

United States Department of Agriculture  
Foreign Agricultural Service

# Sugar Import Program

Imports of sugar into the United States are governed by tariff-rate quotas (TRQs), which allow a certain quantity of sugar to enter the country under a low tariff. TRQs apply to imports of raw cane sugar, refined sugar, sugar syrups, specialty sugars and sugar-containing products. Import restrictions are intended to meet U.S. commitments under the North American Free Trade Agreement (NAFTA) and the Uruguay Round Agreement on Agriculture (which resulted in the creation of the World Trade Organization).

USDA establishes the annual quota volumes for each federal fiscal year (beginning October 1) and the U.S. Trade Representative allocates the TRQs among countries. Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities.

More information about U.S. trade in sugar and sweeteners is available from USDA's Economic Research Service <<http://www.ers.usda.gov/topics/crops/sugar-sweeteners/trade.aspx>>.

## Regulations

15 CFR Part 2011 <<https://www.federalregister.gov/documents/1999/02/12/99-3500/sugar-to-be-imported-and-re-exported-in-refined-form-or-in-sugar-containing-products-or-used-for-the>>

USDA also administers three re-export programs involving sugar.

- **The Refined Sugar Re-Export Program** is designed to facilitate use of domestic refining capacity to export refined sugar into the world market. The program establishes a license against which a refiner can: export domestically produced refined sugar and later import low-duty raw cane sugar; import low-duty raw cane sugar for refining and distribution to licensed U.S. manufacturers of sugar-containing products and/or licensed producers of polyhydric alcohol for non-food purposes; or import raw sugar, refine it and export it into the world market.
- **The Sugar-Containing Products Re-Export Program** is designed to put U.S. manufacturers of sugar-containing products on a level playing field in the world market. U.S. participants in the Sugar-Containing Products Re-Export Program may buy world-priced sugar from any licensed refiners for use in products to be exported to the world market.
- **The Sugar for the Production of Polyhydric Alcohol Program** is established to provide world-priced sugar to licensed U.S. manufacturers of polyhydric alcohols. Participating U.S. manufacturers purchase world-priced sugar from licensed refiners for use in the production of polyhydric alcohols, except polyhydric alcohols used as a substitute for sugar in human food consumption.

## Regulations

7 CFR Part 1530 - The Refined Sugar Re-Export Program, the Sugar Containing Products Re-Export Program, and the Polyhydric Alcohol Program <[https://www.ecfr.gov/cgi-bin/text-idx?sid=8fe8153b3dad23b89660fcdf4a141805&mc=true&tpl=/ecfrbrowse/title07/7cfr1530\\_main\\_02.tpl](https://www.ecfr.gov/cgi-bin/text-idx?sid=8fe8153b3dad23b89660fcdf4a141805&mc=true&tpl=/ecfrbrowse/title07/7cfr1530_main_02.tpl)>

## Applying

### Specialty Sugar Certificate Application

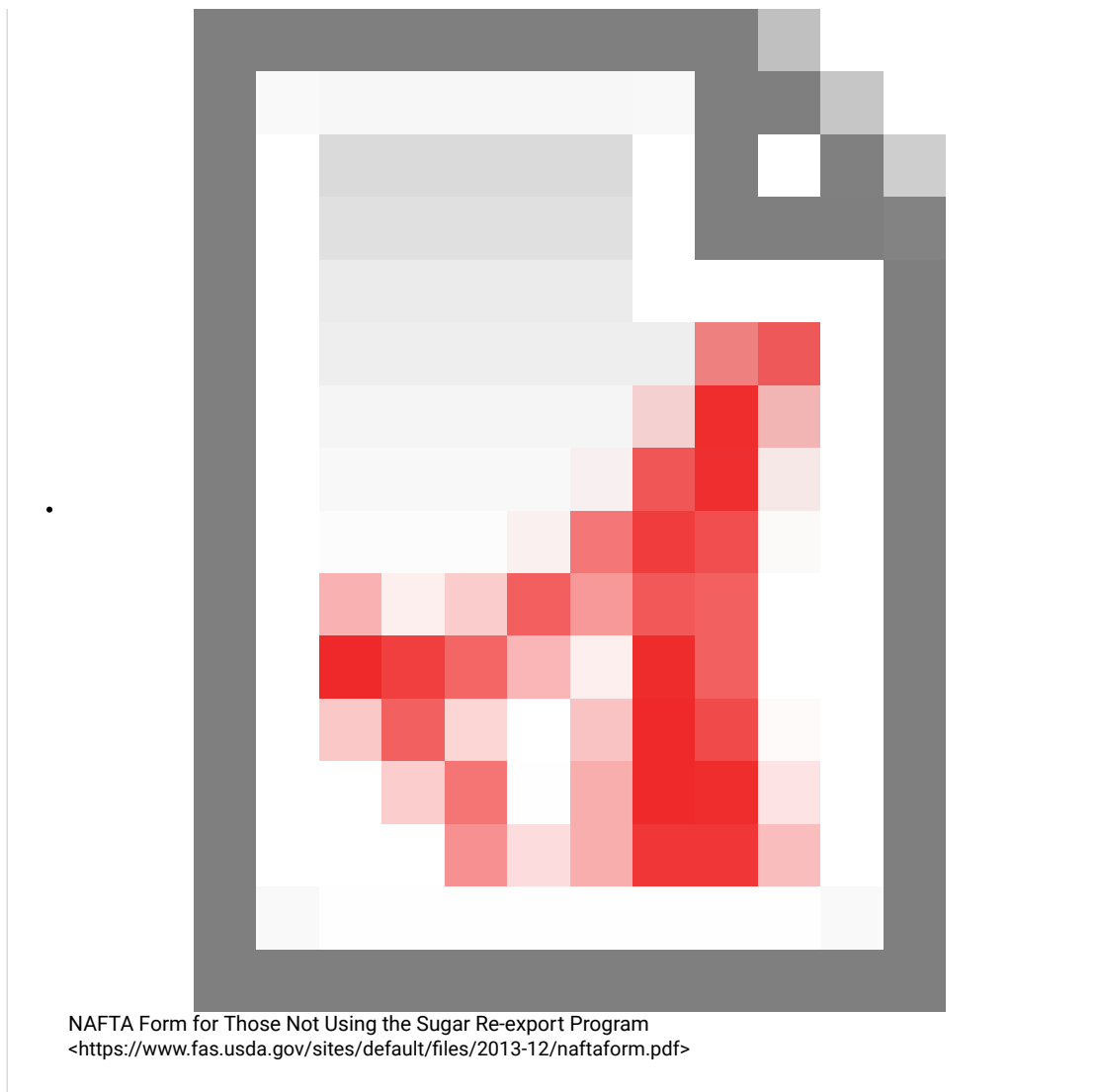
- Global Specialty Sugar Certificate <<https://www.fas.usda.gov/programs/sugar-import-program/applying-specialty-sugar-certificate>>
- Panama Specialty Sugar Certificate <<https://www.fas.usda.gov/programs/sugar-import-program/applying-panama-specialty-sugar-certificate>>

**U.S. Sugar Re-Export Administration, Application and Reporting**

Re-Export Program Online Reporting System <<https://www.fas.usda.gov/sugars/fassugarshome.aspx>>



- Reporting Format for Bonds <<https://www.fas.usda.gov/sites/default/files/2013-12/bond.templates.doc>>
- License Application Tips for Sugar Containing Products Re-Export Program <<https://www.fas.usda.gov/programs/sugar-import-program/license-application-tips-sugar-containing-products-re-export-program>>



## Data & Analysis

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Sugar Monthly Import and Re-Export Data <<http://fas.usda.gov/data/sugar-monthly-import-and-re-export-data-0>>

November 8, 2019

India: Raw Sugar Export Subsidy Changed <<http://fas.usda.gov/data/india-raw-sugar-export-subsidy-changed>>

August 25, 2014

## News

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USDA Announces FY 2019, FY 2020 Supply Adjustments to Sugar Program

<<http://fas.usda.gov/newsroom/usda-announces-fy-2019-fy-2020-supply-adjustments-sugar-program>>

June 26, 2019

USDA Announces Sugar TRQs for Fiscal Year 2019 <<http://fas.usda.gov/newsroom/usda-announces-sugar-trqs-fiscal-year-2019>>

July 2, 2018

## Program Resources

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### Federal Register Notices

- FY 2019 Tariff-Rate Quota Allocations for Raw Cane Sugar, Refined and Specialty Sugar, and Sugar-Containing Products <<http://fas.usda.gov/programs/resources/fy-2019-tariff-rate-quota-allocations-raw-cane-sugar-refined-and-specialty-sugar-and-sugar>>
- Certificates of Quota Eligibility Pursuant to the Colombia and Panama Trade Agreements <<http://fas.usda.gov/programs/resources/certificates-quota-eligibility-pursuant-colombia-and-panama-trade-agreements>>
- Notice of a Request for Extension of a Currently Approved Information Collection: <<http://fas.usda.gov/programs/resources/notice-request-extension-currently-approved-information-collection>>
- Waivers Under the Refined Sugar Re-Export Program <<http://fas.usda.gov/programs/resources/waivers-under-refined-sugar-re-export-program>>

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### Program Notices

- CCC Announcement KCPBS2 - Purchase of Raw Cane or Refined Beet Sugar <<http://fas.usda.gov/programs/resources/ccc-announcement-kcpbs2-purchase-raw-cane-or-refined-beet-sugar>>

#### Contact

##### Sugar Import Program

Email  
(202) 720-0638

# **ATTACHMENT 8**



United States Department of Agriculture  
Economic Research Service

[Home](#) > [Topics](#) > [Crops](#) > [Sugar & Sweeteners](#) > **Trade**



## Trade

### Sugar Imports Under Tariff-Rate Quotas

The United States imports sugar under a system of tariff-rate quotas (TRQ). A TRQ is a two-tiered tariff for which the tariff rate charged depends on the volume of imports. A low-tier (in-quota) tariff is charged on imports within the quota volume. A high-tier (over-quota) tariff is charged on imports in excess of the quota volume. Almost all raw cane sugar, refined sugars and sugar syrups, and sugar-containing products are imported under TRQs for those products. (See the [Policy](#) page for more information on TRQs.)

Yearly imports under the raw and refined sugar TRQs since fiscal year (FY) 2000 have averaged 1.48 million short tons, raw value (STRV).

Most U.S. sugar imports are raw cane sugar. The raw cane sugar TRQ is allocated to 40 countries based on patterns established during the relatively unrestricted free trade period of 1975-81. The Dominican Republic, Brazil, and the Philippines hold the largest shares--approximately 17, 14, and 13 percent, respectively. Declines in the overall quantity of the quota have reduced imports from all suppliers with the exception of the 10 small suppliers whose allocations are limited to 7,258 metric tons, raw value (MTRV), a quantity considered to be equal to a minimum boatload of sugar.

As of January 1, 2008, sugar from Mexico enters the United States duty-free under the [North American Free Trade Agreement \(NAFTA\)](#) and is not subject to quota restrictions. Since 2015, however, imports from Mexico have been subject to terms of a [suspension agreement](#) that limits prices and volumes of trade flows due to the anti-dumping and countervailing duty investigation against sugar from Mexico.

### Imports and Exports Under the Sugar Re-Export Programs

USDA administers two re-export programs to help U.S. sugar refiners and manufacturers of sugar-containing products compete in world markets. The Refined Sugar Re-Export Program establishes a license against which a refiner can import world-priced sugar for refining and export as refined sugar or for sale to licensed manufacturers of sugar-containing products. The Sugar-Containing Products Re-Export Program allows U.S. participants to buy sugar from any of the refiner participants for use in products that will be exported onto the world market. Imports under the two programs are not subject to sugar TRQs.

USDA also administers the Polyhydric Alcohol Program, which provides world-priced sugar to U.S. manufacturers of polyhydric alcohols. Participating U.S. manufacturers purchase world-priced sugar



from licensed refiners or their agents for use in the production of polyhydric alcohols, except polyhydric alcohols that are used as a substitute for sugar in human food consumption. U.S. sugar imports under the two Re-Export Programs and the Polyhydric Alcohol Program averaged 400,000 STRV in the 2000s.

The Refined and Sugar-Containing Products Re-Export Programs are the chief source of U.S. sugar exports. Since FY 2010, the Refined Sugar Re-Export Program averaged 257,000 STRV of exports annually, and deliveries to domestic food manufacturers under the Sugar-Containing Products Re-Export Program averaged 120,000 STRV a year.

For current data on imports and exports of sugar and sweeteners, see the [Sugar and Sweeteners Yearbook](#) tables.

#### Reports

[Sugar and Sweeteners Outlook: November 2019](#)

- [Feed Outlook: November 2019](#)

- [A Deeper Look Into the USDA Crop Baseline Projections to 2028, With a Focus on Trade](#)

- [Sugar and Sweeteners Outlook: October 2019](#)

- [Feed Outlook: October 2019](#)

[See all](#)

#### Amber Waves Articles

[Oil Prices and Ethanol Demand Drive Changes in Agricultural Commodity Production in Brazil](#)

- [U.S.-Cuba Agricultural Trade: Past, Present, and Possible Future](#)

- [Complex Array of Factors Influence World Sugar Prices](#)

- [Indian Sugar Market More Volatile](#)

- [U.S. Sugar Program at a Crossroads](#)

#### Data

[Sugar and Sweeteners Yearbook Tables](#)

- [Agricultural Baseline Database](#)

- [Foreign Agricultural Trade of the United States \(FATUS\)](#)

- [International Food Consumption Patterns](#)

#### Topics

##### Crops

- [Agricultural Baseline](#)

- [Farm & Commodity Policy](#)

- [International Markets & U.S. Trade](#)

- [U.S. Agricultural Trade](#)

**Last updated:** Tuesday, August 20, 2019

**For more information contact:** Michael J. McConnell

# **ATTACHMENT 9**

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# Sugar

The United States maintains tariff-rate quotas (TRQs) for imports of raw cane sugar, refined sugar, specialty sugar, and sugar-containing products (SCPs). Pursuant to the Uruguay Round Agreements Act, USDA establishes the total in-quota quantity of the TRQs for raw, refined, and specialty sugar for each fiscal year, while USTR is responsible for allocating the TRQs pursuant to the United States' WTO commitments. In the case of the WTO raw sugar TRQ, USTR allocates the in-quota volume among certain supplying countries based on the countries' historical shipments to the United States and consultations with quota-holding countries. USTR is also responsible for allocating any increase in the in-quota amounts and/or reallocating unused quota volumes to quota-holding countries.

Several free trade agreements (FTAs), including the CAFTA-DR and agreements with Chile, Colombia, Morocco, Panama, and Peru provide TRQs for a basket of sugar and syrup goods and SCPs, provided that the respective FTA partner has a trade surplus in these goods based on the most recent data available. In any calendar year, the size of our FTA partners' TRQs for sugar and syrup goods and SCPs is the lesser of (i) the country's global trade surplus in these goods, or (ii) the quantity specified in the FTA for that year. Each year, USTR determines and publishes in the Federal Register the amount (if any) of each FTA partner's trade surplus.

[FY2019 Raw Sugar TRQ Allocation Federal Register Notice](#)

[FY2019 TRQ Allocations for Refined and Specialty Sugar and Sugar-Containing Products Federal Register Notice](#)

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# **ATTACHMENT 10**

# World Agricultural Supply and Demand Estimates

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Office of the  
Chief Economist

Agricultural Marketing Service  
Farm Service Agency

Economic Research Service  
Foreign Agricultural Service

WASDE - 593

Approved by the World Agricultural Outlook Board

October 10, 2019

**WHEAT:** The outlook for 2019/20 U.S. wheat this month is for smaller supplies, reduced total use, and rising ending stocks. Wheat production is cut 18.5 million bushels to 1,962 million based on the NASS *Small Grains Summary*, issued on September 30. Projected imports are lowered 15 million bushels to 120 million on a slow pace to date. The NASS *Grain Stocks* report raised 2018/19 ending stocks 8 million bushels and estimated first quarter 2019/20 stocks at 2,385 million bushels, down fractionally from the previous year. These stocks imply first quarter feed and residual use is similar to last year. Annual 2019/20 feed and residual use is lowered 30 million bushels to 140 million but remain above last year's revised 89.8 million. Wheat exports are lowered 25 million bushels to 950 million on reduced competitiveness in international markets. Ending stocks are projected at 1,043 million bushels, up 29 million from the previous month, and the season-average farm price is lowered \$0.10 per bushel to \$4.70.

Global 2019/20 wheat supplies are raised fractionally with decreased production offset by higher beginning stocks. World production is lowered 0.3 million tons led by a 1.0-million-ton cut to Australia's crop on further drought effects. The United States is lowered 0.5 million tons, and Canada and Serbia are each reduced 0.3 million tons. Partly offsetting are production increases of 1.0 million tons for the EU and 0.7 million tons for Turkmenistan, both on updated harvest reports. Projected global exports for 2019/20 are lowered 1.2 million tons led by a 1.0-million-ton reduction for Australia reflecting their smaller crop. Total imports are decreased 1.1 million tons with the United States, Turkmenistan, Venezuela, and Kyrgyzstan accounting for most of the decline. World wheat consumption is reduced 1.1 million tons primarily on a 0.8-million-ton reduction in U.S. feed and residual use. With supplies rising and use declining, global ending stocks are raised 1.3 million tons to a record 287.8 million.

**COARSE GRAINS:** This month's 2019/20 U.S. corn outlook is for slightly lower production, reduced exports and corn used for ethanol, greater feed and residual use, and lower ending stocks. Corn production is forecast at 13.779 billion bushels, down 20 million as a decline in harvested area more than offsets an increased yield forecast. Corn supplies are forecast down sharply from last month on a reduced crop and lower beginning stocks based on the September 30 *Grain Stocks* report. Exports are reduced 150 million bushels reflecting smaller supplies and U.S. price competitiveness. Corn used for ethanol is down 50 million bushels based on weekly production data as reported by the Energy Information Administration during September. Projected feed and residual use is up 125 million bushels based on indicated disappearance during 2018/19. Corn ending stocks for 2019/20 are lowered 261 million bushels. The season-average corn price received by producers is raised 20 cents to \$3.80 per bushel.

Grain sorghum production is forecast lower from last month, with a 0.4-bushel-per-acre decline in yield to 73.9 bushels per acre and a reduction in harvested area. Barley and oat production estimates are updated based on the September 30 *Small Grains* report.

Global coarse grain production for 2019/20 is forecast virtually unchanged at 1,396.7 million tons. The 2019/20 foreign coarse grain outlook is for higher production, increased trade, and higher stocks relative to last month. Foreign corn production is forecast modestly lower as an increase for Russia is more than offset by declines for Egypt and Syria. The projected corn yield for Russia is raised based on reported harvest results to date.

Corn exports are raised for Russia, with a more than offsetting decline for the United States. For 2018/19, corn exports for Brazil are raised for the local marketing year beginning March 2019 based on record large shipments during the month of September. From July to September Brazil has exported close to 20 million tons of corn, nearly 50 percent above the previous high for the time period, with large shipments to important U.S. markets such as Japan, South Korea, Mexico, and Colombia. For 2019/20, corn imports are lowered for Saudi Arabia, Mexico, Venezuela, Cuba, and Bangladesh. Foreign corn ending stocks are higher, mostly reflecting increases for Brazil, Canada, and the EU. Global corn stocks, at 302.6 million, are down 3.7 million from last month.

**RICE:** The outlook for 2019/20 U.S. rice this month is for increased supplies, unchanged domestic use and exports, and higher ending stocks. Supplies are raised as NASS increased the all rice production forecast by 1.3 million cwt to 188.6 million, all on a higher yield. The all rice yield is forecast at 7,616 pounds per acre, up 53 pounds from the previous forecast. Higher yields for Arkansas, California, and Texas more than offset a lower yield for Louisiana. Projected 2019/20 all rice ending stocks are raised 1.3 million cwt to 37.1 million, still down 17 percent from last year. The projected 2019/20 all rice season-average farm price is reduced \$0.20 per cwt to \$13.00, compared to \$12.00 for 2018/19.

Global 2019/20 rice supplies are raised by 3.6 million tons to 669.6 million, mainly on higher projected production for India and Egypt. India's production is raised by 2.0 million tons to 114.0 million, primarily based on the government's *First Advance Estimate of Production*. Egypt's production increased 1.3 million tons to 4.3 million on greater harvested area than previously estimated. World 2019/20 consumption is raised by 1.3 million tons to 494.5 million, led by increased expected use in Egypt on higher domestic supplies. Global 2019/20 trade is increased 0.8 million tons to 45.9 million, mainly on higher exports by India with greater supplies. India is expected to remain the leading global rice exporter for the sixth consecutive year. Projected world ending stocks are up 2.4 million tons to a record 175.1 million with India and Egypt accounting for most of the increase.

**OILSEEDS:** U.S. oilseed production for 2019/20 is projected at 107.9 million tons, down 2.3 million from last month with lower soybean, peanut, and cottonseed production partly offset by higher canola and sunflowerseed. Soybean production is forecast at 3.6 billion bushels, down 83 million, mainly on lower yields. The soybean yield is projected at 46.9 bushels per acre, down 1 bushel from the September forecast. Harvested area is reduced slightly to 75.6 million acres. Soybean supplies for 2019/20 are forecast at 4.5 billion bushels down 175 million on lower production and beginning stocks. With a small increase in soybean crush, ending stocks are projected at 460 million bushels, down 180 million.

The U.S. season-average soybean price for 2019/20 is forecast at \$9.00 per bushel, up 50 cents reflecting smaller supplies. The soybean meal price is forecast at \$325.00 per short ton, up \$20.00. The soybean oil price forecast is raised 0.5 cents to 30.0 cents per pound.

Global oilseed production for 2019/20 is projected at 574.8 million tons, down 4.6 million from last month on lower soybean, sunflowerseed, rapeseed, and peanut production. Global soybean production is projected at 339.0 million tons, down 2.4 million to a 4-year low, mainly reflecting lower production for the United States. Global rapeseed production is forecast lower on reductions for Canada, Australia, the EU, and the United States. Canadian rapeseed production is reduced on lower yield prospects resulting from an unseasonably heavy snow and a season-ending freeze. Other production changes include lower sunflowerseed production for Ukraine, lower cottonseed production for Pakistan and Brazil, and higher cottonseed production for India. With lower global oilseed supplies only partly offset by reduced crush, global oilseed stocks are projected at 109.8 million tons, down 4.6 million. Soybeans account for most of the change with lower stocks in the United States only partly offset by increases for Argentina and Brazil.

**SUGAR:** Beet sugar production for 2019/20 is projected at 5.055 million short tons, raw value (STRV), up 50,000 on less expected production for September of 2018/19 now expected to be produced during 2019/20. Beet sugar production for 2018/19 is correspondingly reduced by 50,000 STRV to 4.907 million.

Raw sugar TRQ imports for the 2018/19 quota year eligible for entry until October 15 are estimated at 1.141 million STRV, implying a shortfall of 57,088. The amount of this sugar entered by September 30 was 24,018 STRV less than expected last month; 22,046 STRV of it is now projected to enter in October. Expected imports of 17,907 STRV corresponding to calendar year FTA TRQs are shifted from the July-September quarter to the October-December quarter and into the 2019/20 fiscal year. Re-export imports for 2018/19 are estimated at 437,682 STRV, up 17,682 over last month. High-tier tariff imports are estimated at 92,679 STRV, up 2,679 over last month.

Deliveries for human consumption for 2018/19 are decreased by 50,000 STRV to 12.125 million based on a slower-than-expected pace. Corresponding deliveries for 2019/20 are decreased in line by the same amount. Ending stocks for 2018/19 are estimated at 1.725 million STRV for a stocks-to-use ratio of 14.04 percent. Ending stocks for 2019/20 are projected at 1.784 million STRV for a stocks-to-use ratio of 14.52 percent.

For 2018/19, Mexico sugar deliveries for human consumption are reduced by 95,977 metric tons, actual weight (MT) to 4.140 million based on the slow pace through the end of August reported by CONADESUCA. Deliveries to IMMEX are likewise reduced by 55,000 MT to 425,000. Exports are increased 14,203 MT based on CONADESUCA reporting. Imports, mainly for IMMEX, are increased by 16,189 MT. Ending stocks are residually estimated at 1.148 million MT of which an estimated 273,168 are required to be exported in 2019/20 before December 31 per provisions administered by the Fideicomiso Maestro para la Exportación de Excedentes de los Ingenios (FIMAE).

For 2019/20, Mexico sugar production is projected at 6.065 million MT, a reduction of 135,000 based on updated reports of the severity of drought conditions in several producing areas. Total sweetener deliveries are projected at 5.719 million MT based on the same per



capita sweetener consumption from 2018/19 multiplied by the expected increase in population. Deliveries of high fructose corn syrup are projected at 1.520 million MT, dry weight, implying sugar deliveries of 4.199 million MT. Ending stocks are at 963,373 MT, an amount meant to meet consumption for a 2.5 month period before the start of the next harvest campaign. Exports are residually projected at 1.695 million MT, an increase of 201,607 over last month. Exports to the United States are unchanged from last month at 956,738 MT.

**LIVESTOCK, POULTRY, AND DAIRY:** The forecast for 2019 total red meat and poultry production is raised from last month, as higher broiler production more than offsets slightly lower beef and turkey production. Pork production is unchanged. Hatchery and slaughter data supports an increase in broiler production. Beef production is reduced from the previous month on a slower-than-expected pace of fed cattle slaughter. The turkey forecast is lowered on a slower pace of third-quarter production. The 2019 egg production forecast is raised slightly.

For 2020, the total red meat and poultry forecast is raised from the previous month on higher expected pork and broiler production. Beef production is unchanged for the year, although a slower pace of placements in third-quarter 2019 is expected to result in lower first-quarter beef production, but higher second quarter production. Pork production is forecast higher, as expected growth in pigs per litter points toward increased availability of slaughter hogs in 2020. The broiler production forecast is raised from the previous month on expectations of continued expansion of broiler flocks. Turkey production forecasts are reduced from the previous month on higher feed prices. The egg production forecast is raised, largely reflecting increased hatching egg production.

The 2019 beef import forecast is unchanged, but exports are reduced, reflecting recent trade data. For 2020, imports are reduced, reflecting tighter supplies from Oceania and strong demand for beef by competing importers. Exports are raised on firm global demand and tightness in supplies from Oceania. The 2019 and 2020 pork export forecasts are raised from the previous month on recent trade data and strong demand U.S. pork products. The 2019 broiler export forecast is lowered, reflecting recent trade data, but no change is made to the 2020 export forecast. Turkey trade export forecasts are raised.

The cattle price forecast for 2019 is raised on current price strength; this increase in price strength was carried into early 2020. Hog price forecasts are reduced for 2019 and 2020 on larger supplies of hogs. The 2019 broiler price forecast is raised on recent price strength but is reduced for 2020 as broiler meat supplies are raised. The 2019 turkey price forecast is higher on recent gains in prices, but the 2020 forecast is unchanged. The 2019 egg price forecast is lowered on current prices, but 2020 egg price forecasts are unchanged.

Milk production forecasts for 2019 are raised on higher cow numbers and stronger growth in milk per cow. For 2020, expected continued gains in milk per cow supported an increase in the milk production forecast.

Annual forecasts of imports on both a fat and skims-solids basis are unchanged for 2019 reflecting current trade data, but forecasts for 2020 are lowered as the recently announced additional tariffs on a number of EU dairy products are expected to result in reduced imports. Fat basis export forecasts for 2019 and 2020 are reduced from last month on continued

competitive pressure on U.S. cheese exports. The 2019 skim-solids basis export forecast is lowered on weaker expected exports of cheese and skim and nonfat dry milk (SMP/NDM). However, increased strength in SMP/NDM sales in 2020 due to strong global demand is expected to more than offset continued weakness in cheese exports. The 2020 skim-solids basis export forecast is raised.

For 2019, cheese and NDM prices are raised from the previous month, but price forecasts for butter and whey are reduced. The Class III price is raised from last month as the higher cheese price more than offsets the lower whey price; the Class IV price is raised as the higher NDM price more than offsets the lower butter price. For 2020, cheese and NDM prices are raised from the previous month, but the price forecast for butter is reduced. The whey price is unchanged. As a result, the Class III price forecast is higher, but the Class IV price is lowered, as the higher NDM price is more than offset by the lower butter price. The 2019 all milk price is forecast higher at \$18.40; for 2020 the price is unchanged at \$18.85 per cwt.

**COTTON:** The 2019/20 U.S. cotton supply and demand estimates show slightly lower production and ending stocks compared with last month. Production is lowered less than 1 percent, to 21.7 million bales, largely the result of a reduction in Texas. Domestic mill use and exports are unchanged from last month, and ending stocks are reduced 200,000 bales. At 7.0 million bales, U.S. ending stocks in 2019/20 are projected at 36 percent of use, compared with 27 percent in 2018/19. The 2019/20 season-average price for upland cotton is forecast at 58 cents per pound, unchanged from last month and 12.5 cents lower than in 2018/19.

The 2019/20 global cotton supply and demand forecasts show little overall change from last month. World production is 130,000 bales lower as declines for Brazil, Pakistan, Australia, and the United States more than offset a 1-million-bale increase in India. Global consumption is 130,000 bales lower than September's forecast and the projection for world trade in 2019/20 is reduced 300,000 bales. Lower expected imports for China and Vietnam more than offset increases for Pakistan and Turkey. Exports for Australia and Brazil are also lower. World ending stocks in 2019/20 are now forecast at 83.7 million bales, virtually unchanged from the September forecast but 3.0 million bales higher than in 2018/19.

Approved by the Secretary of Agriculture and the Acting-Chairman of the World Agricultural Outlook Board, Mark Jekanowski, (202) 720-6030. This report was prepared by the Interagency Commodity Estimates Committees.

APPROVED BY:



ROBERT JOHANSSON  
SECRETARY OF AGRICULTURE DESIGNATE

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## INTERAGENCY COMMODITY ESTIMATES COMMITTEES

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*Note: The World Agricultural Outlook Board reviews and approves the World Agricultural Supply and Demand Estimates (WASDE) report. The Board's analysts chair the Interagency Commodity Estimates Committees (ICECs) that prepare the monthly report.*

**Wheat:** William Chambers, ICEC Chair, WAOB, [william.chambers1@usda.gov](mailto:william.chambers1@usda.gov)  
Jennifer Bond, ERS; Andrew Sowell, FAS; Pete Riley, FPAC.

**Rice:** William Chambers, ICEC Chair, WAOB, [william.chambers1@usda.gov](mailto:william.chambers1@usda.gov)  
Nathan Childs, ERS; Nicole Podesta, FAS; Vidalina Abadam, FPAC.

**Feed Grains:** Michael Jewison, ICEC Chair, WAOB, [michael.jewison2@usda.gov](mailto:michael.jewison2@usda.gov)  
Tom Capehart, ERS; Yoonhee Macke, FAS; Sharon Raszap, FPAC.

**Oilseeds:** Keith Menzie, ICEC Chair, WAOB, [keith.menzie@usda.gov](mailto:keith.menzie@usda.gov)  
Mark Ash, ERS; Bill George, FAS; Sherrie Grimm, FPAC.

**Cotton:** Stephen MacDonald, ICEC Chair, WAOB, [stephen.macdonald3@usda.gov](mailto:stephen.macdonald3@usda.gov)  
Leslie Meyer, ERS; James Johnson, FAS; Erik Dohlman, FPAC.

**Sugar:** Stephen Haley, ICEC Chair, WAOB, [stephen.haley2@usda.gov](mailto:stephen.haley2@usda.gov)  
Michael McConnell, ERS; Ron Lord, FAS; Barbara Fecso, FPAC.

**Meat Animals:** Shayle Shagam, ICEC Chair, WAOB, [shayle.shagam@usda.gov](mailto:shayle.shagam@usda.gov)  
Sherry Wise, AMS; Mildred Haley, ERS; Lindsay Kuberka, FAS; Ryan Pfirrmann-Powell, FPAC.

**Poultry:** Shayle Shagam, ICEC Chair, WAOB, [shayle.shagam@usda.gov](mailto:shayle.shagam@usda.gov)  
Peyton Ferrier, AMS; Kim Ha, ERS; Claire Mezoughem, FAS; Ryan Pfirrmann-Powell, FPAC.

**Dairy:** Shayle Shagam, ICEC Chair, WAOB, [shayle.shagam@usda.gov](mailto:shayle.shagam@usda.gov)  
Carolyn Liebrand, AMS; Jerry Cessna, ERS; Paul Kiendl, FAS; Ryan Pfirrmann-Powell, FPAC.

<p><b>In 2019, the WASDE report will be released on Nov 8, and Dec 10</b> <b>In 2020, the WASDE report will be released on Jan 10, Feb 11, Mar 10,</b> <b>Apr 9, May 12, June 11, July 10, Aug 12, Sep 11, Oct 9, Nov 10, and Dec 10</b></p>
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**World and U.S Supply and Use for Grains 1/  
Million Metric Tons**

<b>World</b>		Output	Total Supply	Trade 2/	Total Use 3/	Ending Stocks	
Total Grains 4/	2017/18	2616.04	3413.58	413.91	2596.96	816.62	
	2018/19 (Est.)	2625.52	3442.13	427.53	2641.75	800.38	
	2019/20 (Proj.)	Sep	2656.19	3461.16	430.59	2665.77	795.40
		Oct	2659.68	3460.07	426.56	2663.17	796.90
Wheat	2017/18	762.31	1025.37	181.90	741.78	283.60	
	2018/19 (Est.)	730.50	1014.09	173.16	736.41	277.68	
	2019/20 (Proj.)	Sep	765.53	1042.77	180.83	756.26	286.51
		Oct	765.23	1042.91	179.68	755.11	287.80
Coarse Grains 5/	2017/18	1358.87	1743.63	184.88	1372.95	370.68	
	2018/19 (Est.)	1396.07	1766.75	209.09	1415.90	350.85	
	2019/20 (Proj.)	Sep	1396.44	1752.38	204.64	1416.22	336.16
		Oct	1396.68	1747.53	201.01	1413.52	334.01
Rice, milled	2017/18	494.86	644.58	47.13	482.24	162.34	
	2018/19 (Est.)	498.95	661.29	45.28	489.44	171.85	
	2019/20 (Proj.)	Sep	494.22	666.02	45.12	493.29	172.73
		Oct	497.77	669.62	45.88	494.54	175.09
<b>United States</b>							
Total Grains 4/	2017/18	437.43	541.29	94.57	357.95	88.76	
	2018/19 (Est.)	438.36	534.34	83.39	362.37	88.58	
	2019/20 (Proj.)	Sep	424.14	528.81	84.26	356.44	88.11
		Oct	423.03	519.25	79.77	356.92	82.56
Wheat	2017/18	47.38	83.81	24.66	29.25	29.91	
	2018/19 (Est.)	51.31	84.89	25.48	30.02	29.39	
	2019/20 (Proj.)	Sep	53.89	86.74	26.54	32.60	27.60
		Oct	53.39	86.04	25.86	31.79	28.40
Coarse Grains 5/	2017/18	384.39	449.48	67.16	324.41	57.92	
	2018/19 (Est.)	379.93	440.49	54.94	327.77	57.77	
	2019/20 (Proj.)	Sep	364.30	433.76	54.71	319.67	59.37
		Oct	363.65	424.85	50.90	320.97	52.98
Rice, milled	2017/18	5.66	8.00	2.76	4.30	0.93	
	2018/19 (Est.)	7.12	8.97	2.97	4.58	1.42	
	2019/20 (Proj.)	Sep	5.95	8.31	3.02	4.16	1.14
		Oct	5.99	8.35	3.02	4.16	1.18

1/ Aggregate of local marketing years. 2/ Based on export estimate. See individual commodity tables for treatment of export/import imbalances. 3/ Total use for the United States is equal to domestic consumption only (excludes exports). 4/ Wheat, coarse grains, and milled rice. 5/ Corn, sorghum, barley, oats, rye, millet, and mixed grains (for U.S. excludes millet and mixed grains).

## WASDE - 593 - 9

**World and U.S. Supply and Use for Grains, Continued 1/  
Million Metric Tons**

Foreign 3/		Output	Total Supply	Trade 2/	Total Use	Ending Stocks	
Total Grains 4/	2017/18	2,178.62	2,872.29	319.34	2,239.01	727.86	
	2018/19 (Est.)	2,187.16	2,907.79	344.14	2,279.38	711.81	
	2019/20 (Proj.)	Sep	2,232.05	2,932.35	346.33	2,309.33	707.28
		Oct	2,236.65	2,940.82	346.78	2,306.25	714.34
Wheat	2017/18	714.93	941.56	157.25	712.53	253.69	
	2018/19 (Est.)	679.19	929.20	147.68	706.38	248.30	
	2019/20 (Proj.)	Sep	711.64	956.02	154.30	723.65	258.91
		Oct	711.84	956.87	153.82	723.32	259.40
Coarse Grains 5/	2017/18	974.49	1,294.15	117.72	1,048.54	312.76	
	2018/19 (Est.)	1,016.14	1,326.27	154.15	1,088.13	293.08	
	2019/20 (Proj.)	Sep	1,032.15	1,318.62	149.93	1,096.55	276.79
		Oct	1,033.03	1,322.68	150.10	1,092.55	281.03
Rice, milled	2017/18	489.20	636.58	44.37	477.94	161.41	
	2018/19 (Est.)	491.83	652.32	42.31	484.86	170.43	
	2019/20 (Proj.)	Sep	488.27	657.71	42.10	489.13	171.59
		Oct	491.78	661.27	42.86	490.38	173.91

1/ Aggregate of local marketing years. 2/ Based on export estimate. See individual commodity tables for treatment of export/import imbalances. 3/ Total foreign is equal to world minus United States. 4/ Wheat, coarse grains, and milled rice. 5/ Corn, sorghum, barley, oats, rye, millet, and mixed grains.

**World and U.S. Supply and Use for Cotton 1/  
Million 480-lb. Bales**

		Output	Total Supply	Trade 2/	Total Use 3/	Ending Stocks	
World	2017/18	123.78	204.07	41.41	122.77	80.93	
	2018/19 (Est.)	119.01	199.94	41.23	120.23	80.73	
	2019/20 (Proj.)	Sep	124.90	205.70	43.34	121.74	83.75
		Oct	124.77	205.50	42.91	121.61	83.69
United States	2017/18	20.92	23.68	16.28	3.23	4.20	
	2018/19 (Est.)	18.37	22.57	14.76	2.98	4.85	
	2019/20 (Proj.)	Sep	21.86	26.72	16.50	3.00	7.20
		Oct	21.71	26.56	16.50	3.00	7.00
Foreign 4/	2017/18	102.86	180.40	25.13	119.54	76.73	
	2018/19 (Est.)	100.65	177.37	26.47	117.25	75.88	
	2019/20 (Proj.)	Sep	103.04	178.98	26.84	118.74	76.55
		Oct	103.07	178.94	26.41	118.61	76.69

1/ Marketing year beginning August 1. 2/ Based on export estimate. 3/ Includes mill use only. 4/ Total Foreign is equal to world minus United States. See global cotton tables for treatment of export/import imbalances.

## WASDE - 593 - 10

**World and U.S. Supply and Use for Oilseeds 1/  
(Million Metric Tons)**

<b>World</b>		Output	Total Supply	Trade	Total Use 2/	Ending Stocks	
Oilseeds	2017/18	580.78	690.45	176.30	484.06	116.31	
	2018/19 (Est.)	597.41	713.72	170.66	490.98	128.18	
	2019/20 (Proj.)	Sep	579.48	710.08	172.54	500.60	114.35
		Oct	574.85	703.02	172.38	498.21	109.75
Oilmeals	2017/18	331.66	348.33	89.03	328.60	15.59	
	2018/19 (Est.)	334.69	350.28	93.06	331.95	14.72	
	2019/20 (Proj.)	Sep	341.09	356.04	94.61	338.71	14.94
		Oct	340.32	355.04	94.21	338.20	14.27
Vegetable Oils	2017/18	198.61	219.18	79.68	192.35	22.12	
	2018/19 (Est.)	203.69	225.81	86.11	200.39	21.28	
	2019/20 (Proj.)	Sep	208.02	229.77	87.89	204.88	20.78
		Oct	207.50	228.78	88.61	205.21	19.66
<b>United States</b>							
Oilseeds	2017/18	131.48	142.50	59.31	60.17	13.83	
	2018/19 (Est.)	130.72	145.65	48.70	61.03	26.66	
	2019/20 (Proj.)	Sep	110.18	140.77	49.53	62.18	19.18
		Oct	107.93	135.94	49.53	62.32	14.19
Oilmeals	2017/18	47.03	51.17	13.00	37.61	0.56	
	2018/19 (Est.)	46.71	51.24	12.62	38.15	0.47	
	2019/20 (Proj.)	Sep	47.63	51.93	12.74	38.77	0.42
		Oct	47.77	52.07	12.74	38.91	0.42
Vegetable Oils	2017/18	12.11	18.12	1.34	15.54	1.24	
	2018/19 (Est.)	12.25	18.20	1.14	15.94	1.12	
	2019/20 (Proj.)	Sep	12.55	18.55	1.02	16.47	1.05
		Oct	12.58	18.54	1.02	16.46	1.05
<b>Foreign 3/</b>							
Oilseeds	2017/18	449.30	547.95	116.99	423.89	102.48	
	2018/19 (Est.)	466.70	568.07	121.96	429.96	101.52	
	2019/20 (Proj.)	Sep	469.30	569.31	123.00	438.42	95.17
		Oct	466.92	567.08	122.84	435.89	95.56
Oilmeals	2017/18	284.64	297.15	76.03	291.00	15.02	
	2018/19 (Est.)	287.98	299.04	80.44	293.80	14.25	
	2019/20 (Proj.)	Sep	293.46	304.12	81.87	299.94	14.52
		Oct	292.56	302.97	81.48	299.29	13.84
Vegetable Oils	2017/18	186.51	201.05	78.34	176.81	20.88	
	2018/19 (Est.)	191.45	207.61	84.97	184.45	20.16	
	2019/20 (Proj.)	Sep	195.46	211.23	86.86	188.41	19.73
		Oct	194.92	210.24	87.59	188.75	18.61

1/ Aggregate of local marketing years with Brazil and Argentina on an Oct.-Sept. year. 2/ Crush only for oilseeds. 3/ Total Foreign is equal to World minus United States.

## WASDE - 593 - 11

## U.S. Wheat Supply and Use 1/

	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
			<i>Million Acres</i>	
Area Planted	46.1	47.8	45.6	45.2
Area Harvested	37.6	39.6	38.4	38.1
			<i>Bushels</i>	
Yield per Harvested Acre	46.4	47.6	51.6	51.6
			<i>Million Bushels</i>	
Beginning Stocks	1,181	1,099	1,072	1,080
Production	1,741	1,885	1,980	1,962
Imports	158	135	135	120
Supply, Total	3,080	3,119	3,187	3,161
Food	964	955	960	960
Seed	63	59	68	68
Feed and Residual	47	90	170	140
Domestic, Total	1,075	1,103	1,198	1,168
Exports	906	936	975	950
Use, Total	1,981	2,039	2,173	2,118
Ending Stocks	1,099	1,080	1,014	1,043
Avg. Farm Price (\$/bu) 2/	4.72	5.16	4.80	4.70

## U.S. Wheat by Class: Supply and Use

Year beginning June 1		Hard Red Winter	Hard Red Spring	Soft Red Winter	White	Durum	Total
				<i>Million Bushels</i>			
2018/19 (Est.)	Beginning Stocks	581	191	205	87	35	1,099
	Production	662	587	286	272	78	1,885
	Supply, Total 3/	1,248	846	495	365	165	3,119
	Domestic Use	401	324	209	81	88	1,103
	Exports	331	259	128	196	22	936
	Use, Total	732	583	337	277	110	2,039
	Ending Stocks, Total	516	263	158	88	55	1,080
2019/20 (Proj.)	Beginning Stocks	516	263	158	88	55	1,080
	Production	833	559	239	273	58	1,962
	Supply, Total 3/	1,354	877	402	366	163	3,161
	Domestic Use	483	314	192	91	88	1,168
	Exports	380	255	100	190	25	950
	Use, Total	863	569	292	281	113	2,118
	Ending Stocks, Total	491	308	110	85	49	1,043
		Oct					
		Sep					
		462	317	113	67	54	1,014

Note: Totals may not add due to rounding. 1/ Marketing year beginning June 1. 2/ Marketing-year weighted average price received by farmers. 3/ Includes imports.



## WASDE - 593 - 12

## U.S. Feed Grain and Corn Supply and Use 1/

	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
<b>FEED GRAINS</b>				
		<i>Million Acres</i>		
Area Planted	100.9	100.1	100.7	100.7
Area Harvested	90.5	89.6	90.0	89.6
		<i>Metric Tons</i>		
Yield per Harvested Acre	4.24	4.24	4.05	4.06
		<i>Million Metric Tons</i>		
Beginning Stocks	62.1	57.9	65.9	57.8
Production	384.1	379.7	364.1	363.4
Imports	2.7	2.3	3.2	3.1
Supply, Total	449.0	440.0	433.2	424.3
Feed and Residual	138.6	147.6	137.4	140.3
Food, Seed & Industrial	185.3	179.7	181.8	180.1
Domestic, Total	323.9	327.3	319.1	320.4
Exports	67.2	54.9	54.7	50.9
Use, Total	391.1	382.2	373.9	371.3
Ending Stocks	57.9	57.8	59.4	53.0
<b>CORN</b>				
		<i>Million Acres</i>		
Area Planted	90.2	89.1	90.0	89.9
Area Harvested	82.7	81.7	82.0	81.8
		<i>Bushels</i>		
Yield per Harvested Acre	176.6	176.4	168.2	168.4
		<i>Million Bushels</i>		
Beginning Stocks	2,293	2,140	2,445	2,114
Production	14,609	14,420	13,799	13,779
Imports	36	28	50	50
Supply, Total	16,939	16,588	16,295	15,944
Feed and Residual	5,304	5,618	5,175	5,300
Food, Seed & Industrial 2/	7,057	6,791	6,880	6,815
Ethanol & by-products 3/	5,605	5,376	5,450	5,400
Domestic, Total	12,361	12,409	12,055	12,115
Exports	2,438	2,065	2,050	1,900
Use, Total	14,798	14,474	14,105	14,015
Ending Stocks	2,140	2,114	2,190	1,929
Avg. Farm Price (\$/bu) 4/	3.36	3.61	3.60	3.80

Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for corn and sorghum; June 1 for barley and oats. 2/ For a breakout of FSI corn uses, see Feed Outlook table 5 or access the data on the Web through the Feed Grains Database at [www.ers.usda.gov/data-products/feed-grains-database.aspx](http://www.ers.usda.gov/data-products/feed-grains-database.aspx). 3/ Corn processed in ethanol plants to produce ethanol and by-products including distillers' grains, corn gluten feed, corn gluten meal, and corn oil. 4/ Marketing-year weighted average price received by farmers.

## WASDE - 593 - 13

## U.S. Sorghum, Barley, and Oats Supply and Use 1/

<b>SORGHUM</b>	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
	<i>Million Bushels</i>			
Area Planted (mil. acres)	5.6	5.7	5.3	5.3
Area Harvested (mil. acres)	5.0	5.1	4.7	4.7
Yield (bushels/acre)	71.7	72.1	74.3	73.9
Beginning Stocks	33	35	55	64
Production	362	365	352	349
Imports	2	0	0	0
Supply, Total	397	400	406	412
Feed and Residual	102	138	160	160
Food, Seed & Industrial	60	106	100	100
Total Domestic	162	244	260	260
Exports	200	93	100	100
Use, Total	362	336	360	360
Ending Stocks	35	64	46	52
Avg. Farm Price (\$/bu) 2/	3.22	3.25	3.30	3.40
<b>BARLEY</b>				
Area Planted (mil. acres)	2.5	2.5	2.9	2.7
Area Harvested (mil. acres)	2.0	2.0	2.3	2.2
Yield (bushels/acre)	73.0	77.5	73.9	77.4
Beginning Stocks	106	94	87	87
Production	143	154	172	171
Imports	9	6	10	10
Supply, Total	259	254	269	268
Feed and Residual	2	8	20	15
Food, Seed & Industrial	157	155	153	153
Total Domestic	159	162	173	168
Exports	5	5	3	3
Use, Total	164	167	176	171
Ending Stocks	94	87	93	97
Avg. Farm Price (\$/bu) 2/	4.47	4.62	4.65	4.65
<b>OATS</b>				
Area Planted (mil. acres)	2.6	2.7	2.5	2.8
Area Harvested (mil. acres)	0.8	0.9	0.9	0.8
Yield (bushels/acre)	61.7	64.9	66.4	64.4
Beginning Stocks	50	41	37	38
Production	50	56	60	54
Imports	89	87	100	95
Supply, Total	189	184	197	187
Feed and Residual	68	66	80	70
Food, Seed & Industrial	77	78	78	78
Total Domestic	146	144	158	148
Exports	2	2	2	2
Use, Total	148	146	160	150
Ending Stocks	41	38	37	37
Avg. Farm Price (\$/bu) 2/	2.59	2.66	2.95	2.95

Note: Note: Totals may not add due to rounding. 1/ Marketing year beginning September 1 for sorghum; June 1 for barley and oats. 2/ Marketing-year weighted average price received by farmers.

## WASDE - 593 - 14

**U.S. Rice Supply and Use 1/  
(Rough Equivalent of Rough and Milled Rice)**

TOTAL RICE	2017/18	2018/19 Est.	2019/20 Proj.	2019/20 Proj.	
			Sep	Oct	
		<i>Million Acres</i>			
Area Planted	2.46	2.95	2.54	2.54	
Area Harvested	2.37	2.92	2.48	2.48	
		<i>Pounds</i>			
Yield per Harvested Acre	7,507	7,692	7,563	7,616	
		<i>Million Hundredweight</i>			
Beginning Stocks 2/	46.0	29.4	44.9	44.9	
Production	178.2	224.2	187.3	188.6	
Imports	27.5	29.0	29.6	29.6	
Supply, Total	251.8	282.6	261.8	263.1	
Domestic & Residual 3/	135.4	144.1	131.0	131.0	
Exports, Total 4/	87.1	93.6	95.0	95.0	
Rough	28.8	33.0	33.0	33.0	
Milled (rough equiv.)	58.2	60.6	62.0	62.0	
Use, Total	222.4	237.7	226.0	226.0	
Ending Stocks	29.4	44.9	35.8	37.1	
Avg. Milling Yield (%) 5/	70.00	70.00	70.00	70.00	
Avg. Farm Price (\$/cwt) 6/	12.90	12.00	13.20	13.00	

**LONG-GRAIN RICE**

Harvested Acres (mil.)	1.75	2.18		
Yield (pounds/acre)	7,314	7,517		
Beginning Stocks	31.0	20.3	32.6	32.6
Production	127.9	164.0	126.7	127.5
Supply, Total 7/	182.2	207.7	183.3	184.1
Domestic & Residual 3/	98.6	109.4	98.0	98.0
Exports 8/	63.2	65.7	66.0	66.0
Use, Total	161.9	175.1	164.0	164.0
Ending Stocks	20.3	32.6	19.3	20.1
Avg. Farm Price (\$/cwt) 6/	11.50	10.80	12.00	11.80

**MEDIUM & SHORT-GRAIN RICE**

Harvested Acres (mil.)	0.63	0.73		
Yield (pounds/acre)	8,048	8,209		
Beginning Stocks	11.5	7.6	10.2	10.2
Production	50.4	60.3	60.7	61.1
Supply, Total 7/	68.2	72.8	76.5	76.9
Domestic & Residual 3/	36.7	34.8	33.0	33.0
Exports 8/	23.8	27.8	29.0	29.0
Use, Total	60.6	62.6	62.0	62.0
Ending Stocks	7.6	10.2	14.5	14.9
Avg. Farm Price (\$/cwt) 1/ 6/ 9/	17.00	16.30	16.60	16.50
California 10/	20.10	18.00	18.50	18.50
Other States 1/	11.70	12.30	12.50	12.30

Note: Totals may not add due to rounding. 1/ Marketing year beginning August 1. 2/ Includes the following quantities of broken kernel rice (type undetermined) not included in estimates of ending stocks by type (in mil. cwt): 2015/16-2.9; 2016/17-3.5; 2017/18-3.5. 3/ Residual includes unreported use, processing losses, and estimating errors. Use by type may not add to total rice use because of the difference in brokens between beginning and ending stocks. 4/ Includes rough rice and milled rice exports. Milled rice exports are converted to an equivalent rough basis. 5/ Expressed as a percent, i.e., the total quantity of whole kernel and broken rice produced divided by the quantity of rough rice milled. 6/ Marketing-year weighted average price received by farmers. 7/ Includes imports. 8/ Exports by type of rice are estimated. 9/ The medium/short-grain season-average- farm price (SAFP) largely reflects rice that is marketed through price pools in California. The pool price is not final until all the rice in the pool is marketed for the crop year. Therefore, SAFP forecasts based on the average of NASS monthly prices and the final price may differ. For example, the average difference between the preliminary California SAFP forecast and the final price has averaged \$0.98 per cwt from 2014/15-2017/18, with a high of \$3.50 per cwt in 2017/18 and a low of -\$0.20 per cwt in 2015/16. 10/ Marketing year beginning October 1.

## WASDE - 593 - 15

## U.S. Soybeans and Products Supply and Use (Domestic Measure) 1/

SOYBEANS	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
		<i>Million Acres</i>		
Area Planted	90.2	89.2	76.7	76.5
Area Harvested	89.5	87.6	75.9	75.6
		<i>Bushels</i>		
Yield per Harvested Acre	49.3	50.6	47.9	46.9
		<i>Million Bushels</i>		
Beginning Stocks	302	438	1,005	913
Production	4,412	4,428	3,633	3,550
Imports	22	14	20	20
Supply, Total	4,735	4,880	4,658	4,483
Crushings	2,055	2,092	2,115	2,120
Exports	2,134	1,748	1,775	1,775
Seed	104	89	96	96
Residual	5	39	32	32
Use, Total	4,297	3,967	4,018	4,023
Ending Stocks	438	913	640	460
Avg. Farm Price (\$/bu) 2/	9.33	8.48	8.50	9.00
<b>SOYBEAN OIL</b>				
		<i>Million Pounds</i>		
Beginning Stocks	1,711	1,995	1,725	1,710
Production 4/	23,772	24,290	24,535	24,590
Imports	335	400	450	450
Supply, Total	25,819	26,685	26,710	26,750
Domestic Disappearance	21,380	22,950	23,500	23,500
Biodiesel 3/	7,134	8,000	8,600	8,500
Food, Feed & other Industrial	14,247	14,950	14,900	15,000
Exports	2,443	2,025	1,725	1,725
Use, Total	23,823	24,975	25,225	25,225
Ending stocks	1,995	1,710	1,485	1,525
Avg. Price (c/lb) 2/	30.04	28.26	29.50	30.00
<b>SOYBEAN MEAL</b>				
		<i>Thousand Short Tons</i>		
Beginning Stocks	401	555	450	450
Production 4/	49,226	48,995	49,650	49,800
Imports	483	700	500	500
Supply, Total	50,109	50,250	50,600	50,750
Domestic Disappearance	35,537	36,200	36,500	36,650
Exports	14,016	13,600	13,700	13,700
Use, Total	49,554	49,800	50,200	50,350
Ending Stocks	555	450	400	400
Avg. Price (\$/s.t.) 2/	345.02	308.28	305.00	325.00

Note: Totals may not add due to rounding. Reliability calculations at end of report. 1/ Marketing year beginning September 1 for soybeans; October 1 for soybean oil and soybean meal. 2/ Prices: soybeans, marketing year weighted average price received by farmers; oil, simple average of crude soybean oil, Decatur; meal, simple average of 48 percent protein, Decatur. 3/ Reflects only biodiesel made from methyl ester as reported by the U.S. Energy Information Administration. 4/ Based on an October year crush of 2,092 million bushels for 2018/19 and 2,120 million bushels for 2019/20.

## WASDE - 593 - 16

## U.S. Sugar Supply and Use 1/

	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
	<i>1,000 Short Tons, Raw Value</i>			
Beginning Stocks	1,876	2,008	1,747	1,725
Production 2/	9,293	8,935	9,134	9,184
Beet Sugar	5,279	4,907	5,005	5,055
Cane Sugar	4,014	4,028	4,129	4,129
Florida	1,983	2,005	2,096	2,096
Hawaii	0	0	0	0
Louisiana	1,862	1,875	1,900	1,900
Texas	169	147	134	134
Imports	3,277	3,067	3,125	3,165
TRQ 3/	1,663	1,540	1,587	1,627
Other Program 4/	326	438	350	350
Other 5/	1,287	1,089	1,188	1,188
Mexico	1,223	997	1,118	1,118
Total Supply	14,445	14,010	14,006	14,074
Exports	170	35	35	35
Deliveries	12,185	12,250	12,305	12,255
Food	12,048	12,125	12,200	12,150
Other 6/	137	125	105	105
Miscellaneous	82	0	0	0
Total Use	12,438	12,285	12,340	12,290
Ending Stocks	2,008	1,725	1,666	1,784
Stocks to Use Ratio	16.1	14.0	13.5	14.5

1/ Fiscal years beginning Oct 1. Data and projections correspond to category components from "Sweetener Market Data" (SMD). 2/ Production projections for 2018/19 and 2019/20 are based on Crop Production and processor projections where appropriate. 3/ For 2018/19, WTO raw sugar TRQ shortfall (57) and for 2019/20 (99). 4/ Composed of sugar under the re-export and polyhydric alcohol programs. 5/ Imports from Mexico; and high-tier tariff sugar and syrups not otherwise specified -- for 2018/19 (93) and 2019/20 (70). 6/ Transfers accompanying deliveries for sugar-containing products to be exported (SCP) and polyhydric alcohol manufacture (POLY), and deliveries for livestock feed and ethanol. Total refiner license transfers for SCP and POLY inclusive of WASDE-reported deliveries: 2017/18 -- 278; estimated 2018/19 -- 324; projected 2019/20 -- 340.

## Mexico Sugar Supply and Use and High Fructose Corn Syrup Consumption 1/

		Beginning Stocks	Production	Imports	Domestic 2/	Exports	Ending Stocks	
		<i>1,000 Metric Tons, Actual Weight</i>						
Sugar	2018/19 Est.	Sep	1,395	6,426	70	4,716	2,179	995
		Oct	1,395	6,426	86	4,565	2,194	1,148
	2019/20 Proj.	Sep	995	6,200	70	4,776	1,494	995
		Oct	1,148	6,065	70	4,624	1,695	963

1/ HFCS consumption by Mexico (1,000 metric tons, dry basis): 2017/18 = 1,593; Estimated Oct-Aug 2018 = 1,461; Projected 2018/19 = 1,520; Estimated Oct-Aug 2019 = 1,401; Projected 2019/20 = 1,520. Footnote source for estimate: Comité Nacional para el Desarrollo Sustentable de la Cana de Azúcar. 2/Includes deliveries for consumption, Mexico's products export program (IMMEX), and Other Deliveries/Ending Year Statistical Adjustments. IMMEX: 2018/19 (425 est); 2019/20 (425 proj). Other Deliveries/Ending Year Statistical Adjustments: 2018/19 (0), 2019/20 (0).

## WASDE - 593 - 17

## U.S. Cotton Supply and Use 1/

	2017/18	2018/19 Est.	2019/20 Proj. Sep	2019/20 Proj. Oct
Area				
		<i>Million Acres</i>		
Planted	12.72	14.10	13.76	13.76
Harvested	11.10	10.21	12.51	12.51
		<i>Pounds</i>		
Yield per Harvested Acre	905	864	839	833
		<i>Million 480 Pound Bales</i>		
Beginning Stocks	2.75	4.20	4.85	4.85
Production	20.92	18.37	21.86	21.71
Imports	0.00	0.00	0.01	0.01
Supply, Total	23.68	22.57	26.72	26.56
Domestic Use	3.23	2.98	3.00	3.00
Exports, Total	16.28	14.76	16.50	16.50
Use, Total	19.50	17.74	19.50	19.50
Unaccounted 2/	-0.03	-0.02	0.02	0.06
Ending Stocks	4.20	4.85	7.20	7.00
Avg. Farm Price 3/	68.6	70.5	58.0	58.0

Note: Reliability calculations at end of report. 1/ Upland and extra-long staple; marketing year beginning August 1. Totals may not add due to rounding. 2/ Reflects the difference between the previous season's supply less total use and ending stocks. 3/ Cents per pound for upland cotton.

## WASDE - 593 - 18

World Wheat Supply and Use 1/  
(Million Metric Tons)

2017/18	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	263.06	762.31	179.99	146.50	741.78	181.90	283.60
World Less China	148.13	627.98	176.05	129.00	620.78	180.90	152.40
United States	32.13	47.38	4.30	1.29	29.25	24.66	29.91
Total Foreign	230.93	714.93	175.69	145.22	712.53	157.25	253.69
Major Exporters 4/	36.22	333.09	6.96	89.73	205.50	131.17	39.61
Argentina	0.25	18.50	0.01	0.05	5.55	12.73	0.47
Australia	5.73	20.94	0.16	4.00	7.48	13.85	5.51
Canada	6.93	30.38	0.45	4.38	9.28	22.00	6.48
European Union 5/	10.72	151.13	5.82	58.00	130.40	23.38	13.89
Russia	10.82	85.17	0.47	20.00	43.00	41.43	12.03
Ukraine	1.77	26.98	0.06	3.30	9.80	17.78	1.24
Major Importers 6/	160.64	202.93	115.65	37.70	289.75	12.35	177.11
Bangladesh	1.76	1.15	6.15	0.25	7.05	0.00	2.02
Brazil	2.26	4.26	7.02	0.50	12.00	0.23	1.31
China	114.93	134.33	3.94	17.50	121.00	1.00	131.20
Japan	1.21	0.97	5.88	0.75	6.60	0.28	1.18
N. Africa 7/	14.28	19.25	27.45	2.25	45.23	0.88	14.87
Nigeria	0.20	0.07	5.16	0.05	4.83	0.40	0.20
Sel. Mideast 8/	16.71	18.36	18.44	4.10	37.92	0.83	14.76
Southeast Asia 9/	5.68	0.00	26.06	8.99	25.44	1.11	5.19
Selected Other							
India	9.91	98.51	1.17	5.00	95.68	0.57	13.34
Kazakhstan	3.69	14.80	0.10	2.10	6.90	8.52	3.18
<b>2018/19 Est.</b>							
World 3/	283.60	730.50	169.26	139.73	736.41	173.16	277.68
World Less China	152.40	599.07	166.12	119.73	611.41	172.15	137.92
United States	29.91	51.31	3.67	2.44	30.02	25.48	29.39
Total Foreign	253.69	679.19	165.59	137.29	706.38	147.68	248.30
Major Exporters 4/	39.61	302.60	7.15	82.19	196.39	120.43	32.54
Argentina	0.47	19.50	0.01	0.05	5.85	12.30	1.83
Australia	5.51	17.30	0.36	5.70	9.20	9.00	4.97
Canada	6.48	32.20	0.48	3.94	8.84	24.41	5.92
European Union 5/	13.89	136.86	5.76	52.00	123.20	23.31	10.00
Russia	12.03	71.69	0.43	18.00	40.50	35.40	8.25
Ukraine	1.24	25.06	0.11	2.50	8.80	16.02	1.59
Major Importers 6/	177.11	199.70	110.53	38.44	293.64	12.29	181.41
Bangladesh	2.02	1.00	4.72	0.28	7.08	0.00	0.66
Brazil	1.31	5.43	7.02	0.50	12.10	0.60	1.06
China	131.20	131.43	3.15	20.00	125.00	1.01	139.77
Japan	1.18	0.88	5.73	0.68	6.53	0.29	0.97
N. Africa 7/	14.87	21.00	26.93	2.25	46.15	1.19	15.45
Nigeria	0.20	0.06	4.59	0.05	4.25	0.40	0.20
Sel. Mideast 8/	14.76	17.88	17.11	3.55	37.85	0.54	11.36
Southeast Asia 9/	5.19	0.00	26.16	8.14	25.34	1.10	4.92
Selected Other							
India	13.34	99.87	0.02	5.00	95.63	0.50	17.11
Kazakhstan	3.18	13.95	0.09	1.80	6.60	8.78	1.83

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Australia, Canada, European Union, Russia, and Ukraine. 5/ Trade excludes intra-trade. 6/ Bangladesh, Brazil, China, South Korea, Japan, Nigeria, Mexico, Turkey, Egypt, Algeria, Libya, Morocco, Tunisia, Indonesia, Malaysia, Philippines, Thailand, Vietnam, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman. 7/ Algeria, Egypt, Libya, Morocco, and Tunisia. 8/ Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman 9/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

## WASDE - 593 - 19

**World Wheat Supply and Use 1/ (Cont'd.)**  
**(Million Metric Tons)**

<b>2019/20 Proj.</b>		Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	Sep	277.24	765.53	176.79	149.04	756.26	180.83	286.51
	Oct	277.68	765.23	175.68	148.47	755.11	179.68	287.80
World Less China	Sep	137.47	633.53	173.59	128.04	628.26	179.53	140.84
	Oct	137.92	633.23	172.48	127.47	627.11	178.38	142.14
United States	Sep	29.18	53.89	3.67	4.63	32.60	26.54	27.60
	Oct	29.39	53.39	3.27	3.81	31.79	25.86	28.40
Total Foreign	Sep	248.06	711.64	173.12	144.41	723.65	154.30	258.91
	Oct	248.30	711.84	172.41	144.66	723.32	153.82	259.40
Major Exporters 4/	Sep	32.56	325.00	6.66	85.95	200.55	130.50	33.17
	Oct	32.54	324.70	6.66	85.85	200.45	130.00	33.45
Argentina	Sep	1.89	20.50	0.01	0.05	6.05	14.50	1.85
	Oct	1.83	20.50	0.01	0.05	6.05	14.50	1.79
Australia	Sep	4.97	19.00	0.15	5.00	8.50	10.50	5.12
	Oct	4.97	18.00	0.15	5.00	8.50	9.50	5.12
Canada	Sep	6.18	33.30	0.45	4.60	9.60	24.50	5.83
	Oct	5.92	33.00	0.45	4.50	9.50	24.50	5.37
European Union 5/	Sep	10.09	151.00	5.50	56.00	127.50	27.50	11.59
	Oct	10.00	152.00	5.50	56.00	127.50	28.00	12.00
Russia	Sep	7.83	72.50	0.48	17.00	39.50	34.00	7.31
	Oct	8.25	72.50	0.48	17.00	39.50	34.00	7.72
Ukraine	Sep	1.59	28.70	0.08	3.30	9.40	19.50	1.46
	Oct	1.59	28.70	0.08	3.30	9.40	19.50	1.46
Major Importers 6/	Sep	181.61	202.97	114.89	39.36	299.52	12.85	187.10
	Oct	181.41	203.07	114.99	39.66	299.72	13.05	186.70
Bangladesh	Sep	0.70	1.10	6.00	0.00	7.10	0.00	0.70
	Oct	0.66	1.10	6.00	0.30	7.20	0.00	0.56
Brazil	Sep	1.34	5.30	7.50	0.50	12.20	0.60	1.34
	Oct	1.06	5.30	7.70	0.50	12.20	0.60	1.26
China	Sep	139.77	132.00	3.20	21.00	128.00	1.30	145.67
	Oct	139.77	132.00	3.20	21.00	128.00	1.30	145.67
Japan	Sep	0.97	0.95	5.90	0.70	6.50	0.28	1.04
	Oct	0.97	0.95	5.90	0.70	6.50	0.28	1.04
N. Africa 7/	Sep	15.81	18.87	27.40	2.25	46.75	0.69	14.65
	Oct	15.45	18.87	27.40	2.25	46.75	0.89	14.09
Nigeria	Sep	0.20	0.06	5.10	0.05	4.76	0.40	0.20
	Oct	0.20	0.06	5.10	0.05	4.76	0.40	0.20
Sel. Mideast 8/	Sep	11.02	22.46	17.29	3.92	38.94	0.72	11.11
	Oct	11.36	22.46	17.29	3.92	39.04	0.72	11.35
Southeast Asia 9/	Sep	4.81	0.00	27.10	8.04	25.82	1.07	5.03
	Oct	4.92	0.00	27.10	8.04	25.82	1.07	5.14
Selected Other								
India	Sep	16.99	102.19	0.02	6.00	98.00	0.50	20.70
	Oct	17.11	102.19	0.02	6.00	98.00	0.50	20.82
Kazakhstan	Sep	1.50	11.50	0.06	1.80	6.60	5.20	1.26
	Oct	1.83	11.50	0.06	1.80	6.60	5.20	1.59

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Australia, Canada, European Union, Russia, and Ukraine. 5/ Trade excludes intra-trade. 6/ Bangladesh, Brazil, China, South Korea, Japan, Nigeria, Mexico, Turkey, Egypt, Algeria, Libya, Morocco, Tunisia, Indonesia, Malaysia, Philippines, Thailand, Vietnam, Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman. 7/ Algeria, Egypt, Libya, Morocco, and Tunisia. 8/ Lebanon, Iraq, Iran, Israel, Jordan, Kuwait, Saudi Arabia, Yemen, United Arab Emirates, and Oman 9/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.



## WASDE - 593 - 20

**World Coarse Grain Supply and Use 1/  
(Million Metric Tons)**

<b>2017/18</b>	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	384.76	1,358.87	187.74	834.34	1,372.95	184.88	370.68
World Less China	161.26	1,093.16	171.32	636.79	1,090.35	184.82	147.70
United States	62.17	384.39	2.93	138.73	324.41	67.16	57.92
Total Foreign	322.59	974.49	184.82	695.61	1,048.54	117.72	312.76
Major Exporters 4/	38.41	252.15	3.69	125.38	169.30	97.27	27.68
Argentina	6.70	39.32	0.01	11.93	17.46	24.50	4.06
Australia	2.65	12.19	0.00	3.94	5.81	6.74	2.29
Brazil	14.49	85.06	1.46	56.70	67.18	24.16	9.67
Canada	5.56	26.24	1.77	15.92	23.23	5.78	4.57
Russia	2.06	41.72	0.13	21.57	31.02	11.52	1.37
Ukraine	3.01	34.07	0.05	8.44	11.82	22.50	2.81
Major Importers 5/	38.21	245.11	133.71	283.62	367.84	10.02	39.18
European Union 6/	15.11	152.12	19.40	120.85	162.37	7.92	16.35
Japan	1.69	0.19	17.58	13.67	17.66	0.00	1.80
Mexico	6.00	33.19	16.36	29.20	48.41	0.96	6.18
N. Afr & Mideast 7/	7.13	29.07	39.13	59.33	67.45	0.13	7.76
Saudi Arabia	2.54	0.26	11.99	12.28	12.70	0.00	2.08
Southeast Asia 8/	3.29	30.00	14.54	36.27	44.49	1.01	2.34
South Korea	1.77	0.20	10.19	7.80	10.31	0.00	1.86
Selected Other							
China	223.49	265.72	16.43	197.55	282.60	0.06	222.98
<b>2018/19 Est.</b>							
World 3/	370.68	1,396.07	194.70	852.49	1,415.90	209.09	350.85
World Less China	147.70	1,130.67	183.28	656.94	1,128.43	209.02	138.59
United States	57.92	379.93	2.64	147.75	327.77	54.94	57.77
Total Foreign	312.76	1,016.14	192.06	704.74	1,088.13	154.15	293.08
Major Exporters 4/	27.68	292.16	5.77	124.14	168.65	132.17	24.80
Argentina	4.06	59.23	0.01	12.59	18.55	39.36	5.39
Australia	2.29	10.93	0.00	4.18	6.25	4.67	2.32
Brazil	9.67	104.18	1.70	57.85	68.88	39.05	7.62
Canada	4.57	26.19	2.83	16.32	23.68	5.97	3.94
Russia	1.37	35.00	0.06	18.70	27.27	8.06	1.10
Ukraine	2.81	44.50	0.06	7.93	11.16	34.06	2.16
Major Importers 5/	39.18	242.72	143.69	294.74	379.49	10.09	36.00
European Union 6/	16.35	147.90	26.00	126.60	168.57	8.49	13.18
Japan	1.80	0.18	17.57	13.64	17.76	0.00	1.79
Mexico	6.18	33.11	17.41	30.87	50.11	0.80	5.80
N. Afr & Mideast 7/	7.76	31.08	40.29	62.60	70.73	0.11	8.30
Saudi Arabia	2.08	0.29	10.61	10.75	11.23	0.00	1.75
Southeast Asia 8/	2.34	29.88	16.97	37.69	45.74	0.69	2.76
South Korea	1.86	0.20	10.63	8.25	10.80	0.00	1.89
Selected Other							
China	222.98	265.41	11.42	195.55	287.47	0.07	212.26

1/ Aggregate of local marketing years. Coarse grains include corn, sorghum, barley, oats, rye, millet, and mixed grains (for U.S. excludes millet and mixed grains). 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Australia, Brazil, Canada, Russia and Ukraine. 5/ The European Union, Japan, Mexico, selected North Africa and Middle East, Saudi Arabia, Southeast Asia, and South Korea. 6/ Trade excludes intra-trade. 7/ Algeria, Egypt, Iran, Israel, Jordan, Libya, Morocco, Syria, Tunisia, and Turkey. 8/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

## WASDE - 593 - 21

**World Coarse Grain Supply and Use 1/ (Cont'd.)**  
**(Million Metric Tons)**

<b>2019/20 Proj.</b>		Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	Sep	355.94	1,396.44	203.02	855.52	1,416.22	204.64	336.16
	Oct	350.85	1,396.68	199.73	855.30	1,413.52	201.01	334.01
World Less China	Sep	143.71	1,133.97	188.07	660.52	1,122.87	204.58	139.92
	Oct	138.59	1,134.21	185.33	660.80	1,120.67	200.95	137.78
United States	Sep	65.94	364.30	3.52	137.56	319.67	54.71	59.37
	Oct	57.77	363.65	3.43	140.51	320.97	50.90	52.98
Total Foreign	Sep	289.99	1,032.15	199.50	717.96	1,096.55	149.93	276.79
	Oct	293.08	1,033.03	196.30	714.79	1,092.55	150.10	281.03
Major Exporters 4/	Sep	23.13	302.69	3.03	127.90	174.14	128.98	25.74
	Oct	24.80	302.69	3.03	126.60	172.82	129.05	28.65
Argentina	Sep	5.39	57.73	0.01	13.02	19.66	36.61	6.86
	Oct	5.39	57.73	0.01	13.02	19.66	36.61	6.86
Australia	Sep	2.22	12.00	0.00	4.50	6.57	5.47	2.19
	Oct	2.32	11.50	0.00	4.40	6.47	5.12	2.24
Brazil	Sep	5.83	104.23	1.70	59.87	71.95	34.01	5.80
	Oct	7.62	104.23	1.70	58.87	70.95	34.01	8.59
Canada	Sep	3.46	28.56	1.03	15.80	23.06	5.96	4.03
	Oct	3.94	28.56	1.03	15.80	23.06	5.96	4.51
Russia	Sep	1.11	39.38	0.09	19.83	28.28	10.49	1.81
	Oct	1.10	39.88	0.09	19.83	28.38	10.92	1.78
Ukraine	Sep	2.87	46.20	0.03	8.21	11.66	34.94	2.51
	Oct	2.16	46.20	0.03	8.01	11.33	34.94	2.12
Major Importers 5/	Sep	34.46	255.45	146.48	302.40	388.27	10.28	37.85
	Oct	36.00	256.34	144.88	301.73	387.42	10.38	39.42
European Union 6/	Sep	12.92	157.81	21.91	126.40	168.97	7.86	15.81
	Oct	13.18	158.75	22.01	126.40	168.97	7.96	17.01
Japan	Sep	1.64	0.18	17.27	13.42	17.51	0.00	1.58
	Oct	1.79	0.18	17.37	13.46	17.57	0.00	1.77
Mexico	Sep	4.94	33.10	19.01	32.41	51.99	1.50	3.56
	Oct	5.80	33.10	18.01	32.41	51.69	1.50	3.72
N. Afr & Mideast 7/	Sep	8.06	32.87	42.72	65.38	73.61	0.19	9.84
	Oct	8.30	32.81	42.92	65.67	74.00	0.19	9.83
Saudi Arabia	Sep	1.85	0.25	13.51	13.25	13.70	0.00	1.92
	Oct	1.75	0.25	12.51	12.25	12.70	0.00	1.82
Southeast Asia 8/	Sep	2.63	30.96	17.26	38.96	47.11	0.74	3.01
	Oct	2.76	30.96	17.26	38.96	47.11	0.74	3.14
South Korea	Sep	1.89	0.20	10.61	8.25	10.84	0.00	1.86
	Oct	1.89	0.20	10.61	8.25	10.84	0.00	1.86
Selected Other								
China	Sep	212.22	262.48	14.95	195.00	293.35	0.06	196.24
	Oct	212.26	262.48	14.40	194.50	292.85	0.06	196.23

1/ Aggregate of local marketing years. Coarse grains include corn, sorghum, barley, oats, rye, millet, and mixed grains (for U.S. excludes millet and mixed grains). 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Australia, Brazil, Canada, Russia and Ukraine. 5/ The European Union, Japan, Mexico, selected North Africa and Middle East, Saudi Arabia, Southeast Asia, and South Korea. 6/ Trade excludes intra-trade. 7/ Algeria, Egypt, Iran, Israel, Jordan, Libya, Morocco, Syria, Tunisia, and Turkey. 8/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

## WASDE - 593 - 22

**World Corn Supply and Use 1/  
(Million Metric Tons)**

<b>2017/18</b>	Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	351.35	1,078.08	149.96	672.04	1,088.10	147.78	341.34
World Less China	128.34	819.01	146.50	485.04	825.10	147.76	118.81
United States	58.25	371.10	0.92	134.73	313.98	61.92	54.37
Total Foreign	293.10	706.98	149.05	537.31	774.12	85.86	286.97
Major Exporters 4/	25.32	164.42	1.18	81.63	102.63	71.79	16.49
Argentina	5.27	32.00	0.01	8.50	12.40	22.00	2.88
Brazil	14.02	82.00	0.92	54.00	63.50	24.15	9.28
Russia	0.78	13.20	0.05	7.40	8.30	5.53	0.20
South Africa	3.70	13.10	0.17	6.83	12.23	2.07	2.67
Ukraine	1.55	24.12	0.04	4.90	6.20	18.04	1.47
Major Importers 5/	21.93	126.08	88.35	154.80	208.95	3.72	23.70
Egypt	1.89	6.40	9.46	13.40	15.90	0.01	1.84
European Union 6/	7.60	62.02	18.47	57.00	76.50	1.75	9.84
Japan	1.32	0.00	15.67	12.00	15.60	0.00	1.39
Mexico	5.41	27.57	16.13	24.30	42.50	0.96	5.65
Southeast Asia 7/	3.28	29.95	14.20	36.20	44.10	1.00	2.33
South Korea	1.76	0.07	10.02	7.70	10.00	0.00	1.85
Selected Other							0.00
Canada	2.57	14.10	1.70	8.87	14.02	1.94	2.42
China	223.02	259.07	3.46	187.00	263.00	0.02	222.53
<b>2018/19 Est.</b>							
World 3/	341.34	1,123.22	163.91	704.56	1,140.53	177.88	324.03
World Less China	118.81	865.89	158.91	514.56	867.53	177.86	112.19
United States	54.37	366.29	0.71	142.70	315.20	52.46	53.71
Total Foreign	286.97	756.93	163.20	561.86	825.33	125.42	270.32
Major Exporters 4/	16.49	210.72	2.10	83.50	105.50	109.30	14.51
Argentina	2.88	51.00	0.01	9.70	13.80	36.00	4.09
Brazil	9.28	101.00	1.00	55.00	65.00	39.00	7.28
Russia	0.20	11.42	0.05	7.50	8.40	3.00	0.26
South Africa	2.67	11.50	1.00	6.50	12.20	1.00	1.97
Ukraine	1.47	35.81	0.04	4.80	6.10	30.30	0.91
Major Importers 5/	23.70	128.60	98.18	169.60	224.20	4.79	21.49
Egypt	1.84	6.80	9.70	13.70	16.20	0.01	2.13
European Union 6/	9.84	64.22	24.80	68.00	88.00	3.30	7.55
Japan	1.39	0.00	15.80	12.10	15.80	0.00	1.40
Mexico	5.65	27.60	16.70	25.70	43.90	0.80	5.25
Southeast Asia 7/	2.33	29.83	16.58	37.60	45.30	0.68	2.75
South Korea	1.85	0.08	10.50	8.20	10.55	0.00	1.88
Selected Other							0.00
Canada	2.42	13.89	2.77	9.50	14.70	1.80	2.58
China	222.53	257.33	5.00	190.00	273.00	0.02	211.84

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Brazil, Russia, South Africa and Ukraine. 5/ Egypt, the European Union, Japan, Mexico, Southeast Asia, and South Korea. 6/ Trade excludes intra-trade. 7/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

## WASDE - 593 - 23

**World Corn Supply and Use 1/ (Cont'd.)**  
**(Million Metric Tons)**

<b>2019/20 Proj.</b>		Beginning Stocks	Production	Imports	Domestic Feed	Domestic Total 2/	Exports	Ending Stocks
World 3/	Sep	329.55	1,104.88	169.44	694.24	1,128.16	169.90	306.27
	Oct	324.03	1,104.01	166.09	693.86	1,125.49	166.59	302.55
World Less China	Sep	117.71	850.88	162.44	506.24	851.16	169.88	110.45
	Oct	112.19	850.01	159.09	505.86	848.49	166.57	106.73
United States	Sep	62.12	350.52	1.27	131.45	306.21	52.07	55.62
	Oct	53.71	350.01	1.27	134.63	307.74	48.26	48.99
Total Foreign	Sep	267.43	754.36	168.17	562.79	821.95	117.83	250.65
	Oct	270.32	754.00	164.82	559.23	817.76	118.33	253.56
Major Exporters 4/	Sep	13.42	214.00	1.17	86.40	110.10	103.70	14.78
	Oct	14.51	214.50	1.17	85.20	108.80	104.20	17.17
Argentina	Sep	4.09	50.00	0.01	10.30	15.00	33.50	5.59
	Oct	4.09	50.00	0.01	10.30	15.00	33.50	5.59
Brazil	Sep	5.49	101.00	1.00	57.00	68.00	34.00	5.49
	Oct	7.28	101.00	1.00	56.00	67.00	34.00	8.28
Russia	Sep	0.26	13.00	0.04	7.50	8.40	4.70	0.20
	Oct	0.26	13.50	0.04	7.50	8.40	5.20	0.20
South Africa	Sep	1.97	14.00	0.10	6.60	12.30	1.50	2.27
	Oct	1.97	14.00	0.10	6.60	12.30	1.50	2.27
Ukraine	Sep	1.61	36.00	0.02	5.00	6.40	30.00	1.23
	Oct	0.91	36.00	0.02	4.80	6.10	30.00	0.83
Major Importers 5/	Sep	20.16	130.07	96.60	166.70	222.25	4.24	20.34
	Oct	21.49	129.27	95.80	166.50	221.75	4.24	20.56
Egypt	Sep	2.13	7.20	10.00	14.40	16.90	0.01	2.42
	Oct	2.13	6.40	10.20	14.20	16.70	0.01	2.02
European Union 6/	Sep	7.25	64.80	21.00	62.00	82.50	2.00	8.55
	Oct	7.55	64.80	21.00	62.00	82.50	2.00	8.85
Japan	Sep	1.40	0.00	15.60	11.90	15.60	0.00	1.40
	Oct	1.40	0.00	15.60	11.90	15.60	0.00	1.40
Mexico	Sep	4.35	27.00	18.50	27.00	45.50	1.50	2.85
	Oct	5.25	27.00	17.50	27.00	45.20	1.50	3.05
Southeast Asia 7/	Sep	2.62	30.91	16.90	38.90	46.70	0.73	3.00
	Oct	2.75	30.91	16.90	38.90	46.70	0.73	3.12
South Korea	Sep	1.88	0.08	10.50	8.20	10.60	0.00	1.85
	Oct	1.88	0.08	10.50	8.20	10.60	0.00	1.85
Selected Other								
Canada	Sep	2.10	14.00	1.00	8.50	13.70	1.50	1.90
	Oct	2.58	14.00	1.00	8.50	13.70	1.50	2.38
China	Sep	211.84	254.00	7.00	188.00	277.00	0.02	195.82
	Oct	211.84	254.00	7.00	188.00	277.00	0.02	195.82

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. 3/ World imports and exports may not balance due to differences in marketing years, grain in transit, and reporting discrepancies in some countries. 4/ Argentina, Brazil, Russia, South Africa and Ukraine. 5/ Egypt, the European Union, Japan, Mexico, Southeast Asia, and South Korea. 6/ Trade excludes intra-trade. 7/ Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

## WASDE - 593 - 24

**World Rice Supply and Use (Milled Basis) 1/  
(Million Metric Tons)**

<b>2017/18</b>	Beginning Stocks	Production	Imports	Total /2 Domestic	Exports	Ending Stocks
World 3/	149.72	494.86	46.73	482.24	47.13	162.34
World Less China	51.22	345.99	41.23	339.75	45.75	53.34
United States	1.46	5.66	0.87	4.30	2.76	0.93
Total Foreign	148.26	489.20	45.86	477.94	44.37	161.41
Major Exporters 4/	27.64	181.69	0.76	144.77	36.45	28.88
Burma	0.55	13.20	0.01	10.20	2.75	0.81
India	20.55	112.76	0.00	98.67	12.04	22.60
Pakistan	1.34	7.50	0.00	3.40	4.01	1.42
Thailand	4.24	20.58	0.25	11.00	11.06	3.01
Vietnam	0.97	27.66	0.50	21.50	6.59	1.03
Major Importers 5/	108.57	241.03	21.35	248.06	1.82	121.06
China	98.50	148.87	5.50	142.49	1.39	109.00
European Union 6/	1.19	2.01	2.01	3.68	0.35	1.18
Indonesia	2.92	37.00	2.35	38.10	0.00	4.16
Nigeria	1.74	4.66	2.00	6.90	0.00	1.50
Philippines	2.00	12.24	1.30	13.25	0.00	2.29
Sel. Mideast 7/	0.86	2.22	3.62	5.80	0.00	0.91
Selected Other						0.00
Brazil	0.63	8.20	0.56	7.75	1.15	0.49
C. Amer & Carib 8/	0.68	1.64	1.66	3.27	0.04	0.68
Egypt	1.43	4.30	0.09	4.20	0.05	1.56
Japan	2.41	7.79	0.69	8.60	0.06	2.22
Mexico	0.17	0.18	0.81	0.92	0.10	0.15
South Korea	2.00	3.97	0.40	4.75	0.06	1.56

**2018/19 Est.**

World 3/	162.34	498.95	44.51	489.44	45.28	171.85
World Less China	53.34	350.46	41.26	346.47	42.51	56.85
United States	0.93	7.12	0.92	4.58	2.97	1.42
Total Foreign	161.41	491.83	43.59	484.86	42.31	170.43
Major Exporters 4/	28.88	185.26	0.66	147.67	33.70	33.43
Burma	0.81	13.18	0.01	10.50	2.60	0.90
India	22.60	116.42	0.00	101.02	11.80	26.20
Pakistan	1.42	7.40	0.00	3.45	4.10	1.27
Thailand	3.01	20.34	0.25	11.20	8.70	3.70
Vietnam	1.03	27.92	0.40	21.50	6.50	1.36
Major Importers 5/	121.06	241.97	17.22	250.07	3.20	126.99
China	109.00	148.49	3.25	142.97	2.77	115.00
European Union 6/	1.18	1.94	2.10	3.78	0.32	1.13
Indonesia	4.16	36.70	0.40	38.00	0.00	3.26
Nigeria	1.50	4.79	2.10	7.10	0.00	1.29
Philippines	2.29	11.73	3.57	14.10	0.00	3.49
Sel. Mideast 7/	0.91	2.01	3.75	5.87	0.00	0.80
Selected Other						0.00
Brazil	0.49	7.14	0.90	7.55	0.75	0.23
C. Amer & Carib 8/	0.68	1.69	1.77	3.43	0.03	0.67
Egypt	1.56	2.80	0.90	4.15	0.02	1.09
Japan	2.22	7.66	0.69	8.50	0.06	2.01
Mexico	0.15	0.19	0.76	0.92	0.03	0.15
South Korea	1.56	3.87	0.41	4.71	0.10	1.02

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. Total domestic includes both domestic use and unreported disappearance. 3/ World imports and exports may not balance due to differences in some countries. 4/ Burma, India, Pakistan, Thailand, and Vietnam. 5/ Bangladesh, China, Nigeria, European Union, Philippines, Cote d'Ivoire, Indonesia, Iran, Iraq, and Saudi Arabia. 6/ Trade excludes intra-trade. 7/ Selected Middle East includes Iran, Iraq, and Saudi Arabia. 8/ Central American and Caribbean countries.

## WASDE - 593 - 25

**World Rice Supply and Use (Milled Basis) 1/ (Cont'd.)**  
**(Million Metric Tons)**

<b>2019/20 Proj.</b>		Beginning Stocks	Production	Imports	Total /2 Domestic	Exports	Ending Stocks
World 3/	Sep	171.80	494.22	43.85	493.29	45.12	172.73
	Oct	171.85	497.77	43.85	494.54	45.88	175.09
World Less China	Sep	56.80	348.22	40.75	350.29	41.82	54.93
	Oct	56.85	351.77	40.75	351.54	42.58	57.29
United States	Sep	1.42	5.95	0.94	4.16	3.02	1.14
	Oct	1.42	5.99	0.94	4.16	3.02	1.18
Total Foreign	Sep	170.38	488.27	42.91	489.13	42.10	171.59
	Oct	170.43	491.78	42.91	490.38	42.86	173.91
Major Exporters 4/	Sep	33.40	181.60	0.66	149.25	33.30	33.11
	Oct	33.43	183.60	0.66	149.30	33.98	34.41
Burma	Sep	0.87	13.30	0.01	10.50	2.60	1.08
	Oct	0.90	13.30	0.01	10.50	2.63	1.08
India	Sep	26.20	112.00	0.00	102.00	11.20	25.00
	Oct	26.20	114.00	0.00	102.10	11.80	26.30
Pakistan	Sep	1.27	7.50	0.00	3.55	4.00	1.22
	Oct	1.27	7.50	0.00	3.55	4.00	1.22
Thailand	Sep	3.70	20.50	0.25	11.20	9.00	4.25
	Oct	3.70	20.50	0.25	11.20	9.00	4.25
Vietnam	Sep	1.36	28.30	0.40	22.00	6.50	1.56
	Oct	1.36	28.30	0.40	21.95	6.55	1.56
Major Importers 5/	Sep	126.99	241.50	15.93	251.31	3.71	129.40
	Oct	126.99	241.70	16.03	251.41	3.71	129.60
China	Sep	115.00	146.00	3.10	143.00	3.30	117.80
	Oct	115.00	146.00	3.10	143.00	3.30	117.80
European Union 6/	Sep	1.13	2.01	2.05	3.80	0.30	1.09
	Oct	1.13	2.01	2.05	3.80	0.30	1.09
Indonesia	Sep	3.26	37.40	0.50	38.00	0.00	3.16
	Oct	3.26	37.40	0.60	38.10	0.00	3.16
Nigeria	Sep	1.29	4.90	2.20	7.30	0.00	1.09
	Oct	1.29	4.90	2.20	7.30	0.00	1.09
Philippines	Sep	3.49	12.20	2.70	14.60	0.00	3.79
	Oct	3.49	12.20	2.70	14.60	0.00	3.79
Sel. Mideast 7/	Sep	0.80	2.29	3.68	6.06	0.00	0.71
	Oct	0.80	2.29	3.68	6.06	0.00	0.71
Selected Other							
Brazil	Sep	0.28	7.14	0.95	7.53	0.55	0.29
	Oct	0.23	7.14	1.10	7.60	0.50	0.37
C. Amer & Carib 8/	Sep	0.67	1.55	1.90	3.44	0.03	0.65
	Oct	0.67	1.55	1.90	3.44	0.03	0.65
Egypt	Sep	1.09	3.05	0.60	4.00	0.01	0.73
	Oct	1.09	4.30	0.30	4.35	0.10	1.24
Japan	Sep	1.95	7.70	0.69	8.48	0.06	1.79
	Oct	2.01	7.80	0.69	8.40	0.07	2.03
Mexico	Sep	0.15	0.20	0.79	0.93	0.02	0.19
	Oct	0.15	0.20	0.79	0.93	0.02	0.19
South Korea	Sep	1.02	3.88	0.41	4.48	0.06	0.78
	Oct	1.02	3.88	0.41	4.48	0.06	0.78

1/ Aggregate of local marketing years. 2/ Total foreign and world use adjusted to reflect the differences in world imports and exports. Total domestic includes both domestic use and unreported disappearance. 3/ World imports and exports may not balance due to differences in some countries. 4/ Burma, India, Pakistan, Thailand, and Vietnam. 5/ Bangladesh, China, Nigeria, European Union, Philippines, Cote d'Ivoire, Indonesia, Iran, Iraq, and Saudi Arabia. 6/ Trade excludes intra-trade. 7/ Selected Middle East includes Iran, Iraq, and Saudi Arabia. 8/ Central American and Caribbean countries.

## WASDE - 593 - 26

**World Cotton Supply and Use 1/  
(Million 480-Pound Bales)**

<b>2017/18</b>	Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss /2	Ending Stocks
World	80.29	123.78	41.15	122.77	41.41	0.12	80.93
World Less China	34.37	96.28	35.44	81.77	41.27	0.12	42.94
United States	2.75	20.92	3/	3.23	16.28	-0.03	4.20
Total Foreign	77.54	102.86	41.14	119.54	25.13	0.15	76.73
Major Exporters 4/	21.90	57.10	2.47	32.75	21.75	0.02	26.95
Central Asia 5/	2.18	6.50	3/	3.38	2.53	0.00	2.77
Afr. Fr. Zone 6/	1.46	5.44	3/	0.14	5.06	0.00	1.70
S. Hemis. 7/	10.18	15.70	0.24	4.44	8.64	0.01	13.02
Australia	2.19	4.80	3/	0.04	3.92	0.00	3.04
Brazil	6.93	9.22	0.08	3.40	4.17	0.00	8.66
India	7.88	29.00	1.68	24.15	5.18	0.00	9.23
Major Importers 8/	54.18	42.93	36.04	82.74	2.35	0.12	47.93
Mexico	0.45	1.56	0.93	1.90	0.35	0.03	0.66
China	45.92	27.50	5.71	41.00	0.14	0.00	37.99
European Union 9/	0.19	1.53	0.73	0.75	1.37	0.04	0.30
Turkey	1.53	4.00	4.02	7.45	0.33	0.00	1.78
Pakistan	2.32	8.20	3.40	10.90	0.16	0.03	2.83
Indonesia	0.62	3/	3.50	3.50	0.01	0.00	0.62
Thailand	0.20	3/	1.15	1.13	0.00	0.03	0.20
Bangladesh	1.63	0.14	7.60	7.50	0.00	0.01	1.86
Vietnam	0.88	3/	7.00	6.60	0.00	0.00	1.29
<b>2018/19 Est.</b>							
World	80.93	119.01	42.36	120.23	41.23	0.12	80.73
World Less China	42.94	91.26	32.72	80.73	41.02	0.12	45.06
United States	4.20	18.37	3/	2.98	14.76	-0.02	4.85
Total Foreign	76.73	100.65	42.36	117.25	26.47	0.14	75.88
Major Exporters 4/	26.95	55.06	2.43	33.03	22.16	0.02	29.23
Central Asia 5/	2.77	5.44	3/	3.83	1.87	0.00	2.52
Afr. Fr. Zone 6/	1.70	5.36	3/	0.14	5.55	0.00	1.37
S. Hemis. 7/	13.02	17.12	0.18	4.42	10.81	0.01	15.09
Australia	3.04	2.20	3/	0.04	3.63	0.00	1.57
Brazil	8.66	12.75	0.02	3.40	6.01	0.00	12.01
India	9.23	26.50	1.80	24.00	3.50	0.00	10.03
Major Importers 8/	47.93	42.65	37.50	80.09	2.99	0.11	44.89
Mexico	0.66	1.74	0.85	1.95	0.50	0.03	0.77
China	37.99	27.75	9.64	39.50	0.21	0.00	35.67
European Union 9/	0.30	1.72	0.69	0.72	1.72	0.03	0.24
Turkey	1.78	3.70	3.50	6.80	0.48	0.00	1.69
Pakistan	2.83	7.60	2.85	10.70	0.06	0.03	2.50
Indonesia	0.62	3/	3.05	3.15	0.01	0.00	0.51
Thailand	0.20	3/	1.08	1.08	0.00	0.03	0.18
Bangladesh	1.86	0.14	7.20	7.40	0.00	0.01	1.78
Vietnam	1.29	3/	6.90	7.00	0.00	0.00	1.19

1/ Marketing year beginning August 1. Totals may not add exactly and trade may not balance due to rounding and other factors. 2/ Generally reflects cotton lost or destroyed in the marketing channel; for Australia, Brazil, China, and the United States, reflects the difference between implicit stocks based on supply less total use and indicated ending stocks. 3/ Less than 5,000 bales. 4/ Includes Egypt and Syria in addition to the countries and regions listed. 5/ Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. 6/ Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Mali, Niger, Senegal, and Togo. 7/ Argentina, Australia, Brazil, Lesotho, South Africa, Tanzania, Zambia, and Zimbabwe. 8/ In addition to the countries and regions listed, includes Japan, Russia, South Korea, and Taiwan. 9/ Includes intra-EU trade.

## WASDE - 593 - 27

**World Cotton Supply and Use 1/  
(Million 480-Pound Bales)**

<b>2019/20 Proj.</b>		Beginning Stocks	Production	Imports	Domestic Use	Exports	Loss /2	Ending Stocks
World	Sep	80.80	124.90	43.28	121.74	43.34	0.15	83.75
	Oct	80.73	124.77	42.90	121.61	42.91	0.19	83.69
World Less China	Sep	45.13	97.15	33.28	82.24	43.22	0.15	49.95
	Oct	45.06	97.02	33.40	82.11	42.74	0.19	50.45
United States	Sep	4.85	21.86	0.01	3.00	16.50	0.02	7.20
	Oct	4.85	21.71	0.01	3.00	16.50	0.06	7.00
Total Foreign	Sep	75.95	103.04	43.28	118.74	26.84	0.13	76.55
	Oct	75.88	103.07	42.90	118.61	26.41	0.13	76.69
Major Exporters 4/	Sep	29.29	56.69	2.26	33.96	22.93	0.02	31.33
	Oct	29.23	57.09	2.28	33.94	22.43	0.02	32.21
Central Asia 5/	Sep	2.52	5.40	3/	3.99	1.53	0.00	2.40
	Oct	2.52	5.40	3/	3.99	1.53	0.00	2.40
Afr. Fr. Zone 6/	Sep	1.42	5.89	3/	0.14	5.54	0.00	1.63
	Oct	1.37	5.89	3/	0.14	5.41	0.00	1.71
S. Hemis. 7/	Sep	15.09	15.42	0.16	4.42	11.57	0.01	14.67
	Oct	15.09	14.82	0.18	4.40	11.19	0.01	14.49
Australia	Sep	1.57	1.40	3/	0.04	1.90	0.00	1.04
	Oct	1.57	1.20	3/	0.04	1.70	0.00	1.04
Brazil	Sep	12.06	12.00	0.03	3.40	8.50	0.00	12.19
	Oct	12.01	11.60	0.03	3.40	8.30	0.00	11.94
India	Sep	10.03	29.50	1.60	24.75	4.00	0.00	12.38
	Oct	10.03	30.50	1.60	24.75	4.00	0.00	13.38
Major Importers 8/	Sep	44.88	43.30	38.51	80.59	2.65	0.11	43.34
	Oct	44.89	42.93	38.13	80.49	2.70	0.11	42.64
Mexico	Sep	0.75	1.60	0.85	2.00	0.45	0.03	0.73
	Oct	0.77	1.58	0.85	2.00	0.45	0.03	0.72
China	Sep	35.67	27.75	10.00	39.50	0.13	0.00	33.80
	Oct	35.67	27.75	9.50	39.50	0.18	0.00	33.25
European Union 9/	Sep	0.23	1.71	0.68	0.73	1.62	0.03	0.25
	Oct	0.24	1.76	0.68	0.71	1.67	0.03	0.27
Turkey	Sep	1.69	4.10	3.10	6.80	0.38	0.00	1.72
	Oct	1.69	4.10	3.20	6.90	0.35	0.00	1.74
Pakistan	Sep	2.50	8.00	2.90	10.70	0.08	0.03	2.60
	Oct	2.50	7.60	3.10	10.70	0.05	0.03	2.42
Indonesia	Sep	0.51	3/	3.30	3.20	0.01	0.00	0.61
	Oct	0.51	3/	3.30	3.20	0.01	0.00	0.61
Thailand	Sep	0.18	3/	1.05	1.03	0.00	0.03	0.18
	Oct	0.18	3/	1.05	1.03	0.00	0.03	0.18
Bangladesh	Sep	1.78	0.14	7.30	7.40	0.00	0.01	1.81
	Oct	1.78	0.14	7.30	7.40	0.00	0.01	1.81
Vietnam	Sep	1.19	3/	7.60	7.50	0.00	0.00	1.29
	Oct	1.19	3/	7.50	7.40	0.00	0.00	1.29

1/ Marketing year beginning August 1. Totals may not add exactly and trade may not balance due to rounding and other factors. 2/ Generally reflects cotton lost or destroyed in the marketing channel; for Australia, Brazil, China, and the United States, reflects the difference between implicit stocks based on supply less total use and indicated ending stocks. 3/ Less than 5,000 bales. 4/ Includes Egypt and Syria in addition to the countries and regions listed. 5/ Azerbaijan, Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan. 6/ Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Cote d'Ivoire, Mali, Niger, Senegal, and Togo. 7/ Argentina, Australia, Brazil, Lesotho, South Africa, Tanzania, Zambia, and Zimbabwe. 8/ In addition to the countries and regions listed, includes Japan, Russia, South Korea, and Taiwan. 9/ Includes intra-EU trade.



## WASDE - 593 - 28

**World Soybean Supply and Use 1/  
(Million Metric Tons)**

<b>2017/18</b>		Beginning Stocks	Production	Imports	Domestic Crush	Domestic Total	Exports	Ending Stocks
World 2/		95.62	341.62	153.00	294.90	338.35	153.07	98.81
World Less China		75.50	326.33	58.90	204.90	232.05	152.93	75.75
United States		8.21	120.07	0.59	55.93	58.87	58.07	11.92
Total Foreign		87.41	221.55	152.40	238.98	279.48	94.99	86.89
Major Exporters 3/		60.64	171.43	4.89	85.08	94.17	85.55	57.25
Argentina		27.00	37.80	4.70	36.93	43.63	2.13	23.73
Brazil		33.21	122.00	0.18	44.21	46.51	76.14	32.74
Paraguay		0.44	10.30	0.01	3.87	3.94	6.03	0.77
Major Importers 4/		22.79	19.19	124.51	116.06	140.35	0.43	25.71
China		20.12	15.28	94.10	90.00	106.30	0.13	23.06
European Union		1.15	2.54	14.58	14.95	16.60	0.28	1.40
Southeast Asia		1.15	0.69	7.71	3.46	8.64	0.02	0.88
Mexico		0.15	0.43	4.87	5.25	5.29	0.00	0.17
<b>2018/19 Est.</b>								
World 2/		98.81	358.77	146.35	299.53	345.37	148.69	109.87
World Less China		75.75	342.87	63.35	214.53	243.27	148.57	90.13
United States		11.92	120.52	0.38	56.94	60.41	47.56	24.85
Total Foreign		86.89	238.26	145.97	242.60	284.96	101.13	85.03
Major Exporters 3/		57.25	183.98	6.62	88.23	97.85	91.80	58.20
Argentina		23.73	55.30	6.47	41.25	48.15	8.15	29.20
Brazil		32.74	117.00	0.15	43.00	45.65	75.40	28.84
Paraguay		0.77	8.85	0.01	3.90	3.98	5.50	0.15
Major Importers 4/		25.71	19.77	115.82	113.40	138.69	0.32	22.29
China		23.06	15.90	83.00	85.00	102.10	0.12	19.74
European Union		1.40	2.66	15.20	16.30	17.96	0.17	1.14
Southeast Asia		0.88	0.66	9.09	4.20	9.56	0.04	1.03
Mexico		0.17	0.34	5.23	5.50	5.54	0.00	0.20
<b>2019/20 Proj.</b>								
World 2/	Sep	112.41	341.39	148.20	306.23	353.41	149.39	99.19
	Oct	109.87	338.97	148.10	305.21	352.34	149.39	95.21
World Less China	Sep	92.67	324.29	63.20	221.23	250.71	149.27	80.17
	Oct	90.13	321.87	63.10	220.21	249.64	149.27	76.19
United States	Sep	27.36	98.87	0.54	57.56	61.04	48.31	17.43
	Oct	24.85	96.62	0.54	57.70	61.19	48.31	12.52
Total Foreign	Sep	85.05	242.52	147.65	248.67	292.37	101.09	81.76
	Oct	85.03	242.35	147.55	247.52	291.15	101.09	82.69
Major Exporters 3/	Sep	57.76	188.40	4.11	92.78	102.76	92.83	54.68
	Oct	58.20	188.40	4.11	91.73	101.75	92.83	56.13
Argentina	Sep	29.35	53.00	3.90	45.00	52.15	8.00	26.10
	Oct	29.20	53.00	3.90	44.00	51.15	8.00	26.95
Brazil	Sep	28.20	123.00	0.20	43.75	46.50	76.50	28.40
	Oct	28.84	123.00	0.20	43.75	46.54	76.50	29.00
Paraguay	Sep	0.20	10.20	0.01	3.95	4.03	6.20	0.18
	Oct	0.15	10.20	0.01	3.90	3.98	6.20	0.18
Major Importers 4/	Sep	22.29	20.99	119.14	113.81	139.96	0.39	22.07
	Oct	22.29	20.81	119.14	113.81	139.96	0.39	21.89
China	Sep	19.74	17.10	85.00	85.00	102.70	0.13	19.02
	Oct	19.74	17.10	85.00	85.00	102.70	0.13	19.02
European Union	Sep	1.14	2.60	15.10	15.90	17.56	0.23	1.05
	Oct	1.14	2.60	15.10	15.90	17.56	0.23	1.05
Southeast Asia	Sep	1.03	0.64	9.89	4.53	10.14	0.04	1.37
	Oct	1.03	0.64	9.89	4.53	10.14	0.04	1.37
Mexico	Sep	0.20	0.40	5.80	5.95	5.99	0.00	0.41
	Oct	0.20	0.22	5.80	5.95	5.99	0.00	0.23

1/ Data based on local marketing years except Argentina and Brazil which are adjusted to an October-September year. 2/ World imports and exports may not balance due to differences in local marketing years and to time lags between reported exports and imports. Therefore, world supply may not equal world use. 3/ Argentina, Brazil, Paraguay, and Uruguay. 4/ China, European Union, Japan, Mexico, and Southeast Asia (includes Indonesia, Malaysia, Philippines, Vietnam, and Thailand). Totals may not add due to rounding.

## WASDE - 593 - 29

**World Soybean Meal Supply and Use 1/  
(Million Metric Tons)**

<b>2017/18</b>	Beginning Stocks	Production	Imports	Domestic Total	Exports	Ending Stocks
World 2/	13.17	232.68	59.91	229.23	64.80	11.72
World Less China	13.17	161.40	59.89	159.13	63.60	11.72
United States	0.36	44.66	0.44	32.24	12.72	0.50
Total Foreign	12.81	188.02	59.47	197.00	52.09	11.22
Major Exporters 3/	7.29	68.86	0.03	25.47	44.16	6.55
Argentina	3.34	28.40	0.00	3.00	26.27	2.48
Brazil	3.32	34.30	0.02	17.71	16.03	3.90
India	0.63	6.16	0.01	4.77	1.86	0.18
Major Importers 4/	1.84	20.48	38.77	58.96	0.66	1.46
European Union	0.49	11.81	18.35	30.04	0.40	0.21
Mexico	0.04	4.15	1.93	6.05	0.02	0.05
Southeast Asia 5/	1.22	2.70	16.75	19.42	0.25	1.01

**2018/19 Est.**

World 2/	11.72	235.22	62.62	230.94	67.37	11.25
World Less China	11.72	167.90	62.60	164.58	66.40	11.25
United States	0.50	44.45	0.64	32.84	12.34	0.41
Total Foreign	11.22	190.77	61.99	198.10	55.04	10.84
Major Exporters 3/	6.55	72.85	0.04	26.80	46.88	5.76
Argentina	2.48	31.65	0.00	3.19	28.60	2.34
Brazil	3.90	33.35	0.03	18.13	15.93	3.21
India	0.18	7.85	0.02	5.48	2.35	0.21
Major Importers 4/	1.46	22.31	38.70	60.44	0.58	1.46
European Union	0.21	12.88	18.30	30.79	0.35	0.25
Mexico	0.05	4.35	1.90	6.23	0.02	0.06
Southeast Asia 5/	1.01	3.28	16.88	19.94	0.22	1.01

**2019/20 Proj.**

World 2/	Sep	11.72	239.96	65.34	236.98	68.18	11.85
	Oct	11.25	239.71	64.41	236.24	67.99	11.14
World Less China	Sep	11.72	172.64	65.29	170.51	67.28	11.85
	Oct	11.25	172.39	64.36	169.77	67.09	11.14
United States	Sep	0.41	45.04	0.45	33.11	12.43	0.36
	Oct	0.41	45.18	0.45	33.25	12.43	0.36
Total Foreign	Sep	11.31	194.92	64.88	203.87	55.75	11.49
	Oct	10.84	194.53	63.95	202.99	55.56	10.78
Major Exporters 3/	Sep	6.26	75.71	0.04	28.15	47.60	6.26
	Oct	5.76	75.46	0.04	28.14	47.40	5.72
Argentina	Sep	2.69	34.00	0.00	3.40	30.50	2.79
	Oct	2.34	33.75	0.00	3.39	30.30	2.40
Brazil	Sep	3.36	33.95	0.03	18.95	15.20	3.19
	Oct	3.21	33.95	0.03	18.95	15.20	3.04
India	Sep	0.21	7.76	0.02	5.80	1.90	0.29
	Oct	0.21	7.76	0.02	5.80	1.90	0.29
Major Importers 4/	Sep	1.52	22.63	40.23	62.05	0.60	1.73
	Oct	1.46	22.63	39.68	61.55	0.60	1.62
European Union	Sep	0.25	12.56	19.00	31.19	0.35	0.27
	Oct	0.25	12.56	19.00	31.19	0.35	0.27
Mexico	Sep	0.05	4.70	2.13	6.75	0.02	0.12
	Oct	0.06	4.70	1.98	6.65	0.02	0.08
Southeast Asia 5/	Sep	1.13	3.54	17.32	20.51	0.23	1.26
	Oct	1.01	3.54	17.02	20.21	0.23	1.13

1/ Data based on local marketing years except for Argentina and Brazil which are adjusted to an October-September year. 2/ World imports and exports may not balance due to differences in local marketing years and to time lags between reported exports and imports. Therefore, world supply may not equal world use. 3/ Argentina, Brazil, and India. 4/ European Union, Southeast Asia, and Japan. 5/ Indonesia, Malaysia, Philippines, Vietnam, and Thailand. Totals may not add due to rounding.

## WASDE - 593 - 30

**World Soybean Oil Supply and Use 1/  
(Million Metric Tons)**

<b>2017/18</b>		Beginning Stocks	Production	Imports	Domestic Total	Exports	Ending Stocks
World 2/		3.76	55.15	9.81	54.71	10.54	3.47
World Less China		3.09	39.02	9.33	38.21	10.32	2.90
United States		0.78	10.78	0.15	9.70	1.11	0.91
Total Foreign		2.98	44.37	9.66	45.01	9.43	2.56
Major Exporters 3/		0.74	19.31	0.33	12.28	7.28	0.83
Argentina		0.28	7.24	0.00	3.08	4.16	0.27
Brazil		0.29	8.50	0.05	6.94	1.51	0.39
European Union		0.16	2.84	0.28	2.23	0.90	0.16
Major Importers 4/		1.37	18.44	5.86	24.48	0.27	0.91
China		0.67	16.13	0.48	16.50	0.21	0.57
India		0.48	1.39	2.98	4.72	0.01	0.12
North Africa 5/		0.13	0.70	1.53	2.18	0.06	0.13
<b>2018/19 Est.</b>							
World 2/		3.47	56.12	11.04	55.52	11.33	3.77
World Less China		2.90	40.89	10.24	39.64	11.12	3.26
United States		0.91	11.02	0.18	10.41	0.92	0.78
Total Foreign		2.56	45.10	10.85	45.11	10.41	2.99
Major Exporters 3/		0.83	20.14	0.43	12.30	8.02	1.08
Argentina		0.27	8.06	0.00	2.68	5.35	0.30
Brazil		0.39	8.25	0.05	7.17	1.11	0.40
European Union		0.16	3.10	0.38	2.41	0.85	0.38
Major Importers 4/		0.91	18.01	6.77	24.36	0.30	1.03
China		0.57	15.23	0.80	15.89	0.21	0.51
India		0.12	1.76	3.30	4.95	0.01	0.23
North Africa 5/		0.13	0.73	1.63	2.28	0.08	0.13
<b>2019/20 Proj.</b>							
World 2/	Sep	3.78	57.25	11.61	57.11	11.85	3.68
	Oct	3.77	57.20	11.74	57.17	11.87	3.68
World Less China	Sep	3.27	42.02	10.51	40.90	11.73	3.18
	Oct	3.26	41.97	10.54	40.88	11.72	3.18
United States	Sep	0.78	11.13	0.20	10.66	0.78	0.67
	Oct	0.78	11.15	0.20	10.66	0.78	0.69
Total Foreign	Sep	3.00	46.13	11.41	46.45	11.07	3.01
	Oct	2.99	46.05	11.54	46.51	11.09	2.98
Major Exporters 3/	Sep	1.11	20.86	0.41	12.48	8.77	1.13
	Oct	1.08	20.80	0.41	12.43	8.76	1.09
Argentina	Sep	0.33	8.70	0.00	2.84	5.85	0.34
	Oct	0.30	8.65	0.00	2.69	5.95	0.31
Brazil	Sep	0.40	8.39	0.05	7.20	1.25	0.39
	Oct	0.40	8.39	0.05	7.30	1.15	0.39
European Union	Sep	0.38	3.02	0.35	2.41	0.95	0.39
	Oct	0.38	3.02	0.35	2.41	0.95	0.39
Major Importers 4/	Sep	1.03	18.04	7.31	25.14	0.21	1.02
	Oct	1.03	18.04	7.41	25.22	0.24	1.02
China	Sep	0.51	15.23	1.10	16.21	0.13	0.50
	Oct	0.51	15.23	1.20	16.29	0.15	0.50
India	Sep	0.23	1.75	3.50	5.24	0.01	0.23
	Oct	0.23	1.75	3.50	5.24	0.01	0.23
North Africa 5/	Sep	0.13	0.73	1.66	2.32	0.08	0.12
	Oct	0.13	0.73	1.66	2.32	0.08	0.12

1/ Data based on local marketing years except for Argentina and Brazil which are adjusted to an October-September year. 2/ World imports and exports may not balance due to differences in local marketing years and to time lags between reported exports and imports. Therefore, world supply may not equal world use. 3/ Argentina, Brazil and European Union. 4/ China, India, and North Africa. 5/ Algeria, Egypt, Morocco, and Tunisia. Totals may not add due to rounding.

## WASDE - 593 - 31

## U.S. Quarterly Animal Product Production 1/

Year and Quarter		Beef	Pork	Red Meat 2/	Broiler	Turkey	Total Poultry 3/	Red Meat & Poultry	Egg	Milk
		<i>Million Pounds</i>							<i>Mil doz</i>	<i>Bil lbs</i>
2018	IV	6,862	7,031	13,952	10,588	1,518	12,239	26,191	2,331	53.4
	Annual	26,872	26,315	53,417	42,601	5,878	49,018	102,435	9,115	217.6
2019	I	6,414	6,838	13,308	10,384	1,446	11,957	25,264	2,307	54.5
	II	6,814	6,615	13,487	10,933	1,450	12,513	26,000	2,337	55.8
	III	6,920	6,705	13,678	11,400	1,430	12,950	26,628	2,340	54.1
	IV*	6,800	7,420	14,277	10,950	1,520	12,597	26,874	2,360	53.8
	Annual									
	Sep Proj.	26,953	27,578	54,756	43,467	5,866	49,847	104,603	9,334	218.0
Oct Proj.	26,948	27,578	54,750	43,667	5,846	50,017	104,767	9,344	218.2	
2020	I*	6,525	7,180	13,762	10,640	1,450	12,216	25,978	2,330	55.6
	II*	7,150	6,825	14,031	11,190	1,460	12,792	26,823	2,350	56.5
	III*	6,955	6,990	14,000	11,565	1,465	13,173	27,173	2,360	54.8
	Annual									
	Sep Proj.	27,670	28,410	56,308	44,000	5,930	50,476	106,784	9,410	221.2
Oct Proj.	27,670	28,680	56,578	44,385	5,910	50,841	107,419	9,420	221.6	

\* Projection. 1/ Commercial production for red meats; federally inspected for poultry meats. 2/ Beef, pork, veal and lamb & mutton. 3/ Broilers, turkeys and mature chicken.

## U.S. Quarterly Prices for Animal Products

Year and Quarter		Steers 2/	Barrows and gilts 3/	Broilers 4/	Turkeys 5/	Eggs 6/	Milk 7/
		<i>Dol./cwt</i>	<i>Dol./cwt</i>	<i>Cents/lb.</i>	<i>Cents/lb.</i>	<i>Cents/doz.</i>	<i>Dol./cwt</i>
2018	IV	115.32	42.77	86.7	81.4	125.6	17.07
	Annual	117.12	45.93	97.8	80.2	137.6	16.26
2019	I	125.27	40.67	94.0	82.8	107.3	16.97
	II	118.79	57.95	97.7	85.5	69.7	17.93
	III	108.16	50.08	82.0	90.8	81.9	19.00
	IV*	110.00	47.00	77.0	95.0	100.0	19.60
	Annual						
	Sep Proj.	113.5	49.5	87.0	88.5	90.5	18.35
Oct Proj.	115.50	49.00	87.50	88.50	89.50	18.40	
2020	I*	120.00	54.00	89.0	86.0	87.0	19.00
	II*	117.00	59.00	100.0	88.0	88.0	18.65
	III*	113.00	61.00	90.0	91.0	105.0	18.85
	Annual						
	Sep Proj.	115	59	92	90	99	18.85
Oct Proj.	116	58	91	90	99	18.85	

\*Projection. 1/ Simple average of months. 2/ 5-Area, Direct, Total all grades 3/ National Base, Live equiv 51-52% lean. 4/ Wholesale, National Composite Weighted Average. 5/ 8-16 lbs, hens National. 6/ Grade A large, New York, volume buyers. 7/ Prices received by farmers for all milk.

## WASDE - 593 - 32

## U.S. Meats Supply and Use

		Beginning Production stocks	1/ Imports	Total Supply	Exports	Ending Stocks	Total Use	Per Capita 2/ 3/	
<i>Million Pounds /4</i>									
Beef	2018	649	26,938	2,998	30,585	3,161	662	26,762	57.2
	2019 Proj. Sep	662	27,019	3,030	30,711	3,141	670	26,900	57.2
	Oct	662	27,014	3,030	30,706	3,126	675	26,905	57.2
	2020 Proj. Sep	670	27,736	2,960	31,366	3,245	675	27,446	58.0
	Oct	675	27,736	2,870	31,281	3,305	675	27,301	57.7
Pork	2018	554	26,330	1,042	27,926	5,876	559	21,491	50.9
	2019 Proj. Sep	559	27,592	956	29,107	6,530	600	21,977	51.8
	Oct	559	27,592	956	29,107	6,580	590	21,937	51.7
	2020 Proj. Sep	600	28,424	915	29,939	7,065	640	22,234	52.1
	Oct	590	28,694	915	30,199	7,300	630	22,269	52.1
Total Red Meat 5/	2018	1,246	53,507	4,313	59,066	9,043	1,266	48,757	109.5
	2019 Proj. Sep	1,266	54,845	4,244	60,355	9,678	1,310	49,367	110.2
	Oct	1,266	54,839	4,239	60,344	9,713	1,310	49,321	110.1
	2020 Proj. Sep	1,310	56,398	4,144	61,852	10,317	1,353	50,182	111.4
	Oct	1,310	56,668	4,029	62,007	10,612	1,344	50,051	111.1
Broiler	2018	856	42,145	139	43,140	7,069	845	35,227	92.4
	2019 Proj. Sep	845	43,002	130	43,976	7,131	845	36,001	93.9
	Oct	845	43,200	130	44,174	7,111	895	36,169	94.3
	2020 Proj. Sep	845	43,529	132	44,506	7,250	840	36,416	94.4
	Oct	895	43,910	132	44,937	7,250	870	36,817	95.4
Turkey	2018	310	5,878	19	6,206	611	303	5,293	16.2
	2019 Proj. Sep	303	5,866	15	6,184	627	295	5,261	16.0
	Oct	303	5,846	13	6,162	637	265	5,259	16.0
	2020 Proj. Sep	295	5,930	16	6,241	630	310	5,301	16.0
	Oct	265	5,910	16	6,191	660	285	5,246	15.8
Total Poultry 6/	2018	1,170	48,562	160	49,892	7,764	1,153	40,975	110.0
	2019 Proj. Sep	1,153	49,381	147	50,682	7,837	1,147	41,698	111.2
	Oct	1,153	49,549	145	50,847	7,830	1,167	41,851	111.6
	2020 Proj. Sep	1,147	50,005	151	51,303	7,960	1,158	42,185	111.8
	Oct	1,167	50,365	151	51,683	7,990	1,163	42,530	112.7
Red Meat & Poultry	2018	2,416	102,069	4,473	108,958	16,807	2,419	89,732	219.5
	2019 Proj. Sep	2,419	104,227	4,392	111,037	17,515	2,457	91,065	221.4
	Oct	2,419	104,389	4,384	111,192	17,543	2,477	91,172	221.7
	2020 Proj. Sep	2,457	106,402	4,295	113,154	18,277	2,511	92,366	223.2
	Oct	2,477	107,033	4,180	113,690	18,602	2,507	92,581	223.8

1/ Total including farm production for red meats and, for poultry, federally inspected plus non-federally inspected, less condemnations. 2/ Pounds, retail-weight basis for red meat and broilers; certified ready-to-cook weight for turkey. 3/ Population source: Dept. of Commerce. 4/ Carcass weight for red meats and certified ready-to-cook weight for poultry. 5/ Beef, pork, veal, lamb and mutton. 6/ Broilers, turkeys and mature chicken.

## WASDE - 593 - 33

## U.S. Egg Supply and Use

	2017	2018	2019 Proj. Sep	2019 Proj. Oct	2020 Proj. Sep	2020 Proj. Oct
Eggs	<i>Million Dozen</i>					
Supply						
Beginning Stocks	142.2	87.5	78.8	78.8	95.0	104.0
Production	8,942.7	9,114.6	9,334.0	9,344.0	9,410.0	9,420.0
Imports	34.2	17.8	16.5	15.5	16.0	16.0
Total Supply	9,119.1	9,220.0	9,429.3	9,438.3	9,521.0	9,540.0
Use						
Exports	354.9	333.1	314.3	314.3	300.0	300.0
Hatching Use	1,035.2	1,057.5	1,068.1	1,073.1	1,090.0	1,090.0
Ending Stocks	87.5	78.8	95.0	104.0	95.0	108.0
Disappearance						
Total	7,641.5	7,750.6	7,951.8	7,946.8	8,036.0	8,042.0
Per Capita (number)	281.8	284.0	289.7	289.5	291.0	291.2

## U.S. Milk Supply and Use

	2017	2018	2019 Proj. Sep	2019 Proj. Oct	2020 Proj. Sep	2020 Proj. Oct
Milk	<i>Billion Pounds</i>					
Production	215.5	217.6	218.0	218.2	221.2	221.6
Farm Use	1.0	1.0	1.0	1.0	1.0	1.0
Fat Basis Supply						
Beg. Commercial Stocks	12.7	13.4	13.8	13.8	13.0	13.0
Marketings	214.5	216.6	217.0	217.1	220.2	220.5
Imports	6.0	6.3	7.0	7.0	6.9	6.5
Total Cml. Supply	233.2	236.3	237.7	237.9	240.1	240.0
Fat Basis Use						
Commercial Exports	9.2	10.4	9.3	9.0	9.6	9.3
Ending Commercial Stocks	13.4	13.8	13.0	13.0	13.0	12.8
CCC Donations	0.0	0.0	0.2	0.2	0.2	0.2
Domestic Commercial Use	210.6	212.1	215.2	215.7	217.3	217.8
Skim-solid Basis Supply						
Beg. Commercial Stocks	9.5	11.8	10.7	10.7	10.0	10.4
Marketings	214.5	216.6	217.0	217.1	220.2	220.5
Imports	6.1	5.5	5.9	5.9	5.6	5.5
Total Cml. Supply	230.1	233.8	233.5	233.7	235.9	236.4
Skim-solid Basis Use						
Commercial Exports	40.8	44.7	40.2	40.0	42.6	43.0
Ending Commercial Stocks	11.8	10.7	10.0	10.4	9.8	9.5
CCC Donations	0.0	0.0	0.2	0.2	0.1	0.1
Domestic Commercial Use	177.5	178.5	183.2	183.1	183.4	183.8

Note: Totals may not add due to rounding.

## WASDE - 593 - 34

## U.S. Dairy Prices

	2017	2018	2019 Proj. Sep	2019 Proj. Oct	2020 Proj. Sep	2020 Proj. Oct
Product Prices 1/			<i>Dollars Per Pound</i>			
Cheese	1.6344	1.5377	1.700	1.710	1.775	1.790
Butter	2.3303	2.2572	2.265	2.260	2.225	2.200
Nonfat Dry Milk	0.8666	0.7945	1.015	1.020	1.035	1.040
Dry Whey	0.4437	0.3422	0.390	0.390	0.375	0.375
			<i>Dollars Per Cwt</i>			
Milk Prices 2/						
Class III	16.17	14.61	16.45	16.55	17.05	17.20
Class IV	15.16	14.23	16.15	16.20	16.15	16.10
All Milk 3/	17.65	16.26	18.35	18.40	18.85	18.85

1/ Simple average of monthly prices calculated by AMS from weekly average dairy product prices for class price computations. 2/ Annual Class III and Class IV prices are the simple averages of monthly minimum Federal order milk prices paid by regulated plants for milk used in the respective classes. All milk price is the simple average of monthly prices received by farmers for milk at average test. 3/ Does not reflect any deductions from producers as authorized by legislation.

## WASDE - 593 - 35

## Reliability of October Projections 1/

Note: Tables on pages 35-37 present a record of the October projection and the final Estimate. Using world wheat production as an example, the "root mean square error" means that chances are 2 out of 3 that the current forecast will not be above or below the final estimate by more than 1.7 percent. Chances are 9 out of 10 (90% confidence level) that the difference will not exceed 2.8 percent. The average difference between the October projection and the final estimate is 7.3 million tons, ranging from 0.1 million to 26.7 million tons. The October projection has been below the estimate 27 times and above 10 times.

	Differences between forecast and final estimate						
	Root mean square error	90 percent confidence interval	Differences between forecast and final estimate			Years	
Average			Smallest	Largest	Below Final	Above Final	
	<i>Percent</i>		<i>Million Metric Tons</i>				
<b>WHEAT</b>							
Production							
World	1.7	2.8	7.3	0.1	26.7	27	10
U.S.	0.5	0.8	0.2	0.0	1.2	12	16
Foreign	1.9	3.2	7.3	0.1	26.8	27	10
Exports							
World	5.6	9.6	5.9	0.0	19.3	28	8
U.S.	8.4	14.2	2.3	0.3	10.0	16	21
Foreign	6.7	11.4	5.5	0.5	17.3	30	7
Domestic Use							
World	1.5	2.5	6.5	0.5	22.7	21	16
U.S.	6.1	10.3	1.6	0.1	3.6	10	27
Foreign	1.5	2.6	6.5	0.2	20.3	22	15
Ending Stocks							
World	8.0	13.5	9.9	0.6	32.5	29	8
U.S.	11.6	19.7	2.2	0.0	6.8	22	15
Foreign	8.5	14.3	8.4	0.0	29.3	29	8
<b>COARSE GRAINS 2/</b>							
Production							
World	1.9	3.3	15.7	0.8	51.9	29	8
U.S.	2.7	4.6	4.6	0.1	17.9	22	15
Foreign	2.5	4.3	15.1	0.6	61.4	30	7
Exports							
World	7.3	12.4	7.3	0.1	28.9	25	12
U.S.	15.8	26.9	6.9	0.7	19.3	17	20
Foreign	13.1	22.2	7.6	0.6	21.4	24	13
Domestic Use							
World	1.6	2.6	12.4	0.2	42.4	24	13
U.S.	3.7	6.2	5.7	0.0	17.0	19	18
Foreign	1.8	3.0	11.0	0.0	42.1	25	12
Ending Stocks							
World	13.8	23.5	18.7	0.2	170.0	29	8
U.S.	22.2	37.7	8.8	0.5	29.1	20	17
Foreign	16.9	28.7	16.2	0.7	153.5	32	5
<b>RICE, milled</b>							
Production							
World	2.3	3.9	6.4	0.0	20.9	29	7
U.S.	3.3	5.6	0.2	0.0	0.5	21	16
Foreign	2.3	3.9	6.4	0.1	21.0	29	8
Exports							
World	9.3	15.8	1.7	0.1	6.3	27	10
U.S.	10.4	17.6	0.2	0.0	0.8	19	16
Foreign	10.6	18.0	1.7	0.0	6.3	27	10
Domestic Use							
World	1.8	3.1	4.3	0.3	20.3	29	8
U.S.	7.8	13.3	0.2	0.0	0.6	18	18
Foreign	1.9	3.2	4.3	0.1	20.7	29	8
Ending Stocks							
World	11.5	19.5	5.8	0.2	26.6	29	8
U.S.	23.6	40.0	0.2	0.0	0.8	20	16
Foreign	12.1	20.5	5.9	0.1	26.6	30	7

1/ Footnotes at end of table.

CONTINUED



## WASDE - 593 - 36

## Reliability of October Projections (Continued) 1/

	Differences between forecast and final estimate						
	Root mean square error	90 percent confidence interval	Average	Smallest	Largest	Years Below Final	Years Above Final
SOYBEANS	<i>Percent</i>			<i>Million Metric Tons</i>			
Production							
World	4.4	7.5	6.7	0.1	28.7	19	18
U.S.	2.9	4.8	1.5	0.0	4.0	16	21
Foreign	7.2	12.1	6.6	0.0	28.1	18	19
Exports							
World	7.6	12.8	3.7	0.3	13.0	23	14
U.S.	11.5	19.5	2.8	0.1	8.6	23	14
Foreign	17.9	30.4	2.8	0.1	11.4	17	20
Domestic Use							
World	3.1	5.3	4.4	0.0	14.0	22	15
U.S.	3.8	6.5	1.4	0.0	4.5	24	12
Foreign	3.8	6.5	4.2	0.1	11.0	23	14
Ending Stocks							
World	17.5	29.8	5.0	0.3	18.6	21	16
U.S.	43.6	73.9	2.2	0.0	6.6	7	30
Foreign	19.2	32.6	4.4	0.3	19.9	20	17
COTTON	<i>Million 480-Pound Bales</i>						
Production							
World	4.5	7.6	2.9	0.0	10.9	20	16
U.S.	4.6	7.8	0.6	0.0	1.7	22	15
Foreign	5.2	8.8	2.7	0.0	10.5	19	17
Exports							
World	7.7	13.0	1.9	0.1	8.5	22	15
U.S.	17.7	30.1	1.1	0.1	3.1	22	15
Foreign	10.4	17.7	1.5	0.1	8.3	19	18
Domestic Use							
World	3.9	6.6	3.0	0.1	11.7	17	20
U.S.	7.9	13.4	0.4	0.0	1.2	18	18
Foreign	4.0	6.7	3.0	0.0	10.9	17	20
Ending Stocks							
World	13.3	22.6	4.9	0.0	15.1	22	14
U.S.	32.5	55.2	1.2	0.0	4.3	10	26
Foreign	14.3	24.3	4.6	0.2	15.6	26	11

1/ Marketing years 1981/82 through 2018/19 for grains, soybeans and cotton, with the exception of 2013/14. There was no WASDE published in October 2013, due to a partial government shutdown, so no 2013/14 forecasts were published for that month. Final for grains, soybeans and cotton is defined as the first November estimate following the marketing year for 1981/82 through 2017/18, and for 2018/19 the last month's estimate. 2/ Includes corn, sorghum, barley, oats, rye, millet, and mixed grain.

## WASDE - 593 - 37

## Reliability of United States October Projections 1/

	Differences between forecast and final estimate						
	Root mean square error	90 percent confidence interval	Average	Smallest	Largest	Years Below Final	Years Above Final
<b>CORN</b>	<i>Percent</i>		<i>Million Bushels</i>				
Production	2.8	4.8	181	5	618	21	16
Exports	16.3	27.7	248	12	700	17	20
Domestic Use	4.0	6.7	227	5	600	21	16
Ending Stocks	25.0	42.5	328	18	1,187	20	17
<b>SORGHUM</b>							
Production	4.8	8.2	19	0	71	21	15
Exports	24.4	41.3	38	1	130	20	17
Domestic Use	18.9	32.1	37	0	125	18	18
Ending Stocks	48.3	82.0	29	0	142	13	23
<b>BARLEY</b>							
Production	1.5	2.5	4	0	24	9	15
Exports	53.2	90.3	11	0	38	15	17
Domestic Use	7.7	13.1	18	0	70	12	24
Ending Stocks	13.7	23.3	14	1	56	24	13
<b>OATS</b>							
Production	2.5	4.2	2	0	18	6	11
Exports	91.4	155.2	1	0	8	9	12
Domestic Use	5.4	9.2	11	0	39	13	23
Ending Stocks	23.1	39.3	15	1	47	26	11
<b>SOYBEAN MEAL</b>			<i>Thousand Short Tons</i>				
Production	3.6	6.2	1,090	105	2,815	25	12
Exports	11.7	19.9	758	0	2,200	21	15
Domestic Use	3.5	5.9	763	45	2,650	21	16
Ending Stocks	32.6	55.3	50	0	198	15	15
<b>SOYBEAN OIL</b>			<i>Million Pounds</i>				
Production	3.8	6.5	515	1	1,473	27	10
Exports	29.8	50.5	372	25	1,525	21	16
Domestic Use	3.9	6.6	445	20	1,928	25	12
Ending Stocks	26.4	44.9	399	35	1,327	18	19
<b>ANIMAL PROD.</b>			<i>Million Pounds</i>				
Beef	3.9	6.7	783	18	2,461	23	13
Pork	3.2	5.4	404	2	1,592	19	17
Broilers	1.9	3.1	425	23	1,337	22	14
Turkeys	3.7	6.3	141	2	444	19	17
			<i>Million Dozen</i>				
Eggs	1.8	3.1	102	4	468	24	12
			<i>Billion Pounds</i>				
Milk	1.5	2.5	1.7	0.0	6.8	18	13

1/ See pages 35 and 36 for record of reliability for U.S. wheat, rice, soybeans, and cotton. Marketing years 1981/82 through 2018/19 for grains, soybeans, and cotton, with the exception of 2013/14. Final for grains, soybeans, and cotton is defined as the first November estimate following the marketing year for 1981/82 through 2017/18, and for 2018/19 the last month's estimate. Calendar years 1982 through 2018 for meats, eggs, and milk, with the exception of 2013. Final for animal products is defined as the latest annual production estimate published by NASS for 1982-2018. There was no WASDE published in October 2013, due to a partial government shutdown, so no 2013/14 forecasts in that month were published for grains, soybeans, and cotton, and no 2013 forecast was published in that month for animal products.

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## Related USDA Reports

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The *WASDE* report incorporates information from a number of statistical reports published by USDA and other government agencies. In turn, the *WASDE* report provides a framework for more detailed reports issued by USDA's Economic Research Service and Foreign Agricultural Service. For more information on how the *WASDE* report is prepared, go to: <http://www.usda.gov/oce/commodity/wasde>.

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## Supply and Demand Database

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The Foreign Agricultural Service publishes Production, Supply, and Demand Online, a comprehensive database of supply and demand balances by commodity for 190 countries and regions at <https://apps.fas.usda.gov/psdonline/app/index.html>. Data for grains, oilseeds, and cotton are updated monthly and data for other commodities are updated less frequently.

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## Foreign Production Assessments

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Preliminary foreign production assessments and satellite imagery analysis used to prepare the *WASDE* report are provided by the Production Estimates and Crop Assessment Division (PECAD) of the Foreign Agricultural Service. PECAD is located at [www.pecad.fas.usda.gov/](http://www.pecad.fas.usda.gov/).

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## Metric Conversion Factors

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1 Hectare = 2.4710 Acres

1 Kilogram = 2.20462 Pounds

<b>Metric-Ton Equivalent</b>	<b>= Domestic Unit</b>	<b>Factor</b>
Wheat & Soybeans	bushels	.027216
Rice	cwt	.045359
Corn, Sorghum, & Rye	bushels	.025401
Barley	bushels	.021772
Oats	bushels	.014515
Sugar	short tons	.907185
Cotton	480-lb bales	.217720



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For questions contact: Mirvat Sewadeh at 202-720-5447 or [msewadeh@oce.usda.gov](mailto:msewadeh@oce.usda.gov)

## **World Agricultural Supply and Demand Estimates**

**WASDE-593 – October 10, 2019**

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# **ATTACHMENT 11**

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

## CHAPTER 17

### SUGARS AND SUGAR CONFECTIONERY

IV  
17-1

#### Note

1. This chapter does not cover:
  - (a) Sugar confectionery containing cocoa (heading 1806);
  - (b) Chemically pure sugars (other than sucrose, lactose, maltose, glucose and fructose) or other products of heading 2940; or
  - (c) Medicaments or other products of chapter 30.

#### Subheading Notes

1. For the purposes of subheadings 1701.12, 1701.13 and 1701.14, "raw sugar" means sugar whose content of sucrose by weight, in the dry state, corresponds to a polarimeter reading of less than 99.5 degrees.
2. Subheading 1701.13 covers only cane sugar obtained without centrifugation, whose content of sucrose by weight, in the dry state, corresponds to a polarimeter reading of 69° or more but less than 93°. The product contains only natural anhydrous microcrystals, of irregular shape, not visible to the naked eye, which are surrounded by residues of molasses and other constituents of sugar cane.

#### Additional U.S. Notes

1. The term "degree" as used in the "Rates of Duty" columns of this chapter means sugar degree as determined by a polarimetric test.
2. For the purposes of this schedule, the term "articles containing over 65 percent by dry weight of sugar described in additional U.S. note 2 to chapter 17" means articles containing over 65 percent by dry weight of sugars derived from sugar cane or sugar beets, whether or not mixed with other ingredients, capable of being further processed or mixed with similar or other ingredients, and not prepared for marketing to the ultimate consumer in the identical form and package in which imported.
3. For the purposes of this schedule, the term "articles containing over 10 percent by dry weight of sugar described in additional U.S. note 3 to chapter 17" means articles containing over 10 percent by dry weight of sugars derived from sugar cane or sugar beets, whether or not mixed with other ingredients, except (a) articles not principally of crystalline structure or not in dry amorphous form, the foregoing that are prepared for marketing to the ultimate consumer in the identical form and package in which imported; (b) blended syrups containing sugars derived from sugar cane or sugar beets, capable of being further processed or mixed with similar or other ingredients, and not prepared for marketing to the ultimate consumer in the identical form and package in which imported; (c) articles containing over 65 percent by dry weight of sugars derived from sugar cane or sugar beets, whether or not mixed with other ingredients, capable of being further processed or mixed with similar or other ingredients, and not prepared for marketing to the ultimate consumer in the identical form and package in which imported; or (d) cake decorations and similar products to be used in the same condition as imported without any further processing other than the direct application to individual pastries or confections, finely ground or masticated coconut meat or juice thereof mixed with those sugars, and sauces and preparations therefor.
4. For the purposes of this schedule, the term "blended syrups described in additional U.S. note 4 to chapter 17" means blended syrups containing sugars derived from sugar cane or sugar beets, capable of being further processed or mixed with similar or other ingredients, and not prepared for marketing to the ultimate consumer in the identical form and package in which imported.
5. (a) (i) The aggregate quantity of raw cane sugar entered, or withdrawn from warehouse for consumption, under subheading 1701.13.10 and 1701.14.10 during any fiscal year, shall not exceed in the aggregate an amount (expressed in terms of raw value), not less than 1,117,195 metric tons, as shall be established by the Secretary of Agriculture (hereinafter referred to as "the Secretary"), and the aggregate quantity of sugars, syrups and molasses entered, or withdrawn from warehouse for consumption, under subheadings 1701.12.10, 1701.91.10, 1701.99.10, 1702.90.10 and 2106.90.44 (under the terms of subheadings 9903.17.01 through 9903.18.10 and applicable note thereto), during any fiscal year, shall not exceed in the aggregate an amount (expressed in terms of raw value), not less than 22,000 metric tons, as shall be established by the Secretary. With either the aggregate quantity for raw cane sugar or the aggregate quantity for sugars, syrups and molasses other than raw cane sugar, the Secretary may reserve a quota quantity for the importation of specialty sugars as defined by the United States Trade Representative.

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-2

## Additional U.S. Notes (con.)

- (ii) Whenever the Secretary believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices, the Secretary may modify any quantitative limitations which have previously been established under this note but may not reduce the total amounts below the amounts provided for in subdivision (i) hereof.
  - (iii) The Secretary shall inform the Secretary of the Treasury of any determination made under this note. Notice of such determinations shall be published in the Federal Register.
  - (iv) Sugar entering the United States during a quota period established under this note may be charged to the previous or subsequent quota period with the written approval of the Secretary.
- (b) (i) The quota amounts established under subdivision (a) may be allocated among supplying countries and areas by the United States Trade Representative.
- (ii) The United States Trade Representative, after consultation with the Secretaries of State and Agriculture, may modify, suspend (for all or part of the quota amount), or reinstate the allocations provided for in this subdivision (including the addition or deletion of any country or area) if he finds that such action is appropriate to carry out the rights or obligations of the United States under any international agreement to which the United States is a party or is appropriate to promote the economic interests of the United States.
  - (iii) The United States Trade Representative shall inform the Secretary of the Treasury of any such action and shall publish notice thereof in the Federal Register. Such action shall not become effective until the day following the date of publication of such notice in the Federal Register or such later date as may be specified by the United States Trade Representative.
  - (iv) The United States Trade Representative may promulgate regulations appropriate to provide for the allocations authorized pursuant to this note. Such regulations may, among other things, provide for the issuance of certificates of eligibility to accompany any sugars, syrups or molasses (including any specialty sugars) imported from any country or area for which an allocation has been provided and for such minimum quota amounts as may be appropriate to provide reasonable access to the U.S. market for articles the product of those countries or areas having small allocations.
- (c) For purposes of this note, the term raw value means the equivalent of such articles in terms of ordinary commercial raw sugar testing 96 degrees by the polariscope as determined in accordance with regulations or instructions issued by the Secretary of the Treasury. Such regulations or instructions may, among other things, provide: (i) for the entry of such articles pending a final determination of polarity; and (ii) that positive or negative adjustments for differences in preliminary and final raw values be made in the same or succeeding quota periods. The principal grades and types of sugar shall be translated into terms of raw value in the following manner--
- (A) For articles described in subheadings, 1701.12.05, 1701.12.10, 1701.12.50, 1701.13.05, 1701.13.10, 1701.13.20, 1701.13.50, 1701.14.05, 1701.14.10, 1701.14.20, 1701.14.50, 1701.91.05, 1701.91.10, 1701.91.30, 1701.99.05, 1701.99.10, 1701.99.50, 2106.90.42, 2106.90.44 and 2106.90.46 by multiplying the number of kilograms thereof by the greater of 0.93, or 1.07 less 0.0175 for each degree of polarization under 100 degrees (and fractions of a degree in proportion).
  - (B) For articles described in subheadings 1702.90.05, 1702.90.10 and 1702.90.20, by multiplying the number of kilograms of the total sugars thereof (the sum of the sucrose and reducing or invert sugars) by 1.07.
  - (C) The Secretary of the Treasury shall establish methods for translating sugar into terms of raw value for any special grade or type of sugar, syrup, or molasses for which he/she determines that the raw value cannot be measured adequately under the above provisions.
6. Raw cane sugar classifiable in subheading 1701.13.20 and 1701.14.20 shall be entered only to be used for the production (other than by distillation) of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar in human food consumption, or to be refined and reexported in refined form or in sugar-containing products, or to be substituted for domestically produced raw cane sugar that has been or will be exported. The Secretary of Agriculture may issue licenses for such entries and may promulgate such regulations (including any terms, conditions, certifications, bonds, civil penalties, or other limitations) as are appropriate to ensure that sugar entered under subheading 1701.13.20 and 1701.14.20 is used only for such purposes.
7. The aggregate quantity of articles containing over 65 percent by dry weight of sugars described in additional U.S. note 2 to chapter 17, entered under subheadings 1701.91.44, 1702.90.64, 1704.90.64, 1806.10.24, 1806.10.45, 1806.20.71, 1806.90.45, 1901.20.20, 1901.20.55, 1901.90.67, 2101.12.44, 2101.20.44, 2106.90.74 and 2106.90.92 during the 12-month period from October 1 in any year to the following September 30, inclusive, shall be none and no such articles shall be classifiable therein.



# Harmonized Tariff Schedule of the United States (2019) Revision 17

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IV  
17-3

## Additional U.S. Notes (con.)

8. The aggregate quantity of articles containing over 10 percent by dry weight of sugars described in additional U.S. note 3 to chapter 17, entered under subheadings 1701.91.54, 1704.90.74, 1806.20.75, 1806.20.95, 1806.90.55, 1901.10.74, 1901.90.69, 2101.12.54, 2101.20.54, 2106.90.78 and 2106.90.95 during the 12-month period from October 1 in any year to the following September 30, inclusive, shall not exceed 64,709 metric tons (articles the product of Mexico shall not be permitted or included under this quantitative limitation and no such articles shall be classifiable therein).
9. The aggregate quantity of blended syrups described in additional U.S. note 4 to chapter 17, the foregoing goods entered under subheadings 1702.20.24, 1702.30.24, 1702.40.24, 1702.60.24, 1702.90.54, 1806.20.91, 1806.90.35, 2101.12.34, 2101.20.34, 2106.90.68 and 2106.90.89 during the 12-month period from October 1 in any year to the following September 30, inclusive, shall be none and no such articles shall be classifiable therein.
10. Heading 1703 does not include products derived from sugar cane or sugar beet and containing soluble non-sugar solids (excluding any foreign substance that may have been added or developed in the product) equal to 6 percent or less by weight of the total soluble solids.
11. For the purposes of subheading 1704.90.25, "cough drops" must contain a minimum of 5 mg per dose of menthol, of eucalyptol, or of a combination of menthol and eucalyptol.

## Statistical Note

1. For the purposes of heading 1701, the term "further processing" means performing those actions to further improve the quality of sugar by a refiner through affination or defecation, clarification and further purification by absorption or crystallization.
2. For a list of approved standards for "Certified organic", see General Statistical Note 6.

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-4

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701		Cane or beet sugar and chemically pure sucrose, in solid form: Raw sugar not containing added flavoring or coloring matter:				
1701.12		Beet sugar:				
1701.12.05	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	6.58170¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢/kg
1701.12.10	00	Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....	kg.....	3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	6.58170¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢/kg
1701.12.50	00	Other <sup>2/</sup> .....	kg.....	35.74¢/kg <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 7.1¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.15 (MA)	42.05¢/kg

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-5

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)  1701.13 1701.13.05	   00	Cane or beet sugar and chemically pure sucrose, in solid form: (con.) Raw sugar not containing added flavoring or coloring matter: (con.) Cane sugar specified in subheading note 2 to this chapter: Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢/kg
1701.13.10	00	Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢/kg
1701.13.20	00	Other sugar to be used for the production (other than by distillation) of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar in human food consumption, or to be refined and re-exported in refined form or in sugar-containing products, or to be substituted for domestically produced raw cane sugar that has been or will be exported.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, MA, MX, OM, P, PA, PE, SG) 0.2¢/kg less 0.003¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.1¢/kg (AU) 0.2¢/kg (KR)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢/kg
1701.13.50	00	Other <sup>3/</sup> .....	kg.....	33.87¢/kg <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05-9912.17.10 (MA)	39.85¢/kg

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-6

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)		Cane or beet sugar and chemically pure sucrose, in solid form: (con.)				
1701.14		Raw sugar not containing added flavoring or coloring matter: (con.)				
1701.14.05	00	Other cane sugar: Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢/kg
1701.14.10	00	Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢/kg
1701.14.20	00	Other sugar to be used for the production (other than by distillation) of polyhydric alcohols, except polyhydric alcohols for use as a substitute for sugar in human food consumption, or to be refined and re-exported in refined form or in sugar-containing products, or to be substituted for domestically produced raw cane sugar that has been or will be exported.....	kg.....	1.4606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.943854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, MA, MX, OM, P, PA, PE, SG) 0.2¢/kg less 0.003¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 0.1¢/kg (AU) 0.2¢/kg (KR)	4.3817¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 2.831562¢ /kg
1701.14.50	00	Other <sup>3/</sup> .....	kg.....	33.87¢/kg <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05- 9912.17.10 (MA)	39.85¢/kg

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-7

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)		Cane or beet sugar and chemically pure sucrose, in solid form: (con.)				
1701.91		Other:				
		Containing added flavoring or coloring matter:				
		Containing added coloring but not containing				
		added flavoring matter:				
1701.91.05	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	6.58170¢/kg less 0.0622005¢ /kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢ /kg
1701.91.10	00	Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....	kg.....	3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	6.58170¢/kg less 0.0622005¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢ /kg
1701.91.30	00	Other <sup>2/</sup> .....	kg.....	35.74¢/kg <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 7.1¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.15 (MA)	42.05¢/kg

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-8

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)		Cane or beet sugar and chemically pure sucrose, in solid form: (con.)				
1701.91 (con.)		Other: (con.) Containing added flavoring or coloring matter: (con.)				
		Containing added flavoring matter whether or not containing added coloring: Articles containing over 65 percent by dry weight of sugar described in additional U.S. note 2 to chapter 17:				
1701.91.42	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E, IL, JO, MA, MX, OM, P, PA, PE, SG) 1.2% (KR)	20%
1701.91.44	00	Described in additional U.S. note 7 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (OM, PE)	20%
1701.91.48	00	Other <sup>4/</sup> .....	kg.....	33.9¢/kg + 5.1% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.20 (MA)	39.9¢/kg +6%
		Articles containing over 10 percent by dry weight of sugar described in additional U.S. note 3 to chapter 17:				
1701.91.52	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, MA, MX, OM, P, PA, PE, SG) 1.2% (KR)	20%
1701.91.54	00	Described in additional U.S. note 8 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (A, BH, CA, CL, CO, D, E, IL, JO, KR, MA, OM, P, PA, PE, SG)	20%
1701.91.58	00	Other <sup>5/</sup> .....	kg.....	33.9¢/kg + 5.1% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.20 (MA)	39.9¢/kg +6%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-9

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)  1701.91 (con.)  1701.91.80	00	Cane or beet sugar and chemically pure sucrose, in solid form: (con.) Other: (con.) Containing added flavoring or coloring matter: (con.) Containing added flavoring matter whether or not containing added coloring: (con.) Other.....	kg.....	5.1% <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E, IL, JO, MA, MX, OM, P, PA, PE, SG) 0.8% (AU) 1% (KR)	20%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-10

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1701 (con.)		Cane or beet sugar and chemically pure sucrose, in solid form: (con.)				
1701.99		Other: (con.)				
1701.99.05	00	Other: Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>4/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	6.58170¢/kg less 0.0622005¢ /kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢ /kg
1701.99.10		Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....		3.6606¢/kg less 0.020668¢/kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 3.143854¢/kg <sup>6/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	6.58170¢/kg less 0.0622005¢ /kg for each degree under 100 degrees (and fractions of a degree in proportion) but not less than 5.031562¢ /kg
	15	Specialty sugars: Certified organic.....	kg			
	17	Other.....	kg			
	25	Other: Sugar not for further processing.....	kg			
	50	Other.....	kg			
1701.99.50		Other <sup>2/</sup> .....		35.74¢/kg <sup>6/</sup>	Free (BH, CL, JO, MX, OM, SG) 7.1¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.15 (MA)	42.05¢/kg
	10	Specialty sugars.....	kg			
	25	Other: Sugar not for further processing.....	kg			
	50	Other.....	kg			



# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-11

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel:				
1702.11.00	00	Lactose and lactose syrup: Containing by weight 99 percent or more lactose, expressed as anhydrous lactose, calculated on the dry matter.....	kg..... kg cmsc	6.4% <sup>1/</sup>	Free (A+, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 1% (AU)	50%
1702.19.00	00	Other.....	kg..... kg cmsc	6.4% <sup>1/</sup>	Free (A+, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 1% (AU)	50%
1702.20		Maple sugar and maple syrup: Blended syrups described in additional U.S. note 4 to chapter 17:				
1702.20.22		Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....		6% <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1702.20.24	10 90	Maple sugar..... Maple syrup..... Described in additional U.S. note 9 to this chapter and entered pursuant to its provisions.....	kg kg		Free (OM, PE)	20%
1702.20.28	10 90	Maple sugar..... Maple syrup..... Other <sup>2/</sup> .....	kg kg		Free (BH, CL, JO, MX, OM, SG) 3.3¢/kg of total sugars + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.25 (MA)	19.9¢/kg of total sugars + 6%
1702.20.40	10 90	Maple sugar..... Maple syrup..... Other.....	kg kg		Free <sup>1/</sup>	9¢/kg
	10 90	Maple sugar..... Maple syrup.....	kg kg			

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-12

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702 (con.)		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: (con.)				
1702.30		Glucose and glucose syrup, not containing fructose or containing in the dry state less than 20 percent by weight of fructose: Blended syrups described in additional U.S. note 4 to chapter 17:				
1702.30.22	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1</sup>	Free (A*, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1702.30.24	00	Described in additional U.S. note 9 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1</sup>	Free (OM, PE)	20%
1702.30.28	00	Other <sup>2</sup> .....	kg.....	16.9¢/kg of total sugars + 5.1% <sup>1</sup>	Free (BH, CL, JO, MX, OM, SG) 3.3¢/kg of total sugars + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.25 (MA)	19.9¢/kg of total sugars + 6%
1702.30.40		Other.....		2.2¢/kg <sup>1</sup>	Free (A, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 0.3¢/kg (AU)	4.4¢/kg
	40	Glucose syrup.....	kg			
	80	Other.....	kg			
1702.40		Glucose and glucose syrup, containing in the dry state at least 20 percent but less than 50 percent by weight of fructose, excluding invert sugar: Blended syrups described in additional U.S. note 4 to chapter 17:				
1702.40.22	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1702.40.24	00	Described in additional U.S. note 9 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1</sup>	Free (OM, PE)	20%
1702.40.28	00	Other <sup>2</sup> .....	kg.....	33.9¢/kg of total sugars + 5.1% <sup>1</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg of total sugars + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.30 (MA)	39.9¢/kg of total sugars + 6%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-13

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702 (con.)		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: (con.)				
1702.40 (con.)		Glucose and glucose syrup, containing in the dry state at least 20 percent but less than 50 percent by weight of fructose, excluding invert sugar: (con.)				
1702.40.40	00	Other.....	kg.....	5.1% <sup>1/</sup>	Free (A, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 0.8% (AU)	20%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-14

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702 (con.)		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: (con.)				
1702.50.00	00	Chemically pure fructose.....	kg.....	9.6% <sup>1/</sup>	Free (A+, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 1.5% (AU)	50%
1702.60		Other fructose and fructose syrup, containing in the dry state more than 50 percent by weight of fructose, excluding invert sugar: Blended syrups described in additional U.S. note 4 to chapter 17:				
1702.60.22	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1702.60.24	00	Described in additional U.S. note 9 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (OM, PE)	20%
1702.60.28	00	Other <sup>2/</sup> .....	kg.....	33.9¢/kg of total sugars + 5.1% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg of total sugars + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.30 (MA)	39.9¢/kg of total sugars+ 6%
1702.60.40		Other.....		5.1% <sup>1/</sup>	Free (A, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) 0.8% (AU)	20%
	20	Syrup.....	kg			
	90	Other.....	kg			

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-15

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702 (con.)		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: (con.)				
1702.90		Other, including invert sugar and other sugar and sugar syrup blends containing in the dry state 50 percent by weight of fructose:				
		Derived from sugar cane or sugar beets:				
		Containing soluble non-sugar solids (excluding any foreign substances, including but not limited to molasses, that may have been added to or developed in the product) equal to 6 percent or less by weight of the total soluble solids:				
1702.90.05	00	Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	3.6606¢/kg of total sugars <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	6.58170¢/kg of total sugars
1702.90.10	00	Described in additional U.S. note 5 to this chapter and entered pursuant to its provisions.....	kg.....	3.6606¢/kg of total sugars <sup>1/</sup>	Free (A*, BH, CA, CL, CO, D, E*, IL, JO, KR, MA, MX, OM, P, PA, PE, SG) See 9822.05.15 (P+)	6.58170¢/kg of total sugars
1702.90.20	00	Other <sup>2/</sup> .....	kg.....	35.74¢/kg <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 7.1¢/kg (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.15 (MA)	42.05¢/kg
		Other:				
1702.90.35	00	Invert molasses.....	liters..... kg	0.35¢/liter <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	1.8¢/liter
1702.90.40	00	Other.....	liters..... kg	0.35¢/liter <sup>1/</sup>	Free (A*, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	1.8¢/liter

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-16

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1702 (con.)		Other sugars, including chemically pure lactose, maltose, glucose and fructose, in solid form; sugar syrups not containing added flavoring or coloring matter; artificial honey, whether or not mixed with natural honey; caramel: (con.)				
1702.90 (con.)		Other, including invert sugar and other sugar and sugar syrup blends containing in the dry state 50 percent by weight of fructose: (con.)				
1702.90.52	00	Other: Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1702.90.54	00	Other: Blended syrups described in additional U.S. note 4 to chapter 17: Described in additional U.S. note 9 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (OM, PE)	20%
1702.90.58	00	Other <sup>2/</sup> .....	kg.....	33.9¢/kg of total sugars + 5.1% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 6.7¢/kg of total sugars + 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.30 (MA)	39.9¢/kg of total sugars + 6%
1702.90.64	00	Articles containing over 65 percent by dry weight of sugar described in additional U.S. note 2 to chapter 17: Described in additional U.S. note 7 to this chapter and entered pursuant to its provisions.....	kg.....	6% <sup>1/</sup>	Free (OM, PE)	20%
1702.90.68	00	Other <sup>4/</sup> .....	kg.....	33.9¢/kg + 5.1% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 1% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.20 (MA)	39.9¢/kg + 6%
1702.90.90	00	Other.....	kg.....	5.1% <sup>6/</sup>	Free (A, BH, CA, CL, CO, D, E, IL, JO, MA, MX, OM, P, PA, PE, SG) 0.8% (AU) 1% (KR)	20%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-17

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1703		Molasses resulting from the extraction or refining of sugar:				
1703.10		Cane molasses:				
1703.10.30	00	Imported for (a) the commercial extraction of sugar or (b) human consumption.....	liters <sup>8/</sup>	0.35¢/liter <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	1.8¢/liter
1703.10.50	00	Other.....	liters <sup>8/</sup> kg ttl sug	0.01¢/kg of total sugars <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	0.07¢/kg of total sugars
1703.90		Other:				
1703.90.30	00	Imported for (a) the commercial extraction of sugar or (b) human consumption.....	liters <sup>8/</sup>	0.35¢/liter <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	1.8¢/liter
1703.90.50	00	Other.....	liters <sup>8/</sup> kg ttl sug	0.01¢/kg of total sugars <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	0.07¢/kg of total sugars
1704		Sugar confectionery (including white chocolate), not containing cocoa:				
1704.10.00	00	Chewing gum, whether or not sugar-coated.....	kg.....	4% <sup>1/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	20%
1704.90		Other:				
1704.90.10	00	Confections or sweetmeats ready for consumption: Candied nuts.....	kg.....	4.5% <sup>1/</sup>	Free (A+, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	40%
1704.90.25	00	Other: Cough drops.....	kg.....	Free <sup>1/</sup>		30%
1704.90.35		Other.....		5.6% <sup>6/</sup>	Free (A, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	40%
	20	Put up for retail sale: Containing peanuts, peanut butter or peanut paste.....	kg			
	50	Other.....	kg			
	90	Other.....	kg			

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-18

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1704 (con.)  1704.90 (con.)  1704.90.52	   00	Sugar confectionery (including white chocolate), not containing cocoa: (con.) Other: (con.)  Other: Described in general note 15 of the tariff schedule and entered pursuant to its provisions.....	   kg.....	   12.2% <sup>1f</sup>	   Free (A+, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	   12.2%
   1704.90.54	   00	   Other: Dairy products described in additional U.S. note 1 to chapter 4: Described in additional U.S. note 10 to chapter 4 and entered pursuant to its provisions.....	   kg..... kg cmsc	   12.2% <sup>1f</sup>	   Free (A+, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, OM, P, PA, PE, SG)	   12.2%
   1704.90.58	   00	   Other <sup>9f</sup> .....	   kg..... kg cmsc	   40¢/kg + 10.4% <sup>1f</sup>	   Free (BH, CL, JO, MX, OM, SG) 18.6¢/kg + 4.8% (PA) 24¢/kg + 6.24% (P) See 9912.04.30, 9912.04.41 (MA) See 9913.04.25 (AU) See 9915.04.30, 9915.04.41, 9915.04.65 (P+) See 9917.04.20, 9917.04.29 (PE) See 9918.04.60, 9918.04.69 (CO) See 9920.04.10, 9920.04.19 (KR)	   47.4¢/kg + 12.2%



# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV  
17-19

Heading/ Subheading	Stat. Suf- fix	Article Description	Unit of Quantity	Rates of Duty		
				1		2
				General	Special	
1704 (con.)  1704.90 (con.)		Sugar confectionery (including white chocolate), not containing cocoa: (con.) Other: (con.)  Other: (con.) Other: (con.) Other:				
1704.90.64	00	Articles containing over 65 percent by dry weight of sugar described in additional U.S. note 2 to chapter 17: Described in additional U.S. note 7 to this chapter and entered pursuant to its provisions.....	kg.....	12.2% <sup>1/</sup>	Free (OM, PE)	12.2%
1704.90.68	00	Other <sup>4/</sup> .....	kg.....	40¢/kg + 10.4% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 8¢/kg + 2% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.35 (MA)	47.4¢/kg + 12.2%
1704.90.74	00	Articles containing over 10 percent by dry weight of sugar described in additional U.S. note 3 to chapter 17: Described in additional U.S. note 8 to this chapter and entered pursuant to its provisions.....	kg.....	12.2% <sup>1/</sup>	Free (A+, BH, CA, CL, CO, D, E, IL, JO, KR, MA, OM, P, PA, PE, SG)	12.2%
1704.90.78	00	Other <sup>5/</sup> .....	kg.....	40¢/kg + 10.4% <sup>1/</sup>	Free (BH, CL, JO, MX, OM, SG) 8¢/kg + 2% (KR) See 9822.05.20 (P+) See 9822.06.10 (PE) See 9822.08.01 (CO) See 9822.09.17 (PA) See 9912.17.05, 9912.17.35 (MA)	47.4¢/kg + 12.2%
1704.90.90	00	Other.....	kg.....	10.4% <sup>6/</sup>	Free (A+, AU, BH, CA, CL, CO, D, E, IL, JO, KR, MA, MX, OM, P, PA, PE, SG)	12.2%

# Harmonized Tariff Schedule of the United States (2019) Revision 17

Annotated for Statistical Reporting Purposes

IV

Endnotes--page 17 - 20

1/ See 9903.88.15.

2/ See 9904.17.08-9904.17.16.

3/ See 9904.17.01-9904.17.07.

4/ See 9904.17.17-9904.17.48.

5/ See 9904.17.49-9904.17.65.

6/ See 9903.88.03.

7/ See 9904.17.66-9904.17.84.

8/ Report liters of dried molasses on the basis of 0.72 kg/liter.

9/ See 9904.04.50-9904.05.01.

# **ATTACHMENT 12**

DOC Inv. Nos. A-201-845 & C-201-846  
ITC Inv. Nos. 701-TA-\_\_\_ & 731-TA-\_\_\_  
Total No. of Pages: 155 (Narrative)

Business Proprietary Information for Which Proprietary  
Treatment Has Been Requested is Deleted in the Narrative at  
Pages 4, 25-27, 30, 38, 40-41, 48-52, and 68-69.

**PUBLIC VERSION**

**BEFORE THE INTERNATIONAL TRADE ADMINISTRATION  
OF THE UNITED STATES DEPARTMENT OF COMMERCE AND THE  
UNITED STATES INTERNATIONAL TRADE COMMISSION**

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**PETITIONS FOR THE IMPOSITION OF ANTIDUMPING DUTIES AND  
COUNTERVAILING DUTIES ON IMPORTS OF SUGAR FROM MEXICO**

---

**ON BEHALF OF THE AMERICAN SUGAR COALITION AND ITS MEMBERS:  
AMERICAN SUGAR CANE LEAGUE, AMERICAN SUGARBEET GROWERS  
ASSOCIATION, AMERICAN SUGAR REFINING, INC., FLORIDA SUGAR CANE  
LEAGUE, HAWAIIAN COMMERCIAL AND SUGAR COMPANY, RIO GRANDE  
VALLEY SUGAR GROWERS, INC., SUGAR CANE GROWERS COOPERATIVE OF  
FLORIDA AND THE UNITED STATES BEET SUGAR ASSOCIATION**

---

**NARRATIVE**

Christopher J. Kent\*  
Christopher J. Cochlin\*  
Andrew Lanouette\*  
Marc McLaren-Caux\*  
Hugh Lee\*  
CASSIDY LEVY KENT (CANADA) LLP  
1470-55, rue Metcalfe Street  
Ottawa (Ontario) K1P 6L5  
Canada  
Tel: 613-482-9300

\*Working under the supervision of Cassidy Levy Kent (USA) LLP

Robert C. Cassidy, Jr.  
Charles S. Levy  
John D. Greenwald  
Jennifer A. Hillman  
James R. Cannon, Jr.  
Jonathan M. Zielinski  
Friederike Görgens\*\*  
Deirdre Maloney  
Senior International Trade Advisor  
CASSIDY LEVY KENT (USA) LLP  
2000 Pennsylvania Avenue, NW  
Suite 3000  
Washington, DC 20006  
Tel.: 202-567-2300

\*\*Admitted in Massachusetts; acting under the supervision of the  
principals of the firm admitted in the District of Columbia.

March 28, 2014

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BEFORE THE  
UNITED STATES DEPARTMENT OF COMMERCE  
AND THE  
UNITED STATES INTERNATIONAL TRADE COMMISSION

PETITIONS FOR THE IMPOSITION OF ANTIDUMPING DUTIES  
AND COUNTERVAILING DUTIES ON IMPORTS OF SUGAR FROM MEXICO

ON BEHALF OF THE AMERICAN SUGAR COALITION AND ITS MEMBERS:  
AMERICAN SUGAR CANE LEAGUE, AMERICAN SUGARBEET GROWERS  
ASSOCIATION, AMERICAN SUGAR REFINING, INC., FLORIDA SUGAR CANE  
LEAGUE, HAWAIIAN COMMERCIAL AND SUGAR COMPANY, RIO GRANDE VALLEY  
SUGAR GROWERS, INC., SUGAR CANE GROWERS COOPERATIVE OF FLORIDA AND  
THE UNITED STATES BEET SUGAR ASSOCIATION

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NARRATIVE

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**I. INTRODUCTION AND SUMMARY**

These antidumping and countervailing duty petitions against dumped and subsidized imports of sugar from Mexico in all its forms are being filed by the American Sugar Coalition and its members on behalf of the U.S. sugar industry. The American Sugar Coalition and its members (“Petitioners”) represent domestic sugar cane growers, cane sugar mills, cane sugar refiners, sugarbeet farmers and sugarbeet processors that, taken together, account for the vast majority of sugar produced in the United States at each stage of the production process. The very sharp rise in dumped and subsidized sugar from Mexico has been the primary cause of the collapse of U.S. market prices over the past year to unsustainable levels, and, therefore, the primary cause of material injury to all segments of the U.S. industry.<sup>1</sup>

<sup>1</sup> The U.S. antidumping and countervailing duty statutes instruct the Secretary of Commerce to impose antidumping and countervailing duties when the U.S. International Trade Commission finds material injury, or threat thereof, “by reason of” dumped or subsidized imports. In investigating material injury and causation, the Commission may not weigh different causes of injury; the causation test of the statute is satisfied if the imports under investigation are a cause of material injury even where there are other causes. Here, Petitioners characterize dumped and subsidized  
*(footnote continued on next page)*

**A. Evidence of Material Injury “by Reason of” Sugar Imports from Mexico**

Sugar is a commodity product. Its market price is highly sensitive to changes in supply. Because of this, the supply of sugar to the U.S. market is regulated by the United States Government. Based on projected demand, the United States Department of Agriculture (“USDA”) limits the volume of sugar that U.S. producers can sell on the U.S. market,<sup>2</sup> and also limits the volume of sugar that can be imported under a tariff-rate quota (“TRQ”) system from all foreign suppliers except Mexico.<sup>3</sup> Mexico is the only source of sugar supply to the U.S. market that is entirely unregulated; under NAFTA, Mexico has unrestricted duty-free access to the U.S. market for as much sugar as it chooses to export. With record production in crop year 2012/2013 and record stocks, Mexico has more than doubled its sugar exports to the United States from their 2011/2012 levels.<sup>4</sup>

The impact of the jump in Mexican production, stocks and exports to the United States on U.S. market prices was dramatic. In large part because of excess Mexican supply, U.S. market prices fell to the point that (1) other foreign producers were forced to withdraw from the U.S. market, (2) U.S. producers were forced to sell their allotted sugar at prices that have destroyed the economics of the industry, (3) U.S. producers had to forfeit their sugar under the USDA sugar loan program, and (4) the U.S. Government was forced to pay hundreds of millions of

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*(footnote continued from previous page)*

cause of material injury even where there are other causes. Here, Petitioners characterize dumped and subsidized imports from Mexico as the primary cause of material injury to the domestic industry not because they are required to do so by statute, but because analysis of the decline in U.S. market prices by the U.S. Department of Agriculture has identified imports from Mexico as the primary cause of the price drop. *See* text at footnote 5, below.

<sup>2</sup> A detailed description of the U.S. sugar program, including the limitations on the volume of U.S. sugar that may be shipped in the U.S. market, is attached at **Exhibit I-1**.

<sup>3</sup> Under the TRQ system, imports up to specified volumes of sugar may enter the United States each year at a low rate of duty (sugar from many countries may enter free of duty under the Generalized System of Preferences and various free trade agreements). If the specified volumes of imports are exceeded, then the sugar may still enter the United States but at a high rate of duty. The TRQ system for imports of sugar is described at **Exhibit I-2**.

<sup>4</sup> The U.S. crop year runs from October 1 through September 30 of the succeeding year.

dollars to remove surplus sugar from the U.S. market. The downward trend in U.S. market prices was only halted when intervention by the USDA took over a million tons of sugar off the market at a cost of more than \$250 million.

The cause and effect relationship between the collapse of U.S. market prices and the rise in imports from Mexico from 1.071 million short tons (or 9.6 percent of the U.S. market) in crop year 2011/2012 to 2.124 million short tons (or 18 percent of the U.S. market) in crop year 2012/2013 has been recognized by USDA: A February 14, 2014, USDA analysis of the U.S. sugar market states in no uncertain terms that the price depressing effect of Mexican supply on the U.S. market poses a continuing *structural* problem for the U.S. industry (and for USDA's sugar programs):

On February 13, 2014, the U.S. Department of Agriculture (USDA) released its long run projections for the U.S. farm sector for the next 10 years. Included in these projections are those for the U.S. sugar sector through 2023/24. The two primary influences in the projections are large supplies of sugar in Mexico available for export to the United States and continued low world sugar prices through 2019/20. These two influences increase the likelihood of USDA purchases of sugar for resale to ethanol producers through 2019/20.

...

The combination of Mexico's improved sugar production prospects and declining sugar consumption makes more Mexican sugar available for export. Annual exports to the U.S. market are expected to average 1.949 million short tons, raw value (STRV). These projections contrast with the estimated average for the first 6 years of full implementation of the sweetener provisions of the North American Free Trade Agreement (NAFTA) period of 1.364 million STRV.<sup>5</sup>

Because sugar is a commodity product, U.S. market prices respond quickly to any substantial rise in low-priced supply. To be sure, the impact of excess Mexican supply on the

<sup>5</sup> **Exhibit I-3**, USDA Economic Research Service, *Sugar and Sweeteners Outlook: U.S. Sugar February 2014*, Feb. 14, 2014 at 1 (hereinafter "February 14 USDA analysis").

U.S. industry was mitigated to the extent domestic supply had been sold under long term contracts that predated the decline in prices attributable to the imports but, over time, the lower prices have worked their way through the entire market. Thus, the impact of excess Mexican supply on the U.S. market and the U.S. industry, which was already apparent in the data for the second half of crop year 2012/2013, becomes crystal clear in the year-to-date data for crop year 2013/2014 as shipments in the current crop year are largely under contracts entered into after the collapse of market prices. The impact will become even more pronounced as additional data for crop year 2013/2014 become available because the collapse in U.S. market prices has now been locked into contracts for sugar deliveries over the remainder of the current crop year and beyond. The industry data collected by Petitioners show that, in fiscal year 2013/2014, payments by cooperatives to farmers will be \$[ ] million lower than in fiscal year 2012/2013 and the net income of sugar cane millers and refiners will be \$[ ] million lower:

**Table 1**  
**Period Drop in (1) Coop Payments to Growers and (2) Net Income**  
**to Corporate Cane Millers & Refiners**  
**(\$ Millions)**

	<b>FY 2011/12</b>	<b>FY 2012/13</b>	<b>FY 2013/14 (Projected)</b>	<b>2011/12-2013/14 Decline %</b>
1. Coop Payments to Cane and Beet Growers	[			<u>30.0</u> ]
2. Net Income of Corporate Millers and Refiners	[	375		] ]
3. Industry Total	[ 1,902			] ]

Source: Petitioners' survey of industry financial performance.

Unless and until the situation changes, that is, unless and until Mexican sugar becomes subject to antidumping and countervailing duty discipline, the viability of the domestic sugar industry will remain at risk.<sup>6</sup>

<sup>6</sup> Exhibit I-3, February 14 USDA analysis confirms this.



In addition to the evidence of injury to the domestic industry summarized in Table 1 above, this petition provides other compelling evidence of injury to the industry, including evidence of the increased burden subject imports are putting on USDA's sugar program. As market prices fell below price support levels, there were significant forfeitures under the U.S. sugar program. To arrest the decline in prices, the USDA took more than a million tons of sugar off the market, but did so only at significant cost.

**B. Evidence of Dumping and Subsidization**

There is no doubt that the rise in sugar imports from Mexico has been fueled by a combination of (1) imports that have been dumped at prices far below "fair value," and (2) generous subsidies given by Mexico's Federal and state governments to the Mexican industry. Using publicly available data, much of which has been collected and published by the Government of Mexico ("GOM"), this petition documents sales of Mexican sugar in the U.S. market at dumping margins of 45 percent *ad valorem* or more. Similarly, this petition relies on publicly available Mexican data to demonstrate the significance of the subsidies given to a number of Mexican sugar producers.

Mexican producers generally, and the sugar mills that the Mexican government has nationalized in particular, are, by U.S. standards, woefully inefficient. Many of them could not survive without government support. Petitioners understand that NAFTA gives Mexico the right to export sugar to the United States on a tariff-free and quota-free basis — but that does not give the Mexican industry the right to export its surplus to the U.S. market at dumped prices, nor does it permit the GOM to subsidize its sugar industry without regard to the impact of those subsidies on U.S. producers. To the contrary, NAFTA does not in any way abridge the U.S. industry's

legal right to insist that the fair trade rules established by U.S. law be vigorously enforced.

Article 1902:1 of the NAFTA is explicit on this point:

Each Party reserves the right to apply its antidumping and countervailing duty law to goods imported from the territory of any other Party.

**1. Dumping**

An important part of the support that the GOM gives its sugar industry is a protected home market. Prices in the Mexican market, which as a matter of government policy is reserved largely for Mexican producers,<sup>7</sup> have been higher than U.S. market prices for most of the past year. The Mexican industry's preference, therefore, has been to sell its production in Mexico. However, with record crops from increasing acreage under cultivation and a strong incentive to maintain prices in its protected home market, the GOM has directed its industry to focus on exports as the outlet for the excess production. Not surprisingly, this has meant a Mexican industry focus on exports to the United States. In other words, Mexican producer dumping has been the consequence of (1) a very deliberate expansion of supply — since NAFTA went into effect the acreage devoted to sugar production in Mexico has *increased* by 66 percent while the acreage devoted to sugar production in the United States has *declined* by 11 percent<sup>8</sup> — and (2), an equally deliberate determination to protect Mexican home market prices from the consequences of excess supply by exporting to the United States.

The extent of the dumping, however, goes beyond a simple comparison of the Mexican industry's average home market prices to the average price of its exports to the United States.

While the data show that Mexican home market prices remained well above the price of

<sup>7</sup> See **Exhibit II-2**, Vazquez Tercero & Zepeda, "A Study on the Sugar Market in Mexico," (Dec. 2013) (hereinafter "VTZ study") at 28-29.

<sup>8</sup> See **Exhibit I-4**.

Mexico's exports to the United States in calendar year 2013, they also show that as Mexican market prices fell over the course of 2013, they were often below the mills' fully allocated costs of production. The dumping allegation in this petition includes an explicit allegation, supported by reasonably available evidence, of sales below cost; in fact, the petition alleges home market sales of sugar in estandar form that were systematically below cost and, therefore, the normal value of sugar in estandar form must be calculated by reference to its constructed value.

The Mexican sugar mills are not only inefficient but, during calendar year 2013, they were required by law to pay their growers a very high price for sugar cane even as sugar prices were falling. As a result, wholesale prices in Mexico for a 50 kg. bag were often below, and sometimes were significantly below, the average production costs of Mexican mills as calculated by reference to (1) the government-mandated price paid for sugar cane, and (2) an amount for other mill expenses as reported by the GOM's Instituto Nacional de Estadística y Geografía ("INEGI").<sup>9</sup> Under the antidumping law, below cost home market sales are not "in the ordinary course of trade" and, therefore, may not be used for dumping margin calculation purposes. Based on a comparison between Mexican export prices to the United States and Mexican home market prices that were above cost, Mexican producer dumping margins were generally in the 45-60 percent *ad valorem* range, and in some months exceeded 60 percent *ad valorem*.

The key elements of Petitioners' dumping margin calculations are set out in Table 2, below:

<sup>9</sup> See, **Exhibit II-2**, VTZ study at 25.

**Table 2**  
**Basic Dumping Margin Calculation on Calendar Year 2013 Imports of Sugar from Mexico**  
**in Estandar (Approximately 70%) and Refined (Approximately 30%) Form**  
**(in US\$/Pound)**

	<b>Estandar</b>	<b>Refined</b>
A. Fully Allocated Cost of Production	US\$0.295/lb.	US\$0.309/lb.
B. Average “Ex-Mill” Price of Above Cost Home Market Sales	all sales below cost	US\$0.3399/lb.
C. Constructed Value	US\$0.325/lb.	N/A
D. Average “Ex-Mill” Export Price to the U.S. Market	US\$0.2002/lb.	US\$0.2346/lb.
E. Dumping Margin = B-C/C	62.34%	44.88%

## 2. Subsidization

Mexico’s sugar industry has been a ward of the Mexican state, in whole or in part, for decades. In the mid-1980s, 31 sugar mills accounting for roughly half of Mexico’s sugar production were state-owned. By the late 1980s and early 1990s, these mills had been privatized, but the privatizations were accomplished with only a modest down payment by the buyers that was supplemented by substantial public funding from Financiera Nacional Azucarera, S.N.C. (“FINA”), a GOM entity, with subsequent support from a host of other government entities.

In both 1995 and 1998, FINA agreed to significant restructurings of a rapidly increasing sugar industry debt, granting three year grace periods on payments and extending repayment terms up to 15 years at below market interest rates. Then, only three years later, with an industry that was by its own admission uncreditworthy and facing a real danger that the 2001-2002 sugar cane crop would not be processed, the GOM once again went from creditor to owner. Ten years

or so after Mexico's government-owned mills had been "privatized" through public financing on non-market terms and conditions, 27 of the country's 57 sugar mills were re-nationalized.<sup>10</sup>

Following their 2001 re-nationalization, the GOM pumped billions of pesos into the expropriated sugar mills. To the best of Petitioners' knowledge, little if any of these funds have ever been repaid or otherwise recovered by the GOM; the GOM has either forgiven the debt entirely or allowed close to 20 billion pesos of the FINA debt that existed as of 2005 to be repaid at significantly discounted rates. And although several of the expropriated mills were returned to their owners in 2004 and 2006, the GOM remains in the sugar milling business to this day. The GOM's Fondo de Empresas Expropiadas del Sector Azucarero ("FEESA") still owns nine mills that, taken together, accounted for 21.6 percent of Mexican sugar production in crop year 2011/2012,<sup>11</sup> far exceeding the production of the largest privately held sugar producer. From 2008 through 2013, the GOM has continued to subsidize the nine FEESA-owned mills to the tune of additional billions of pesos and has introduced additional subsidy programs to benefit other sugar mills and growers of sugar cane supplying these mills.<sup>12</sup>

But for the government subsidies it has received, Mexico's sugar industry could not, and would not, have been able to expand as it has. Because a large part of Mexican production is dependent on subsidies, because the increase in Mexican production has led to a gigantic increase in Mexico's exports to the United States, and because the increase in Mexico's exports to the United States has been the primary cause of the collapse of U.S. market prices, the cause and effect relationship between the subsidies paid to Mexican sugar producers and material injury to the U.S. sugar industry is beyond serious dispute.

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<sup>10</sup> See, *infra*, pp. 82-85.

<sup>11</sup> **Exhibit II-2B**, Cultiva 2012 Annual Report at 9 (hereinafter "Cultiva 2012 Report").

<sup>12</sup> See, *infra*, pp. 112-147.

## II. GENERAL INFORMATION

### A. Petitioners' and Industry Support for the Petition

This petition is filed on behalf of the American Sugar Coalition and its members. The Coalition's members are:

1. American Sugar Cane League,
2. American Sugarbeet Growers Association,
3. American Sugar Refining, Inc.,
4. Florida Sugar Cane League,
5. Hawaiian Commercial & Sugar Company,
6. Rio Grande Valley Sugar Growers, Inc.,
7. Sugar Cane Growers Cooperative of Florida and
8. United States Beetsugar Association.

The Coalition is “a coalition or trade association which is representative of ... (i) processors, (ii) processors and producers, or (iii) processors and growers” of sugar, a processed agricultural product. As such, the Coalition is itself an interested party as defined by section 771(9)(G) of the Tariff Act of 1930 (the “Act”), 19 U.S.C. § 1677(9)(G). Furthermore, some of the Coalition's members are themselves sugar producers and others are associations, the majority of whose members are sugar producers. Each one is, therefore, also an interested party under section 771(9)(C), (E) or (F) of the Act, 19 U.S.C. §§ 1677(9)(C), (E) or (F). **Exhibit I-5** describes each of the Coalition members.

Sugar is produced in the United States from sugarbeets and from sugar cane. Refined sugar produced from sugar cane is identical to refined sugar produced from sugarbeets. Sugarbeet growers deliver their beets to sugar processors that produce refined sugar in a continuous process. All sugarbeet processors in the United States are owned by sugarbeet grower cooperatives.

Sugar cane growers deliver their cane to mills that produce raw cane sugar. Raw cane sugar is inedible. Sugar cane millers deliver raw cane sugar to sugar refiners that produce refined sugar.<sup>13</sup>

Through its members, the Coalition accounts for the vast majority of sugar production in the United States at the sugar cane and sugarbeet grower, sugarbeet processor, raw cane sugar miller and cane sugar refiner stages of the production process and, therefore, represents the U.S. industry producing sugar within the meaning of sections 702(c)(4) and 732(c)(4) of the Act, 19 U.S.C. §§ 1671a(c)(4)(A) and 1673a(c)(4)(A). **Exhibit I-6** shows the proportion of total sugar production represented by Coalition members and their support for the petition.

**B. Other Known U.S. Producers of Sugar<sup>14</sup>**

In addition to the Coalition members, other known U.S. producers of sugar are:

1. AmCane Sugar, LLC

David Rosenzweig, CEO  
21010 Trolley Industrial Drive  
Taylor, MI 48180  
PH: 313-299-1300

2. Imperial Sugar

Mike Gorrell, CEO  
Sugar Creek Center Blvd  
Sugar Land, TX 77478  
PH: 912-721-3368  
Email: Mike.gorrell@Ld.com

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<sup>13</sup> The Mexican cane sugar industry has a different structure. All sugar mills in Mexico produce edible sugar from sugar cane; there are no separate cane sugar millers.

<sup>14</sup> Petitioners have not included “melt houses” in this list of other known U.S. producers of sugar because such “melt houses” do not produce edible sugar from sugarbeets or from raw cane sugar; rather they liquefy the sugar that has been produced by Petitioners and the three other U.S. producers.

3. Louisiana Sugar Refining, LLC

Larry Faucheux  
1189 Fifth Avenue  
Gramercy, LA 70052  
PH: 225-869-4550  
Email: Larry.Faucheux@Isrsugar.com

**C. Related Proceedings**

Petitioners have not filed for import relief pursuant to sections 337 of the Act, 19 U.S.C. §§ 1337, or section 201 or 301 of the Trade Act of 1974, 19 U.S.C. § 2251 or 2411, or section 232 of the Trade Expansion Act of 1962, 19 U.S.C. § 1862, with respect to the merchandise that is subject of this petition, nor have Petitioners or any of its members taken any previous action under U.S. antidumping or countervailing duty law against imports of sugar from Mexico.

In 1978 and 1979, antidumping and countervailing duties were imposed on sugar from Belgium, France, Germany and the European Community.<sup>15</sup> These orders were revoked after a sunset review in 2005.<sup>16</sup> In 1980, an antidumping order was imposed on imports of sugar and syrups from Canada.<sup>17</sup> This order was revoked after a sunset review in 1999.<sup>18</sup>

<sup>15</sup> 43 Fed. Reg. 33237 (July 31, 1978), 44 Fed. Reg. 8979 (Feb. 12, 1979).

<sup>16</sup> *Sugar from Belgium, France, Germany and the European Community: Revocation of Antidumping Duty Findings and Countervailing Duty Order*, 70 Fed. Reg. 54522 (Sept. 15, 2005).

<sup>17</sup> *Sugars and Syrups from Canada: Determination of Material Injury*, Inv. No. 731-TA-3 (Final), USITC Pub. No. 1047 (March 1980); *Sugars and Syrups from Canada: Antidumping Duty Order*: 45 Fed. Reg. 24126 (April 9, 1980).

<sup>18</sup> *Sugar and Syrups from Canada: Revocation of Antidumping Duty Order*, 64 Fed. Reg. 58035 (Oct. 28, 1999).



## **D. Description of the Merchandise and Requested Scope of Investigation**

### **1. The Product under Investigation**

The merchandise covered by these petitions is:

raw and refined cane and beet sugar, in dry and liquid forms, including colored sugar, flavored sugar and blends with other sweeteners.

The products covered by these petitions are raw sugar, refined sugar, blends of sugar with other sweeteners containing at least 65 percent sugar by weight, liquid sugar, and invert syrup produced from sugar cane or sugarbeets. The sugar found in each of these products is chemically classified as sucrose, a carbohydrate that occurs naturally in fruits and vegetables. Sucrose is found in quantities large enough for commercial extraction in the stalk of sugar cane, a perennial subtropical grass, and in the white root of a sugar beet, an annual vegetable which grows in more temperate climates.

Sugar cane (approximately 11 percent sugar by weight) is initially cut and milled to obtain sugar juice. Through a process of filtering, evaporating, and centrifuging, this juice, or raw cane sugar, is produced, which consists of large sucrose crystals coated with molasses. This intermediate product is normally 90-99 percent pure sucrose and is the principal “sugar” shipped in world trade. Raw cane sugar is not sold to U.S. consumers because the Food and Drug Administration (“FDA”) considers it unsuitable for use, either as food or as an intermediate food ingredient, due to the high level of impurities it contains. Consequently, raw cane sugar is sold only to refineries, which further process the sugar through additional melting, filtering, evaporating, and centrifuging, to extract most of the remaining impurities and leave what is called refined sugar (*i.e.*, greater than 99.9 percent pure sucrose).

Sugarbeets (approximately 17 percent sugar by weight) grown in the United States are converted directly into refined sugar. Fully processed sugars from cane and beets are indistinguishable from each other; purchasers buy and use both for the same end uses.

The primary use of sugar in the United States is human consumption, as a caloric sweetening agent in food. Among its various applications are use in bakery products, cereals, confections, sauces, and meat curing; use in dairy and ice cream applications; and sales directly to consumers. Most sugar is sold as pure granulated or powdered sucrose. Some sugar is sold as liquid sugar (sugar dissolved in water), and in forms not chemically pure, such as brown sugar (refined sugar with molasses added fit for human consumption) and invert sugar syrups, or as sugar blends with glucose or fructose.<sup>19</sup>

It is Petitioners' understanding that all Mexican sugar is at present produced from sugar cane and is mostly shipped and sold in Mexico and to the United States in either semi-refined "estandar" form or in fully refined form.<sup>20</sup> Because "estandar" enters the United States under the Harmonized Tariff Schedule of the United States ("HTS") subheading for refined cane sugar (1701.99), there are no U.S. import data that distinguish between estandar and refined sugar from Mexico. However, based on Mexican customs data, the National Chamber of the Sugar and Alcohol Industries in Mexico ("Mexican Sugar Chamber") estimates that estandar "makes up the bulk of the Mexican increase in monthly exports."<sup>21</sup> Petitioners believe that sugar from Mexico also enters the United States in liquid and syrup forms.

<sup>19</sup> See, generally, USDA, Economic Research Services, Sugar & Sweeteners, available at [www.ers.usda.gov/topics/crops/sugar-sweeteners/background.aspx#UzNEdfldV8E](http://www.ers.usda.gov/topics/crops/sugar-sweeteners/background.aspx#UzNEdfldV8E) (last visited March 27, 2014).

<sup>20</sup> Refined sugar has a polarization of 99.9 degrees, while estandar has a polarization range of up to 99.8 degrees and is therefore less pure than refined sugar.

<sup>21</sup> See **Exhibit I-7**, Mexican Sugar Chamber, *Dynamics of an Oversupplied Market*, 30<sup>th</sup> Int'l Sweetener Symposium, August 2013 at 28.

The competition between subject imports from Mexico and the domestic like product is direct and price-based. Imports of estandar from Mexico are a direct substitute for U.S.-origin raw cane sugar because both are sold to refiners for further processing. At the same time, estandar also competes directly with U.S. refined sugar when it is sold to end-users that do not need fully refined sugar. Similarly, imports of fully refined sugar from Mexico are a direct substitute for, and compete head-to-head with, refined U.S. sugar (made from either cane or beet) for sales to industrial accounts, food service accounts, retail accounts and distributors (among others).

**2. U.S. Tariff Classification**

Sugar that is subject to this petition is presently classifiable under the following subheadings of the Harmonized Tariff Schedule of the United States:

1701.12.10  
1701.12.50

1701.13.05  
1701.13.10  
1701.13.20  
1701.13.50

1701.14.05  
1701.14.10  
1701.14.20  
1701.14.50

1701.91.05  
1701.91.10  
1701.91.30  
1701.91.42  
1701.91.44  
1701.91.48

1701.99.05  
1701.99.10  
1701.99.50

1702.90.05  
1702.90.10  
1702.90.20  
1702.90.35  
1702.90.40

2106.90.42  
2106.90.44  
2106.90.46

Attached as **Exhibit I-8** are the relevant subheadings of the HTS. The description of the product subject in these petitions, not these HTS subheadings, define the scope of these petitions.

### **3. The Production Process**

#### **a. Sugar cane processing**

The production of sugar from sugar cane in the United States consists of three major steps: harvesting, raw cane sugar milling by cane millers, and refined sugar production by cane refiners. A detailed description of the harvesting and raw cane sugar milling process is in **Exhibit I-9**. After the sugar cane stalks are cut, they are transported to cane mills where they are prepared for juice extraction. The cane is cleaned and the hard structure of the cane is broken and ground. Next, through a process called imbibition, water or juice is added to the crushed cane to enhance the extraction of juice as the crushed cane travels by conveyer from mill to mill. The crushed cane exiting the mill is called “bagasse.”

The raw juice is then strained and clarified with heat and lime. The insoluble particulate mass, called “mud,” is separated from the limed juice and the clarified juice is sent to evaporators. The evaporator station produces a syrup, which has to then be clarified with lime and phosphoric acid. Afterwards the syrup is sent to the vacuum pans which produce a mixture of liquor and crystals, known as “massecuite.” The massecuite is then sent to the crystallizer which removes the crystals from the massecuite. The crystals are washed, and the centrifuge removes the wash water from the crystals. The by-products of the centrifugal are reprocessed

through the vacuum pans and crystallizers to yield additional crystals. The raw cane sugar is then combined, dried, and cooled.<sup>22</sup>

The raw cane sugar is shipped to a cane sugar refinery. (In Mexico, sugar mills produce edible sugar (estandar and refined sugar) in a continuous process from sugar cane. There is little or no production of raw cane sugar for sale in the Mexican market.)

A detailed description of the production of refined sugar from raw cane sugar is in **Exhibit I-10**. Through a process called “affination,” the raw cane sugar is mixed with a warm syrup to remove the molasses film, washed, and then sent to a premelter and melter where it is mixed with sweetwaters and steam heated. The resulting syrup is clarified either through pressure filtration or chemical treatment with lime and phosphoric acid or carbon dioxide. During the decolorization stage, soluble impurities are removed by absorption until the final liquor color reaches a predetermined level. Using the same sequence used in raw sugar manufacture, the decolorized sugar liquor is then sent to heaters, followed by evaporators, and finally vacuum pans. The massecuite containing the crystallized sugar is discharged to a mixer and to the centrifuge which separates the white sugar from the sugar liquor that has to be reprocessed. The white sugar is washed again, dried, and finally screened and packaged.<sup>23</sup>

<sup>22</sup> The raw sugar consists of large sucrose crystals coated with molasses and has an amber color. This intermediate product (raw sugar) is normally 90-99 percent pure sucrose but is not sold to U.S. consumers because the Food and Drug Administration (“FDA”) considers it unsuitable for use, either as a food or as an intermediate food ingredient, due to the high level of impurities it contains. Rather, the raw sugar is sold to refiners.

<sup>23</sup> A variety of products are produced from this refined sugar, including granulated sugar, specialty sugars (such as brown sugar and powdered sugar), liquid sugar, syrups and blends.

**b. Sugarbeet processing**

A detailed description of the processing of sugarbeets into refined sugar is in **Exhibit I-11.**<sup>24</sup> The harvested sugarbeets are screened to remove dirt and the beet tops, cleaned, and sliced into thin strips called “cosettes.” These cosettes are sent to diffusers which extract sucrose using hot water. The resulting sugar-enriched water, called raw juice, is sent through purification. The juice mixture is heated, passed through screens to remove excess particles, and subjected to two carbonation tanks in which lime and carbon dioxide are added to remove further impurities. The juice is then filtered and sulfur dioxide is added to prevent darkening of the juice. During the evaporation process, the water is removed, resulting in a thick juice that is infused with crystalline sugars and filtered to produce a standard liquor. This liquor is then sent to vacuum pans for crystallization. The resulting product, massecuite, is poured into centrifuges that separate the crystals from the liquid. The liquid is reprocessed and the remaining crystals are washed, cooled, dried, and packaged.

**E. Country of Exportation**

The sugar that is the subject of this petition is produced in Mexico. Any Mexican sugar that is being trans-shipped through any third country to the United States is subject to this petition. At present, Petitioners have no specific knowledge of any such trans-shipments.

**F. Mexican Producers and Exporters of the Subject Merchandise**

Petitioners are aware of at least 54 Mexican sugar mills that operate in 15 of Mexico’s 32 states. These mills are concentrated in the major sugar cane growing areas of Veracruz, San Luis

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<sup>24</sup> Unlike sugar cane which must be milled into raw sugar before refining, refined sugar from sugarbeets is produced by a continuous process within the same facility.

Potosi, Jalisco, Chipas and Oaxaca<sup>25</sup> and most belong to a group of mills under common ownership (*i.e.*, mills within a group are related parties). In terms of production and exports, the largest sugar producing group of sugar mills is the one owned by the GOM and controlled by FEESA. The nine mills in the FEESA group account for over 21 percent of Mexican sugar production. The largest privately held groups of mills are, in order of their production, the six Grupo Beta San Miguel mills, the five Grupo Zucarmex mills and the five Grupo Ingenios Santos mills. A list of known producers and exporters of sugar from Mexico by group, and the mills that belong to each group, is included in **Exhibit I-12**.

Because of (1) the different regions in which the Mexican mills operate, and (2) the distinction between government-owned and privately-held mills, Petitioners urge Commerce to select as mandatory respondents in its antidumping and countervailing duty investigations the FEESA nationalized group of sugar mills (*i.e.*, the largest sugar producer in Mexico) as well as the largest one or two groups of privately held mills. This way, the antidumping and countervailing duty investigations will include the largest sugar producers/exporters that are (1) both government-owned and privately held, and (2) are located across all of Mexico's major sugar producing regions.

#### **G. Volume and Value of Imports**

The volume and value of U.S. imports of sugar from Mexico and other countries are set out in **Exhibit I-13** for calendar years 2011, 2012 and 2013.<sup>26</sup> These data show a very sharp

<sup>25</sup> **Exhibit II-2B**, Cultiva Annual Report at 75.

<sup>26</sup> The volume and value data presented in that exhibit are drawn from the USITC's data web for all HTS numbers included within the scope of the petition and are presented on a calendar year basis. Elsewhere in the petition, import and production data are drawn from USDA data, which provide comprehensive data on both U.S. production and imports, but solely on a volume basis. Data drawn from USDA are presented on a crop year (October-September) basis.

increase in subject imports over the period of investigation, both absolutely and relative to domestic production and consumption as well as a sharp drop in their average unit values.

#### **H. Names and Addresses of U.S. Importers**

Based on information reasonably available to Petitioners, a list of known importers of sugar from Mexico during the 12-month period preceding the filing of this petition is included in **Exhibit I-14.**

#### **I. The U.S. Industry that Produces the “Domestic Like Product”**

For purposes of assessing industry support for this petition and the impact of the subject imports on domestic producers of the like product, Petitioners submit that the domestic like product should be defined in a way that is co-extensive with the scope of the petition, that is, sugar in all its forms, whether derived from sugar cane or sugarbeets.

##### **1. The Domestic Like Product Is Sugar in All its Forms**

###### **a. Raw and refined sugar constitute a single like product**

In both its first and second sunset reviews of sugar from the European Union, Belgium, France and Germany, the Commission concluded that a semifinished product analysis supports the inclusion of raw and refined sugar in a single like product.<sup>27</sup> Nothing has changed with respect to the production or use or sale of sugar since 2005 that would suggest any change to the Commission’s analysis in this investigation.

In performing its semi-finished product analysis, the Commission traditionally examines:

(1) whether the upstream article is dedicated to the production of the downstream article or has

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<sup>27</sup>Sugar from the European Union, Belgium, France and Germany, USITC Pub. No. 3793 (Aug. 2005) (hereinafter “2005 Sunset Review”) at 7 and fn. 22.



independent uses; (2) whether there are perceived to be separate markets for the upstream and downstream articles, (3) difference in the physical characteristics and functions of the upstream and downstream articles, (4) differences in the costs or value of the vertically differentiated articles; and (5) the significance and extent of the processes used to transform the upstream into the downstream articles.<sup>28</sup> Here, as the Commission found in the first and second sunset reviews, each of the five factors points to a conclusion that raw and refined sugar are a single like product. Raw sugar is dedicated to refined sugar production and is itself unfit for human consumption. There is no separate market for raw sugar; it is sold only to refineries for use in producing refined sugar. Both raw and refined sugar consist of sucrose; their physical characteristics differ only in the degree of processing and therefore the degree of cleanliness and purity.

**b. Cane and beet sugar constitute a single like product**

Petitioners also submit that no distinction can or should be drawn between sugar produced from sugar cane and sugar produced from sugarbeets. The Act, section 771(10), defines “domestic like product” as a product which is like, or in the absence of like most similar in characteristics and uses with, the article subject to an investigation.”<sup>29</sup> In making its determination regarding like products, the Commission generally considers a number of factors, including: (1) physical characteristics and uses; (2) interchangeability; (3) channels of distribution; (4) customer and producer perceptions of the products; (5) common manufacturing

<sup>28</sup> See, e.g., *Low-Enriched Uranium from France, Germany, the Netherlands, and the United Kingdom*, Inv. Nos. 701-TA-409-412 (Preliminary) and 731-TA-909-912 (Preliminary), USITC Pub. 3388 (Jan. 2001) at 5-6; *Uranium from Kazakhstan*, Inv. No. 731-TA-539-A (Final), USITC Pub. 3213 (July 1999) at 6 n. 23; *Saccharin from China* Inv. No. 731-TA-1013 (Preliminary), USITC Pub. 3535 (September 2002) at 6, n. 31.

<sup>29</sup> 19 U.S.C. § 1677(10).

facilities, production processes, and production employees; and, where appropriate, (6) price.<sup>30</sup> Based on these six factors, and consistent with all prior investigations, the Commission should find that cane and beet sugar constitute a single like product.

Sugar refined from sugar cane and from sugarbeets is identical in its physical characteristics and uses. Sugar refined from sugar cane and sugar refined from sugarbeets are entirely interchangeable and sold through the exact same channels of distribution. Customers perceive them to be the same product as they are generally sold without any distinction in packaging or price. While extracting sugar from sugar cane requires the additional processing step of milling, once the raw cane sugar is extracted, the process for producing refined sugar from either raw cane sugar or sugarbeets is virtually identical.<sup>31</sup> Finally, sugar refined from sugar cane and sugar refined from sugarbeets are chemically indistinguishable and are typically sold for the same price to the same sets of customers.

**c. HFCS is not “like” sugar**

High fructose corn syrup (“HFCS”) is a sweetener that is primarily used to make soft drinks. Sugar is not “like” HFCS within the meaning of the statute. *First*, there are important differences between sugar and HFCS in physical characteristics and uses. Sugar consists of sucrose, which is an organic disaccharide consisting of equal parts glucose and fructose chemically joined by a type of covalent bond known as a glycosidic bond. HFCS, by contrast, is made up of the monosaccharides fructose and glucose. Moreover, HFCS has a different bonding structure with free monosaccharides. As a result, the two function differently and are therefore used differently; they cannot be substituted for one another in most applications. HFCS is used

<sup>30</sup> See *Nippon Steel Corp. v. United States*, 19 CIT 450, 455 n. 4 (1995); *Timken Co. v. United States*, 913 F. Supp. 580, 584 (Ct. Int’l Trade 1996).

<sup>31</sup> See **Exhibit I-10**, refined cane sugar production; and **Exhibit 11**, refined beet sugar production.

primarily in soft drinks (because it results in greater stability and a longer shelf life than soft drinks made with sugar), as well as in certain soft baked products. Sugar, on the other hand, is used in a wide variety of applications, including confectionary (where, for example, sugar is preferred because of HFCS' moisture content and inability to crystallize), bakery, dairy (ice cream makers prefer sugar because HFCS has a lower freezing point), canned food and dry cereal. In addition, more than one-third of sugar is sold to restaurants and other food service suppliers and to retailers for use by individual consumers for baking and as table sugar, while HFCS is not sold for retail consumption.

*Second*, HFCS and sugar do not share similar channels of distribution. HFCS is sold almost entirely to industrial users. Sugar, on the other hand, is sold to industrial end users, distributors, retailers, and institutional buyers.

*Third*, customers and producers do not perceive HFCS and sugar to be interchangeable or “like” one another. Customers for HFCS are primarily soft drink producers who purchase HFCS in bulk amounts and in liquid form. Given its stable shelf life and particular sweetening properties, such producers would not and could not easily switch to using sugar. Similarly, customers for sugar are generally purchasing a granulated product for use in particular applications and they do not perceive HFCS to be a substitute for sugar.

*Fourth*, there are no common manufacturing facilities or production processes used to produce both sugar and HFCS because they are produced by producers using very different processes and inputs. Sugar is *extracted* from beets or cane while HFCS is *manufactured* from corn by means of a series of chemical reactions induced by enzymes. As a result, HFCS is produced in chemical facilities where the reaction process can be controlled while sugar is

produced through a natural process of extraction, purification and evaporation involving no chemical reactions.

*Fifth*, the price of HFCS is historically significantly less than the price of sugar.

On the basis of all of the factors traditionally relied up by the Commission, sugar and HFCS do not constitute “like” products and the producers of HFCS should not be considered part of the domestic sugar industry.

**2. The Domestic Industry Consists of Sugar Cane Growers, Sugar Cane Millers, Sugar Cane Refiners, Beet Growers and Beet Processors**

**a. Cane growers and beet farmers are part of the domestic industry**

Section 771(4)(A)<sup>32</sup> of the Act defines the relevant domestic industry as the “producers as a whole of a domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product.” The statute also includes a specific provision for industries producing processed agricultural products which permits the Commission to include the producers or growers of the raw agricultural product as part of the industry producing the processed product, provided a two part test is met: (1) that the processed agricultural product is produced from the raw product in a continuous line of production, and (2) that there is a substantial coincidence of economic interest between the producers or growers of the raw agricultural product and the processors of the processed agricultural product.<sup>33</sup>

In both its first and second five-year reviews of sugar from the European Union, Belgium, France and Germany, the Commission found that the test set forth in the grower-

<sup>32</sup> 19 U.S.C. § 1677(4)(a)

<sup>33</sup> Tariff Act of 1930 § 771(4) (E), 19 U.S.C § 1677(4)(E).

processor provision of the statute noted above had been satisfied.<sup>34</sup> In its second review in 2005, the Commission found that the grounds for including the growers had only strengthened in 2005 over its previous review, finding that “there remains a continuous line of production from sugar cane growers to millers and refiners, and from beet growers to processors” and that “the coincidence of economic interest between growers on the one hand, and sugar millers, processors, and refiners on the other hand, had increased since the first reviews, with an increasing proportion of sugar milled, processed, and refined through cooperative arrangements.”<sup>35</sup>

The case for the inclusion of cane growers and beet farmers in these investigations is as strong, or even stronger, than it has ever been. There remains a continuous line of production because sugar cane and sugarbeets are substantially devoted to raw and refined sugar production, with no other commercially significant uses for the raw agricultural product. Moreover, the coincidence of economic interest between the growers on the one hand and the millers, refiners and processors has only expanded since 2005. At that time, the Commission found that the proportion of beet sugar production by coops was 93.4 percent.<sup>36</sup> Today, 100 percent of domestic beet sugar production is by coops.

**b. No domestic refiners should be excluded as related parties or importers**

[ *NAME* ] imported subject

merchandise during the last three years. As such, the Commission has the discretion under Section 771(4)(B), 19 U.S.C. § 1677(4)(B), to determine whether or not to exclude [*NAME*] from

<sup>34</sup> 2005 Sunset Review, *supra*, n. 26 at 8 and n. 29, 30.

<sup>35</sup> *Id.*

<sup>36</sup> *Id.* at 8, n. 30.

its definition of the domestic sugar industry. Traditionally, the Commission has weighed three factors in deciding whether appropriate circumstances exist to exclude a related party: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producer vis-à-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry. *See, e.g., Torrington Co. v. United States*, 790 F. Supp. at 1168. The most significant of these factors is whether the domestic producer accrues a substantial benefit from its importation of the subject merchandise. *Allied Minerals v. United States*, 28 C.I.T. 1861, 1864 (2004) citing *Empire Plow*, 11 CIT at 853, 675 F. Supp. at 1353.<sup>37</sup>

In this instance, as noted in the table below, [NAME] imported limited quantities of subject sugar from Mexico:

<b>Table 3</b>			
<b>Sugar Imports from Mexico by [ ] Crop Year 2011-2013</b>			
<b>Imports from Mexico by [ ]</b>	<b>Crop Year 2011 (1,000 short tons, raw value)</b>	<b>Crop Year 2012 (1,000 short tons, raw value)</b>	<b>Crop Year 2013 (1,000 short tons, raw value)</b>
Raw Sugar	[ ]	0	[ ]
Estandar	[ ]		[ ]
Refined Sugar	45		[ ]

<sup>37</sup> *Allied Minerals v. United States*, 28 C.I.T. 1861, 1864 (2004) citing *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1353 (Ct. Int'l Trade 1987). Courts have emphasized that,

“although little legislative history behind the related parties’ provision exists, the provision’s purpose is to exclude from industry headcount domestic producers substantially benefitting from their relationships with foreign exporters. Congress enacted the provision so that domestic producers whose interests in the imports were strong enough to cause them to act against the domestic industry would be excluded from the ITC’s consideration and investigation into material injury or threat thereof.” *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 12 (Ct. Int'l Trade 2001).

By way of comparison, [ NAME ] domestic production of refined sugar in 2013 [ ] short tons, raw value, indicating that imports of sugar from Mexico were a minimal factor in [ NAME ] operations. Moreover, the vast majority of the sugar that was imported from Mexico was brought in as [ description ] and was used by [ NAME ] as raw material for use [ description ] to produce refined sugar. [ NAME ] decision to import from Mexico was driven by [ business strategy ]. [ ]

description of business operations

].

In terms of the percentage of domestic production, [ NAME ] accounted for approximately [ ] percent of total U.S. refined sugar production in 2013. Exclusion of [ ] from the domestic industry would, therefore, [ EFFECT ] the domestic industry data for purposes of injury analysis.

In sum, given the small volume of [ ] imports, the [ business activity ], the [ description ] portion of domestic sugar production attributable to [ NAME ], the significant amount of investment, capital, production facilities and employees [ NAME ] in the United States and [ BUSINESS POSITION ] as domestic producer of refined sugar, the Commission cannot legitimately exclude [ NAME ] from its definition of the domestic industry.

**c. Melt houses should not be included in the domestic industry**

There are a number of domestic processors that import Mexican “estandar” and refined sugar to produce liquid sugar. These “melt houses” should not be included within the domestic sugar industry for purposes of these investigations.<sup>38</sup>

While the statute defines the domestic industry as “producers as a whole of domestic like product, or those producers whose collective output of a domestic like product constitutes a major proportion of the total domestic production of the product,”<sup>39</sup> the Commission has the discretion to exclude those companies that engage in only a minor level of production activity or that are themselves importers.<sup>40</sup> Under either principle, the “melt houses” should be excluded from the domestic industry.

In determining whether a company is engaged in a sufficient level of domestic production-related activity to qualify as a domestic producer, the Commission generally considers six factors: (1) the source and extent of the firm’s capital investment; (2) the technical expertise involved in U.S. production activities; (3) the value added to the product in the United States; (4) employment levels; (5) the quantity and type of parts sourced in the United States; and (6) any other costs and activities in the United States directly leading to production of the like product. No single factor is determinative and the Commission may consider any other factors it deems relevant in light of the specific facts of the investigation.<sup>41</sup>

<sup>38</sup> Petitioners do not have a comprehensive list of “melt houses” but are aware of the following: CSC Sugar LLC; Indiana Sugars, Inc.; Able Sales Company; L&S Sweeteners; International Sugars Inc.; and Sweeteners Plus Inc.

<sup>39</sup> Tariff Act of 1930 § 771(4)(A), 19 U.S.C. § 1677(4)(A).

<sup>40</sup> See Tariff Act of 1930 § 771(4)(B)(ii), 19 U.S.C. § 1677(4)(B)(ii) (“if a producer of a domestic like product and an exporter or importer of the subject merchandise are related parties, or if a producer of the domestic like product is also an importer of the subject merchandise, the producer may, in appropriate circumstances, be excluded from the industry.”).

<sup>41</sup> *Diamond Sawblades and Parts Thereof from China and Korea*, Inv. Nos. 731-TA-1092-93 (Final), USITC Pub. 3862 at 8-11 (July 2006).



Melt houses essentially mix Mexican sugar with water and then filter it in order to produce liquid sugar. Unlike refiners, melt houses cannot make refined sugar from raw cane sugar. Melt houses must obtain edible sugar — refined or *estandar* — from producers in the United States, mills in Mexico, or producers in other countries. Melt houses do not increase the purity of the sugar. Cane refiners, on the other hand, take any form of raw cane sugar or *estandar*, and engage in a number of steps and processes, including affination, defecation, clarification, absorption, and crystallization to reduce impurities, before evaporating it to create granulated sugar. Melt houses are simply adding water to create liquid sugar.

Even if the Commission were to decide that the melt houses engage in a sufficient amount of production activity to qualify as part of the domestic industry, the Commission should exercise its discretion to exclude the melt houses as related parties.<sup>42</sup> Traditionally, the Commission has weighed three factors in deciding whether appropriate circumstances exist to exclude a related party: (1) the percentage of domestic production attributable to the importing producer; (2) the reason the U.S. producer has decided to import the product subject to investigation, *i.e.*, whether the firm benefits from the LTFV sales or subsidies or whether the firm must import in order to enable it to continue production and compete in the U.S. market; and (3) the position of the related producer vis-à-vis the rest of the industry, *i.e.*, whether inclusion or exclusion of the related party will skew the data for the rest of the industry.<sup>43</sup> The

<sup>42</sup> Pursuant to section 771(4)(B) of the Act, 19 U.S.C. § 1677(4)(B), the Commission may exclude from the domestic industry any producers that are related to an exporter or importer of subject merchandise or which are themselves importers. See *Torrington Co. v. United States*, 790 F. Supp. 1161, 1186 (Ct. Int'l Trade 1992), *aff'd without opinion*, 991 F.2d 809 (Fed. Cir. 1993); *Sandvik AB v. United States*, 721 F. Supp. 1322, 1331-32 (Ct. Int'l Trade 1989), *aff'd mem.*, 904 F.2d 46 (Fed. Cir. 1990); *Empire Plow Co. v. United States*, 675 F. Supp. 1348, 1352 (Ct. Int'l Trade 1987). The Court of International Trade has held that “the decision whether to exclude parties who import or are related to exporters of the subject merchandise from consideration of the domestic industry is within the discretion of the Commission.” *Torrington* at 1168.

<sup>43</sup> See, e.g., *Torrington Co. v. United States*, 790 F. Supp. at 1168.

most significant of these factors is whether the domestic producer accrues a substantial benefit from its importation of the subject merchandise.<sup>44</sup>

Here, the melt houses that import Mexican *estandar* or refined sugar do so because the price of the imported product is more favorable than the price of the domestic refined sugar that they would otherwise use to mix with water and make liquid sugar. In other words, not only do the melt houses accrue a substantial benefit by importing, but that benefit results entirely from the dumped and subsidized prices of their imports. Because these melt houses account for a small part of domestic production, their exclusion from the Commission's analysis will not skew the data. Liquid sugar in total accounts for approximately 17 percent of all sugar production and Petitioners produce substantial quantities of liquid sugar.<sup>45</sup> To the contrary, if anything their inclusion would skew the data because unlike bona fide domestic producers, they benefit substantially from unfairly traded sugar from Mexico.

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<sup>44</sup> *Allied Minerals v. United States*, 28 C.I.T. 1861, 1864 (2004) citing *Empire Plow* at 1353. Courts have emphasized that,

“although little legislative history behind the related parties’ provision exists, the provision’s purpose is to exclude from industry headcount domestic producers substantially benefitting from their relationships with foreign exporters. Congress enacted the provision so that domestic producers whose interests in the imports were strong enough to cause them to act against the domestic industry would be excluded from the ITC’s consideration and investigation into material injury or threat thereof.” *USEC, Inc. v. United States*, 132 F. Supp. 2d 1, 12 (Ct. Int’l Trade 2001). Thus, the legislative history of § 1677(4)(B) evinces Congress’ intent to exclude domestic producers who have accrued a substantial interest in the subject merchandise.”

<sup>45</sup> Estimated from archived Sweetener Market Data at [www.usda.gov/FSA](http://www.usda.gov/FSA). Those data indicate that liquid sugar sales in 2012 were 1,868,009 short tons, raw value, while sales by members of the American Sugar Coalition accounted for, at the very least, [40] percent or [ ] of that liquid sugar total. Because Petitioners were not able to collect comprehensive data on liquid sugar production by all domestic cane refiners and beet processors, Petitioners believe that the [40] percent figure significantly understates the role that domestic producers play in the production of liquid sugar and consequently overstates the role of melt houses.

### **III. THE U.S. SUGAR INDUSTRY HAS BEEN MATERIALLY INJURED BY REASON OF UNFAIRLY TRADED IMPORTS OF SUGAR FROM MEXICO**

#### **A. The Domestic Like Product is Coextensive With the Scope and Consists of All Sugar**

Petitioners have defined the scope of this petition and the domestic like product to be co-extensive, consisting of raw and refined cane and beet sugar, in dry and liquid forms, including colored sugar, flavored sugar and blends that are at least 65 percent sugar. The domestic industry consists of all cane growers, millers and refiners and all beet growers and processors, but does not include “melt houses” which simply process Mexican sugar into liquid sugar.

#### **B. Subject Imports Surpass the Negligibility Threshold**

Pursuant to section 771(24) of the Act, 19 U.S.C. § 1677(24)(A)(i), imports from any single country that account for less than 3 percent of the total import volume in the most recent 12-month period for which data are available that precedes the filing of the petition are considered negligible. **Exhibit I-15** sets forth monthly import volumes of Mexican sugar for the period February 2013 to January 2014, which is the most recent 12-month period for which data are currently available. As the data indicate, Mexico was by far the largest source of imports, accounting for over 73 percent of total imports.

#### **C. Conditions of Competition**

Because sugar is a commodity product that is traded on a daily basis, and because sugar produced in Mexico (or elsewhere) is a perfect substitute for sugar produced in the United States in virtually all applications, competition between subject imports from Mexico and the domestic like product is based on price. Changes in price do not, however, have a major impact on demand. Apart from major periodic shifts in sugar use (such as the switch by soft drink

manufacturers in the 1980s from sugar to HFCS), U.S. demand for sugar has grown slowly and steadily over time as the country's population has grown. Sugar supply, by contrast, varies as acreage devoted to sugar cane and sugarbeets, the yields per acre planted, and the sugar content of the crop change. Market prices for sugar are highly sensitive to changes in supply.

## **1. Supply and the Elasticity of Supply**

### **a. Supply**

The U.S. sugar market is supplied by (1) domestic sugar produced from sugar cane and sugarbeets which is subject to marketing allotments set by USDA, (2) imports from countries other than Mexico, which are subject to the TRQ regime, and (3) imports from Mexico, which are entirely unregulated.<sup>46</sup> Potential supply from each source can and does change as the acreage devoted to sugar rises or falls and as yields and sugar content change with changes in the weather and technology. However, the restrictions on the tonnage of domestic and TRQ country supply that may be sold in the United States limit the impact of surplus domestic and TRQ country sugar supply on the domestic market. By contrast, the absence of any such limits on Mexican supply means that excess production in Mexico has a major impact on the U.S. market.

In the fourteen years between January 1, 1994, when NAFTA went into effect, and January 1, 2008, when Mexican sugar gained unfettered access to the U.S. market, Mexican sugar cane acreage increased by about 500,000 acres. Since 2008, Mexican sugar cane acreage has increased by another 336,000 acres. The combination of increasing acreage, improvements in technology and favorable weather conditions led to a record Mexican sugar crop in crop year 2012/2013, and the expanded acreage will produce another large crop in the present crop year,

<sup>46</sup> See **Exhibit I-2** for a description of the TRQ system for imports of sugar.

with Mexican supply expected to far exceed Mexican demand. In fact, expectations are that Mexico's sugar production will exceed Mexico's demand for sugar for years to come.

In sharp contrast to the situation in Mexico, the acreage devoted to sugar cane and sugarbeet production in the United States has *declined* by about 11 percent since NAFTA went into effect and 38 American sugar producing plants have been shuttered. To be sure, the crop year 2012/2013 harvest and resulting sugar production rose over crop year 2011/2012 levels because of a weather-related yield gain, but unlike Mexico, the U.S. industry does not produce a sugar surplus (and even if it did, it could not sell sugar into the domestic market beyond the market share allotted to it by USDA).

Potential supply from the most TRQ countries is more than sufficient to fill their quota volumes. The issue for TRQ country supply is not whether it can fill the allotted quotas, but whether, given relative U.S. and world market pricing, there is any reason to do so. When U.S. prices drop to, or near, world price levels, the TRQ countries have no incentive to ship sugar to the U.S. market. This was the case for crop year 2012/2013. According to an August 2013 market analysis published by USDA, the supply of imported sugar from TRQ countries fell sharply in 2013 because the Mexican surplus drove U.S. market prices down to a level that discouraged TRQ country imports:

The mechanism behind generalized lower TRQ imports ... is a low margin between U.S. and world raw sugar prices. Depending on transport and other marketing costs, lower margins make exports from TRQ countries to other countries correspondingly more profitable than shipment to the U.S. market. Table 11 shows average July-September (third-quarter) U.S. and world raw sugar prices, the margin between them, and that margin as a proportion of the U.S. raw sugar price. The margin for 2013 is the lowest in the NAFTA period. *It is here hypothesized that the narrow margin is largely attributable to the availability of a large Mexico-imported supply. Figure 4 shows that over the NAFTA period the price margin as a proportion of the U.S. raw sugar price is an*

*inverse function of the Mexico import share. (Emphasis supplied.)*<sup>47</sup>

In sum, while the supply of sugar to the U.S. market varies as weather conditions change, there is little question that in crop year 2012/2013 and into crop year 2013/2014, Mexico had a significant surplus available for export to the United States while domestic sugar supply was limited by USDA marketing allotments. In addition, TRQ supply fell because the gap between U.S. market prices and world market prices had narrowed to a point that substantially reduced the economic incentive to export TRQ sugar to the U.S. market.

**b. Elasticity of supply**

In any given year, the ability of sugar suppliers, whether domestic or foreign, to increase shipments to satisfy an increase in domestic demand depends on both the acreage devoted to sugar, weather and other production related variables and, for U.S. and TRQ-country producers, on the limitations that USDA places on their access to the U.S. market. Over the period of investigation, Mexico has produced sugar surpluses that have caused a surge in their exports and a sharp rise in inventories. Under these conditions, and as long as U.S. market prices are above world market prices, the elasticity of Mexican supply has been high. The elasticity of domestic supply and TRQ country supply, by contrast, has been (and will remain) much lower because USDA controls the volume of domestic and TRQ sugar that may be sold in the U.S. market.

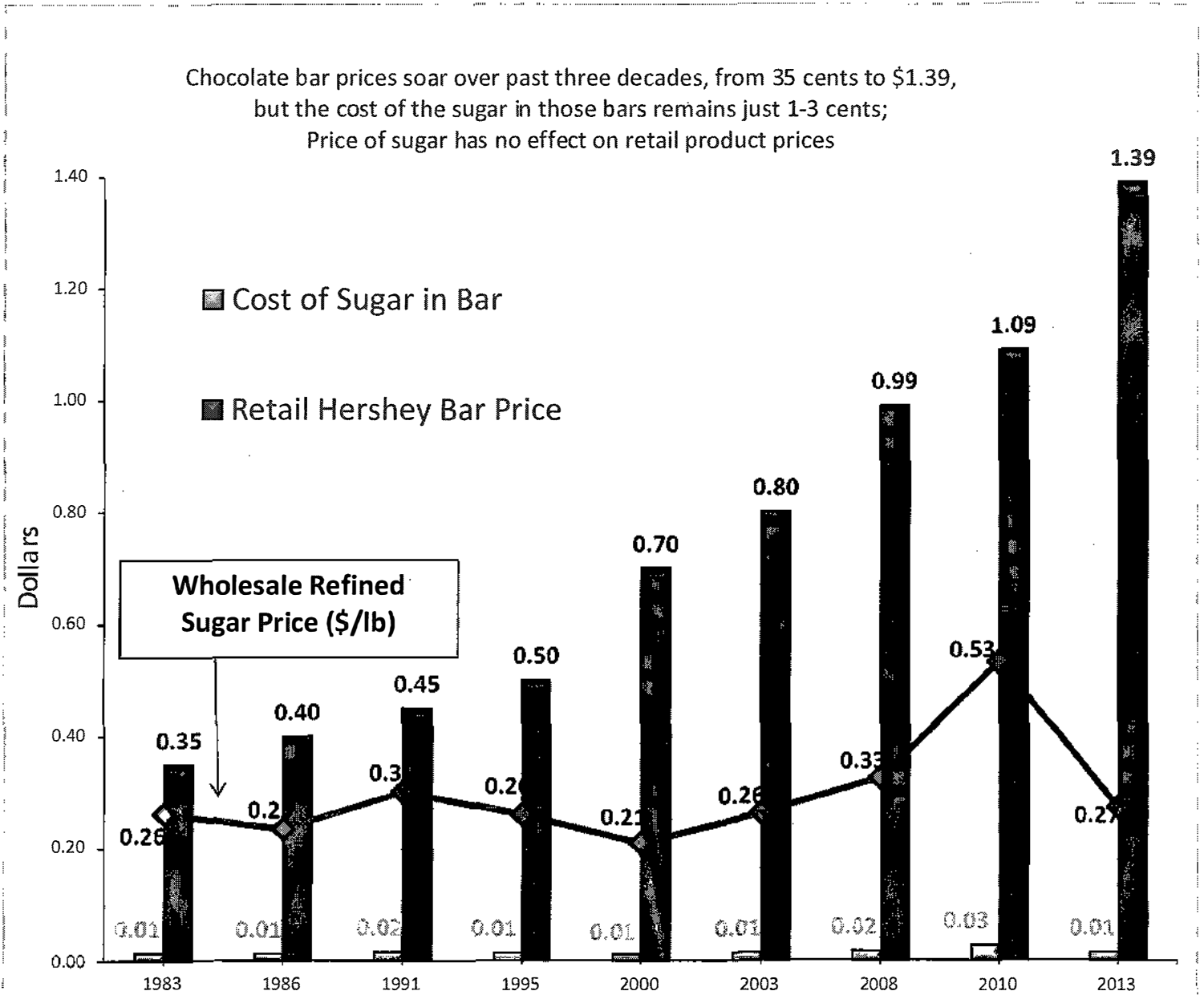
**2. Demand and the Elasticity of Demand**

The cost of sugar is a small part of the cost of most sugar containing foods (and other products), whether at an industrial, food service or household level. To illustrate, Figure 1 below

<sup>47</sup> **Exhibit I-3**, USDA Economic Research Service, *Sugar and Sweeteners Outlook: U.S. Sugar November 2013* (hereinafter “November 2013 USDA analysis”) at 15-16.

plots the price of a Hershey Bar over time as the price of sugar changes. Changes in the price of sugar have had no discernible impact on the Hershey Bar pricing:

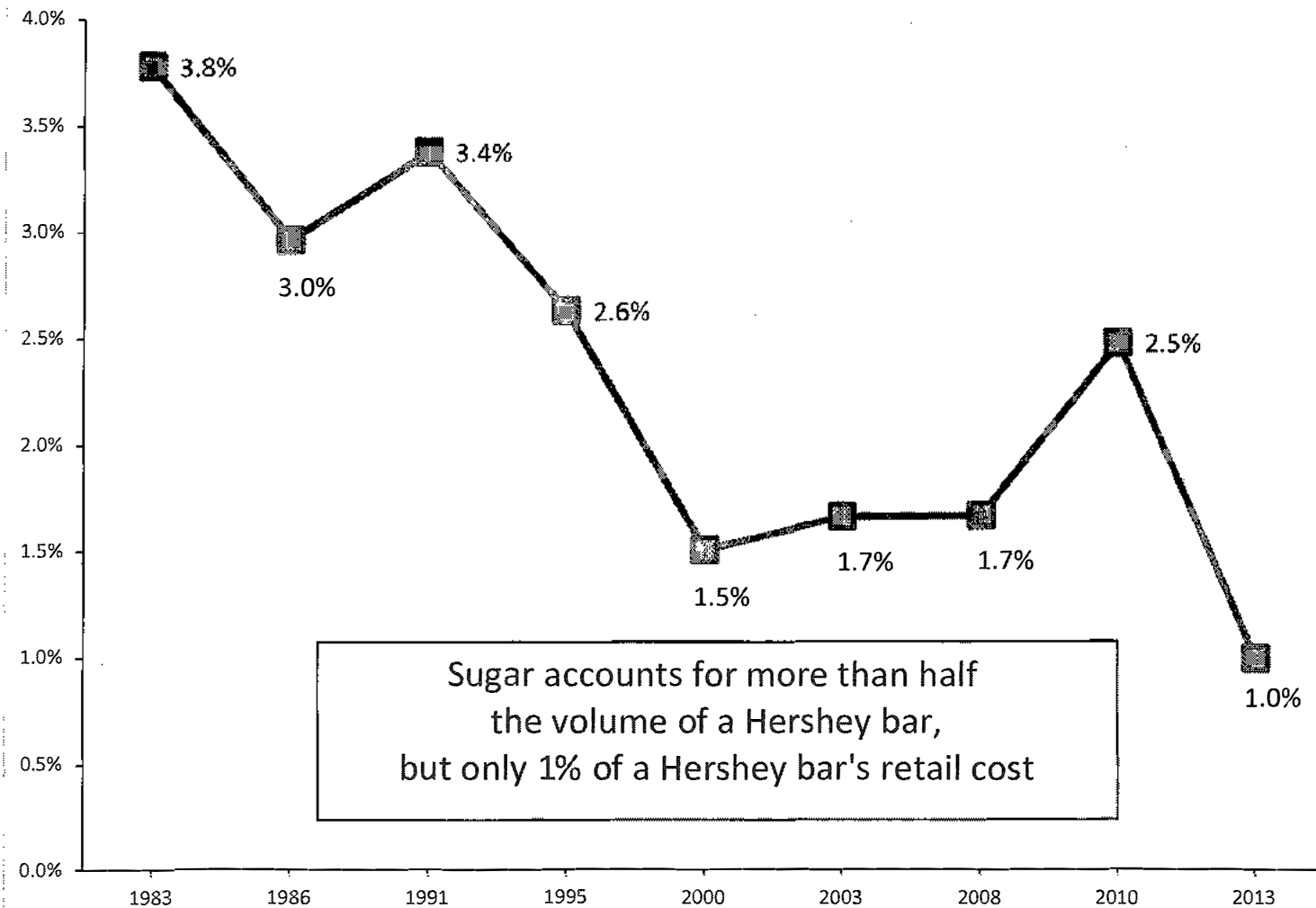
FIGURE 1



Sources. Sugar prices : USDA, wholesale refined sugar, Midwest market, calendar year averages. Hershey bars: Hershey Bar Index <http://www.foodtimeline.org/foodfaq5.html> (not available for all years) and survey of Safeway market prices; Arlington, VA. Based on 44-gram bar with 23 grams of sugar. 2010 price spike due to temporary global sugar shortage.

FIGURE 2

### Wholesale Sugar Cost Drops from 4% of the Retail Cost of a Hershey Bar to Just 1% 1983-2013



Source: Sugar prices- USDA, wholesale refined sugar, Midwest market, calendar year average.

Hershey bars: Hershey bar index <http://www.foodtimeline.org/foodfaq5.html> (not available for all years) and survey of Safeway market prices; Arlington, VA. Based on 44-gram bar with 23 grams of sugar. increase due to temporary global sugar shortage.

As these data demonstrate, the elasticity of demand for sugar is very low,  $-0.05$ .<sup>48</sup>

<sup>48</sup> Exhibit I-16, Colin A. Carter, "The Economics of Price Determination in the U.S. Sugar Market."



These examples explain why domestic demand for sugar changes little even as there have been significant changes in the per pound price of sugar. To be sure, there were significant change in sugar demand when the soft drink industry moved from sugar to HFCS, but that switch occurred over 30 years ago. In the decades since, U.S. demand for sugar has been growing slowly but steadily as the U.S. population has grown — and this trend is expected to continue for the foreseeable future.

### **3. Competition and the Elasticity of Substitution**

Subject imports from Mexico are a perfect substitute for domestic sugar in most, if not all, applications. Because sugar supply from different sources are perfectly substitutable, they compete largely, if not exclusively, on price and, consequently, the elasticity of substitution between them is very high, *i.e.*, when additional low-priced supply from Mexico becomes available, domestic suppliers must meet the Mexican price or lose sales. A high elasticity of substitution for sugar coupled with inelastic demand and a high elasticity of Mexican supply means that excess Mexican supply has (and will always have) a strong downward pull on market pricing. The cause and effect relationship between the period of investigation rise in imports from Mexico and the fall in U.S. market prices is a textbook example of the economics of a commodity market as sugar prices reacted to excess supply.<sup>49</sup>

### **D. Condition of the U.S. Sugar Industry**

Over the past three years, the condition of the domestic sugar industry has gone from robust to unsustainable as imports from Mexico have soared. With prices falling below support levels, and support levels at or below full production costs, all segments of the domestic industry

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<sup>49</sup> *See, id.*

have seen their profitability evaporate. In crop year 2013, USDA had to intervene at a cost of \$278 million to stabilize prices by removing over one million short tons of sugar from the market. In and of itself, Government intervention on this scale stands as compelling evidence of present material injury. However, the sugar program costs to the government are only a small fraction of the cost to the U.S. industry of the drop in sugar prices. Taken together, as shown in Table 1, the most recent projections for the 2013/2014 crop year indicate cooperative payments to sugar cane growers and sugarbeet farmers, and net income to sugar cane millers and sugar refiners will, in the aggregate, be nearly [ 910 million ] dollars less than in crop year 2012/2013.

### **1. Forfeitures and USDA Purchases are an Indicator of Injury**

Section 771(7)(D) of the Act, 19 U.S.C. § 1677(7)(D), contains two special rules with respect to injury determinations affecting agricultural products: *First*, the Commission may not determine that there is no material injury to U.S. producers “merely because the prevailing market price is at or above the minimum support price.” And *second*, in assessing injury by reason of subject imports, the Commission must consider any increased burden on government income or price support programs. The legislative history with respect to the latter special rule leaves no doubt that an increased burden on the government for payments to farmers can, in and of itself, demonstrate material injury. As the House Ways and Committee noted in its report,

Since the intervention of the support program in the market, if due to dumped or subsidized imports, is one of the factors the ITC shall consider, *the necessity for such government intervention could be sufficient for a showing of injury.*

House Report No. 96-317 at 48, Report of the Committee on Ways and Means to accompany H.R. 4537, Trade Agreements Act of 1979 (emphasis added). Similarly, the Senate Finance Committee, in its report accompanying the 1979 Act, noted:

The existence of agricultural price support programs creates special situations which are dealt with in Section 771(7)(D). Government price support operations are intended to assure producers a minimum return through government purchase, loans or direct payments. The nature of these support programs prevents imports from diminishing the amount received by a farmer below a minimum support level. To this extent, farmers may be shielded from the effects of subsidized or dumped imports because the government increases its outlays to absorb these effects. *This increased burden on government support programs may be the major impact of subsidized or dumped imports.* The Commission must take this into account in making an injury determination. Senate Report No. 96-249 at 474 (emphasis added).<sup>50</sup>

In this investigation, the prevailing market price for sugar was well above the forfeiture loan levels for raw cane sugar and refined beet sugar prices at the beginning of the period of investigation, but as Mexican imports poured into the market, prices were driven below the forfeiture loan levels. These low prices cost the United States Government \$278.2 million dollars during Crop Year 2012/2013 as a result of forfeitures and the need to purchase sugar under loan for re-export swaps and for ethanol production under the Feedstock Flexibility Program.<sup>51</sup> As a primary cause of the 2013 decline in U.S. sugar prices, the million ton-plus increase in imports from Mexico was a major reason for USDA's decision to remove a million short tons (raw value) from the market.

**2. From Sugar Cane Growers and Sugarbeet Farmers to Sugar Cane Millers, Sugar Cane Refiners and Sugarbeet Processors, the Domestic Industry Has Lost Nearly One Billion Dollars in Revenues**

**a. Payments to sugar cane growers and sugarbeet farmers have declined to unsustainable levels**

Injury to the domestic sugar industry flows from the millers, refiners and the processors that, respectively, buy sugar cane and sugarbeets for milling and refining to the sugar cane

<sup>50</sup> For instance, the Commission took the burden on the government's price support program for beekeepers into consideration in its finding of material injury by reason of less than fair value imports in *Honey*. See *Honey from Argentina and China*, Inv. Nos. 701-TA-402 and 731-TA-892-893 (Final), USITC Pub. 3470 (Nov. 2001) at 21.

<sup>51</sup> See **Exhibit I-17**, USDA purchases.

growers and beet farmers that supply them. In the sugarbeet sector, all sugar production is by cooperatives. The beet farmers plant their crop in the early spring and harvest it in September or October. They transport their crop directly to the processor owned by their cooperative and are paid approximately 60-70 percent of the value of their crop in December. The remaining payment is not made to farmers until the following year, when the sugar produced from their crop has been sold and the final price for that sugar has been determined.

In the aggregate, payments to cane growers and beet farmers rose slightly in fiscal year 2012/2013 from fiscal year 2011/2012 levels. However, cooperative payments to cane growers and beet farmers are expected to decline from [ ] in 2012/2013 to [ ] billion in fiscal year 2013/2014 – a [ ] percent decline.<sup>52</sup> An income drop of this magnitude constitutes “material injury” by any objective measure.

**b. Cane sugar refiners, sugar cane millers and sugarbeet processors have seen their profits evaporate over the period of investigation**

The financial condition of sugar cane mills, sugar cane refiners and sugarbeet processors has also deteriorated substantially over the period of investigation as low prices have worked their way through the market. In the following table, the operating income of millers, refiners and processors, which stood at [ <sup>#</sup>620 million ] in FY 2012, falls to [ ] in FY 2013, and [ ] in the first quarter of fiscal year 2014. Because a high percentage of sugar is sold by long term (*e.g.*, six months, a year or even longer), low contract prices have already locked into place continuing losses.

<sup>52</sup> See Table 1, *supra* p. 4.

Item	Quantity in 1,000 Short Tons Raw Value (STRV), Value in \$1,000				
	FY Ending in 2011	FY Ending in 2012	FY Ending in 2013	Q1 FY 2013	Q1 FY 2014
Sales Quantities	[				2,000 ]
Sales Value	[		5,500,181		]
Sales Unit Value (\$/STRV)	[ 798			800	]
Cost of Goods Sold (COGS): Raw Materials	[				]
Total COGS	[	4,800,000			]
Gross Profit or (Loss)	[				]
Total SG&A Expenses	[	710,102	754,018		]
Operating Income or (Loss)	[				]
Net Income or (Loss) before Income Taxes	[ 695,010				]

Item	Quantity in 1,000 Short Tons Raw Value (STRV), Value in \$1,000				
	FY Ending in 2011	FY Ending in 2012	FY Ending in 2013	Q1 FY 2013	Q1 FY 2014
Sales Quantities	[				]
Sales Value	[ 998,990				]
Sales Unit Value (\$/STRV)	[			550	]
Cost of Goods Sold (COGS): Raw Materials	[	798,400			]
Total COGS	[				301,905 ]
Gross Profit or (Loss)	[	1,201,001			]
Total SG&A Expenses	[ 74,182		81,098		35,407 ]
Operating Income or (Loss)	[				]
Net Income or (Loss) before Income Taxes	[				]

Source: Petitioners' survey of industry financial performance.

See Exhibit I-18 for detailed sugar cane refiner and sugarbeet processor financials as well as cane miller financials.

**E. The Volume and Pricing of Sugar Imports from Mexico Has Had a Significant Impact on the U.S. Industry**

**1. The Volume of Sugar Imports from Mexico is Significant and Increasing Significantly**

The statute instructs the Commission to consider “whether the volume of imports of the merchandise {under investigation}, or any increase in that volume, either in absolute terms or relative to production or consumption in the United States, is significant.” Section 771(7)(C)(i), 19 U.S.C. § 1677(7)(B)(C)(i). Here, both the volume of imports of sugar from Mexico, and the increase in that volume, both absolutely and relative to U.S. production and consumption, have been unquestionably “significant.”

In 2011, imports from Mexico were already significant, standing at 1.575 million short tons. Imports fell somewhat in 2012 before more than doubling in 2013, increasing from 1.06 million short tons in 2012 to 2.314 million short tons in 2013.<sup>53</sup> In market share terms, subject imports rose from approximately 9.0 percent in FY 2011/2012 to over 17.8 percent of the market in FY 2012/2013.<sup>54</sup> Mexican imports also captured an increasing share of the total import volume, as Mexican sugar, which represented 3 percent of total imports in 2012, increased to 71 percent of total imports in FY 2013.<sup>55</sup>

**2. Mexico Is the Only Unrestrained Source of Supply in the U.S. Market**

This period of investigation rise in the volume of sugar imports from Mexico is a reflection of the fact that Mexico alone has unfettered access to the U.S. market. Mexico has

<sup>53</sup> See **Exhibit I-13**, volume and value of sugar imports from Mexico 2011-2013.

<sup>54</sup> See **Exhibit I-19**, apparent consumption, U.S. imports and market share data.

<sup>55</sup> See **Exhibit I-13**, volume and value of sugar imports from Mexico 2011-2013.

spent the years since NAFTA went into effect increasing its sugar cane acreage by 66 percent while the United States has *reduced* its sugar area by 11 percent.<sup>56</sup>

In contrast to Mexico's free access to the U.S. sugar market, the amount of sugar that domestic producers and other foreign suppliers are permitted to put on the U.S. market is tightly controlled. As part of its sugar program, USDA sets marketing allotments for each domestic producer on an annual basis.<sup>57</sup> Thus, even when U.S. producers have a particularly good yield due to favorable weather conditions, they are not permitted to sell any excess sugar over their marketing allotment in the U.S. food market; rather they must export their excess sugar, sell it for non-food use, or store it at their expense until their allotment opens up the following year.

USDA also sets the quantity of imports of raw cane and refined sugar, blended sugar syrups and certain sugar-containing products under a system of TRQs for merchandise from member countries of the World Trade Organization (WTO) and for certain countries under U.S. FTAs. The WTO TRQs contain minimum commitments which may be increased when the U.S. market is in need of sugar but which cannot be decreased below the minimum levels. In 2013, the WTO TRQs were set at the minimum levels. Even so, the low-priced Mexican imports drove a substantial part of the TRQ imports out of the U.S. market by lowering the margin between U.S. and world raw sugar prices.<sup>58</sup>

<sup>56</sup> See **Exhibit I-4**, sugar cane and beet acreage increase/decrease.

<sup>57</sup> The U.S. sugar program includes a price support program (loan rates), a domestic marketing allotment that is set at a minimum 85 percent of U.S. consumption, and a feedstock flexibility program to divert surplus sugar to ethanol production. See **Exhibit I-1** for a description of the U.S. sugar program.

<sup>58</sup> See November 2013 USDA analysis at pp. 26-27 and fn. 36

**F. The Pricing of Sugar Imports from Mexico Has Been the Primary Cause of Material Injury to the U.S. Industry**

**1. Unfairly Traded Sugar Imports from Mexico Have Had Significant Negative Price Effects on the Domestic Industry**

Sugar is a commodity product for which demand in the U.S. market has been growing steadily, but slowly, along with the growth of the country's population. Changes in supply, not changes in demand, have therefore been the primary driver of changes in price. And because sugar is a traded commodity, suppliers have no choice but to meet changes in the prevailing market price.

**a. Mexican sugar has depressed U.S. producer prices**

The statute requires the Commission to consider the effect of imports on prices in the United States for the domestic like product, including "whether the effect of imports of such merchandise ... depresses prices to a significant degree or prevents price increases which otherwise would have occurred, to a significant degree." Section 771(7)(C)(II) of the Act, 19 U.S.C. § 1677(7)(C)(II). The evidence of price depression caused by imports of Mexican sugar is overwhelming. Imports of sugar from Mexico, which were both significant and increased significantly over the period of investigation, were sold during the period of investigation to the same types of purchasers for the same end uses as domestic sugar. Given the high-degree of substitutability and the commodity nature of sugar, the one million-plus short ton rise in imports of Mexican sugar to the market was bound to cause, and did cause, a significant fall in market prices.

Domestic raw sugar prices were at 40.15 cents per pound in crop year 2011, fell to 26.27 cents per pound at the end of crop year 2012, and then fell to 19.31 cents per pound at the end of crop year 2013, reaching their lowest levels in more than a decade. In 2013, for the first time



since 2002, U.S. market prices fell below the forfeiture level, inducing some producers that had taken loans from the USDA Commodity Credit Corporation (“CCC”) to forfeit their sugar to CCC rather than selling their sugar on the open market.<sup>59</sup> As indicated in **Exhibit I-17**, in crop years 2012/2013 and 2013/2014, USDA was forced by the rise of low-priced Mexican imports to remove 1,047,491 short tons raw value of sugar from market. These actions cost the U.S. Government more than \$287 million dollars in 2012/2013. *See* **Exhibit I-16** for an explanation of the relationship between the rise in sugar imports from Mexico, the fall in the price of raw cane sugar for delivery in the future in the U.S. market, and the transaction prices realized by U.S. producers for their sugar.

**b. Underselling**

Section 771(7)(C)(ii)(I) of the Act, 19 U.S.C. 1677(7)(C)(ii)(I), instructs the Commission to consider whether there was “significant price underselling” by subject imports compared to the pricing of the domestic like product. To be meaningful in an investigation of sugar from Mexico, underselling analysis requires a departure from the Commission’s standard data collection methodology. Given the commodity nature of sugar, the imports under investigation and the domestic product are, as the Commission has recognized in its past investigations and reviews, interchangeable.<sup>60</sup> Quarterly data on the volume and value of sales are, therefore, unlikely to show any pattern of sustained underselling because prices of all suppliers adjust quickly to the prevailing market price.<sup>61</sup> There is, however, likely to be value in *monthly* sales

<sup>59</sup> The loan rate is 18.75 cents per pound for raw cane sugar and 24.09 cents per pound for refined beet sugar for crop years 2012 through 2018. Section 156 of the Federal Agricultural Improvement and Reform Act of 1996 as amended by the Agricultural Act of 2014, 7 U.S.C. § 7272.

<sup>60</sup> *See* 2005 Sunset Review, *supra*, n. 27 at 25.

<sup>61</sup> There are two futures contracts for sugar traded on the Intercontinental Exchange (“ICE”). The Sugar No. 16 contract is for physical delivery of U.S. grown (or foreign origin with delivery and duty paid by the deliverer) raw  
*(footnote continued on next page)*

volume and value data collected in a way that accurately reflects the nature of competition in the market. Where there is direct competition between subject imports and the domestic like product in sales to sets of the same end-users, monthly data may well show the gravitational pull of import pricing on domestic producer prices. In order to limit the burden on both the Commission and the parties asked to supply pricing data, the monthly pricing data could be collected for calendar years 2012 and 2013 and the first two months of 2014 instead of the three year-plus partial year dataset that the Commission typically asks for.

**c. Proposed pricing products**

As set out below, Petitioners propose that monthly volume and value of deliveries for imported and domestic sugar be collected for seven specific products where there is head-to-head competition between subject imports and the domestic like product. The proposed pricing products are for sales to the same sets of purchasers because that is the only way to capture competitive pricing.

To illustrate, because Mexican *estandar* competes directly with domestic raw cane sugar for sales to refiners, Petitioners propose that the Commission collect and compare data on sales of Mexican *estandar* and domestic raw sugar to refiners. At the same time, because *estandar* and domestic refined sugar compete head-to-head for sales to certain industrial users, Petitioners propose the collection and analysis of sales of both *estandar* and domestic refined sugar to industrial users. Pricing data that compare imports of *estandar* only to the price of domestic raw sugar or domestic refined sugar would not reflect the reality of marketplace competition. In the

*(footnote continued from previous page)*

cane sugar at one of five U.S. ports. The Sugar No. 11 contract is the world benchmark for raw cane sugar trading and is for raw cane sugar F.O.B. vessel at a port within the country of origin of the sugar. Because it is focused on raw cane sugar delivered in the U.S., the No. 16 contract is the contract that is most closely followed and is sometimes linked to contract prices set by purchasers in the United States.

same vein, for some sales (*e.g.*, to retailers) the form of packaging (*e.g.*, 4 lb., 5 lb., 10 lb. bags) matters, but for others (*e.g.*, sales to refiners) it does not. The collection of prices by channel of distribution as Petitioners propose is fully consistent with the Commission's practice in *Citric Acid*,<sup>62</sup> *Tissue Paper*,<sup>63</sup> *Wax Ribbons*,<sup>64</sup> and *Hand Trucks*.<sup>65</sup>

Given these market realities, Petitioners suggest the products listed below for pricing analysis, with (1) refined sugar defined as sugar with a polarity greater than 99.8, (2) estandar defined as sugar with a polarity greater than 99.0 but no greater than 99.8, and (3) raw sugar defined as sugar with a polarity less than 99.0 that is not fit for human consumption. The data should be reported in hundred-weight and thousands of U.S. dollars.<sup>66</sup>

<sup>62</sup> *Citric Acid and Certain Citrate Salts from Canada and China*, Inv. Nos. 701-TA-456 (Final), USITC Pub. 4076 (May 2009) at Section V.

<sup>63</sup> *Certain Tissue Paper Products from China*, Inv. Nos. 731-TA-1070B (Final), USITC Pub. 3758 (Mar. 2005) at Section V.

<sup>64</sup> *Certain Wax and Wax/Resin Thermal Transfer Ribbons from France and Japan*, Inv. Nos. 731-TA-1039 (Final), USITC 3683 (Apr. 2004) at Section V.

<sup>65</sup> *Hand Trucks and Certain Parts Thereof from China*, Inv. Nos. 731-TA-1059 (Final), USITC Pub. 3737 (Nov. 2004) at Section V.

<sup>66</sup> Petitioners understand that the "raw value" concept is not generally applied to sales of Mexican sugar in estandar form. Any attempt to impose a "raw value" metric on sales of estandar will likely create rather than resolve price comparison difficulties.

- Product 1: Raw cane sugar or estandar sold to sugar refiners.
- Product 2: Refined sugar or estandar sold to industrial producers of food, beverages or other sugar-containing-products (e.g., General Mills, Mars, Coca Cola, Kraft).
- Product 3: Refined sugar sold in packages of 50 lbs. or less to grocery chains (e.g., Safeway, Harris Teeter, Walmart, Costco).
- Product 4: Refined sugar sold in packages of 50 kgs. (110.23 lbs.) or less to institutional and/or food service providers (e.g., Sysco, restaurant chains, bakeries, schools, hospitals, prisons).
- Product 5: Refined sugar sold in bulk to institutional and/or food service providers (e.g., restaurant chains, bakeries, schools, hospitals, prisons).
- Product 6: Refined sugar or estandar sold in packages of 50 kgs. (110.23 lbs.) or less to distributors (i.e., companies such as Batory Foods that buy sugar to resell to the industrial trade for use as an ingredient).
- Product 7: Refined sugar or estandar sold in bulk to distributors (i.e., companies such as Batory Foods that buy sugar to resell to the industrial trade for use as an ingredient).

To repeat a key point, if the Commission's pricing data are to be meaningful, they must be collected for the pricing products set out above on a monthly basis. Because sugar is a commodity product, prices of all market participants gravitate quickly to any particular price point; comparisons of average prices by quarter could very well be misleading.

## 2. Lost Sales

As shown in **Exhibit I-20**, U.S. producers have lost a significant volume of sales to imports of Mexican sugar. In each of the channels of distribution, and most particularly with sales to large retailers such as [ *company* ], the evidence indicates that low-priced Mexican sugar displaced U.S. sugar producers at a number of key customers. Taken together, the lost sales noted in **Exhibit I-20** total more than [ *1.8 million* ] short tons of sugar valued at US\$[ ] million.

As the Commission investigates Petitioners' lost sales allegations, it is important to recognize that the U.S. industry is not privy to the details of a particular purchaser's switch to Mexican supply. Thus, in some cases, a lost sale allegation may reflect the loss of business to another domestic supplier that, in turn, lost part of its business to imports from Mexico. It is, for example, entirely possible that (1) a large grocery chain has decided to buy Mexican sugar instead of U.S. sugar for a distribution center in the southwest, (2) the U.S. supplier that was directly displaced by imports from Mexico was then given new business at a distribution center further north (and thus did not suffer a net loss of business), but (3) a net loss of business was suffered by the supplier that was displaced by the supplier that had been displaced by the Mexican imports. In other words it is entirely possible — indeed, likely — that the lost U.S. sales were a result of a cascade effect of the switch from U.S supply to Mexican supply at a different distribution center. The relevant questions for the purchasers are not whether domestic supplier X lost a sale to imports from Mexico at Purchaser Y's distribution center at Z price, but whether the purchaser increased its purchases of Mexican sugar when there were competitive offers to supply domestic sugar and, if so, whether the pricing of the Mexican sugar was a reason, even if not the only reason, for the switch.

### **3. Lost Revenues**

As set forth in **Exhibit I-18**, U.S. producers have also lost significant revenues, as they have been forced to lower their prices in order to retain sales to a number of their key customers. As demonstrated, these price reductions resulted in an estimated loss of at least [ 3.4 million ] associated with price reductions on [ ] short tons of sugar sold. As with the lost sales allegations, the lost revenue allegations in this petition are based on information available to U.S. suppliers in the course of their negotiations with purchasers. The question for the Commission to

put to the purchaser is not “Did the U.S. supplier lower its price from X to Y because of Mexican competition” but, rather, “Did the U.S. supplier lower its price during the course of negotiations with the purchaser and if so, did the purchaser have before it an offer of Mexican supply that was lower than the original offer price of the U.S. supplier?”

**G. Unfairly Traded Sugar from Mexico Has Had a Significant Negative Impact on the Domestic Sugar Industry**

In assessing whether the domestic industry is materially injured by reason of unfairly-traded imports, the Commission considers all the relevant statutory factors reflecting the state of the domestic industry. *See* section 771(7)(C)(iii) of the Act, 19 U.S.C. § 1677(7)(C) (iii).

**1. Decreasing Sales Revenues and Decreasing Profits Demonstrate the Material Injury Caused by Subject Imports**

The substantial increase in subject imports at low prices has resulted in the domestic industry’s loss of sales revenues and profits.<sup>67</sup> As indicated, the U.S. sugar refiners and processors’ sales revenues [ *result* ] between 2011 and 2012, only to fall by more than [ 11 ] percent in 2013 and another [ ] percent in the first quarter of 2014. Similarly, the refining and processing industry watched its profits [ *description* ] in the first quarter of 2014. These [ *result* ] came at a time when the imports from Mexico had put substantial downward pressure on raw sugar prices as well, such that the cost to the refiners and processors to obtain raw sugar declined but they [ *result description* ] in the face of the dramatically reduced prices for refined sugar. This steep deterioration in the financial condition of the domestic sugar

<sup>67</sup> *See* Exhibit I-18, financial data of domestic cane refiners, beet processors and cane millers.

industry is directly related to declining sales revenues which resulted from increased volumes of Mexican sugar sold at unfairly traded low prices.

## **2. Decreased Payments to Farmers Is Further Demonstration of Material Injury**

In addition to the [ ] suffered by the refiners and processors, the Commission must examine the condition of the farmers and growers of sugarbeets and sugar cane, as they are an integral part of the domestic industry pursuant to section 771(4)(E) of the Act, 19 USC § 1677(4)(E). Here too, the data indicate a substantial loss in revenue as the payments farmers and growers receive for their crops have fallen the price for refined sugar fell. All beet sugar is produced through cooperative arrangements under which the beet farmers receive payment for their beets after the refined sugar made from those beets is sold. Cane growers' payments are also a reflection of the price the cane millers are able to obtain for their raw sugar. The data, as reflected in Table 1, show that payments to beet farmers and cane growers for 2013/2014, which have largely been locked in by sales for future delivery under contract, are projected to fall by more than \$[ ] million from the 2012/2013 levels, or by [ ] percent.

## **3. Impact of U.S. Sugar Program**

As noted above, the statute contains specific requirements to address the "special situations" that are created by the existence of agricultural support programs. *See* section 771(7)(D) of the Act, 19 U.S.C. § 1677(7)(D). The first of these rules states that the Commission may not use the minimum support price as a fixed threshold for its material injury determinations and thereby limit its affirmative determinations to those in which the market price has fallen below the minimum support price. In the same vein, Petitioners contend that the Commission should not use the marketing allotments under the sugar program as a fixed

**CONTAINS RANGED DATA**

threshold for the volume of domestic sales and tie its injury determination to those cases in which the domestic sales volume has fallen below the volume of the marketing allotments. To do so would be to ignore the special situations created by the sugar program and the statute's requirement to take such special situations into account.<sup>68</sup>

Rather, the Commission should recognize that because the sugar program allocates a certain portion of the U.S. sugar market to the domestic sugar industry on a volume basis, it would not be appropriate to focus on the volume of U.S. production as a primary indicator of injury, or to expect a significant decline in the volume levels of U.S. production. The Commission should focus instead on the revenues from sales, which have plummeted as low-priced imports from Mexico have surged. The value per short ton, raw value, of shipments of domestic sugar fell from [890 ] in Q1 FY 2013 to [ ] in Q1 FY 2014, a fall in just one year of [ ], or [ ] percent.

In addition, the statute requires the Commission to consider any increased burden on the government when it examines indicia of material injury. The U.S. sugar program had operated for more than a decade at no net cost to the taxpayers, as USDA had been able to keep supply (from U.S. production, Mexico and all other TRQ countries) and demand in close enough balance to maintain prices that were at or above the loan forfeiture prices. The flood of low-priced imports of sugar from Mexico has completely upset that balance and pushed prices below the forfeiture rates set for the sugar program. As a result, the U.S. government has been forced to expend over \$278 million in the last year under the sugar program. That expenditure alone, and the need to take over one million tons of sugar out of the U.S. food market, are both strong

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<sup>68</sup> See, Senate Finance Committee Report No. 96-249 accompanying the Trade Agreements Act of 1979. "The existence of agricultural price support programs created special situations that are dealt with in section 771(7)(D)." Senate Report No. 96-249 at 474.



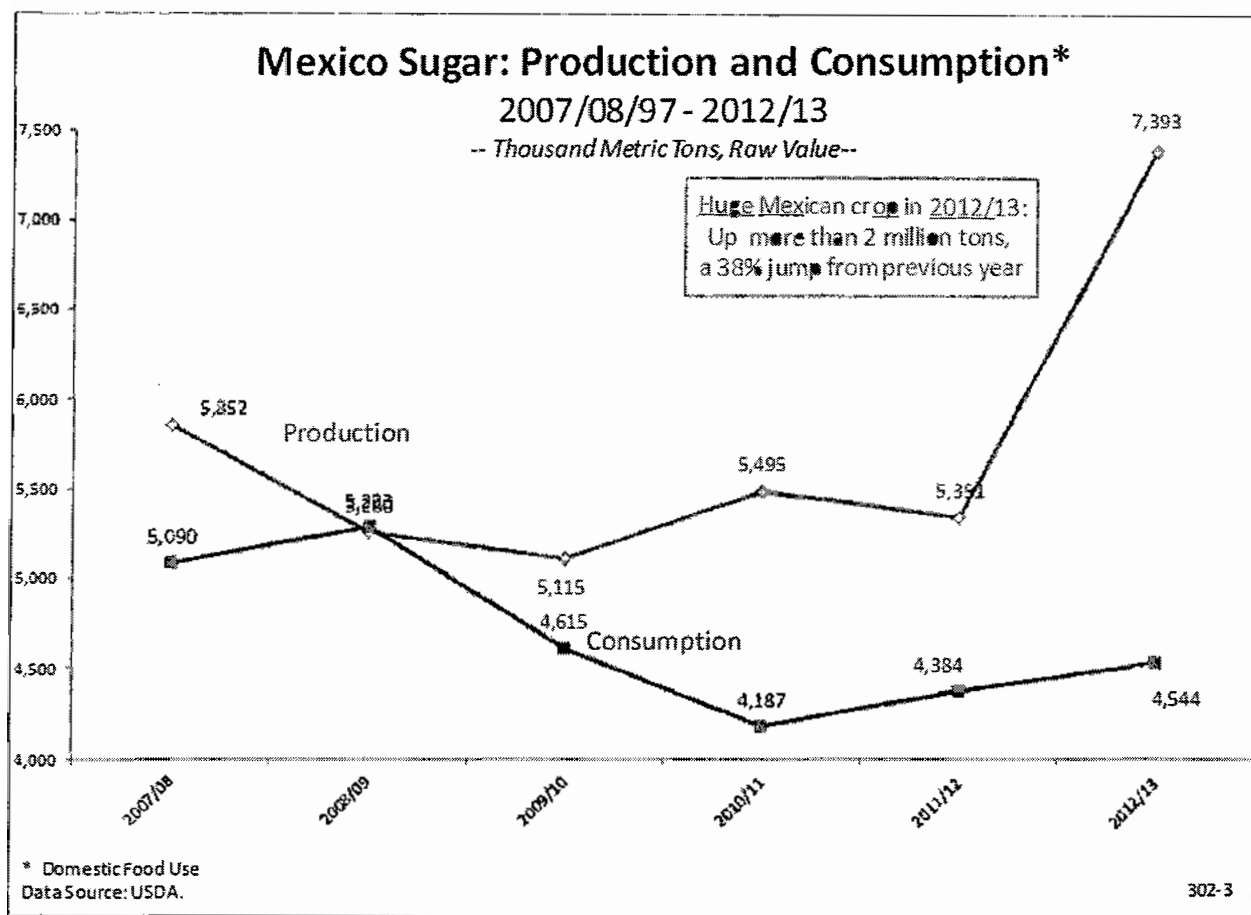
indicators that the U.S. sugar industry has been materially injured by reason of sugar imports from Mexico.

#### **H. Threat of Continuing Injury**

In addition to analyzing present material injury, the statute requires the Commission to determine whether the domestic industry is threatened with material injury by reason of the unfairly-traded imports. Section 771(7)(F) of the Act, 19 U.S.C. § 1677(7)(F). When making its threat determination, the Commission is required to examine a number of factors set forth in the statute, including any increase in the foreign producers' productive capacity or existing unused capacity, a significant rate of increase of the volume or market penetration of the subject imports, and the likelihood that imports of the subject merchandise are entering at prices that will have a significant depressing effect on domestic prices. Section 771(7)(F)(i) of the Act, 19 U.S.C. § 1677(7)(F)(i). Here, all three of these key threat of injury criteria are satisfied.

Mexico has increased the acreage devoted to sugar production by 336,000 acres, or 21 percent, since January 1, 2008. The result has been Mexican sugar production that, routinely, far exceeds Mexican demand. Whenever Mexico produces a significant sugar surplus, it significantly increases its stocks of sugar and thus has the capacity (and incentive) to export large volumes to the United States at destabilizing prices. Moreover, Mexico's production of sugar now far exceeds its domestic demand, indicating that Mexico must continue to export substantial volumes of sugar with much of that volume destined for the U.S.

FIGURE 3



To be sure, the size of Mexico’s future sugar crops and, therefore, stocks will vary as weather shapes the yield per acre planted and the sucrose content of the harvest. However, projections by USDA are for substantial Mexican production surpluses over the next ten years. Mexican authorities echo the USDA projections. In a February 2014 presentation, “A New Fall for the Mexican Agriculture, the Sugar Cane Agroindustry,” Mr. Carlos Rello, Director General of FEESA, said that plans are for Mexico’s sugar cane production to rise to 61.6 million metric tons in crop year 2017/2018, far exceeding the 54.79 million metric tons harvested in record 20112/2013 crop year. Given Mr. Rello’s expectations, USDA’s projections and the Mexican Government’s production targets, there can be no doubt that without antidumping and

countervailing duty discipline on Mexican exports, the volume of sugar imports from Mexico that entered the United States in 2013 will soon be surpassed.

The Mexican industry's determination to increase its penetration of the U.S. sugar market is further evident from its established relationships with U.S. refiners, melt houses and retailers, all of whom buy on price. Indeed, increased exports from Mexico over their present level are all but certain because one of the largest Mexican exporters, Zucarmex, has just signed a five-year lease for a liquid sugar production facility in Tucson, Arizona.<sup>69</sup> Zucarmex's plans are to produce liquid sugar using Mexican standar and to begin sales of Zulka Pure Cane Sugar.

Finally, because (1) much of the sugar sold in the United States is sold on contracts which fix price and quantity for a period of one year or more, and (2) imports from Mexico during the past year depressed U.S. producer prices in contracts for future sugar deliveries, the price depressing effects of the imports on future sales have been locked into sales through 2014 and beyond. The threat presented by the pricing of subject imports is, at this point, certain to become present injury over the coming months.

#### **IV. DUMPING**

##### **A. The Mexican Sugar Industry**

Mexico is the world's seventh largest sugar producing country (counting the European Union as a single country).<sup>70</sup> According to the GOM Department of Agriculture (Secretaría de Agricultura Ganadería Desarrollo Rural Pesca y Alimentación or "SAGAPA"), 780,000 hectares

<sup>69</sup> See **Exhibit I-21**, *Arizona Star*, "Mexican Sugar Firm Coming to Tucson, with Plans to Hire 50," February 28, 2014.

<sup>70</sup> See **Exhibit II-1**, Banco de Mexico Documentos de Investigacion, Working Paper No. 2013-16, Study on the Competitiveness of the Mexican Sugar Industry, November 2013 (hereinafter "*Bank of Mexico Study*") at Figure 1, p. 35.

of Mexican farmland were devoted to sugar cane production in crop year 2012/2013, up from 673,480 hectares in crop year 2010/2011.<sup>71</sup> The combination of increased sugar cane acreage and favorable growing conditions resulted in a record sugar cane harvest which was then milled by over fifty operating mills spread across several major Mexican sugar producing regions to produce nearly seven million metric tons of sugar.<sup>72</sup> Most of Mexico's 2012/2013 sugar production, *i.e.*, 64.27 percent, was semi-refined "estandar" with polarity up to 99.8 degrees. Another 29.89 percent was fully refined sugar, and the remaining 5.88 percent was split among various specialty sugars.<sup>73</sup>

## 1. The Growers

Sugar cane is grown across Mexico by some 160,000 growers concentrated in the states of Veracruz, San Luis Potasi, Jalisco, Oaxaca and Chiapas.<sup>74</sup> Most of them grow their cane on small plots — according to the Bank of Mexico, the size of a sugar cane growing plot of land in Mexico is, on average, 4.5 hectares (or just over 11 acres)<sup>75</sup> and, according to the World Bank, "{m}ore than 57 percent of growers have plots smaller than 3 hectares and only 2 percent are larger than 15 hectares."<sup>76</sup> To put the size of these plots in perspective, the average size of a sugar cane farm in the United States is about 415 hectares.<sup>77</sup> Because the average plot size is small, because only 22 percent of the cane is harvested mechanically, and because less than half

<sup>71</sup> **Exhibit II-2B**, Grupo Cultiba 2012 Financial Statements (hereinafter "Grupo Cultiba").

<sup>72</sup> **Exhibit II-2**, VTZ Study at 3; **Exhibit II-2B**, Grupo Cultiba.

<sup>73</sup> **Exhibit II-2B**, Grupo Cultiba.

<sup>74</sup> **Exhibit II-1**, *Bank of Mexico Study* at Table 1.

<sup>75</sup> *Id.* at 5.

<sup>76</sup> **Exhibit II-3**, World Bank, "Integration of the North American Sugar Market, Implications for Mexican Producers and Consumers," December 2007 (hereinafter "World Bank Study") at 3.

<sup>77</sup> *Id.*

the sugar cane acreage is irrigated, Mexico's per hectare sugar cane yield is, by international standards, relatively low (*i.e.*, 12.2 percent below the average U.S. yield).<sup>78</sup>

Sugar cane, which accounts for as much as 8.6 percent of the GDP of Mexico's agricultural sector,<sup>79</sup> is by value Mexico's second most important agricultural crop (after corn). The government policy is, therefore, to ensure pricing for sugar cane that can sustain production. Because of their relative inefficiency, this means that Mexico's sugar cane growers need a relatively high price for their cane. To this end, the GOM sets the price that sugar mills must pay for their cane based on a fixed percentage of the wholesale price of sugar. The pricing formula which is described in detail at pages 17-19 of the Bank of Mexico Study is based largely on the wholesale price of sugar in the preceding crop year.<sup>80</sup>

The reference price for cane payments for each harvest year is published in Mexico's Official Journal (*i.e.*, each year beginning October 1).<sup>81</sup> Because the cane harvest begins in November and December each year, nearly all of the sugar from a given harvest will be produced and sold in the following calendar year. For the October 1, 2012 to September 30, 2013 harvest, *i.e.*, the harvest from which virtually all of Mexico's calendar year 2013 sugar exports to the United States came, the reference price for cane payments based on Mexico's home market sales of sugar was Mx\$10,618.72, or US\$832.78, per metric ton.<sup>82</sup> Because calendar year 2013 sugar prices in Mexico were significantly below their calendar year 2012

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<sup>78</sup> **Exhibit II-1**, *Bank of Mexico Study* at 5.

<sup>79</sup> *Id.* at 2.

<sup>80</sup> See also **Exhibit II-2**, *VTZ Study* at 24.

<sup>81</sup> Copies of the reference prices published in the *Diario Oficial* for the past four years are found in **Exhibit II-2G**. The sugar cane reference prices for past year are also available online at [http://www.dof.gob.mx/nota\\_detalle.php?codigo=5275529&fecha=26/10/2012](http://www.dof.gob.mx/nota_detalle.php?codigo=5275529&fecha=26/10/2012) (last accessed March 15, 2014).

<sup>82</sup> **Exhibit II-2G**, Official Journal, "The basic sugar reference price standard for the payment of sugar cane, ZAFRA-2012 / 2013," dated October 26, 2012.

levels, this government-mandated price formula for cane imposed costs on Mexico's sugar mills during the period of investigation that were entirely unrelated to the falling prices at which they are able to sell their sugar.

## 2. The Mills

At present, 55 sugar mills operate in Mexico. Thirty-four of them belong to one of seven sugar producing groups that, taken together, account for over 70 percent of Mexican sugar production.<sup>83</sup> By far the largest of these sugar producing groups is the Fondo de Empresas Expropiadas del Sector Azucarero ("FEESA"), an agency of the GOM which operates nine expropriated sugar mills in five Mexican states.<sup>84</sup> The second largest is Grupo Beta San Miquel which owns six mills located in six different Mexican states.<sup>85</sup> Grupo Zucarmex, with five mills in four different states, and Grupo Ingenios Santos, which also operates five mills in four different states, are the third and fourth largest sugar producing groups.<sup>86</sup>

In terms of efficiency, the factory yields of Mexico's sugar mills are, on average, well below the yields achieved by American mills.<sup>87</sup> The economics of sugar production in Mexico are further compromised by the uniform application of the pricing formula for sugar cane without regard to the sugar content of the cane. Thus, during a period of falling sugar prices, Mexican sugar mills not only had to pay a 2013 price for cane that was high relative to the prevailing price of sugar, but mills that were supplied with lower quality cane had to pay a high price for a lower quality product.

<sup>83</sup> **Exhibit II-1**, *Bank of Mexico Study* at Table 2. According to SAGARPA data, there were 55 mills operating during the 2012/13 harvest year. **Exhibit II-2A**.

<sup>84</sup> **Exhibit II-1**, *Bank of Mexico Study* at Table 2; *see also Exhibit II-2, VTZ Study* at 7.

<sup>85</sup> **Exhibit II-1**, *Bank of Mexico Study* at Table 2.

<sup>86</sup> *Id.*

<sup>87</sup> *Id.*, Figure 14.

## **B. The Mexican Market**

In crop year 2012/2013, Mexico consumed just under four million metric tons of sugar of the nearly seven million metric tons it produced.<sup>88</sup> Essentially all Mexican demand, *i.e.*, 99.8 percent, was supplied by Mexican mills,<sup>89</sup> with between 55 percent and 60 percent sold for household consumption and 40 percent to 45 percent sold to industrial users (about half of which was sold to the bottling industry).<sup>90</sup> About 75 percent of Mexican market sales are of standard sugar or *estandar*, a semi-refined form of sugar with a polarity that is greater than raw sugar but less than fully refined sugar. Most of the remaining 25 percent of Mexican market sales were of fully refined sugar, but Mexico also consumes small quantities of specialty sugars and sugar in liquid form. Sugar sales to industrial users tend to be in bulk, in 1,500 kilo “super sacks” or in 50 kilo bags; sales at wholesale are typically in 50, 40 and 25 kilo bags; and retail sales are typically in 5, 2 and 1 kilo bags.<sup>91</sup>

### **1. Prices for Estandar**

Wholesale “estandar” prices sold in 50 kilo bags across Mexico are published by the GOM Sistema Nacional de Información e Integración de Mercados (“SNIIM”). In calendar year 2013, the price reported by SNIIM for *estandar* ranged from a high of Mx\$434.20 per 50 kg. bag in February to a low of Mx\$353.51 in May and averaged Mx\$382.22 per 50 kg. bag.<sup>92</sup> Converted to a dollar per pound basis, these SNIIM prices for *estandar* were US\$0.3095/lb. in

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<sup>88</sup> Exhibit II-2A, SAGARPA data.

<sup>89</sup> *Id.*

<sup>90</sup> *Id.*

<sup>91</sup> Exhibit II-2, *VTZ study* at 4.

<sup>92</sup> Exhibit II-2E, SNIIM data for calendar year 2013.

February, US\$0.2607/lb. in May and, on average, US\$0.2767.<sup>93</sup> Although far below the Mexican market prices of a year earlier, calendar 2013 wholesale prices in Mexico for estandar were still systematically higher than the No. 16 U.S. futures contract price, *i.e.*, the traded market price for raw sugar for consumption in the United States, for the same period, as shown in Table 5, below:

**Table 5**  
**2013 SNIIM Average Monthly Estandar Prices in Mexico Compared to No. 16 Contract Price**

<b>2013</b>	<b>A. SNIIM Price (Converted to US\$/lb.)</b>	<b>B. No. 16 Contract Price (US\$/lb.)</b>	<b>C. Difference as a % of No. 16 Price</b>
Jan.	\$0.2923	\$0.2120	37.88%
Feb.	\$0.3095	\$0.2072	49.37%
March	\$0.3094	\$0.2082	48.61%
April	\$0.2911	\$0.2038	42.84%
May	\$0.2607	\$0.1951	33.62%
June	\$0.2581	\$0.1931	33.66%
July	\$0.2605	\$0.1922	35.54%
Aug.	\$0.2741	\$0.2097	30.71%
Sept.	\$0.2629	\$0.2105	24.89%
Oct.	\$0.2569	\$0.2182	17.74%
Nov.	\$0.2600	\$0.2061	26.15%
Dec.	\$0.2858	\$0.1995	43.26%

*Source:* Exhibit II-4 (SNIIM); Exhibit II-17 (No. 16 Contract Prices). SNIIM prices are reported in pesos per 50 kg. bags for each month of calendar year 2013. These prices were converted to U.S. dollars per lb. using the exchange rates found in Exhibit II-18 (Federal Reserve monthly exchange rates).

As (1) the bulk of Mexican sugar imported into the United States was in estandar form, and (2) imports of Mexican estandar compete directly with U.S. raw sugar for sales to refiners, these SNIIM prices imply significant “price-to-price” dumping for the 2013 imports of sugar from Mexico in estandar form.

However, as explained *infra*, SNIIM Mexican wholesale market prices for estandar include delivery costs for shipment from the mill to the wholesale market. These costs have

<sup>93</sup> *Id.*



been calculated by the Mexican government at 6.4 percent of the wholesale price.<sup>94</sup> When SNIIM prices are reduced by the 6.4 percent delivery cost to arrive at the “ex-mill” prices of sugar sold in the Mexican wholesale market, the ex-mill prices of the home market sales were systematically below the fully allocated “ex-mill” cost. Below cost sales must be excluded from the home market sales benchmark for dumping margin calculations.<sup>95</sup> The actual margins of dumping of exports of estandar sugar to the United States in calendar year 2013, which must be calculated by reference to their “constructed value,” are, therefore, significantly higher than the differences between the SNIIM prices and the U.S. No. 16 Contract prices suggest.

## **2. Prices for Refined Sugar**

Sales of refined sugar account for between 20 and 25 percent of Mexican home market consumption.<sup>96</sup> Table 6 below (1) sets out the average SNIIM published price for refined sugar sold into Mexico’s wholesale markets and (2) compares those SNIIM prices to the average and published “Beet Sugar Midwest” price, *i.e.*, the tracked U.S. market price, for refined sugar for the same month.<sup>97</sup> The data show that despite falling home market prices for refined sugar over the course of calendar year 2013, Mexican home market prices were systematically higher than refined sugar prices in the United States:

<sup>94</sup> See, e.g., **Exhibit II-2F**, Mexico Sugar Chamber weekly prices.

<sup>95</sup> See Section 773(b)(1) of the Act, 19 U.S.C. § 1677b(b)(1).

<sup>96</sup> **Exhibit II-2A**. Data from the GOM department of agriculture, Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y Alimentación (“SAGARPA”).

<sup>97</sup> See **Exhibit II-2E**, SNIIM prices; **Exhibit II-7**, Midwest Refined Price. SNIIM prices are converted to U.S. dollars per lb. using the exchange rates found in **Exhibit II-6**.

**Table 6**  
**2013 SNIIM Average Monthly Refined Sugar Prices in Mexico Compared to Sugarbeet Midwest Prices for Refined Sugar**

<b>2013</b>	<b>A. SNIIM Price (Converted to US\$/lb.)</b>	<b>B. Midwest Refined Price (US\$/lb.)</b>	<b>C. Difference as A% of Midwest Price</b>
Jan.	\$0.3707	\$0.3050	21.54%
Feb.	\$0.3725	\$0.2850	30.70%
March	\$0.3694	\$0.2760	33.84%
April	\$0.3654	\$0.2663	37.21%
May	\$0.3380	\$0.2630	28.52%
June	\$0.3167	\$0.2650	19.51%
July	\$0.3162	\$0.2600	21.62%
Aug.	\$0.3175	\$0.2550	24.51%
Sept.	\$0.3140	\$0.2625	19.62%
Oct.	\$0.3054	\$0.2738	11.54%
Nov.	\$0.3042	\$0.2800	8.64%
Dec.	\$0.3228	\$0.2750	17.38%

*Source:* Exhibit II-2E, SNIIM; Exhibit II-7, Midwest Refined Price. SNIIM prices are reported in pesos per 50 kg. bags for each month of calendar year 2013. These prices were converted to U.S. dollars per lb. using the exchange rates found in Exhibit II-6, Federal Reserve monthly exchange rates.

As was shown in Table 5, comparing domestic *estandar* to No. 16 Contract prices, Table 6 also implies systematic and substantial “price-to-price” dumping margins comparing Mexican market domestic sales of refined sugar to U.S. market prices for refined sugar. Again, however, when taken back to an “ex-mill” level using the same 6.4 percent reduction to the wholesale price for delivery costs, the Mexican market sales of refined sugar were below the fully allocated “ex-mill” cost of the refined sugar cost for certain months of calendar year 2013. Because those below cost sales must be excluded from the Department’s dumping margin calculations, it follows that the margins of dumping are greater than a comparison of the SNIIM wholesale market prices to Midwest prices suggests.

**C. U.S. Import and Mexican Export Statistics**

Data on the values of sugar exports from Mexico to the United States, and U.S. imports from Mexico, are available in Mexican export and U.S. import statistics. In calendar year 2013,

imports of sugar from Mexico into the United States reached 2.064 thousand metric tons with a declared value of \$1,068.8 billion. By volume, these imports were 119.8 percent higher than the calendar year 2012 level. The increase by value was, at 32.0 percent, significantly lower than volume increase but only because of the drop in their average unit value, *i.e.*, from US\$0.39 per pound in 2012 to US\$0.23 per pound in 2013.<sup>98</sup> However, U.S. import statistics do not distinguish between imports of semi-refined *estandar* and imports of fully refined Mexican sugar. As shown by **Exhibit II-21**, the tariff subheadings in the HTS define “raw cane sugar” to have a polarity of less than 99.5 degrees, but do not otherwise segregate refined sugar between semi-refined *estandar* and fully refined sugar.<sup>99</sup> As such, the U.S. import statistics are of limited utility for purposes of antidumping analysis.

Mexican export statistics, by contrast, distinguish between exports of *estandar* and fully refined sugar. As indicated by **Exhibit II-23**, the Mexican tariff schedules specifically provide for *estandar* equal to or greater than 99.4 degrees (but less than 99.5 degrees) in subheading 1701.14.01, HTS (Mexico). In addition, *estandar* equal to or greater than 99.5 degrees, but less than 99.9 degrees, is classified under subheading 1701.99.01 or 1701.99.02, HTS (Mexico) and fully refined sugar, 99.9 degrees or more in polarity, is classified under heading 1701.99.03 HTS (Mexico).<sup>100</sup> The Mexican export data are a very close match to the U.S. import data in both value (\$1,099 million Mexican export value vs. \$1,069 million U.S. import value) and volume

<sup>98</sup> Census statistics are included in **Exhibit II-8**.

<sup>99</sup> As shown in **Exhibit II-9**, the HTSUS provides as follows: “‘raw sugar’ means sugar whose content of sucrose by weight, in the dry state, corresponds to a polarimeter reading of less than 99.5 degrees.” *Estandar*, however, commonly includes sugar with a polarity greater than 99.5, but less than 99.9 degrees. *See Exhibit II-10*, ships’ manifest data showing imports of *estandar* with polarity greater than 99.5 degrees. For example, **Exhibit II-10** reports that CN Worldwide Inc. imported 99.52 degree *estandar* from Zucarmex on May 17, 2013 into the port of New Orleans. Given the relative sucrose content, the imported *estandar* is classified under HTSUS subheading 1701.99.50. **Exhibit II-9**.

<sup>100</sup> **Exhibit II-11**, excerpts from the Mexican tariff schedules.

(2,183.7 thousand metric tons in Mexican export data vs. 2,064 thousand metric tons U.S. import data) and, therefore, provide a reliable basis for calculating the price of exports of both estandar and refined sugar from Mexico to the United States in 2013. Those data show that (1) most sugar exports from Mexico to the United States in calendar year 2013 were, in fact, in estandar form, and (2) the average unit value of such exports was significantly below the average unit value of refined sugar exports from Mexico to the United States.

To arrive at an “ex-mill” export price based on export values derived from Mexican data, we have reduced the export value by the same 6.4 percent for delivery costs in Mexico that the GOM applies to wholesale prices in Mexico to calculate the ex-mill price of Mexican market sales.

**Table 7**  
**2013 Mexican Export Data (GTA)**

	<b>Export Value</b>	<b>Export Volume</b>	<b>Delivered Unit Value of Exports</b>		<b>“Ex-Mill” Export Price With 6.4% Intra-Mexico Shipping Cost</b>
	(US\$)	(Kg.)	(US\$/kg)	(US\$/lb)	(US\$/lb)
Estandar	\$621,178,911	1,317,228,927	\$0.4716	\$0.2139	\$0.2002
Refined	\$478,211,958	865,434,753	\$0.5526	\$0.2506	\$0.2346

*Source: Exhibit II-12, Global Trade Atlas.*

#### **D. Dumping Margin Calculations**

The dumping margins alleged in these petitions are derived entirely from public data published by Mexican Government sources (although the cost of production calculations have been corroborated by data from other sources). Specifically, the home market prices are the 2013 monthly SNIIM prices for estandar and refined sugar in Mexico’s wholesale markets published by the Mexican Government, reduced by the 6.4 percent delivery costs associated with

such sales that the Mexican Government relies on to calculate the “ex-mill” reference price for sugar cane.<sup>101</sup>

To test whether these home market sales prices were above cost, Petitioners have calculated the cost of sugar production in Mexico on the basis of a three-step process. The details of the first two steps are set out in the VTZ study<sup>102</sup> and related Annexes. First, the base cost of sugar cane used to produce estandar and refined sugar has been calculated using the cost of sugar cane for crop year 2012/2013 under the pricing formula mandated by the Mexican Government. Second, the cost of sugar cane has been increased by the 25.3 percent ratio of other sugar mill expenses to total mill costs, as reported by Mexico’s Instituto Nacional de Estadística y Geografía (“INEGI”). The third step, which is not in the VTZ study, was to allocate sugar mill costs other than cane costs between estandar and fully refined sugar based on their respective average SNIIM prices for calendar year 2013. Because fully refined sugar undergoes more processing than estandar, it carries a heavier cost. However, because there is no production of estandar in the United States and the added costs of transforming raw sugar into fully refined sugar will overstate the cost of processing estandar into fully refined sugar, allocation of non-cane mill costs on the basis of relative price is the only option reasonably available to Petitioners.

Because the calculation of non-cane mill costs incurred by Mexican mills is based on a ratio of cane to total mill costs calculated by INEGI using 2008 data, the applicability of that ratio to actual non-cane costs incurred by Mexican mills in 2013 needs to be corroborated by

<sup>101</sup> According to the World Bank Study, prices for export to the United States include “estimated freight to central Mexico,” reflecting the inland freight costs to ship to a CEDA. **Exhibit II-3**. The World Bank Study at 32. As indicated in **Exhibit II-2** at 17 and shown in **Exhibit II-2F**, the National Chamber of the Sugar and Alcohol Industries (“Camara Nacional de las Industrias Azucarera y Alcohólera,” or CNIAA), which compiles the weekly wholesale prices at the various wholesale markets reported by SNIIM, uses national average rate of 6.4 percent to reflect the freight costs from the mills to the wholesale markets.

<sup>102</sup> **Exhibit II-2**, VTZ study at 22-27.

other cost information. The petition relies on two sources of corroborating data. The first is a 2011 analysis of the economics of sugar production in Mexico that captures (1) other mill operating costs, and (2) post-harvest “reparation” expenses when the mills is not operating, in each case on a “Mx\$-per-metric-ton-of-sugar-sold” basis. The second source of corroborating data is the direct labor, other factory and mill G&A costs reported by U.S. mills that produce raw sugar from sugar cane, adjusted for known differences in U.S. and Mexican costs.

Applying the cost calculation described above to the SNIIM “ex-mill” prices of Mexican home market sales of estandar, Petitioners found no estandar sales at above cost prices during calendar year 2013. Consequently, the normal value of Mexican exports of estandar has been calculated by reference to its constructed value, *i.e.*, the fully allocated cost of production plus an amount for profit.

By contrast, the data show that SNIIM home market prices for refined sugar reduced by 6.4 percent to bring them back to an “ex-mill” price were above cost during certain months of 2013. The normal value of Mexican exports of refined sugar have, therefore, been calculated by reference to the average “ex-mill” price of those above cost sales. The details of the normal value and export price calculations are set out below.

**1. Normal Value**

**a. Home market prices**

To the extent the sugar sold by Mexican mills into the Mexican market was sold at above cost prices in calendar year 2013, those home market above cost sales provide the basis for calculating the “normal value” of imports of sugar from Mexico. *See* Section 773(b)(1) of the Act, 19 U.S.C. § 1677b(b)(1). However, as shown below, the evidence indicates that for both estandar and refined sugar, there were substantial below cost sales as Mexican market prices fell

over the course of 2013. Thus, to be clear, *Petitioners allege home market sales of sugar in Mexico in substantial quantities over an extended period at below cost prices.*<sup>103</sup> Under long-established Department practice, home market prices must be tested against the fully allocated cost of production and if, as Petitioners allege, there are sales below cost in the Mexican market, those below cost sales must be eliminated from the universe of home market sales used to calculate normal value.

**i. Estandar**

Average SNIIM wholesale prices for estandar for each month of 2013 are set out in Table 5, above. Mexico's formula for calculating the price of that Mexican mills must pay for their sugar cane begins with the SNIIM wholesale price of sugar, and then deducts 6.4 percent of that price for delivery and other costs associated with those sales in order to adjust the SNIIM wholesale price to an "ex-mill" price. For purposes of this petition, the home market price for estandar in each month of calendar year 2013 is, therefore, 93.4 percent of the monthly price for estandar. The mathematical average of these monthly prices in U.S. dollars per pound is US\$0.2591.

**ii. Refined sugar**

For purposes of this petition, the calculation of the average monthly home market price of refined sugar mirrors the methodology used to derive the average monthly home market price of estandar, *i.e.*, 93.4 percent of the SNIIM price for each month of calendar year 2013 set out in Table 6, *supra*. The average U.S. dollar per pound price for the full year is US\$0.3130.

<sup>103</sup> See 19 U.S.C. §§ 351.406 and 351.301(d)(2).

**CONTAINS RANGED DATA****b. Cost of production****i. Basic methodology**

Because the formula used to set the price of sugar cane in 2013 is known, the cost of the principal material input used to produce sugar associated with Mexican market sales can be calculated with precision, *i.e.*, 57 percent of the reference price multiplied by the yield of sugar per ton of cane, *i.e.*,  $0.57 \times 119.27/1000 \times \text{Mx}\$10,618$ . To calculate the non-cane cost of producing sugar in Mexico, Petitioners have relied on a study by Mexico's INEGI published in 2009 based on 2008 data. In that study, which is included in **Exhibit II-2K**, the INEGI analysts found that materials costs represented 74.7 percent of total mill costs of production.<sup>104</sup> However, because the 0.747 ratio of sugar cane costs to total costs in the analysis of the cost of producing sugar in Mexico is based on 2008 data published in 2009, the US\$0.0765/lb. estimate for 2013 non-cane mill costs must be tested against other data for accuracy.

**ii. Non-cane cost reasonableness test**

Petitioners have corroborated the US\$0.0765/lb. non-cane cost in two different ways. The first is by reference to the 2013 experience of U.S. sugar cane mills. Petitioners have collected financial data from a number of U.S. cane sugar mills that purchase their sugar cane as evidence of material injury by reason of sugar imports from Mexico.<sup>105</sup> Those data show that, on average, raw material costs (which are primarily but not exclusively cane costs) accounted for [ 69.0 ] percent of the average sugar mill cost of production in fiscal year 2011, [ ] percent in fiscal year 2012, and [ ] percent in fiscal year 2013. In other words, these data show for purposes of calculating Mexican costs of sugar production, a 74.7 percent ratio of sugar

<sup>104</sup> See also **Exhibit II-2**, VTZ study at 26.

<sup>105</sup> The aggregate financial data from the four non-coop sugar cane mills and their mill-specific data are provided in **Exhibit II-14**.



cane costs to total sugar production is conservative in that it overstates the cost of cane relative to other costs.<sup>106</sup>

More to the point, the U.S. sugar mill data also show that, on average, the direct labor, other factory and G&A costs of converting sugar cane into a pound of raw sugar in fiscal years 2013 were, respectively, US\$[            ], US\$[ 0.04 ] and US\$[            ]. According to the Bureau of Labor Statistics August 9, 2013 International Comparisons of Hourly Compensation Costs in Manufacturing 2012, Mexican labor costs, at US\$6.36/hour, were 17.83 percent of U.S. costs (US\$35.67/hour).<sup>107</sup> Petitioners have, therefore, adjusted the US\$[ 0.02 ] per pound labor cost to \$[0.002 ] per pound to account for the known difference between U.S. and Mexican labor costs. With this change, the 2013 non-cane costs of sugar production in Mexico based on adjusted U.S. production costs were US\$[            ], *i.e.*, almost exactly the same as the non-cane cost figure derived from the INEGI study.

The second test of the reasonableness of the non-cane mill cost estimate based on the 74.7 percent cost of cane to total mill costs in the INEGI study is an analysis of sugar mill costs in a January, 2011 article in *Business Intelligence Journal*, "Valuation of a Mexican Sugar Mill and Driving Value Factors," by Carlos Acosta Calzado. Mr. Calzado's analysis, which is based on a review of financial data for three Mexican mills, calculates non-cane costs of between 27 percent and 41 percent of total mill costs. In relevant part, the Calzado analysis reads as follows:

We analyzed three sugar mills from which we were able to obtain financial and operating data and we will assume that other Mexican sugar mills follow the same cost structure. Basically, there are four general costs and expenses in a sugar mill, the cost

<sup>106</sup> Indeed, it should be noted that the breakdown of sugar production costs identified by INEGI does not include selling, general and administrative expenses and, therefore, understates the full cost of production.

<sup>107</sup> See **Exhibit II-15**, U.S. Bureau of Labor Statistics, "Int'l Comparisons of Hourly Compensation Costs in Manufacturing," August 9, 2013.

of raw materials or sugarcane, salaries, SG&A and reparation costs.

...  
The most important operating expense is the salary cost which could range from 5% to 10% of total sales. ...

Other SG&A expenses include petroleum used in caldrons, chemical products, utilities, maintenance, transportation, and containers, among others. Those range from 7% to 11% of total sales. ...

During the reparation period, not all workers are needed, but materials and salaries account for around 15% to 20% of total income.<sup>108</sup>

That same article indicates both sugar production in metric tons used in its base year calculation and cost data (in millions of pesos) for “reparation expenses” and “operating expenses” in the same base year calculation. The combined costs for these items are Mx\$108,900,000 which must be allocated over 29,810 metric tons of sugar sold.<sup>109</sup> The result is a per metric ton non-cane cost of Mx\$2,735, or US\$0.0972 per pound of sugar produced, *i.e.*, a figure that is well above the US\$0.076/lb. figure Petitioners have attributed to non-cane mill costs in Mexico.

### **iii. Allocation of non-cane costs between estandar and fully refined sugar**

The last part of the cost of production calculation is the allocation of mill costs other than cane costs between production of estandar sugar and fully refined sugar. Petitioners have allocated these costs based on the relative SNIIM wholesale prices for estandar and refined sugar reported in Mexico’s wholesale markets because (1) producing fully refined sugar entails more processing than production of estandar, but (2) because estandar is not produced in the United

<sup>108</sup> **Exhibit II-16**, Carlos Acosta Calzado (MBA), “Valuation of a Mexican Sugar Mill and Driving Value Factors,” *Business Intelligence Journal*, January, 2011 (hereinafter “Business Intelligence Journal Article”) at 95-96.

<sup>109</sup> *Id.* at 101.

States, allocation of common overhead and SG&A costs by relative value is the only option available using Mexican data. In 2013, the average price of a pound of estandar in Mexico was US\$0.2589 and the average price of a pound of fully refined sugar was US\$0.3126, with a combined value of US\$0.5715. Estandar therefore account for 45.30 percent of the total and refined sugar accounted for 54.70 percent of the total. Non-cane mill costs have been allocated on that basis.<sup>110</sup>

Based on the foregoing, Petitioners calculate the representative Mexican industry cost of producing estandar in crop year 2012/2013 at US\$0.2950 per pound and the cost of producing fully refined sugar was US\$0.3090 per pound. The details of the calculation are set out in Table 8:

<sup>110</sup> As shown by **Exhibit II-4**, the average 2013 ex-mill price for estandar was \$0.2766 per pound; the average ex-mill price for refined sugar was \$0.3340 per pound. The labor cost difference is insignificant because the average labor cost per pound of sugar produced is insignificant.

**Table 8**  
**2012/2013 Mexican Mill Cost of Production Calculated on**  
**Basis of Cane Cost Plus 25.3 Percent for Other Mill Costs**

1. 2012/2013 reference price for cane cost calculation	= Mx\$10,618 per metric ton
2. Sugar yield per ton of cane	= 119.27 kgs. per metric ton
3. Cost of sugar cane = 57% of reference price x yield	= 0.57 x 119.27/1000 x Mx\$10,618 = Mx\$722 per metric ton of sugar produced
4. Total cane usage	= 61.439 million metric tons
5. Cost of cane	= 61.439 million x Mx\$722 = Mx\$44,359 billion
6. Total sugar production	= 6.975 million metric tons
7. Cost of cane per metric ton of sugar produced	= Mx\$44.359 billion/6.975 million metric tons = Mx\$6,359 per ton
8. Total per ton of sugar mill cost assuming cane cost = 747 percent of total	= Mx\$6,359 ÷ 0.747 = Mx\$8,512 per MT of sugar
9. Average cost of sugar product US\$/per pound	= Mx\$8,512.72/2,204.6 = Mx\$438.61/pound = Mx\$0.3025/pound at a Mx\$12.765/ US\$ exchange rate
10. Average non-cane mill cost	Mx\$8,512 – Mx\$6,359 = Mx\$2,153/MT = US\$0.0765/lb.
10. Cost of estandar based on allocation of non-cane costs on the basis of relative SNIIM price	= Cane cost + 90.6% of mill cost = US\$0.2260 + 0.069 = US\$0.295/lb.
11. Cost of refined sugar based on allocation of non-cane cost on the basis of relative SNIIM prices	= Cane cost + 109.4% of mill cost = US\$0.2260 + 0.083 = US\$0.309

A recent public statement regarding sugar production costs in Mexico by a Mexican sugar mill executive corroborates Petitioners' cost of production calculation. In an October 10, 2013 article attached at **Exhibit II-17, *Zafranet***, a Mexican sugar industry publication, quotes Julio Agosto Ulloa, the chief operating officer of the Santa Clara sugar mill (which belongs to

the Porres Group and produces only refined sugar)<sup>111</sup> as saying that the Santa Clara mill’s cost of producing a 50 kg. bag of sugar was “between 380 and 390” pesos. At the mid-point of Mr. Ulloa’s stated cost range, *i.e.*, Mx\$385 pesos per 50 kg. bag, the Santa Clara mill’s production costs translate to a US\$0.2736 per pound cost of production, *i.e.*, a difference of \$0.0214 per pound from Petitioners’ cost estimate:

Mx\$385 for a 50 kg. bag = Mx\$7.7 per kg. = Mx\$3.49 per lb. = US\$0.2736 at a Mx12.765/US\$ exchange rate

**c. Normal value calculations**

As shown in Table 9 below, “ex-mill” home market prices of estandar sugar were systematically below the average US\$0.295 Mexican mill cost of producing a pound of estandar during each month of calendar year 2013.

	<b>SNIIM Average Monthly (Pesos/50kg)</b>	<b>SNIIM Average Monthly (US\$/lb)</b>	<b>SNIIM FOB Mill Price (\$/lb)</b>	<b>Prod'n Cost (\$/lb)</b>
Jan-13	409.15	0.2923	0.2736	0.295
Feb-13	434.20	0.3095	0.2897	0.295
Mar-13	426.28	0.3094	0.2896	0.295
Apr-13	391.66	0.2911	0.2725	0.295
May-13	353.51	0.2607	0.2441	0.295
Jun-13	368.77	0.2581	0.2415	0.295
Jul-13	366.51	0.2605	0.2439	0.295
Aug-13	390.08	0.2741	0.2565	0.295
Sep-13	378.33	0.2629	0.2461	0.295
Oct-13	367.93	0.2569	0.2405	0.295
Nov-13	372.84	0.2600	0.2433	0.295
Dec-13	411.46	0.2858	0.2675	0.295
2013 AVG	389.22	0.2766	0.2589	0.295

<sup>111</sup> See Exhibit II-17, Inside the Mills: Santa Clara Mill.

Because the home market prices of estandar were consistently below the cost of producing it, the normal value for estandar must be calculated by reference to its “constructed value,” that is, the fully allocated cost of production plus an amount for profit. Petitioner has calculated the “normal” profit for estandar by reference to the 10 percent average profit margin realized by Mexican producers on their calendar year 2013 above cost sales of refined sugar. Applying that 10 percent profit margin to the cost of producing estandar as calculated above results in a constructed value for estandar of US\$0.295/lb. x 1.10 = US\$0.325/lb.

Table 10 sets out the SNIIM wholesale home market prices, ex-mill prices and cost data for refined sugar. The ex-mill prices of home market sales of refined sugar were above cost from January through May 2013.

**Table 10**  
**Monthly Refined Sugar Prices: Pesos (\$)/50 kg. Package**  
**Estimated Rates, All National Markets, Tuesday of Each Week**

	<b>SNIIM Average Monthly Price (Pesos/50kg)</b>	<b>SNIIM Average Monthly Price (US\$/lb.)</b>	<b>SNIIM FOB Mill Price (\$/lb)</b>	<b>Prod'n Cost (\$/lb)</b>	<b>Above Cost (\$/lb)</b>
Jan-13	518.87	0.3707	0.3470	0.309	0.3470
Feb-13	522.43	0.3725	0.3486	0.309	0.3486
Mar-13	508.95	0.3694	0.3457	0.309	0.3457
Apr-13	491.62	0.3654	0.3420	0.309	0.3420
May-13	458.26	0.3380	0.3164	0.309	0.3164
Jun-13	452.56	0.3167	0.2964	0.309	
Jul-13	444.79	0.3162	0.2960	0.309	
Aug-13	451.84	0.3175	0.2971	0.309	
Sep-13	451.84	0.3140	0.2939	0.309	
Oct-13	437.41	0.3054	0.2859	0.309	
Nov-13	436.22	0.3042	0.2847	0.309	
Dec-13	464.65	0.3228	0.3021	0.309	
2013 AVG	469.95	0.3340	0.3126	0.309	0.3399

Excluding below cost sales of refined sugar from the computation, the average home market price of the above-cost sales of refined sugar derived from the SNIIM data is US\$ 0.3399 per pound. For dumping margin calculation purposes, therefore:

1. The normal value of Mexican *estandar* is US\$0.325 per pound;
2. The normal value of Mexican refined sugar is US\$0.3399 per pound.

## 2. Export Price

For purposes of this petition, the export prices of sugar imports in *estandar* and fully refined form have been derived from Mexican export statistics as they are the only source of broad export pricing data that distinguish between *estandar* and fully refined Mexican sugar shipped to the United States. These statistics are included in **Exhibit II-11**. However, as with the SNIIM domestic prices, the Mexican export statistics must be adjusted to account for inland freight and handling between the mills and the trading companies that export to the United States.

Mexican sugar mills first sell to “traders,” “large domestic brokers” or directly to wholesale markets (*centrales de abasto* or “CEDAs”).<sup>112</sup> These distributors resell to industrial users (producers of soft drinks, bakery, candy, milk products, etc.), retailers (public markets and convenience stores) and supermarkets.<sup>113</sup> With respect to exports, sugar is shipped from the mills to one of the wholesale markets, where there are terminal facilities. Export contracts are used in the case of sales by the sugar mills to distributors, such as CSC or ED&F Man.<sup>114</sup> Thus, at the time of sale by the Mexican mills to their distributors, the sales are “for exportation”

<sup>112</sup> **Exhibit II-2**, VTZ study at 16.

<sup>113</sup> *Id.*

<sup>114</sup> **Exhibit II-2**, VTZ study at 32. Mexican mills enter different contracts for domestic and export sales in part to enable the calculation of sugar cane prices (one of the variables is the export price).

within the meaning of section 772(a) of the Act, 19 U.S.C. § 1677a(a). Inland freight from the mill to the wholesale market is included in the prices reported by the exporters.<sup>115</sup> Hence, to account for such inland freight from the mills to the wholesale markets, the national average rate (6.4 percent) reported by CNIAA and SNIM, as described above, was used to calculate inland freight costs.

More specifically, Petitioners have taken 93.6 percent of the declared value of Mexican exports in calendar year 2013 as the “ex-factory price” of such exports (*i.e.*, it assumes the same intra-Mexico movement expenses on export sales as the sales in the Mexican market). By this measure, the 2013 average export price for estandar was US\$0.2002 per pound and the average export price for refined sugar was US\$0.2346.<sup>116</sup>

### 3. Calculation

A comparison of the export price of estandar with its normal value, *i.e.*, constructed value, produces a dumping margin for estandar of **62.44 percent**, *i.e.*:

Normal value of US\$0.325 per pound – export price of US\$0.2002 per pound  
= an export price that is US\$0.125 per pound below normal value, which results  
in a dumping margin of  $.125 \div .2002 = 62.44$  percent

A comparison of the export price of refined sugar with its normal value, *i.e.*, above cost home market sales produces a dumping margin for refined sugar of **44.88 percent**, *i.e.*:

Normal value of US\$0.3399 per pound – export price of US\$0.2346 per pound  
= an export price that is US\$0.1053 per pound below normal value, which  
results in a dumping margin of  $.1053 \div 0.2346 = 44.88$  percent

<sup>115</sup> According to the World Bank Study, prices for export to the United States include “estimated freight to central Mexico,” reflecting the inland freight costs to ship to a CEDA. **Exhibit II-3** at 32.

<sup>116</sup> As shown by **Exhibit II-12**, the average export value for estandar and fully refined sugar was \$0.4716/kg and \$0.5726/kg respectively. Adjusting for inland freight costs equal to 6.4 percent and converting to \$/lb yields \$0.2002/lb and \$0.2346/lb.



## V. COUNTERAVAILABLE SUBSIDIES

### E. Overview of Government of Mexico Subsidization of the Manufacture, Production and/or Export of Sugar

It is a well-known and well-documented fact that the sugar market in Mexico is a protected market, and that small communal agrarian land holdings as well as associations of sugar cane producers benefit from special status under the Mexican constitution.<sup>117</sup> This special constitutional status has historical antecedents in the Mexican Revolution, as well as in the post-revolution public policy objectives to create work, income, and development for rural populations composed primarily of sugar cane growers.<sup>118</sup> Such objectives led to the issuance of various *Decretos cañeros* (“Cane Decrees”) from 1947 through to 2004,<sup>119</sup> and eventually to the 2005 enactment of the current *Ley de Desarrollo Sustentable de la Caña de Azúcar* (“Cane Law”). The various Cane Decrees as well as the Cane Law have shared a common purpose: to enable the Government of Mexico (“GOM”) to set the price of sugar cane based on the percentage of recoverable sugars in the sugar cane.<sup>120</sup>

Sugar cane is currently produced in over 225 municipalities located in 15 of Mexico’s 23 states, and is the main economic activity in many of those areas.<sup>121</sup> It is estimated that over 2 million people, mostly rural inhabitants, benefit directly from sugar cane production in Mexico.<sup>122</sup>

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<sup>117</sup> **Exhibit III-1**, Constitution of Mexico, Title 1, Chapter I at Arts. 27-28.

<sup>118</sup> **Exhibit III-2**, N. Aguilar-Rivera et al, “The Mexican Sugarcane Industry: Overview, Constraints, Current Status and Long-Term Trends,” September 2012 at 209 (hereinafter “Rivera Report”).

<sup>119</sup> **Exhibit III-2**, Rivera Report at 209; **Exhibit II-3**, World Bank at 27-29.

<sup>120</sup> **Exhibit II-3**, World Bank at 27-29; **Exhibit III-2**, Rivera Report at 209-212.

<sup>121</sup> **Exhibit II-3**, World Bank at 9; **Exhibit III-2**, Rivera Report at 209.

<sup>122</sup> **Exhibit II-3**, World Bank at 3; **Exhibit III-2**, Rivera Report at 209.

A large majority of Mexican sugar cane production (61 percent in 2012) is undertaken by small-scale, high-cost farm operations, nearly 165,000 in number, with an average production area of 4 hectares (10 acres) or less.<sup>123</sup> In addition, harvesting and transportation of cane to the mills is largely the responsibility of the cane growers and, in most cases, the cane is harvested by hand and loaded onto trucks for transport to mills.<sup>124</sup> Economies of scale, innovation, and strategic investments under these conditions are virtually non-existent.

For all of these reasons, it is no surprise that sugar cane production is a national socio-economic priority for the GOM. Given the historical, constitutional, and regulatory context for sugar production in Mexico, it is also no surprise that the GOM will go to great lengths to sustain what would otherwise be unsustainable sugar cane production. In order to ensure a sufficiently high rate of return for the many thousands of Mexico's most inefficient cane growers, the GOM must, as a constitutional and public policy imperative, ensure that its domestic market for sugar is protected, regulated, and above all heavily subsidized.

Simply put, the Mexican sugar industry as it exists today would not exist but for perennial and massive government subsidization. The Mexican sugar manufacturing industry is itself as structurally inefficient and highly politicized as is the upstream Mexican sugar cane growing industry, having undergone cycles of expropriation and privatization and having depended on unsustainably high amounts of public-sector financing at below-market interest rates followed by perennial and preferential debt restructurings. The GOM has also provided it with several massive operational bailouts and other domestic and export subsidies.

<sup>123</sup> Exhibit III-2, Rivera Report at 215; Exhibit II-3, World Bank at 10.

<sup>124</sup> Exhibit II-3, World Bank at 11.

At the heart of it all, the GOM effectively sets the price at which the domestic supply of sugar will meet domestic demand, and then requires the export of any production that is surplus to domestic demand. This is done to support upstream pricing for sugar cane to the benefit of the many thousands of inefficient upstream Mexican sugar cane producers. While the policy objectives of supporting rural agrarian lifestyles may be understandable, the GOM imposes no limits whatsoever on domestic sugar cane production volumes. This results in surplus production, the export of which the GOM facilitates any way that it can. In fact, as Mexican sugar was about to gain access to the U.S. market under NAFTA in 2008, GOM policy was to target the United States market as the first priority market for Mexico's heavily subsidized exports: "strengthen{ing} mechanisms that provide incentives for exporting Mexican sugar to international markets," and "plac{ing} growing volumes of sugar on the US market," were all explicit GOM policy objectives in 2007.<sup>125</sup>

In essence, therefore, the GOM controls virtually every aspect of domestic sugar cane and refined sugar pricing and supply, including through the direct fixing of domestic sugar pricing in favor of sugar cane producers under the Cane Law,<sup>126</sup> and associated efforts to eliminate surplus production through exports primarily to the United States. Indeed, through the operation of the Cane Law and the near-universal use of the Standardized Sales Contract, the GOM provides for steep financial penalties to be imposed on sugar mills that attempt to divert any surplus production originally earmarked for lower-return export markets back into the higher-return domestic market.<sup>127</sup>

<sup>125</sup> **Exhibit III-3**, SAGARPA, "National Sugarcane Agribusiness Program: 2007 – 2012" at 35.

<sup>126</sup> **Exhibit II-3**, World Bank at 27-28.

<sup>127</sup> **Exhibit III-4**, Financiera Rural, "Master Trust To Export Surplus Sugar from Sugar Factories," December 15, 2008, at Art. 5; **Exhibit III-5**, CONADESUCA, Standard Agreement of Sale-Purchase and of Sowing, Cultivation, Harvest, Delivery and Reception of Sugar Cane at Art. 17.

To make matters worse, over the eighteen year average useful life (AUL) for sugar-producing assets applicable in this investigation,<sup>128</sup> the GOM has itself, at times, owned and controlled more than 50 percent of sugar production in Mexico. The GOM currently continues to directly control over 20 percent of production. This has resulted in massive distortion to both the domestic market and the upstream market for sugar cane.

Using the best information reasonably available, Petitioners outlines the major countervailable subsidies which have directly benefitted the manufacture, production and/or export of subject merchandise by the Mexican sugar industry and which should therefore be the subject of a thorough investigation by the Department. These include:

1. GOM forgiveness of loans at sub-commercial rates to uncreditworthy sugar mills through FINA;
2. GOM granting of loans at sub-commercial rates to uncreditworthy sugar mills through FINA;
3. Restructuring of FINA debt to sugar mills in 1998;
4. GOM grants and/or loans at sub-commercial rates to uncreditworthy sugar mills through the 2001-2002 "Special Fund";
5. GOM funding to expropriated mills in fiscal year 2008;
6. GOM funding to cover the 2009 operational deficit of expropriated mills;
7. New 2013 GOM funding to expropriated mills;
8. GOM funding for the purchase of a boiler for the Emiliano Zapata mill in 2011;
9. GOM forgiveness of tax liability to expropriated mills;
10. GOM support to assist mills with payments to cane growers under the 2008 PROINCANA program;

<sup>128</sup> Pursuant to 19 C.F.R. § 315.524(b), non-recurring subsidies are allocated over a period corresponding to the AUL of the renewable physical assets used to produce the subject merchandise. The regulations create a rebuttable presumption that the AUL will be taken from the IRS Tables. For the "manufacture of sugar products", including "assets used in the production of raw sugar, syrup or finished sugar from sugarbeets or sugar cane" the IRS Tables prescribe an AUL of 18 years.

11. Complimentary 2008 GOM and Mexican state government support for mill payments to cane growers;
12. GOM 1997 export subsidy for surplus sugar;
13. GOM 1998 inventory support subsidy;
14. GOM 1999 inventory support subsidy;
15. 2013 GOM Emerging Technology Program;
16. GOM Import VAT and duty exemptions for domestic sales of sugar under the Mexican re-export program;
17. GOM accelerated depreciation for renewable energy investments;
18. GOM exemption from general import and export tax for articles related to renewable energy investments; and
19. GOM renewable energy funds.

**F. Countervailable Subsidy Allegations**

**4. GOM Forgiveness and Restructuring of Debt and Provision of Loans at Sub-Commercial Rates to Uncreditworthy Sugar Mills**

The Mexican sugar industry would largely not exist but for cycle after cycle of GOM bailouts and nationalizations. Between the 1950s and the 1980s, a period of “creeping nationalization” of the sugar industry in Mexico took place, with an increasing number of sugar mills becoming owned and operated by the GOM through Azucar, S.A. At the height of this nationalization of the industry, some 31 mills representing roughly half of the mills in the country, operated as state-owned enterprises.<sup>129</sup>

In the late 1980s and into the early 1990s, under the administrations of Presidents Madrid and Salinas, the GOM privatized the sugar mills in its possession. Generally, the mills were sold by tender on the basis of a modest down payment with the remainder payable on a term of up to

<sup>129</sup> Exhibit II-3, World Bank at 13.

ten years.<sup>130</sup> Financing from Financiera Nacional Azucarera, S.N.C. (“FINA”), a public lending institution for the sugar industry created in 1953,<sup>131</sup> was integral to the privatization process. Pursuant to a Government of Mexico decree, between 1985 and its liquidation in 2006, FINA operated as a National Credit Institution.<sup>132</sup> As a National Credit Institution, the majority of FINA’s share capital was at all times owned by the GOM and, by statute, FINA’s operations were to be dedicated to fostering the development of the sugar industry and to operate and provide banking and credit services “as expressly authorized” by the GOM’s Department of the Treasury and Public Credit (Secretaria de Hacienda y Crédito Público, or “SHCP”).<sup>133</sup> Moreover, FINA’s financing to the Mexican sugar industry was enabled by direct funding by the SHCP.<sup>134</sup>

As of 1993, one third of Mexico’s sugar mills were experiencing significant financial difficulties and three mills ceased production altogether.<sup>135</sup> The mills had also fallen behind on their obligations to FINA and other creditors, namely sugar cane farmers.<sup>136</sup>

In 1995, due to the dramatic effects of a peso devaluation that occurred in December 1994, some 46 of the country’s sugar mills restructured their debt with FINA into new loans with

<sup>130</sup> **Exhibit III-6**, Víctor Girón & Alma Jiménez, “The Mexican Sugar Agenda, 1990-2003: origin and causes of the financial crisis,” June 2005 at 26 (hereinafter “Girón & Jiménez”).

<sup>131</sup> **Exhibit III-7**, Superior Audit Office of the Federation (House of Representatives) (“ASF”), “Sugar Sector Audit Report, 2000 to 2005” at section 2.1 (hereinafter “ASF Sugar Sector Audit, 2000-2005”).

<sup>132</sup> **Exhibit III-8**, Official Gazette of the Federation, July 12, 1985 (Decree regarding the transformation of Financiera Nacional Azucarera (“FINA”).

<sup>133</sup> **Exhibit III-9**, Official Gazette of the Federation, April 2, 1991 (Organic regulation of “FINA”) at Art. 4.

<sup>134</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6. *See also* **Exhibit III-10**, joint note from the SHCP, SECOFI, Sagar and STPS, published in Sugar & Fructose (journal), “Manufacturers and Government Plan to Limit Production,” December 2000 (hereinafter “Sugar & Fructose, Dec 2000”).

<sup>135</sup> **Exhibit III-6**, Girón & Jiménez at 27.

<sup>136</sup> **Exhibit III-6**, Girón & Jiménez at 27.

terms of 7, 10, and 15 years, at interest rates of 7, 8, and 9 percent respectively, and in all cases with a grace period on payments of 3 years, *i.e.*, until 1998.<sup>137</sup>

By 1998, as the grace periods from the 1995 restructuring were coming to an end, the situation of the sugar industry had not improved. On the contrary, although production was at decade highs, “financial problems were raging at sugar factories throughout the country” such that “the Vice President of the National Chamber of Commerce of the Sugar and Alcohol Industry warned that eight sugar factories might stop functioning at the start of the 1998-1999 harvest.”<sup>138</sup> As such, with the 1998/99 harvest and the livelihood of hundreds of thousands of cane farmers in the balance, FINA agreed to another restructuring of the sugar mills’ debt, which at that point had ballooned to roughly Mx\$12.6 billion.<sup>139</sup> Specifically, the mills’ debt was restructured into new loans with terms of up to 15 years, with an interest rate of 7.5 percent, and yet another three-year grace period on payments, *i.e.*, until 2001.<sup>140</sup>

By the end of 1999, the sugar mills’ FINA debt had grown to nearly Mx\$15 billion (representing approximately 60 percent of total sugar industry obligations), with the second largest creditor being another public body – Comisión Nacional del Agua (“Conagua”), the national water utility – accounting for approximately 20 percent of the total industry’s obligations or nearly Mx\$5 billion.<sup>141</sup>

Predictably, in 2001, *i.e.* toward the end of the 1998 three year grace period, the mills were in need of yet another government bailout. The GOM’s response this time was to

<sup>137</sup> Exhibit III-6, Girón & Jiménez at 27-28.

<sup>138</sup> Exhibit III-6, Girón & Jiménez at 28-29.

<sup>139</sup> Exhibit III-11, ASF, Report of Results of the Superior Auditors of the 1999 Public Account, FINA at 15.

<sup>140</sup> Exhibit III-6, Girón & Jiménez at 29-30.

<sup>141</sup> Exhibit III-10, Sugar & Fructose, Dec 2000. *See also* Exhibit III-6, Girón & Jiménez at 29 (Table 3).

expropriate 27 of the most heavily-indebted mills in September 2001, instead of doubling-down on FINA's loans. This was effectuated by Presidential Decree of then newly-elected Vicente Fox (the "Expropriation Decree"), a translation of which, including the list of the mills that were expropriated, can be found at **Exhibit III-12**.<sup>142</sup> A number of the expropriated mills have either been returned to their original owners or sold to new owners since 2001. As of December 31, 2013, however, the GOM still owns 9 mills,<sup>143</sup> which as discussed above accounts for approximately 20 percent of total sugar production in Mexico. Table 11 lists the 27 mills that were expropriated in 2001 as well as the current ownership status of these mills as of December 31, 2013, based on the best information reasonably available to Petitioners.

<sup>142</sup> **Exhibit III-12**, Official Gazette of the Federation, September 3, 2001, "DECREE expropriating the shares, coupons and/or titles representing the capital or partnership interests of the companies listed herein by the nation on the grounds of public interest" (hereinafter the "Expropriation Decree").

<sup>143</sup> **Exhibit III-13**, Observatorio Veracruzano, "The sale of sugar factory could be finalized this year," January 9, 2014.



**Table 11**  
**Current Ownership of the Expropriated Sugar Mills**

<b>Expropriated Mills</b>	<b>Current Owner</b>
Azucarera de la Chontalpa	Beta San Miguel
Impulsora de la Cuenca del Papaloapan/San Cristobal	FEESA (Escorpion CAZE prior to 2001)
Ingenio de Atencingo	FEESA (Escorpion CAZE prior to 2001)
Ingenio de Casasano La Abeja	FEESA (Escorpion CAZE prior to 2001)
Ingenio El Modelo	FEESA (Escorpion CAZE prior to 2001)
Ingenio el Potrero	FEESA (Escorpion CAZE prior to 2001)
Ingenio Emiliano Zapata	FEESA (Escorpion CAZE prior to 2001)
Ingenio La Providencia	FEESA (Escorpion CAZE prior to 2001)
Ingenio Plan de San Luis	FEESA (Escorpion CAZE prior to 2001)
Ingenio San Miguelito	FEESA (Escorpion CAZE prior to 2001)
Ingenio José Maria Morelos	Grupo la Margerita (Machado prior to 2001)
Ingenio La Joya	Grupo Azucarero del Trópico
Ingenio Presidente Benito Juarez	Grupo Azucarero Mexico ("GAM")
Ingenio José Maria Martinez	Grupo Azucarero Mexico ("GAM")
Ingenio Lázaro Cárdenas	Grupo Azucarero Mexico ("GAM")
Ingenio Eldorado	Grupo Azucarero Mexico ("GAM")
Ingenio San Francisco El Naranjal	Grupo Garcia Gonzalez (previously GAM)
Central Progreso	Grupo la Margerita (previously Machado)
Ingenio La Margarita	Grupo la Margerita (previously Machado)
Compania Industrial Azucarera San Pedro	Grupo Porres (previously GAM)
Compania Industrial Azucarera/Cuatotolapan	Grupo Santos
Ingenio Alianza Popular	Grupo Santos
Ingenio Plan de Ayala	Grupo Santos
Compania Azucarera de Ingenio Bella Vista	Grupo Santos
Ingenio Pedernales	Grupo Santos
Ingenio San Gabriel	Grupo Santos
Fomento Azucarero del Golfo	Unknown/Independent (previously Grupo Machado)

During this same period, FINA was itself in dire financial straits.<sup>144</sup> As a result, the GOM took the first steps in late 1999 towards FINA's liquidation.<sup>145</sup> In November 2000, a Presidential Decree authorizing the dissolution and liquidation of FINA was published in Mexico's Official Gazette, with the optimistic requirement that this divestiture conclude within 12 months.<sup>146</sup> For various reasons, subsequent accords extended FINA's liquidation period until

<sup>144</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

<sup>145</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

<sup>146</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

June 2006.<sup>147</sup> A Presidential Decree in May 2006 finally established the terms for the completion of the divestiture process.<sup>148</sup> Most notably, Article Two of this Decree provided that the GOM – owner of 11 FINA debtor mills – would assume FINA’s right as creditor. Until mid-2006, the mills’ outstanding loans remained on FINA’s books pending that institution’s liquidation.<sup>149</sup> FINA’s demise is perhaps best summarized by Mexico’s *Auditoria Superior de la Federación*, who was tasked with reporting to the Mexican Government on FINA’s situation in 2006:

FINA operated from 1943 to 2006, and it always had the need to be granted fiscal support to finance the agroindustry. This was the only way it was able to operate. It did not have healthy promotion credit practices, and after 63 years of acting as a promotion bank, the agroindustry was not furthered and it lost its capital despite the fiscal support received, and its divestiture was the consequence of its ineffectiveness. It was actually a subsidy program to the sugar agroindustry that was never streamlined nor did it have the capacity to adapt to the market circumstances.<sup>150</sup>

Petitioners are not aware of any further formal restructuring of the mills’ FINA debt balances pursuant or subsequent to the expropriation in 2001 or FINA’s eventual liquidation in 2006, nor is there any information reasonably available to it regarding the matter. However, there are strong indications that the already-low interest rates given to the then-uncreditworthy mills in 1998 (7.5 percent) dropped further at some point in or before 2005. For example, in the case of the Consorcio Azucarero Escorpión (“CAZE”) mills, the effective interest rate over all

<sup>147</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

<sup>148</sup> **Exhibit III-14**, Official Gazette of the Federation, May 30, 2006, “DECREE establishing the mechanisms to conclude the process of divestiture, through dissolution and liquidation, of Financiera Nacional Azucarera, National Credit Company, a Development Banking Institution” (hereinafter “FINA Liquidation Decree”).

<sup>149</sup> **Exhibit III-15**, ASF, Report of Results of the Superior Auditors of the 2006 Public Account, FINA at 600 (hereinafter “ASF FINA 2006”).

<sup>150</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch 3.

nine mills had apparently dropped to 1.2 percent in or by 2005.<sup>151</sup> Similarly, in or before 2005, Grupo Machado's interest rate had apparently dropped to 1.9 percent; Grupo Azucarero México SAB de CV's ("GAM") had dropped to 4.6 percent, and Grupo Santos was apparently paying a rate as low as 1.7 percent on its outstanding Mx\$3.5 billion loan.<sup>152</sup>

As of the end of 2005, the FINA debts of the CAZE, GAM, Grupo Santos, Grupo Machado, and two independent mills remained on the books and collectively had grown to a staggering Mx\$19.2 billion (roughly USD 1.5 billion).<sup>153</sup> A breakdown by mill of 2001 and 2005 FINA debt levels of both the 27 mills that were expropriated in 2001 and the 9 other non-expropriated mills is contained in an audit report of FINA commissioned by the Mexican Government in 2006 (See translation at **Exhibit III-7**) and set out below at Table 12:

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<sup>151</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1.1.

<sup>152</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1.1.

<sup>153</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1.1.

**Table 12**  
**FINA Debts by Sugar Mills in 2001 and 2005**

Sugar Groups by Sugar Mills	(in Mx\$)	
	Debt Owed to FINA in 2001	Debt Owed to FINA in 2005
<b>GAM</b>	<b>361,228,500</b>	<b>351,228,500</b>
Cía. Industrial Azucarera San Pedro S.A. de C.V.	7,900,000	0
Ingenio el Dorado S.A. de C.V.	323,919,100	323,919,100
Ingenio Lázaro Cárdenas, S.A. de C.V.	1,408,500	1,408,500
Ingenio José María Martínez S.A. de C.V.	22,277,400	22,277,400
Ingenio San Francisco el Naranjal S.A. de C.V.	2,100,000	0
Ingenio Presidente Benito Juárez S.A. de C.V.	3,623,500	3,623,500
<b>MACHADO</b>	<b>1,701,500,000</b>	<b>2,022,368,800</b>
Ingenio José María Morelos S.A. de C.V.	376,300,000	446,383,500
Fomento Azucarero del Golfo S.A. de C.V.	362,000,000	429,239,500
Central Progreso S.A. de C.V.	475,400,000	565,995,400
Ingenio la Margarita S.A. de C.V.	487,800,000	580,750,400
<b>SANTOS</b>	<b>2,886,700,000</b>	<b>3,528,743,900</b>
Ingenio Alianza Popular S.A. de C.V.	831,600,000	1,030,788,200
Cía. Azucarera del Ingenio Bellavista S.A.	449,100,000	578,159,100
Ingenio Pedernales S.A. de C.V.	407,500,000	493,006,800
Cía. Industrial Azucarera S.A. de C.V.	311,300,000	370,613,200
Ingenio Plan de Ayala S.A. de C.V.	604,700,000	719,881,500
Ingenio San Gabriel Ver., S.A. de C.V.	282,500,000	336,295,100
<b>ESCORPION (CAZE)</b>	<b>10,080,000,000</b>	<b>12,791,278,900</b>
Ingenio de Atencingo, S.A. de C.V.	918,100,000	1,398,243,700
Ingenio Emiliano Zapata S.A. de C.V.	1,306,800,000	1,658,826,700
Ingenio Plan de San Luis S.A. de C.V.	1,205,300,000	1,469,721,600
Impulsora de la Cuenca del Papaloapan S.A. de C.V.	1,912,400,000	2,624,266,300
Ingenio Casasano la Abeja S.A. de C.V.	248,000,000	295,313,100
Ingenio el Modelo S.A.	1,257,300,000	1,496,888,600
Ingenio el Potrero S.A.	1,912,300,000	2,276,737,600
Ingenio la Providencia S.A. de C.V.	752,900,000	896,372,600
Ingenio San Miguelito S.A.	566,900,000	674,908,700
<b>INDIVIDUAL</b>	<b>507,300,000</b>	<b>604,058,700</b>
Cía. Azucarera la Concepción S.A. de C.V.	163,000,000	194,091,100
Ingenio la Joya S.A. de C.V.	344,300,000	409,967,600
<b>TOTAL</b>	<b>15,536,728,500</b>	<b>19,297,678,800</b>

On June 30, 2006, FINA was finally liquidated and its credit portfolio of Mx\$18.6 billion was transferred to Banco de Desarrollo Rural, S.A. (“BANRURAL”).<sup>154</sup> Because FINA was itself a significant debtor to development and private banks,<sup>155</sup> the GOM’s treasury had to step in to pay off FINA’s creditors to effect the liquidation. Specifically, this massive debt rollover could only be achieved by the GOM satisfying FINA’s own creditors to the tune of Mx\$11.8 billion, which it did through the SHCP.<sup>156</sup>

Importantly, notwithstanding the transfer of FINA’s entire credit portfolio onto the books of BANRURAL as an accounting matter, the GOM made explicit its intention to only seek recuperation of the debts owed by mills that were no longer state-owned enterprises. Specifically, the GOM’s own public auditing authority, the *Auditoria Superior de la Federación*, stated that:

The expropriated sugar factories that, by reason of the court rulings issued, became property of the Federal Government, maintain credits as of December 31, 2005, in favor of FINA, in the amount of 13,395,337,600 Mx\$, as shown in the following table.<sup>157</sup>

...

The debit balance of the {11} sugar factories for 13,395,337,600 pesos with the financial institution represents damages for the Federal Government, by reason that it will not recover these credits, upon assuming ownership of said sugar factories.

In the case of the 14 sugar factories that obtained the constitutional protection of the Justice of Union by court ruling, SAE will be responsible for administrating and managing the

<sup>154</sup> **Exhibit III-15**, ASF FINA 2006 at 600, where a mill-by-mill breakdown of the outstanding FINA loans transferred to BANRURAL is provided.

<sup>155</sup> **Exhibit III-15**, ASF FINA 2006 at 596.

<sup>156</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1. *See also* **Exhibit III-14**, FINA Liquidation Decree at Art. 1.

<sup>157</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1.1.

recovery of the credit portfolio that these sugar factories have with FINA, which as of December 31, 2005, totaled 5,902,341,200 pesos, as shown below.<sup>158</sup>

While the financial statements of the expropriated mills are not available to Petitioners, the 2011 annual auditor report of the *Fondo de Empresas Expropiadas del Sector Azucarero* (“FEESA”), which administers and oversees the operation of the expropriated mills, notes that “the expropriated sugar factories did not report (sic) debt.”<sup>159</sup> This statement, in combination with the above statements of Mexico’s *Auditoria Superior*, speak very clearly to the FINA debt of the expropriated mills having been forgiven.

As to the FINA debts of non-expropriated sugar mills, evidence submitted on behalf of the GOM in the NAFTA Chapter 11 proceeding involving the GAM sugar mills indicates that non-expropriated mills were allowed to negotiate cash payments to settle their FINA debt at a “big discount.”<sup>160</sup>

<sup>158</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch. 6.1.1.

<sup>159</sup> Exhibit III-16, ASF, Report of Results of the Superior Auditors of the 2011 Public Account, Fondo de Empresas Expropiadas del Sector Azucarero (“FEESA”) at note 16 (“FEESA 2011 Audit”).

<sup>160</sup> Exhibit III-17, *GAMI Investments, Inc. v. The Government of the United Mexican States*, NAFTA Chapter 11 Arbitral Proceedings, Claimant’s Post-hearing Brief, May 24, 2004 at footnote 189 (hereinafter “GAMI Post-Hearing Brief”):

“There was another cause of the improved credit situation for some unexpropriated sugar mills – but not those of GAM or other expropriated mills. According to Mr. García, after the expropriation the Government decided to allow the substantial majority (if not all) of the mill owners that carried public FINA debt to repay this debt at significantly discounted rates. García, Tr. at 441:1-3 (“So, the sugar mills that still have debts to FINA have been negotiating cash payments with a big discount.”). This is true even for the mill owners that had previously simply defaulted on their FINA debt prior to the expropriation, rather than finding a legally recognized solution as GAM did. *See id.* at Tr. 439:18-441:3. Accordingly, the improved credit position of privately- held mills currently did not cause the post-expropriation rise in prices, but rather is both a function of the price rise and the Government’s own decision to forgive significant debts of the companies that it chose not to expropriate in September of 2001.

As stated in para. 44 of the Claimant’s Post-Hearing Brief, Mr. Garcia was a witness for the Government of Mexico. The transcripts of this proceeding were not available to Petitioner.

Curiously, it appears that BANRURAL has itself been in the process of liquidation and dissolution since December 2002.<sup>161</sup> As with the FINA liquidation, under the BANRURAL liquidation the SAE is apparently still tasked with recovering FINA's credit portfolio. However, there is no indication that the GOM has changed its position of seeking to recover the debts of only the non-state-owned mills.<sup>162</sup>

To the extent that any FINA or FINA-successor debt remains outstanding to sugar mills, Petitioners are not aware of any evidence that the effective interest rates of these loans have changed since 2006, when apparently the last mill-specific GOM report on the FINA debts was published.

**d. GOM forgiveness of FINA loans**

**iv. Financial contribution**

As discussed above, the information reasonably available to Petitioners indicate that the GOM has forgiven the FINA debt of the expropriated mills. This information also indicates that the GOM has effectively forgiven at least part of the FINA debt of non-expropriated mills by allowing those mills to repay these debts at significant discounts.

The GOM's debt forgiveness, including in the form of discounts offered to non-expropriated mills to settle the FINA accounts, constitutes a financial contribution within the meaning of section 771(5)(D)(i) of the Act in the form of a grant.

**v. Specificity**

The provision and forgiveness of loans to sugar mills through FINA was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as FINA expressly limited its financing to sugar

<sup>161</sup> Exhibit III-18, ASF, Report of Results of the Superior Auditors of the 2010 Public Account, BANRURAL.

<sup>162</sup> Exhibit III-18, ASF, Report of Results of the Superior Auditors of the 2010 Public Account, BANRURAL.

producers, and *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as sugar mills were FINA's only debtors according to FINA's final balances.<sup>163</sup>

**vi. Benefit**

A benefit exists in respect of the GOM forgiveness of FINA debt in the amount of the grant, pursuant to 19 C.F.R. § 351.504(a).<sup>164</sup>

**e. GOM granting of loans at sub-commercial rates to uncreditworthy sugar mills through FINA**

**vii. Financial Contribution**

Alternatively, to the extent that any FINA or FINA-successor debt remains outstanding and was not forgiven as alleged above, the continued provision by the GOM of the FINA or FINA-successor debt financing constitutes a financial contribution within the meaning section 771(5)(D)(i) of the Act in the form of government loans.

**viii. Specificity**

The provision of loans to sugar mills through FINA was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as FINA expressly limited its financing to sugar producers, and *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as sugar mills were FINA's only debtors according to FINA's final balances.<sup>165</sup>

<sup>163</sup> Exhibit III-15, ASF FINA 2006 at 600.

<sup>164</sup> See e.g. *Certain Hot-Rolled Carbon Steel Flat Products from India: Preliminary Affirmative Countervailing Duty Determination*, 60 Fed. Reg. 20240 (April 20, 2001) at 20248-9.

<sup>165</sup> Exhibit III-15, ASF FINA 2006 at 600.



**ix. Benefit**

To the extent that any FINA debt still remains outstanding, the information reasonably available to Petitioners shows that the sugar mills' outstanding debt to FINA continued to increase right up until FINA's dissolution in 2006.<sup>166</sup> As discussed in detail in Section 2, below, the evidence also clearly indicates that the Mexican sugar industry was uncreditworthy during a significant portion of the AUL period and that certain Mexican sugar mills have been uncreditworthy throughout the entire AUL period. As such, Petitioners submit the Department has a basis to investigate and to attribute a benefit to both the GOM forgiveness of FINA debt and the GOM continued granting of financing to uncreditworthy recipients pursuant to 19 C.F.R. § 351.505(a)(1), (a)(3)(iii) and (a)(6)(i).

Even if one were to assume that the sugar producer recipients of FINA financing were creditworthy (which is not the case), the information reasonably available to Petitioners demonstrates that the debt financing provided by FINA and maintained by the GOM through the rollover to BANRURAL was at rates that were anything but the commercial interest rates that the sugar mills would have been able to obtain otherwise on the market, and that a corresponding benefit was thereby conferred. In particular, as shown above, this information shows that the FINA debts carried interest rates as low as around 1 percent as of 2005. In stark contrast, according to the World Bank statistics, Mexico's country-wide short- and medium-term lending rate to the private sector was 9.695 percent in 2005, while during the period following the expropriation between 2001 and 2005, it was as high as 12.795 percent and was at no point lower

<sup>166</sup> **Exhibit III-15**, ASF FINA 2006 at 599. Petitioner notes that the 18 year AUL period for this case begins on January 1, 1996.

than 7 percent.<sup>167</sup> Clearly an interest rate of about 1 percent was well below the rate that even a creditworthy firm could have expected to receive at that time.

**f. Restructuring of FINA debt to sugar mills in 1998**

**x. Financial contribution**

As discussed above, in 1998, FINA agreed to the restructuring of sugar mill debt with the mills' balances restructured to terms of up to 15 years, with an interest rate of 7.5 percent, and a grace period on payments of three years.

The granting of a three year grace period on the FINA loans constitutes a financial contribution in the form of a direct transfer of funds (a grant) within the meaning of section 771(5)(D)(i) of the Act.

The new loans provided in 1998 constitute a financial contribution in the form of a direct transfer of funds (a loan) within the meaning of section 771(5)(D)(i) of the Act.

**xi. Specificity**

The 1998 restructuring of FINA debt was *de jure* specific pursuant to 771(5A)(D)(i) of the Act, as FINA expressly limited its financing to sugar producers, and *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as sugar mills were FINA's only debtors according to FINA's final balances and only the debt of these mills was restructured.<sup>168</sup>

**xii. Benefit**

According to 19 C.F.R. § 351.505(c)(3), “{w}here the government-provided loan and the loan to which it is compared...are both long-term, fixed interest rate loans, but have different

<sup>167</sup> Exhibit III-19, World Bank, World DataBank – Lending Interest Rates 1995 – 2013 (screenshot taken March 17, 2014).

<sup>168</sup> Exhibit III-15, ASF FINA 2006 at 600.

grace periods..., the Secretary will determine the total benefit by calculating the present value, in the year that repayment would begin on the comparable commercial loan, of the difference between the amount that the firm is to pay on the government-provided loan and the amount that the firm would have paid on the comparison loan.” Such benefits are “assigned to a particular year” by allocating the total benefits over the number of years in the life of the loan under 19 C.F.R. § 351.505(c)(3)(ii).

The GOM-provided loans as restructured in 1998 constitute long-term loans with a fixed interest rate, specifically 15 year loans at 7.5 percent interest rate. In addition, the loan restructuring was announced in December 1998,<sup>169</sup> and as a result, the POI would fall within the “number of years in the life of the loan.”

At the time when the loans were restructured, there was no comparable commercial loan that would have provided similarly generous grace periods. As explained in detail below in Section 2, the Mexican sugar mills were uncreditworthy in 1998, in that there was no commercial source of lending, let alone lending with grace periods. As such, the three-year grace period provided by the GOM conferred benefits to the mills in each of the three years by the difference between the amount of repayments the mills would have paid on “comparable commercial loans” – calculated in accordance with the Department’s uncreditworthy recipient methodology – and the repayment actually paid by the mills, which is zero. A benefit for the POI is the amount of total benefits apportioned under 19 C.F.R. § 351.505(c)(3)(ii).

The new GOM loans granted through the restructuring of the debt were provided to uncreditworthy<sup>170</sup> sugar mills at rates of interest that were lower than the mills would pay on

<sup>169</sup> Exhibit III-6, Girón & Jiménez at 30.

<sup>170</sup> See *infra*, Section 2 for a detailed discussion of uncreditworthiness.

“comparable commercial loans” they could actually obtain on the market – calculated in accordance with the Department’s uncreditworthy recipient methodology – pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R. § 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i).

## **5. Uncreditworthiness of the Mexican Sugar Producers**

Pursuant to 19 C.F.R. § 351.505(a)(4), a firm or a project is considered to be uncreditworthy if “the firm could not have obtained long-term loans from conventional commercial sources” at the time of the government-provided loans.

It is notoriously well-known and well-documented, and has been openly attested by the GOM as well as key sugar mills, that Mexican sugar mills were not able to obtain any loan, let alone long-term loans, during a significant part of their recent history. From 1998 to 2003 in particular (which as discussed above corresponds with the period of enormous growth of FINA debt and at least one restructuring of this debt), the evidence of wide-spread liquidity crisis among the Mexican sugar producers is indisputable and overwhelming.

For example, during the NAFTA Chapter 11 investor-state dispute settlement proceeding between GAM and the GOM, GAM’s witness, Alberto Santos (himself a Chairman of a major Mexican sugar mill, Ingenios Santos S.A. de C.V., and also a former President of the Cámara Nacional de las Industrias Azucarera y Alcohólica (“CNIAA”)),<sup>171</sup> stated that since the “latter part of 1998, when conditions in the sugar industry worsened... the banks stopped lending money to the sugar industry.”<sup>172</sup> Furthermore, citing the testimony of the GOM’s valuation expert witness, GAM stated that “the banks pulled out entirely and did not resume lending to the

<sup>171</sup> **Exhibit III-20**, *GAMI Investments, Inc. v. The Government of the United Mexican States*, NAFTA Chapter 11 Arbitral Proceedings, Final Award, November 15, 2004 at para. 9 (hereinafter “GAMI Final Award”).

<sup>172</sup> **Exhibit III-17**, GAMI Post-Hearing Brief at para 45.

sugar industry until 2003.”<sup>173</sup> Such statements unequivocally show that the Mexican sugar mills could not have obtained any loans from the banks for a substantial period of time, during which the government continued to provide financing.

The precarious financial state of the Mexican sugar mills, in particular during 1998-2003 period, cannot be overstated. By the end of 1999, total liabilities of the sugar industry amounted to over Mx\$25 billion, the majority of which were owed to the government financial institution, FINA.<sup>174</sup> The debts levels of each sugar mill groups were as follows:<sup>175</sup>

**Table 13**  
**Debts by Sugar Groups in December 1999**

(as of December 1999, in millions of Mx\$)

Sugar Mill Groups	Creditors								TOTAL
	FINA	GOM (Fed)	Prudential Securities	Commercial Banks	IMSS	Infonavit	Conagua	Union	
AGA	\$671.80	\$0.00	\$65.50	\$1,090.30					
BSM	\$22.50	\$0.00	\$0.00	\$473.40					
CAZE	\$8,382.80	\$618.30	\$717.10	\$263.80					
GAM	\$375.80	\$0.00	\$6.60	\$307.40					
Zucarmex	\$276.90	\$0.00	\$0.00	\$0.00					
Jimenez	\$0.00	\$0.00	\$0.00	\$0.00					
Machado	\$1,368.80	\$0.00	\$252.60	\$0.00			N/A		
PIASA	\$0.00	\$0.00	\$0.00	\$0.00					
Porres	\$440.80	\$0.00	\$0.00	\$0.00					
Saenz	\$5.60	\$0.00	\$0.00	\$0.00					
Santos	\$2,563.30	\$85.90	\$0.00	\$295.40					
Seoane	\$8.50	\$0.00	\$41.30	\$38.90					
Other	\$705.60	\$0.00	\$45.10	\$0.00					
<b>TOTAL</b>	<b>\$14,822.40</b>	<b>\$704.20</b>	<b>\$1,128.20</b>	<b>\$2,469.20</b>	<b>\$660.00</b>	<b>\$660.00</b>	<b>\$4,800.00</b>	<b>\$72.00</b>	<b>\$25,316.00</b>

Information reasonably available to the Petitioners show that GAM, BSM, and the mills owned by the GOM were uncreditworthy from 1998 to 2003 as further explained below. In

<sup>173</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 45.

<sup>174</sup> Exhibit III-6, Girón & Jiménez at 29.

<sup>175</sup> Exhibit III-6, Girón & Jiménez at 29-30.

addition, there are evidences suggesting that Machado Group, Puga Group, Saenz Group and Seoane Group, and El Refugio, Motzorongo, Santa Domingo, Calipam, El Carmen, Dos Patrias, Los Mochis, Bellavista, and Cuatotolapam sugar mills were all uncreditworthy at least at one point or another between 1998 and 2003.

In the case of GAM and the mills currently owned by the GOM, the evidence strongly suggests that they have been and continue to be uncreditworthy to this day. Information regarding the remaining sugar mills and sugar mill groups is more limited, primarily because these entities are privately held. However, given the overwhelming evidence of the wide-spread liquidity crisis in the Mexican sugar industry, especially between 1998 and 2003, Petitioners request that the Department investigate creditworthiness of each and every Mexican respondent in its investigation.

**g. Uncreditworthiness of Grupo Azucarero México SAB de CV**

Since 1996, GAM's operations started showing signs of weakness that would put the liquidity and solvency of the company into question. GAM's operating profit in 1996, which was Mx\$366 million, decreased by almost 35 percent to Mx\$238 million in 1997, before being eliminated entirely and turning into a loss of Mx\$61 million by 1998.<sup>176</sup> A small operating profit of Mx\$8 million was made in 1999, but it was immediately followed by a substantial loss of Mx\$160 million in 2000 and an even bigger loss of Mx\$302 million in the first half of 2001 alone.<sup>177</sup>

Coinciding with the crash of its financial performance, GAM's debts accumulated rapidly. By the end of 1999, economic studies show that GAM had total liabilities of Mx\$749.8

<sup>176</sup> Exhibit III-17, GAMI Post-Hearing Brief at footnote 142.

<sup>177</sup> Exhibit III-17, GAMI Post-Hearing Brief at footnote 142.

million, more than half of which were owed to the government financial institution, FINA.<sup>178</sup>

The overall illiquidity and insolvency of GAM are apparent in GAM's disclosure of its financial position at the end of the first quarters of 1999 and 2000.<sup>179</sup>

Accounts	1999 Q1 (in thousand USDs)	2000 Q1 (in thousand USDs)
Current Assets (A)	159,663	150,904
Current Liabilities (B)	168,537	184,658
Total Assets (C)	490,057	469,587
Total Liabilities (D)	337,463	381,240
Stockholders' Equity (E)	152,593	88,347
Working Capital (A-B)	-8,874	-33,755
Current Ratio (A/B)	95%	82%
Debt-to-equity Ratio (D/E)	221%	432%
Debt-to-asset Ratio (D/C)	69%	81%

At the end of the first quarter of 1999, GAM's current liabilities exceeded its current assets by almost USD\$8.9 million. Within a year, the excess current liabilities almost tripled to USD\$33.8 million. In other words, GAM could not have paid its current liabilities, *i.e.*, liabilities that are due within a year, even if all of its current assets were to be liquidated in these time periods. GAM's debt-to-equity ratio, already at 221 percent by the end of the first quarter of 1999, deteriorated further to 432 percent within a year, signifying that GAM's overall business operations were almost entirely funded by liabilities. At the end of the first quarter of 2000, total liabilities of GAM accounted for 81 percent of all of its assets.

According to GAM, the "substantial decrease in revenues led to an acute cash flow crisis for GAM in 2000," and this "cash shortage" forced "GAM to default on some of its

<sup>178</sup> Exhibit III-6, Girón & Jiménez at 25.

<sup>179</sup> Exhibit III-21, Business Wire, "Grupo Azucarero Mexico S.A. de C.V. Announces US\$0.16 Million in EBITDA During 1Q00 Compared to US\$12.3 Million during 1Q99," May 1, 2000.

obligations.”<sup>180</sup> Under this pressure, GAM filed for *suspensión de pagos*, or “suspension of payments” (the Mexican equivalent of restructuring under the Chapter 11 bankruptcy law) on May 9, 2000 pursuant to the *Ley de Quiebras y Suspensión de Pagos*, or the “Law of Bankruptcy and Suspension of Payments.”<sup>181</sup> The *suspensión de pagos* is a legal procedure available to insolvent companies to settle their debts through restructuring agreements to be executed with the debtors.<sup>182</sup> That said, even the *suspensión de pagos*, which relieved GAM of its responsibilities to pay interest or principal on its debt, did not appear to have been enough to rescue GAM from what GAM itself described to be its “liquidity crisis” – the debt restructuring agreement with GAM’ senior creditor, Bancomext, failed and GAM remained in *suspensión de pagos* status through September 3, 2001, when the GOM ultimately expropriated GAM’s five sugar mills.<sup>183</sup>

The GOM itself noted the uncreditworthiness of GAM when it ultimately decided to expropriate the company in order to keep GAM’s sugar mills running as a going concern. Specifically, the GOM outlined its reasons for expropriating GAM in its Administrative Records as including the *following*:

- GAM could not receive credit due to its entry into *suspensión de pagos*;
- GAM could not pay its debts to the cane producers, which totaled approximately Mx\$463 million;
- GAM was involved in serious difficulties related to the issuance of bonds to foreign investors in Europe and had to repurchase those bonds with serious losses for the investors that acquired those instruments;

<sup>180</sup> **Exhibit III-22.** *GAMI Investments, Inc. v. The Government of the United Mexican States*, NAFTA Chapter 11 Arbitral Proceedings, Statement of Claim, February 10, 2003 at para 63 (hereinafter “GAMI Statement of Claim”).

<sup>181</sup> **Exhibit III-22.** GAMI Statement of Claim at para 63.

<sup>182</sup> **Exhibit III-22.** GAMI Statement of Claim at para 64.

<sup>183</sup> **Exhibit III-22.** GAMI Statement of Claim at paras 65-66.



- the Mexican Central Bank classified GAM’s mills with “Letter E,” signifying that they cannot be granted credit nor guarantee; and
- as of June 30, 2001, GAM’s 6 mills owed the Federal Government approximately Mx\$450 million.<sup>184</sup>

The Mexican Superior Audit Office conducted a fiscal oversight of FINA, which showed that most of GAM’s mills had not been servicing their debt at all between 2001 and 2005.

Specifically, four of six GAM’s mills had exactly the same debt amount owed to FINA in 2005 as they did in 2001.<sup>185</sup>

**Table 15**  
**GAM Debts at Selected Mills in 2001 and 2005**

Group and Sugar Mills	Debt Owed to FINA in 2001 (in Mx\$)	Debt Owed to FINA in 2005 (in Mx\$)
<b>GAM</b>		
Ingenio el Dorado S.A. de C.V.	323,919,100	323,919,100
Ingenio Lázaro Cárdenas, S.A. de C.V.	1,408,500	1,408,500
Ingenio José María Martínez S.A. de C.V.	22,277,400	22,277,400
Ingenio Presidente Benito Juárez S.A. de C.V.	3,623,500	3,623,500

Overall, GAM’s total debts against FINA decreased by a meager 2.8 percent from 2001 to 2005 (and Petitioners believe that even this small reduction was realized by the GOM’s forgiveness of the debts, as discussed above), and thus the “liquidity crisis” in 2001 clearly was not lessened by 2005.

In addition, GAM’s reported financial results from 2007 to 2010 shows its continued inability to cover its debts:<sup>186</sup>

<sup>184</sup> **Exhibit III-23**, *GAMI Investments, Inc. v. The Government of the United Mexican States*, NAFTA Chapter 11 Arbitral Proceedings, GAMI’s Reply to Mexico’s Statement of Defence, February 5, 2004 at para. 76 (hereinafter “GAMI Reply”).

<sup>185</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

<sup>186</sup> **Exhibit III-24**, Grupo Azucarero México, S.A.B. DE C.V. (“GAM”), 2009 Annual Report; **Exhibit III-25**, Grupo Azucarero México, S.A.B. DE C.V. (“GAM”), 2010 Annual Report.

**Table 16**  
**GAM's Key Liquidity and Solvency Indicators from 2007-2010**

(in thousands of Mx\$)	2010	2009	2008	2007
<b>Financial Position at the End of December 31 of Each Year</b>				
Current assets (A)	585,210	778,078	868,492	695,510
Inventory (B)	239,828	184,629	192,045	135,588
Quick assets (A-B) (C)	345,382	593,449	676,447	559,922
Current liabilities (E)	572,698	755,203	796,271	888,053
Total liabilities (F)	1,423,490	1,574,371	1,749,522	1,891,572
Total equity (G)	2,055,219	1,722,955	1,749,121	2,263,020
<b>Results of Operations During Each Year</b>				
Operational Income (H)	392,652	33,387	-179,631	37,404
Interest expense (I)	-53,443	-74,884	-84,166	-43,925
<b>Financial Ratios</b>				
Working capital (A-E)	12,512	22,875	72,221	-192,543
Current ratio (A/E)	102%	103%	109%	78%
Quick ratio (C/E)	60%	79%	85%	63%
Debt-to-equity ratio (F/G)	69%	91%	100%	84%
Interest turnover ratio (I/H)	14%	224%	N/A	117%

In particular, GAM's current ratio in 2007 was below 100 percent, and between 2008 and 2010, the ratio remained essentially at 100 percent. In other words, GAM's short-term assets between 2007 and 2010 were insufficient to cover its short-term liabilities or barely enough to cover the short-term liabilities under the most generous (and unrealistic) scenario that GAM could turn all its current assets into cash or cash equivalents. Taking only the assets that can be easily converted into cash, *i.e.*, the quick assets, GAM's inability to meet its current liabilities, *i.e.*, debts due within a year, is clearly demonstrated by quick ratios substantially below the 100 percent mark.

More tellingly, GAM incurred interest expenses in 2007, 2008, and 2009 beyond what it earned through its business operations. In other words, at no time during the 2007-2009 period did GAM generate enough income to cover the interest expenses, let alone the loan principal, through its operations. In that regard, the fact that GAM has continued to be a highly debt-leveraged company during the same period is notable, as demonstrated by high debt-to-equity

ratios. These high ratios show that high and growing interest expenses were an inherent feature of GAM, owing to its unsustainable financial structure.

GAM's financial position as of May 1, 2011, is the latest information reasonably available to Petitioners regarding its financial performance as a separate entity, as GAM and its subsidiaries amalgamated into Organización Cultiba, S.A.B. de C.V. ("Cultiba").<sup>187</sup> The GAM financial data as of May 1, 2011, show GAM's current assets to be Mx\$1,287,675,000, barely above its current liabilities of Mx\$1,192,983,000.<sup>188</sup> In total, GAM had Mx\$2,331,714,000 in total debts at that time, Mx\$2,314,248,000 of which were stated to be commercial loans.<sup>189</sup>

Based on the foregoing payment default history and financial information, Petitioners believe that GAM has been and continue to be uncreditworthy throughout the AUL, i.e., 1996 to 2013.

**h. Uncreditworthiness of Grupo Beta San Miguel S.A. de C.V. ("BSM")**

As discussed above, the evidence shows that private banks did not lend any funds to the Mexican sugar mills at least from latter part of 1998 to 2003.<sup>190</sup> Dr. José Pinto Mazal, Director of BSM and an official of the CNIAA,<sup>191</sup> estimated that "the government owned over 50 percent of {Mexico's} production because the debts of the very big groups amounted to more than their assets."<sup>192</sup>

<sup>187</sup> Exhibit III-26, Organización Cultiba, S.A.B. DE C.V., 2012 Annual Report at 4.

<sup>188</sup> Exhibit III-26, Organización Cultiba, S.A.B. DE C.V., 2012 Annual Report at 15.

<sup>189</sup> Exhibit III-26, Organización Cultiba, S.A.B. DE C.V., 2012 Annual Report at 15.

<sup>190</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 45.

<sup>191</sup> Exhibit III-20, GAMI Final Award at para 9.

<sup>192</sup> Exhibit III-27, Harvard Business School, "Grupo Beta San Miguel (A)," April 11, 2001 at 17.

BSM was not immune from this crisis. According to Mr. Pinto's testimony as cited in GAM's NAFTA Chapter 11 case, BSM "was losing money in 2000 and was highly indebted by 2001."<sup>193</sup> In addition, "Mr. Pinto testified that... BSM's funded debt was roughly 1.4 billion pesos."<sup>194</sup> The consequence of the mounting liquidity pressure on BSM was a debt default, as was elaborated by the expert witness of the GOM in GAM's NAFTA Chapter 11 case:

The Witness: Yes, that is right, Don Julio, but like San Miguel, Grupo Science {sic – Saenz}, and the vast majority, interestingly, have survived because they ceased paying their obligations. In other words, given the lack of liquidity, they opted to default vis-a-vis the banks and continuing working. So, I mean to say, well, that many of the companies were in the same situation or worse than GAM, but in those particular cases, they opted not to go into a formal suspension de pagos, even though *de facto* they stopped paying.<sup>195</sup>

Like GAM, BSM could not pay the sugar cane producers and had to resort to a debt extension settlement. Specifically, BSM's San Miguel del Naranjo mill, Quesería mill, Constancia mill, and San Rafael de Pucté mills all entered into a deferred payment scheme with the sugar cane growers.<sup>196</sup>

Given the fact that BSM defaulted on its trade debts, *i.e.*, payables that a company needs to settle in conducting day-to-day operations, Petitioners believe that BSM was unable to obtain any loans from commercial sources, long-term or short-term, and thus was uncreditworthy.

#### **i. Uncreditworthiness of the Government Owned Mills**

The most notorious debtors among the Mexican sugar mills during the period 1998 to 2003 were the mills that were previously owned by GAM, CAZE (Escorpion), Santos, and

<sup>193</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 65.

<sup>194</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 65.

<sup>195</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 69.

<sup>196</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 120.

Machado, among others that the GOM ultimately expropriated. According to the FEESA, the 27 sugar mills that it later expropriated alone had pre-expropriation debts that were ten times larger than the annual gross profit of the industry.<sup>197</sup> An industry study concluded that these mills were simply “no longer creditworthy, and a renegotiation of their liabilities became improbable,”<sup>198</sup> and according to The New York Times, they were “at the brink of bankruptcy or beyond.”<sup>199</sup>

By the end of 1999, CAZE sugar mills alone owed almost Mx\$10 billion to the GOM and banks.<sup>200</sup> Together, the expropriated mills owed “1.5 times the annual income of the industry, including liabilities with Instituto Mexicano del Seguro Social (“IMSS”), Infonavit, CAN, the National Sugar Financial Institute and Unions, without considering debts with the Tax Administration System (SAT) and other creditors. This also meant 10 times the annual gross profit of the industry.”<sup>201</sup>

By the time the consulting firm Deloitte examined the financial positions of these mills during 2001 and 2002, under the instructions of the Mexican Superior Audit Office, the problem had only worsened. According to Deloitte, the expropriated mills suffered a loss of Mx\$3.28 billion and “the 27 sugar mills expropriated by the federal government {were} at current risk in their operations,” with short-term debts alone amounting to Mx\$27.23 billion.<sup>202</sup> Deloitte further opined that these mills might be “unable to continue their operation,” and that “the federal government, through the {Secretaría de Agricultura, Ganadería, Desarrollo Rural, Pesca y

<sup>197</sup> Exhibit III-6, Girón & Jiménez at 34.

<sup>198</sup> Exhibit III-6, Girón & Jiménez at 34.

<sup>199</sup> Exhibit III-28, The New York Times, Mexico Seizes 27 Sugar Mills, (September 4, 2001).

<sup>200</sup> Exhibit III-6, Girón & Jiménez at 30.

<sup>201</sup> Exhibit III-6, Girón & Jiménez at 34.

<sup>202</sup> Exhibit III-6, Girón & Jiménez at 35.

Alimentación (“SAGARPA”)), made available Mx\$1 billion just to sustain the operation of these companies in 2002.”<sup>203</sup>

The liquidity and solvency crisis of the expropriated mills only worsened as time went on. In 2005, the debts of the expropriated mills to FINA alone increased to Mx\$19.3 billion, an increase of 24 percent from its debt of Mx\$15.5 billion in 2001.<sup>204</sup> While the increased debt level was only – and could only have been – made possible by deliberate government subsidization, it also shows that sugars mills, which according to an industry study were considered to be “no longer creditworthy” prior to expropriation, had become even less creditworthy four years later.

Specifically, as set out in the table below, every single mill except for six of GAM’s mills increased their debts during that period.<sup>205</sup>

<sup>203</sup> Exhibit III-6, Girón & Jiménez at 35.

<sup>204</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch. 3.

<sup>205</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at ch 3.

**Table 17**  
**FINA DEBTS BY SUGAR MILLS IN 2001 AND 2005 (Except Mills of GAM)**  
(in thousand Mx\$)

Groups and Sugar Mills	Debt Owed to FINA in 2001	Change %	Debt Owed to FINA in 2005
<b>MACHADO</b>	<b>1,701,500.00</b>	<b>19%</b>	<b>2,022,368.80</b>
Ingenio José María Morelos S.A. de C.V.	376,300.00	19%	446,383.50
Fomento Azucarero del Golfo S.A. de C.V.	362,000.00	19%	429,239.50
Central Progreso S.A. de C.V.	475,400.00	19%	565,995.40
Ingenio la Margarita S.A. de C.V.	487,800.00	19%	580,750.40
<b>SANTOS</b>	<b>2,886,700.00</b>	<b>22%</b>	<b>3,528,743.90</b>
Ingenio Alianza Popular S.A. de C.V.	831,600.00	24%	1,030,788.20
Cía. Azucarera del Ingenio Bellavista S.A.	449,100.00	29%	578,159.10
Ingenio Pedernales S.A. de C.V.	407,500.00	21%	493,006.80
Cía. Industrial Azucarera S.A. de C.V.	311,300.00	19%	370,613.20
Ingenio Plan de Ayala S.A. de C.V.	604,700.00	19%	719,881.50
Ingenio San Gabriel Ver., S.A. de C.V.	282,500.00	19%	336,295.10
<b>ESCORPION</b>	<b>10,080,000.00</b>	<b>27%</b>	<b>12,791,278.90</b>
Ingenio de Atencingo, S.A. de C.V.	918,100.00	52%	1,398,243.70
Ingenio Emiliano Zapata S.A. de C.V.	1,306,800.00	27%	1,658,826.70
Ingenio Plan de San Luis S.A. de C.V.	1,205,300.00	22%	1,469,721.60
Impulsora de la Cuenca del Papaloapan S.A. de C.V.	1,912,400.00	37%	2,624,266.30
Ingenio Casasano la Abeja S.A. de C.V.	248,000.00	19%	295,313.10
Ingenio el Modelo S.A.	1,257,300.00	19%	1,496,888.60
Ingenio el Potrero S.A.	1,912,300.00	19%	2,276,737.60
Ingenio la Providencia S.A. de C.V.	752,900.00	19%	896,372.60
Ingenio San Miguelito S.A.	566,900.00	19%	674,908.70
<b>INDIVIDUAL</b>	<b>507,300.00</b>	<b>19%</b>	<b>604,058.70</b>
Cía. Azucarera la Concepción S.A. de C.V.	163,000.00	19%	194,091.10
Ingenio la Joya S.A. de C.V.	344,300.00	19%	409,967.60
<b>TOTAL</b>	<b>15,175,500.00</b>	<b>25%</b>	<b>18,946,450.30</b>

Simply put, the expropriated mills accumulated astronomical amount of debts by the time of the expropriation, which only grew larger. Indeed, the conclusion of the report commissioned by the GOM itself stated that these mills could not continue operating under the enormous debt. Based on the foregoing information, the Petitioners believe that the expropriated sugar mills were and continue to be uncreditworthy.

**j. Uncreditworthiness of Certain Other Producers**

Despite the fact that most, if not all, of the remaining sugar mill groups in Mexico are privately held, and hence their financial information is not reasonably available to the Petitioners, the uncreditworthiness of many Mexican sugar producers is still demonstrably evident from other publicly available sources. Chief among them are the sugar producers that received “Letter E” credit rating by the Mexican Central Bank, signifying that they cannot be granted credit or guarantees. Specifically, sugar mills belonging to Machado and Puga Groups, as well as El Refugio, Motzorongo, and Santa Domingo mills all received “Letter E” credit ratings by the Mexican Central Bank, signifying that they cannot be granted credit or guarantees.<sup>206</sup> In addition, Calipam, El Carmen, Dos Patrias, Los Mochis, Bellavista, and Cuatotolapam mills similarly received a “zero” in the Mexican Central Bank’s assessment, which would have warranted an assignment of “Letter E” credit rating to these mills.<sup>207</sup> The expert witness of the GOM in GAM’s NAFTA Chapter 11 case testified that some non-expropriated mills, including the Independencia which went bankrupt soon after,<sup>208</sup> were performing even worse than the GAM mills that had been expropriated.<sup>209</sup>

Puga, Saenz, and Seoane Groups apparently also could not meet their debt obligations to sugar cane growers, and had to negotiate an extension of the repayment terms, as did GAM and BSM.<sup>210</sup> In the case of Saenz Group, the GOM’s expert witness to the GAM’s NAFTA Chapter

<sup>206</sup> Exhibit III-23, GAMI Reply at paras 82-83.

<sup>207</sup> Exhibit III-23, GAMI Reply at para 82.

<sup>208</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 70.

<sup>209</sup> Exhibit III-23, GAMI Reply at para 84.

<sup>210</sup> Exhibit III-22. GAMI Statement of Claim at para 121; Exhibit III-17, GAMI Post-Hearing Brief at para 67.



11 case reported that it simply “ceased paying their obligations” and essentially “opted to default vis-à-vis the banks.”<sup>211</sup>

The foregoing evidence shows that the following sugar groups and mills were not creditworthy in that they were considered to be uncreditworthy by the financial institutions and/or they in fact defaulted on debt repayments: Machado, Puga, Saenz, and Seoane Groups, and El Refugio, Motzorongo, Santa Domingo, Calipam, El Carmen, Dos Patrias, Los Mochis, Bellavista, and Cuatotolapam mills.

#### **k. Conclusion**

According to the Department’s regulations, a firm or a project is considered to be uncreditworthy if it “could not have obtained long-term loans from conventional commercial sources.” In this case, based on information reasonably available to Petitioners, the expropriated sugar mills, GAM, BSM, Machado, Puga, Saenz, Seoane Groups, and El Refugio, Motzorongo, Santa Domingo, Calipam, El Carmen, Dos Patrias, Los Mochis, Bellavista, and Cuatotolapam sugar mills were uncreditworthy under this standard during the period between 1998 and 2003.

Although the information reasonably available to the Petitioners show continuing uncreditworthiness of a part of the Mexican sugar industry throughout the AUL, namely GAM and the nine mills which continue to be owned by the GOM, similarly comprehensive analysis could not be done for the other producers due to the lack of availability of public financial information. Nonetheless, what is shown by the evidence is that all of the named producers have been uncreditworthy at least for part of recent history, in particular during when the GOM was funneling funds to the sugar industry, and that the liquidity crisis has been wide-spread throughout the Mexican sugar industry. For the foregoing reasons, Petitioners respectfully

<sup>211</sup> Exhibit III-17, GAMI Post-Hearing Brief at para 69.

requests that the Department investigate each and every one of the Mexican respondents in respect of their creditworthiness throughout the AUL. Petitioners will further address uncreditworthiness to the extent required later in this proceeding.

## **6. GOM Subsidies to Expropriated Mills**

On September 3, 2001, in view of the dismal financial condition and high levels of public indebtedness of a large segment of the industry, and the corresponding threat to cane harvest in the 2001/02 cycle, the GOM expropriated 27 of the country's 57 sugar mills.<sup>212</sup> By October 12, 2001, the GOM had constituted FEESA to administer and oversee the operation of the expropriated mills.<sup>213</sup>

The New York Times summarized the state of industry at the time of expropriation:

**MEXICO CITY, Sept. 3** – Mexico's government took over nearly half the nation's sugar mills today in an attempt to save a dying industry subsidized for decades by the old government.

Officials said they would expropriate 27 of Mexico's 60 privately operated and deeply indebted sugar mills, spending at least \$110 million to acquire them. The government will then either shutter them or sell them. Almost all the seized mills are at the brink of bankruptcy or beyond. Some have not paid farmers for their crops in two years.

The Institutional Revolutionary Party, which ran Mexico from 1929 until President Vicente Fox defeated it last year, made the sugar industry part of its political apparatus. It subsidized growers, cutters, refiners, unions and bosses, spending billions.

Until last year, the subsidies won political loyalty from the sugar mills and cane fields, which employ roughly two million Mexicans, mostly peasant farmers. They also built a system whose

<sup>212</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 4.1.

<sup>213</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 4.1. *See also* **Exhibit III-62**, FEESA, Organization Manual, Section 2.

antiquated mills produce far more sugar than its most important customer -- the United States -- will buy.<sup>214</sup>

Soon after the expropriation, the GOM infused massive amounts of cash into all 27 of the expropriated mills through a fund it established called the “Special Fund,” which FEESA administered, just to keep them afloat.<sup>215</sup> In all, some Mx\$3,360,289,000 was granted to the nationalized mills in 2001 and 2002 through this fund. To Petitioners’ knowledge, most of that money remains unrecovered.<sup>216</sup>

Moreover, despite the Fox administration’s stated intentions, selling and/or shuttering the mills proved more difficult than expected. In particular, four groups who had collectively owned 25 of the 27 expropriated mills prior to the expropriation — CAZE (9 mills), GAM (6 mills), Grupo Santos (6 mills), and Grupo Machado (4 mills) — filed constitutional (*amparo*) suits to have the mills returned. All but CAZE were successful, first GAM in 2004; then the other two groups in 2006.<sup>217</sup> CAZE did not have its mills returned, and indeed its nine mills remain in the GOM’s possession today; however, the GOM was required to pay Mx\$1,187,852,000 as compensation to the mills’ previous owners.<sup>218</sup>

As of 2008, the GOM was still in the sugar business – six years longer than it had intended to be. In that year, it provided massive grants to the eleven still state-owned mills

<sup>214</sup> **Exhibit III-28**, The New York Times, “Mexico Seizes 27 Sugar Mills,” September 4, 2001.

<sup>215</sup> **Exhibit III-29**, Official Gazette of the Federation, September 19, 2001, “GUIDELINES of Operation of the Special Fund for the Payment of Several Commitments of Operation of the Sugar Sector, for the 27 sugar factories included in the Expropriation Decree published the 3rd of September, 2001” (hereinafter “Operating Guidelines of the Special Fund”).

<sup>216</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 4.3. *See also* **Exhibit III-16**, FEESA 2011 Audit at 7. To Petitioners’ knowledge, the funds channeled to the remaining nine FEESA (previously CAZE) mills, which represented the majority of the Special Fund, have not been repaid.

<sup>217</sup> **Exhibit II-3**, World Bank at 24.

<sup>218</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at ch. 6.4.

through transfers to and out of FEESA, specifically in the amount of Mx\$1,644,729,800.<sup>219</sup> This funding was provided by the GOM treasury to cover the mills' payments to cane growers and their other operational shortfalls.<sup>220</sup> Similarly, amounts up to Mx\$350,000,000 annually have been provided to the state-owned mills in 2009, 2011, and 2013.<sup>221</sup> To this day, the GOM through FEESA remains in control of the nine mills previously owned by CAZE.<sup>222</sup> All of the following grant programs provided "coverage for operating losses" and therefore conferred significant non-recurring benefits to the recipient mills that are allocable to the POI (*see* C.F.R. § 351.524(c)(1)).

**I. GOM grants and/or loans at sub-commercial rates to uncreditworthy mills through the 2001-2002 "Special Fund"**

In direct connection with the expropriation of the 27 sugar mills in September 2001, as set out in the overview immediately above, the GOM established a "Special Fund."<sup>223</sup> In general terms, the purpose of the Special Fund was to pay off the expropriated mills' accrued short-term liabilities and to ensure that on an on-going basis, "when the funds available in the treasuries of the expropriated companies were insufficient, this fund would be used to complement or cover commitments generated by normal industry operations."<sup>224</sup> Essentially, this Special Fund was a

<sup>219</sup> **Exhibit III-30**, ASF, Report of Results of the Superior Auditors of the 2009 Public Account, Fondo de Empresas Expropiadas del Sector Azucarero ("FEESA") at 2 (hereinafter "FEESA 2009 Audit"). *See also* **Exhibit III-31**, SAGARPA, "Accountability Report on Accounts of the Federal Public Administration 2006 – 2012: FEESA" at 15 (hereinafter "FEESA 2006-12 Report").

<sup>220</sup> **Exhibit III-30**, FEESA 2009 Audit at 2; **Exhibit III-31**, FEESA 2006-12 Report at 15.

<sup>221</sup> **Exhibit III-30**, FEESA 2009 Audit at 2.

<sup>222</sup> **Exhibit III-13**, Observatorio Veracruzano, "The sale of sugar factory could be finalized this year," January 9, 2014.

<sup>223</sup> **Exhibit III-29**, Operating Guidelines of the Special Fund.

<sup>224</sup> **Exhibit III-6**, Girón & Jiménez at 34.

mechanism through which the GOM covered the operational losses of the expropriated sugar mills.

Grants through the Special Fund were a necessary component of the underlying GOM expropriation, as the expropriated mills had been the least creditworthy Mexican industry and had suffered most from severe liquidity problems.<sup>225</sup> Indeed, it has been stated that without the Special Fund (more than half of which in 2001 went towards paying mill debts to sugar cane producers), there would have been no harvest at all in the 2001-02 season.<sup>226</sup> In total, the GOM provided the expropriated mills with operational grants under the Special Fund totaling Mx\$3.36 billion in 2001 and 2002 alone.

### **xiii. Financial contribution**

The Special Fund provided financial contributions to the expropriated sugar mills in the form of direct transfers of funds (grants), within the meaning of section 771(5)(D)(i) of the Act. Specifically, the Special Fund involved the direct transfer of funds from SAGARPA, a department of the GOM Executive Branch responsible for agriculture,<sup>227</sup> to FEESA. FEESA in turn transferred these funds to the 27 expropriated mills, in the following aggregate amounts:<sup>228</sup>

<b>2001</b>	Mx\$	2,368,289,000
<b>2002</b>	Mx\$	992,000,000

<sup>225</sup> Exhibit III-6, Girón & Jiménez at 34, referencing FEESA statements.

<sup>226</sup> Exhibit III-6, Girón & Jiménez at 34.

<sup>227</sup> Exhibit III-32, SAGARPA, "Introduction" (webpage: accessed February 21, 2014).

<sup>228</sup> Exhibit III-7, ASF Sugar Sector Audit, 2000-2005 at 4.3.

A mill-by-mill breakdown of the amounts provided through the Special Fund in 2001 and 2002 can be found in **Exhibit III-7**.<sup>229</sup>

Information reasonably available to Petitioners shows that the amounts transferred to the mills were grants, as opposed to loans, including information showing that the GOM itself coded these funds as “subsidies and transfers” pursuant to its own public sector classification system<sup>230</sup> (that classification system sets out an entirely different chapter or series for loans<sup>231</sup>).

#### **xiv. Specificity**

The government measure establishing the Special Fund was the *Lineamientos de Operación del Fondo Especial para el Pago de Diversos Compromisos de Operación del Sector Azucarero, por los 27 ingenios incluidos en el Decreto de Expropiación publicado el 3 de septiembre de 2001*.<sup>232</sup> Specifically, the Special Fund was established for the payment of the following types of sugar mill-specific liabilities, both past and on-going: 1) pre-liquidation and settlement of debts to sugar cane producers; 2) labor-related financial obligations; 3) general mill operating expenses; and 4) payment for the release of the Sugar Report as well as for permits and other fees which may arise.<sup>233</sup> On its face, the Special Fund is limited to the sugar industry, and more specifically the 27 expropriated sugar mills, and the funding provided under it is therefore *de jure* specific within the meaning section 771(5A)(D)(i) of the Act. The Special Fund is also

<sup>229</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at 4.3.

<sup>230</sup> **Exhibit III-7**, ASF Sugar Sector Audit, 2000-2005 at 4.3; **Exhibit III-33**, SHCP, “Classifier by Object of Expenditure for the Federal Public Administration,” first published October 13, 2000 (hereinafter “GOM Expenditure Classification”).

<sup>231</sup> **Exhibit III-33**, GOM Expenditure Classification, “7000” series.

<sup>232</sup> **Exhibit III-29**, Operating Guidelines of the Special Fund.

<sup>233</sup> **Exhibit III-29**, Operating Guidelines of the Special Fund. *See also* **Exhibit III-6**, Girón & Jiménez at 34.

clearly *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act , as sugar mills are the only verifiable recipients of the funds.

**xv. Benefit**

As discussed above, these Special Fund grants provided non-recurring benefits to the 27 expropriated sugar mills as “coverage for operating losses,” or simply as “grants” (see 19 C.F.R. § 351.524(c)(1)). In either case, the amount of the benefit is the amount of the grants (19 C.F.R. § 351.504(a)), *i.e.*, a benefit exists in respect of the GOM Mx\$3.36 billion in grants described above in the amount of those grants, pursuant to 19 C.F.R. § 351.504(a).

If the Department’s investigation reveals that the amounts were provided in the form of loans, the debt was provided to uncreditworthy sugar mills at rates of interest that were lower than the mills would pay on comparable commercial loans they could actually obtain on the market, pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R. § 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i). Petitioners are not aware of what, if any, interest rate would have attached to such loans since, tellingly, the legal instrument enabling and governing the Special Fund program did not prescribe any rate of interest or repayment terms for the funding provided.<sup>234</sup>

While the mills belonging to Grupo Santos and Grupo Machado were returned to their private owners by court orders in 2006, FEESA documentation confirms that as of June 30, 2012, these groups had not repaid the Mx\$657,316,000 injected into their mills through the Special Fund.<sup>235</sup> Information reasonably available to Petitioners provides no evidence of repayment of this amount as of the end of December, 2013.

<sup>234</sup> Exhibit III-29, Operating Guidelines of the Special Fund.

<sup>235</sup> Exhibit III-16, FEESA 2011 Audit at 7.

**m. GOM funding to expropriated mills in fiscal year 2008**

According to FEESA's 2009 Annual Public Audit Report, in fiscal year 2008, the GOM transferred funds through SAGARPA to FEESA in the amount of Mx\$1,644,729,800 to partly cover the expropriated sugar mills' payments to cane producers for the 2006-2007 harvest (Mx\$294,729,800 of the total amount) and to similarly cover the expropriated mills' operational deficit in 2008 (the remaining Mx\$1,350,000,000).<sup>236</sup>

Very little other information is reasonably available to Petitioners as to which specific program or measure, if any, this support was granted under. This is partly because, curiously – and unlike for the years 2003 thru 2007 and 2009 thru 2012 – the GOM did not produce an Annual Public Audit Report for FEESA for the year 2008. All that is available is an abbreviated accounting document identifying the existence of this extraordinary expenditure.<sup>237</sup> A 2006-2012 GOM Accountability Report on FEESA similarly, and tellingly, contains no further or greater detail on this Mx\$1,644,729,800 infusion.

**xvi. Financial contribution**

The GOM's 2008 funding to the expropriated mills involved a direct transfer of funds (grants) made through FEESA within the meaning of section 771(5)(D)(i) of the Act. The entire amount transferred into FEESA was "exercised" in 2008,<sup>238</sup> meaning that FEESA either transferred all of the money to the mills or paid the mills' expenses on their behalf. Specifically, FEESA's 2006 – 2012 audit document confirms that the 2008 amounts were transfers under the 4000 series ("Subsidies and Transfers"), and specifically 4309 "Transfers to Meet Operating

<sup>236</sup> Exhibit III-30, FEESA 2009 Audit at 2. See also Exhibit III-31, FEESA 2006-12 Report at 15.

<sup>237</sup> Exhibit III-34, 2008 Federal Public Finance Account, "Analysis of Programmatic Budgetary Spending Accrued Fund of Expropriated Companies from the Sugar Sector (FEESA)" (hereinafter "FEESA 2008 Budget").

<sup>238</sup> Exhibit III-34, FEESA 2008 Budget.



Deficit and Administrative Expenditures.”<sup>239</sup> The transfers were not made under the 7000 series, which pertains to “loans.”

That said, to the extent that the GOM provided this funding to the expropriated sugar mills in the form of loans, such GOM loans would likewise constitute a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.

**xvii. Specificity**

As discussed above, Petitioners have been unable to locate any particular legal measure pursuant to which the GOM’s 2008 funding to the expropriated mills was granted. Based on the information reasonably available to Petitioners, the GOM’s 2008 funding to the expropriated mills was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as the GOM and FEESA expressly limited its funding and/or financing to the expropriated mill recipients, and was in any event *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as the expropriated sugar mills were the only recipients of this funding.

**xviii. Benefit**

A benefit to the expropriated mills exists in the amount of the grants under 19 C.F.R. § 351.504(a).

Alternatively, if the Department’s investigation reveals that funding in question was provided in the form of loans, the debt was provided to uncreditworthy sugar mills at rates of interest that were lower than the mills would pay on comparable commercial loans they could actually obtain on the market, pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R. § 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i).

<sup>239</sup> Exhibit III-31, FEESA 2006-12 Report at 14.

**n. Funding to cover the 2009 operational deficit of expropriated mills**

In fiscal year 2009, SAGARPA transferred Mx\$100,000,000 to FEESA to cover the operating deficit of the expropriated mills. While these monies emanated originally from Mexico's *Programa de Atención a Problemas Estructurales* ("PAPE") ("Program to Address Structural Problems"), information reasonably available to Petitioners indicates that the Mx\$100 million were earmarked and transferred from SAGARPA to FEESA for the explicit purpose of covering the operating deficit of expropriated sugar mills.<sup>240</sup>

**xix. Financial contribution**

The GOM 2009 funding to cover the 2009 operational deficit of expropriated mills provided these mills with a direct transfer of funds,<sup>241</sup> in the form of a grant, which constitutes a financial contribution within the meaning of section 771(5)(D)(i) of the Act.

To the extent that the GOM provided this funding to the expropriated sugar mills in the form of loans, such GOM loans would likewise constitute a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.

**xx. Specificity**

Based on the information reasonably available to Petitioners, the GOM's 2009 funding to the expropriated mills was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as the GOM and FEESA expressly limited its funding and/or financing to the expropriated mill

<sup>240</sup> **Exhibit III-30**, FEESA 2009 Audit at 2: "Within the framework of the Attention to Structural Problems Program, SAGARPA transferred resources to FEESA in the amount of Mx\$100,000.0 thousands during the 2009 fiscal year so that the expropriated sugar mills, which had been transferred to State ownership, could cover their operating deficit. {translation}"

<sup>241</sup> **Exhibit III-30**, FEESA 2009 Audit at 2.

recipients, and was in any event *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as the expropriated sugar mills were the only recipients of this funding.

**xxi. Benefit**

A benefit to the expropriated mills exists in the amount of the grants under 19 C.F.R. § 351.504(a). Alternatively, if the Department's investigation reveals that funding in question was provided in the form of loans, the debt was provided to uncreditworthy sugar mills at rates of interest that were lower than the mills would pay on comparable commercial loans they could actually obtain on the market, pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R. § 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i).

**o. New 2013 GOM funding to the expropriated mills**

An extraordinary *spike* in the magnitude of FEESA's budget, not seen since 2008, has occurred during the 2013 POI. Specifically, according to official GOM public accounts for interim 2013 (January – November), FEESA received an additional Mx\$351,400,000 in transfers from SAGARPA.<sup>242</sup> This amount is confirmed in a SAGARPA report.<sup>243</sup> Because of the GOM's reporting cycle, no further information is reasonably available to Petitioners regarding this massive transfer.

That being said, the Director of FEESA has stated that Mx\$150 million have been used to pay debts of the expropriated mills to IMSS (Mexico's Social Security Administration), which were *reportedly* 12 years in arrears.<sup>244</sup> Information reasonably available to Petitioners shows that the funds provided to the mills in 2013 were used at least in part to cover the mills' operational

<sup>242</sup> Exhibit III-35, FEESA, 2013 Programming Budget (table).

<sup>243</sup> Exhibit III-36, SAGARPA, "1st Labour Report, 2012 – 2013," September 1, 2013 at 16.

<sup>244</sup> Exhibit III-37, REFORMA Business, "Sugar Mill Fund Spent Without Accountability, Trust Operation is Opaque," February 10, 2014 (hereinafter "Reforma Article").

losses due to a fall in the domestic price of sugar in Mexico in 2012, where most Mexican-produced sugar is purchased and consumed.<sup>245</sup> Specifically, the USDA confirms that the Mexican domestic bulk price for estandar sugar decreased dramatically in the second half of 2012 and that those lower prices more or less persisted throughout 2013. More specifically, domestic prices were lower by 33 percent in the eighteen months following July 2012 as compared to the preceding period.<sup>246</sup> The significant coverage for operating losses provided to the mills in 2008, described above, followed a similar pattern of falling and low prices in late 2007 and into 2008.

**xxii. Financial contribution**

The GOM funding in 2013, provided through SAGARPA and/or FEESA, to cover the 2012-2013 operational deficit of expropriated mills provided these mills, with a direct transfer of funds in the form of a grant, which constitutes a financial contribution within the meaning of section 771(5)(D)(i) of the Act.

To the extent that the GOM provided this funding to the expropriated sugar mills in the form of loans, such GOM loans would likewise constitute a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.

**xxiii. Specificity**

Based on the information reasonably available to Petitioners, the GOM's 2013 funding to the expropriated mills was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as the GOM and FEESA expressly limited its funding and/or financing to the expropriated mill

<sup>245</sup> Exhibit III-38, USDA, "Table 56 -- Mexico: sugar production and supply, and sugar and HFCS utilization," March 11, 2014 (hereinafter "USDA Table 56").

<sup>246</sup> Exhibit III-38, USDA, Table 56.

recipients, and was in any event *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as the expropriated sugar mills were the only recipients of this funding.

**xxiv. Benefit**

A benefit to the expropriated mills exists in the amount of the grants under 19 C.F.R. § 351.504(a). As discussed above, given the history of bailouts provided by the GOM through SAGARPA, there is every reason to believe that the amount provided in 2013 was a grant to cover the operational deficits of the mills, and provided under classification 4309 of the GOM's internal financial regulations.

Alternatively, if the Department's investigation reveals that the funding in question was provided in the form of loans, the debt was provided to uncreditworthy sugar mills at rates of interest that were lower than the mills would pay on comparable commercial loans they could actually obtain on the market, pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R.

§ 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i).

**p. GOM funding for the purchase of a boiler for the Emiliano Zapata Mill (2011)**

In 2011, the GOM transferred Mx\$60,000,000 to FEESA for the replacement of a boiler at the Emiliano Zapata mill.<sup>247</sup> It appears that this transfer took the form of a grant, as it was a discretionary budgetary item approved the *Cámara de Diputados*, the lower house of Mexico's Congress, on October 28, 2010.<sup>248</sup> Notably, the description of the resolution of the *Cámara de*

<sup>247</sup> **Exhibit III-16**, FEESA 2011 Audit at 4-5. *See also* **Exhibit III-31**, FEESA 2006-12 Report at 16-17.

<sup>248</sup> **Exhibit III-39**, Parliamentary Gazette, Number 3127-V, October 28, 2010 (Proposal to fund purchase of boiler at the Emiliano Zapata mill).

*Diputados* in FEESA's 2001 audit report indicates that the funding for the replacement boiler was earmarked as a separate item and approved on this separate basis.<sup>249</sup>

**xxv. Financial contribution**

Based on information reasonably available to Petitioners, the GOM provided a direct transfer of funds, in the form of a grant, for the replacement of the boiler within the meaning of section 771(5)(D)(i) of the Act.

To the extent that the GOM provided this funding to the expropriated sugar mills in the form of loans, such GOM loans would likewise constitute a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.

**xxvi. Specificity**

The information reasonably available to Petitioners shows that the funds provided to the Emiliano Zapata mill were provided on an entirely discretionary basis and were separately earmarked and approved as such. This funding therefore was *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as the GOM expressly limited its funding and/or financing to the Emiliano Zapata, and was in any event *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as the Emiliano Zapata mill was the only recipient of this funding.

**xxvii. Benefit**

A benefit to the expropriated mills exists in the amount of the grants under 19 C.F.R. § 351.504(a). Alternatively, if the Department's investigation reveals that funding in question

<sup>249</sup> **Exhibit III-16**, FEESA 2011 Audit at 4: "The authorization document verified that the Chamber of Deputies approved, in the the FEESA budget for 2011 fiscal year, an assignment in the amount of Mx\$69,101.2 thousands, which included the fiscal support for Mx\$60,000.0 thousands in order to replace the boiler in the Emiliano Zapata sugar mill factory and consequently decrease emission of contaminating substances."

was provided in the form of loans, the debt was provided to an uncreditworthy sugar mill at a rate of interest that was lower than the mill would pay on a comparable commercial loan it could actually obtain on the market, pursuant to 19 C.F.R. § 351.505(a)(1), 19 C.F.R. § 351.505(a)(3)(iii) and 19 C.F.R. § 351.505(a)(6)(i).

**q. GOM forgiveness of tax liability to expropriated mills**

In a February 10, 2014 article published in the Mexican newspaper *Reforma*, Carlos Rello Lara, the Director of FEESA, is reported as stating that in 2013, 898 million pesos of taxes were “cancelled” for the expropriated sugar mills by the Treasury (SHCP).<sup>250</sup>

**xxviii. Financial contribution**

This massive apparent forgiveness of tax liability by the GOM constitutes a financial contribution in the form of tax revenue foregone within the meaning of section 771(5)(D)(ii) of the Act.

**xxix. Specificity**

The information reasonably available to Petitioners shows that GOM’s forgiveness of tax liability to the expropriated mills was both *de jure* specific pursuant to section 771(5A)(D)(i) of the Act, as the GOM expressly limited its foregoing of tax revenue to the expropriated mills, and *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as the expropriated sugar mills were the only apparent recipients of such foregone tax revenues.

<sup>250</sup> Exhibit III-37, Reforma Article.

**xxx. Benefit**

A benefit exists in the amount of the direct tax that was foregone, within the meaning of 19 C.F.R. § 351.509(a)(1).

**7. 2008 GOM Support Programs to Assist Mills with Payments to Cane Growers**

**r. The Programa de Apoyo al Sector Agroindustrial de la Caña de Azúcar Program**

In 2008, the GOM provided all of the sugar mills in the country with massive grants to cover the purchase price of cane for the 2007/08 harvest. This was done under the Programa de Apoyo al Sector Agroindustrial de la Caña de Azúcar (“PROINCAÑA”) program.<sup>251</sup> A breakdown of the amounts made available to each mill under this program is attached as **Exhibit III-41**.<sup>252</sup> Roughly Mx\$665,200,000 of the Mx\$800,000,000 made available under this program was actually granted to mills.<sup>253</sup> Notably, the amounts provided under this separate program are distinct from the amounts provided to the state-owned mills in 2008 through FEESA, as described above, and from the “Complimentary Aid Program, for Payments to Cane Growers” described below.

<sup>251</sup> **Exhibit III-40**, Official Gazette of the Federation, September 26, 2008, “AGREEMENT based on the Program to Promote Competitiveness of Industrial Sectors (PROIND in Spanish) whereby guidelines are presented for implementing the Support Program for the Sugarcane Agro-industrial Sector for fiscal year 2008” (hereinafter “PROINCAÑA Guidelines”).

<sup>252</sup> **Exhibit III-41**, SAGARPA-SIAP, “Production of Sugar by Mill, 2007/2008 Crop and Maximum Amount of Support from the Ministry of the Economy, Per Mill.”

<sup>253</sup> **Exhibit III-42**, ASF, Report of Results of the Superior Auditors of the 2008 Public Account, Evaluation of the Superior Audit in entities related with Functions of Economic Development, March 2010.



**xxxi. Financial contribution**

Funding under the PROINCAÑA Program was provided by the GOM's Economy Secretariat and constituted a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act.<sup>254</sup>

**xxxii. Specificity**

The PROINCAÑA program is limited in law to the sugar industry<sup>255</sup> and therefore *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act. The program is also *de facto* specific pursuant to section 771(5A)(D)(iii) of the Act, as sugar mills were the only apparent recipients of PROINCAÑA payments.

**xxxiii. Benefit**

The preamble and Article I of the PROINCAÑA agreement clearly demonstrate that the amounts to be provided under that program are grants (*i.e.*, payments of liabilities of mills to cane growers), not loans.<sup>256</sup> The GOM has also confirmed on one of its websites that the amounts provided under the PROINCAÑA program were “one-time” grants.<sup>257</sup> As such the PROINCAÑA transfers are grants and conferred a countervailable benefit in the amount of the grants (see 19 C.F.R. § 351.504(a)) and are presumptively non-recurring (see 19 C.F.R. § 351.524(c)(1)).

<sup>254</sup> Exhibit III-40, PROINCAÑA Guidelines at Preamble and Arts. 3, 17.

<sup>255</sup> Exhibit III-40, PROINCAÑA Guidelines at Preamble and Art. 1.

<sup>256</sup> Exhibit III-40, PROINCAÑA Guidelines.

<sup>257</sup> Exhibit III-40, PROINCAÑA Guidelines at Preamble and Art. 1.

**s. Complimentary GOM and Mexican State Government support for mill payments to cane growers**

In parallel with the Economy Secretariat's PROINCAÑA program, SAGARPA implemented its own complimentary program to assist mills with payments to cane growers for the 2007-2008 season.<sup>258</sup> Under this program, aid in the form of one-time payments of up to Mx\$145 per ton was provided.<sup>259</sup> SAGARPA reported that the Mexican Federal Government provided a total of Mx\$402.3 million under the program, while the states of Jalisco, Nayarit and San Luis Potosi y Veracruz provided Mx\$44.8, Mx\$6.1 and Mx\$26.4 million in direct aid under the program, respectively.<sup>260</sup>

**xxxiv. Financial contribution**

Funding under the Complimentary SAGARPA and State Government Aid Program for Mill Payments to Cane Growers emanated from SAGARPA (a Department of the GOM) and from the states of Jalisco, Nayarit and San Luis Potosi y Veracruz and constituted a direct transfer of funds within the meaning of section 771(5)(D)(i) of the Act<sup>261</sup>.

**xxxv. Specificity**

The Complimentary SAGARPA and State Government Aid Program is limited in law to the sugar industry<sup>262</sup> and therefore *de jure* specific within the meaning of section 771(5A)(D)(i) of the Act.

<sup>258</sup> **Exhibit III-43**, SAGARPA/FIRCO, "Complimentary Program of Support to the Payments to Sugar Cane Producers for the 2007/2008 Sugarcane Harvest," June 2009 (hereinafter "2008 Complimentary Program"). *See also Exhibit III-24*, GAM 2009 Annual Report at 124.

<sup>259</sup> **Exhibit III-44**, Official Gazette of the Federation, September 24, 2008, "Specific operating guidelines for the Supplemental Program to Support payment of the sugarcane producers in the 2007/2008 harvest" at Art. 3.

<sup>260</sup> **Exhibit III-43**, 2008 Complimentary Program.

<sup>261</sup> **Exhibit III-40**, PROINCAÑA Guidelines at Preamble and Arts. 3, 17.

<sup>262</sup> **Exhibit III-40**, PROINCAÑA Guidelines at Preamble and Art. 1.

**xxxvi. Benefit**

Payments made under the Complimentary SAGARPA and State Government Aid Program for Mill Payments to Cane Growers were grants (*i.e.*, payments of liabilities of mills to cane growers), conferred a countervailable benefit in the amount of the grants (see 19 C.F.R. § 351.504(a)) and are presumptively non-recurring (see 19 C.F.R. § 351.524(c)(1)).

**8. 1997, 1998, and 1999 GOM subsidies for surplus production**

**t. Background**

As Table 19 shows, Mexican production between 1995 and 1999 varied from a low of 4.3 million tons (1996) to a high of 5.2 million tons (1998). At the same time, however, domestic consumption of sugar fell or remained stagnant. The result was significant sugar surpluses ranging from 9 percent to 22 percent of domestic production.

**Table 19**

**Domestic Production, Consumption and Surplus of the Mexican Sugar Industry (tons)**<sup>263</sup>

<b>Year</b>	<b>Domestic Production</b>	<b>Domestic Consumption</b>	<b>Surplus</b>
1995	4,500,000	4,100,000	400,000
1996	4,377,453	3,983,800	393,653
1997	4,543,850	3,873,900	669,950
1998	5,174,027	4,025,600	1,148,427
1999	4,748,000	4,148,000	600,000

The primary reasons for the growth in sugar production was the corresponding increase in land dedicated to sugar cane production and government stimulus for increased sugar cane production.<sup>264</sup> In order to enable and ensure the export of surplus sugar due to the increased sugar cane production, the GOM provided three one-time, non-recurring grants to sugar mills.<sup>265</sup>

<sup>263</sup> **Exhibit III-6**, Girón & Jiménez at 29.

<sup>264</sup> **Exhibit III-6**, Girón & Jiménez at 28.

<sup>265</sup> *See, e.g.* **Exhibit III-45**, Official Gazette of the Federation, October 17, 1997, “AGREEMENT for the allocation of a subsidy intended to support the sugar mills by promoting the final exports of sugar surpluses from previous cycles to the 1996/1997 harvest” (hereinafter “1997 Surplus Export Program”).

These payments were made pursuant to three separate one-time programs, pursuant to measures enacted by the GOM in 1997, 1998, and 1999, respectively:

1. Agreement for the allocation of a subsidy intended to support the sugar mills by promoting the final exports of sugar surpluses from previous cycles to the 1996/1997 harvest, Federal Official Gazette (17 October 1997) (“1997 Export Subsidy”);
2. Agreement for the allocation of a subsidy intended to support the management of national sugar inventories, Federal Official Gazette (16 April 1998) (“1998 Inventory Support Subsidy”);
3. Agreement for the allocation of a subsidy to support inventory management of domestic sugar, Federal Official Gazette on (27 December 1999) (“1999 Inventory Support Subsidy”).

**u. GOM 1997 export subsidy**

On 20 October, 1997, the GOM published the legislative instrument setting out the details of the 1997 Export Subsidy program. The GOM indicated that due to (i) the fact that the cane harvest in the 1996-1997 harvest year resulted in the record third straight year of sugar production; (ii) the close association between the price of sugar cane and the price of sugar; and, (iii) the requirement that the domestic sugar industry export a portion of its surpluses, it was necessary to grant a subsidy to sugar producers.<sup>266</sup>

The subsidy was granted by the GOM on a one-time basis, for the 1997 fiscal year.<sup>267</sup> The amount of the subsidy provided was to be calculated by measuring the difference between the export price of the sugar exported in that year and the national average price of the sugar, up to a maximum of Mx\$1,341.29 per ton.<sup>268</sup> The total amount of funding available under the program was Mx\$327,234,600.<sup>269</sup> While the program was administered by the Secretariat of

<sup>266</sup> Exhibit III-45, 1997 Surplus Export Program at Preamble.

<sup>267</sup> Exhibit III-45, 1997 Surplus Export Program at Art. 4.

<sup>268</sup> Exhibit III-45, 1997 Surplus Export Program at Art. 4.

<sup>269</sup> Exhibit III-45, 1997 Surplus Export Program at Art. 3.

Commerce and Industrial Development, the funds were issued to the sugar producers through and by FINA.<sup>270</sup>

In order to qualify for the export subsidy, the sugar producer had to be a domestic producer who exported its surplus.<sup>271</sup> As eligibility and approval for the subsidy is contingent on export performance in law, the 1997 Export Subsidy is an export subsidy under 19 C.F.R. § 351.14.

**xxxvii. Financial contribution**

As a direct transfer of funds from the GOM in the form of a non-recurring, one-time grant, the 1997 Export Subsidy constitutes a financial contribution by the GOM within the meaning of section 771(5)(D)(i) of the Act.

**xxxviii. Specificity**

The 1997 Export Subsidy is *de jure* specific within the meaning of section 771(5A)(B) of the Act as the subsidy is contingent in law on the export of sugar. In order to qualify for the export subsidy, the sugar producer had to be a domestic producer who verifiably exported its surplus sugar.

**xxxix. Benefit**

A benefit exists within the meaning of 19 C.F.R. § 315.504(b) in the amount of the grant.

**v. GOM 1998 inventory support subsidy**

The GOM set out the requirements and benefits of the 1998 Inventory Support Subsidy on April 16, 1998. Similar to the 1997 Export Subsidy, the GOM indicated that the subsidy was

<sup>270</sup> Exhibit III-45, 1997 Surplus Export Program at Arts. 2, 8.

<sup>271</sup> Exhibit III-45, 1997 Surplus Export Program at Art. 1.

necessary because of the record sugar cane harvest and sugar production in Mexico.<sup>272</sup> Unlike the 1997 Export Subsidy, however, the stated purpose of the subsidy was to help finance the yearly storage of the inventories of the domestic sugar production.<sup>273</sup>

The GOM provided a one-time, non-recurring grant of Mx\$117,132,000 to sugar mills, which was equivalent to Mx\$195.22 per tonne of sugar inventories.<sup>274</sup> Like the 1997 Export Subsidy, the main requirements to qualify and receive the subsidy were to comply with export allocations of the surplus sugar from the 1997/1998 harvest and to have stored sugar in bonded warehouses or exported its sugar temporarily during the period of April 30, 1998 to December 31, 1998.<sup>275</sup> The GOM, through SAGARPA, provided the resources to FINA to administer the program.<sup>276</sup> The funds were paid directly to the accounts of sugar producers on a monthly basis from May 1998 to December 1998.<sup>277</sup>

As eligibility and approval for the subsidy was contingent on export performance in law, the 1998 Export Subsidy is an export subsidy under 19 C.F.R. § 351.14.

#### **xl. Financial contribution**

The 1998 Inventory Support Subsidy constitutes a direct transfer of funds in the form of a grant, and constitutes a financial contribution within the meaning of section 771(5)(D)(i) of the Act.

<sup>272</sup> **Exhibit III-46**, Official Gazette of the Federation, April 15, 1998, “AGREEMENT for the allocation of a subsidy intended to support the management of national sugar inventories” at Preamble (hereinafter “1998 Inventory Subsidy Program”).

<sup>273</sup> **Exhibit III-46**, 1998 Inventory Subsidy Program at Preamble.

<sup>274</sup> **Exhibit III-46**, 1998 Inventory Subsidy Program at Art. 4.

<sup>275</sup> **Exhibit III-46**, 1998 Inventory Subsidy Program at Art. 1.

<sup>276</sup> **Exhibit III-46**, 1998 Inventory Subsidy Program at Art. 5.

<sup>277</sup> **Exhibit III-46**, 1998 Inventory Subsidy Program at Art. 8.

**xli. Specificity**

The 1998 Inventory Support Subsidy expressly required the export of sugar in order to qualify for benefits, and is therefore deemed to be *de jure* specific within the meaning of section 771(5A)(B) of the Act.

**xlii. Benefit**

A benefit exists within the meaning of 19 C.F.R. § 315.504(b) in the amount of the grant.

**w. GOM 1999 inventory support subsidy**

The 1999 Inventory Support Subsidy was promulgated on December 27, 1999. As with both previous export subsidies, the GOM again acknowledged a fifth consecutive year of surplus sugar production, which required the export of such surpluses.<sup>278</sup> As with the 1998 Inventory Support Subsidy, the GOM indicated that the program was necessary to finance the inventories of domestic sugar production.<sup>279</sup>

In order to qualify for the subsidy, the sugar producers had to export their share of the 550,920.2 tons determined to be surplus by the Secretariat of Commerce and Industrial Development.<sup>280</sup> If they so complied, sugar producers received a subsidy at the rate of Mx\$192.16 per tonne of sugar in inventory.<sup>281</sup> The one-time grant to the sugar mills was for a total of Mx\$115,301,040.<sup>282</sup> As with the 1998 Inventory Support program, the SAGARPA

<sup>278</sup> Exhibit III-47, Official Gazette of the Federation, December 27, 1999, "AGREEMENT for the allocation of a subsidy to support inventory management of domestic sugar" at Preamble (hereinafter "1999 Inventory Support Program").

<sup>279</sup> Exhibit III-47, 1999 Inventory Support Program at Preamble.

<sup>280</sup> Exhibit III-47, 1999 Inventory Support Program at Arts. 2, 8.

<sup>281</sup> Exhibit III-47, 1999 Inventory Support Program at Art 1.

<sup>282</sup> Exhibit III-47, 1999 Inventory Support Program at Art 1.

provided the resources to FINA to administer the program.<sup>283</sup> The deadline for payments was February 15, 2000.<sup>284</sup>

As eligibility and approval for the subsidy was contingent on export performance in law, the 1999 Inventory Support Subsidy is an export subsidy under 19 C.F.R. § 351.14.

**xliii. Financial contribution**

The 1999 Inventory Support Subsidy program constitutes a direct transfer of funds in the form of a grant, within the meaning of section 771(5)(D)(i) of the Act.

**xliv. Specificity**

The 1999 Inventory Support Subsidy required sugar mills to export sugar in order to be eligible for the grant. This requirement is explicitly set out in the legislative instrument. As such, the program is a *de jure* specific export subsidy.

**xliv. Benefit**

A benefit exists in the amount of the grant, within the meaning of 19 C.F.R. § 315.504(b).

**9. SAGARPA Emerging Technology Program**

**x. Program description**

As described above, sugar cane is the only crop in Mexico that is dealt with by means of a specific piece of legislation, the Cane Law.<sup>285</sup> Pursuant to this law, the National Committee for the Sustainable Development of Sugar cane sets the reference price for sugar cane based on a complex formula involving, *inter alia*, the average price of semi-refined (estandar) sugar in

<sup>283</sup> Exhibit III-47, 1999 Inventory Support Program at Art 10.

<sup>284</sup> Exhibit III-47, 1999 Inventory Support Program at Art 11.

<sup>285</sup> Exhibit III-48, Food and Agricultural Organization of the United Nations (FAO), "Case studies on bioenergy policy and law: options for sustainability : Mexico Case Study," 2009 at 195-196.



different regions of the country.<sup>286</sup> Pursuant to Article 58 of the Cane Law, approximately 57 percent of this reference price must be paid to the sugar cane growers by the sugar producers.<sup>287</sup>

Not surprisingly, the GOM at various times has developed subsidy programs to compensate sugar cane growers for downturns in the reference price. Most recently, in late 2013, the reference price established by the GOM fell 40 percent below the reference price for 2012, from Mx\$10,617 per MT to Mx\$6,697.06 per MT.<sup>288</sup> This new lower reference price was the price used to calculate the final sugar cane payments for the 2012/2013 crop.

In anticipation of and as a response to this drop in the reference price, the GOM, after consultations with the sugar cane industry, approved the “SAGARPA Emerging Technology Program,” which is also referred to as the “Emergency Program.”<sup>289</sup> The program was announced on October 25, 2013 and provides direct financial support to sugar cane growers in the amount of Mx\$1,903 per hectare of farmland.<sup>290</sup> In order to qualify, a sugar cane producer must have produced and harvested sugar cane in the 2013 harvest season.<sup>291</sup> Payments under the program were made directly to the bank accounts of the sugar cane producers.<sup>292</sup>

A number of sugar cane producers received support under this program in 2013. Media reports indicated that 40 percent of producers in the Veracruz region received support in 2013

<sup>286</sup> **Exhibit III-49**, USDA, “MY 2012-13 Sugarcane Reference Price Up Slightly,” October 30, 2012 (hereinafter “USDA, 2012”).

<sup>287</sup> **Exhibit III-49**, USDA, 2012.

<sup>288</sup> **Exhibit III-50**, USDA, “Mexico Announces Sugar Cane Reference Price,” November 5, 2013.

<sup>289</sup> **Exhibit III-51**, SAGARPA, “SAGARPA will serve producers at the El Potrero Mill,” October 16, 2013.

<sup>290</sup> **Exhibit III-52**, SAGARPA, “Technological package of assistance to sugar cane producers in 2013,” October 5, 2013 (hereinafter “SAGARPA Technology Assistance to Producers”).

<sup>291</sup> **Exhibit III-52**, SAGARPA, “Technological package of assistance to sugar cane producers in 2013,” October 5, 2013.

<sup>292</sup> **Exhibit III-53**, ZAFRANET, “SAGARPA has started making emergency assistance payments to sugar cane producers in Potrero,” December 2, 2013.

with the remainder to receive support in early 2014.<sup>293</sup> Likewise, media reports indicate that sugar cane producers in Morelos also received the 1,903/ha subsidy in late 2013.<sup>294</sup> Payments were to be made to the Morelos sugar cane producers from November 15, 2013 to December 31, 2013.<sup>295</sup>

Information reasonably available to Petitioners indicates that sugar mills who also own planted sugar cane farmland likely benefited from this program. For example, CULTIBA’s sugar producing subsidiary GAM holds sugar cane farmland. According to CULTIBA’s 2012 Annual Report, GAM currently leases approximately 14,485 hectares of sugar cane farmland, of which 8,073 hectares have been planted. This leased land and the resulting sugar cane production accounts for approximately 12 percent of GAM’s sugar cane needs.<sup>296</sup> GAM secured the leases for this land beginning in 2008.<sup>297</sup> GAM’s total holdings are set out in Table 20:

**Table 20**  
**GAM’s Sugar Cane Farm Holdings. Source: CULTIBA 2012 Annual Report at 80**

<b>Location</b>	<b>Number of Hectares Leased</b>	<b>Number of Hectares Planted</b>
Tala (Jalisco)	3,673	2,080
Lázaro Cárdenas (Michoacán)	1,114	860
Eldorado (Sinaloa)	2,236	1,426
Benito Juárez (Veracruz)	7,462	3,707
Total	14,485	8,073

<sup>293</sup> Exhibit III-54, Mexican Business Web, “Sugar cane producers in Veracruz receive pending support from SAGARPA,” January 30, 2014.

<sup>294</sup> Exhibit III-55, ZAFRANET, “Sugar cane producers in El Morelo have received only part of the assistance from SAGARPA,” December 9, 2013 (hereinafter “ZAFRANET – El Morelo”)

<sup>295</sup> Exhibit III-55, ZAFRANET – El Morelo.

<sup>296</sup> Exhibit III-26, Organización Cultiba, S.A.B. DE C.V., 2012 Annual Report at 17, 79.

<sup>297</sup> Exhibit III-26, Organización Cultiba, S.A.B. DE C.V., 2012 Annual Report at 41.

It is reasonable to infer that GAM would have harvested the sugar cane in its planted hectares of farmland and would, therefore, have qualified for benefits under this program.

**y. Financial contribution**

The SAGARPA Emerging Technology Program constitutes a direct transfer of funds in the form of a grant within, the meaning of section 771(5)(D)(i) of the Act.

**z. Specificity**

To qualify for funds under the program, the applicant, by law, must have harvested sugar cane in the 2012/2013 harvest year. As such, the SAGARPA Emerging Technology Program is *de jure* specific to an industry within the meaning of section 771(5A)(D)(i) of the Act.

**aa. Benefit**

A benefit exists in the amount of the grant, within the meaning of 19 C.F.R. § 315.504(b).

**10. Import VAT and Duty Exemptions for the Domestic Sales of Sugar Under the Mexican Re-Export Program**

The Mexican re-export program, or “IMMEX,” was formerly known as the “PITEX” program and was established by the Decree for the Development of the Manufacturing, Maquila and Export Services Industry.<sup>298</sup> According to the Department’s finding in *Cut-to-Length Carbon Steel Plate from Mexico*,<sup>299</sup> the PITEX programs “is jointly administered by the Ministry of Commerce and Industrial Development and the Customs Administration. Manufacturers who

<sup>298</sup> **Exhibit III-56**, USDA, “Mexico, Sugar Semi-Annual : Sugar, Sugar cane, and HFCS Situation,” October 1, 2010, at 6 (footnote 2).

<sup>299</sup> See *Final Results of Countervailing Duty Administrative Review: Cut-to-Length Carbon Steel Plate from Mexico*, 65 FR 13368, (March 13, 2000) and *Preliminary Results of Countervailing Duty Administrative Review: Cut-to-Length Carbon Steel Plate from Mexico*, 64 FR 48796, (September 8, 1999). The Department continued its countervailability finding with respect to the PITEX program more recently in 2006 during the Expedited Sunset Review. See *Final Results of Expedited Five-year Sunset Review: Cut-to-Length Carbon Steel Plate from Mexico*, 71 FR 32521, (June 6, 2006).

meet certain export requirements are eligible for the PITEX program. Those who qualify are exempt from paying import duties and the value added tax (VAT) on temporarily imported goods that will be used in the production of exports. Categories of merchandise eligible for PITEX import duty and VAT exemptions are raw materials, packing materials, fuels and lubricants, perishable materials, machinery, and spare parts.”

The Department found the exemption of VAT and duties under the Mexican re-export program to confer countervailable subsidies to the extent that the program provided exemptions on imports not consumed in the production of the exported products.<sup>300</sup>

Under the IMMEX program, sugar sold by the Mexican sugar mills to the domestic food manufacturers are classified as exports, provided that the food manufacturer exported the final processed product.<sup>301</sup> However, the transaction between a Mexican sugar mill and a Mexican food manufacturer is not an export transaction. Moreover, the categories of goods that qualify for VAT and duty refund under the IMMEX program (*i.e.*, “raw materials, packing materials, fuels and lubricants, perishable materials, machinery, and spare parts”) are on their face goods which would be used for the production of sugar for both the Mexican domestic market and for exports.

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<sup>300</sup> *Final Results of Countervailing Duty Administrative Review: Cut-to-Length Carbon Steel Plate from Mexico*, 65 FR 13368, (March 13, 2000) and *Preliminary Results of Countervailing Duty Administrative Review: Cut-to-Length Carbon Steel Plate from Mexico*, 64 FR 48796, (September 8, 1999). See also *Final Affirmative Countervailing Duty Determinations: Certain Steel Products From Mexico*, 58 FR 37352, (July 9, 1993), *Final Results of Countervailing Duty Administrative Review: Porcelain-on-Steel Cookingware From Mexico*, 57 FR 562, (January 7, 1992), *Final Results of Countervailing Duty Administrative Review: Certain Textile Mill Products From Mexico*, 56 FR 12175, (March 22, 1991), *Final Results of Countervailing Duty Administrative Review: Ceramic Tile From Mexico*, 57 FR 24247, (June 8, 1992), and *Final Results of Expedited Five-year Sunset Review: Cut-to-Length Carbon Steel Plate from Mexico*, 71 FR 32521, (June 6, 2006).

<sup>301</sup> **Exhibit III-56**, USDA, “Mexico, Sugar Semi-Annual : Sugar, Sugar cane, and HFCS Situation,” October 1, 2010, at 6.

The USDA reported the estimated deemed exports of sugar under the IMMEX program in each market year beginning October 2012 and October 2013 to be as much as 360,000 MT.<sup>302</sup> As such, there is prima facie evidence that Mexican sugar mills have been using the IMMEX program and would have benefited to the extent that they imported eligible materials, machinery, and spare parts without paying duties and VAT during the POI.

**bb. Financial contribution**

Duty and VAT exemptions represent a foregoing or non-collection of revenue that is otherwise due and as such qualify as a financial contribution within the meaning of section 771(5)(D)(ii) of the Act.

**cc. Specificity**

To the best of Petitioners' knowledge, the deeming of domestically sold products as "exports" is unique to sugar. As such, the IMMEX program as it applies to sugar is specific in law and in fact to the sugar industry under section 771(5A)(D) of the Act.

**dd. Benefit**

A benefit within the meaning of 19 C.F.R. § 351.518(a)(1) and 519(a)(1)(i) or (ii) is conferred on the recipient of the VAT and duty exemptions in the amount of the tax revenue foregone by the GOM.

**11. Mexico's Renewable Energy Subsidies**

According to the Mexican Department of Energy ("DOE"), "{i}n December 2005, the {Mexican} House of Representatives approved the initiative of Law for the Use of Renewable

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<sup>302</sup> **Exhibit III-57**, USDA, "Mexico, Sugar Semi-Annual: Production & Exports for MY 2013/14 Estimated Slightly Lower than MY 2012/13," September 24, 2013 at 4-5.

Sources of Energy {"LAFRE"}, which establishes a Program for the Use of Renewable Energy Sources of Energy. A minimum percentage of 8 percent in renewable energy contribution to total energy generation is established as a goal for 2012."<sup>303</sup> To achieve this goal, the GOM "deemed necessary to channel" about Mx\$1 billion per year "in order to grant incentives to foster public and private investment for the development and operation of {renewable energy} electricity projects for public service, using competitive technologies," among others.<sup>304</sup> According to the Department of Energy, such technologies would include technologies relating to the following energy sources: solar, wind, geothermal, small hydropower, biomass, and biogas, among others.<sup>305</sup>

During the first year of operation, the GOM set out to use the fund in the following ways:

- 55 percent of the fund to establish the "Green Fund," to be used to foster the use of renewable energy mature technologies (electrical applications);
- 6 percent for the "Emergent Technologies Fund" (electrical applications);
- 10 percent for the "Rural Electrification Fund";
- 7 percent for the "Biofuels Fund";
- 7 percent for the "General Renewable Energy Fund" (for non-electrical applications); and
- 15 percent for the "Research and Technological Development Fund ("FIDTER")."<sup>306</sup>

In addition to the aforementioned support, the GOM established a tax incentive program on December 1, 2004. Specifically, "{w}ith the purpose of promoting investments in machinery and equipment for energy {renewable energy} electricity generation, the Official of the

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<sup>303</sup> Exhibit III-58, Energy Secretary, "Renewable Energies for Sustainable Development in Mexico," 2006 at 69 (hereinafter "Energy Secretary 2006").

<sup>304</sup> Exhibit III-58, Energy Secretary 2006 at 70.

<sup>305</sup> Exhibit III-58, Energy Secretary 2006 at 55.

<sup>306</sup> Exhibit III-58, Energy Secretary 2006 at 70.

Federation published the modification to Article 40, Fraction XII of the Income Tax Law. This law establishes that taxpayers can depreciate 100 percent of a qualifying investment in a single exercise.”<sup>307</sup> Cogeneration plants using sugar byproducts qualify as “renewable energy generation” for the purposes of this program.<sup>308</sup>

Imports and exports related to renewable energy investments are also granted preferential treatment in terms of exemption from general import and export taxes.<sup>309</sup> Specifically, the GOM provides for “grants exemption from payment of the general tax on the import and export of anti-contaminant equipment and its components, as well as... articles for research, or technological development related to renewable sources of energy and clean technologies.”<sup>310</sup>

Eligibility under these programs is very restricted. First and foremost, the investment must involve renewable energy generation, which appears to be limited by law to energy generation from solar, wind, geothermal, small hydropower, biomass, biogas, and certain other sources of energy.<sup>311</sup> In addition, the GOM, under the administration of Comisión Reguladora de Energía (“CRE”) further limits the use of the programs by way of controlling the granting of permits for renewable energy generation.<sup>312</sup> Simply put, under the Public Electricity Service Act (“LSPEE”), cogeneration is not allowed unless a permit is issued by the CRE.<sup>313</sup> As of the end

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<sup>307</sup> **Exhibit III-58**, Energy Secretary 2006 at 74.

<sup>308</sup> **Exhibit III-59**, US Department of Commerce (US Commercial Service), “Mexico: Cogeneration opportunities in PEMEX-CFE,” September 2012 at 2 (hereinafter “US Commercial Service”).

<sup>309</sup> **Exhibit III-59**, US Commercial Service at 2.

<sup>310</sup> **Exhibit III-60**, ProMexico, “Renewable Energy, Global Industry.”

<sup>311</sup> **Exhibit III-58**, Energy Secretary 2006 at 55.

<sup>312</sup> **Exhibit III-58**, Energy Secretary 2006 at 57, 59.

<sup>313</sup> **Exhibit III-58**, Energy Secretary 2006 at 57, 59.

of 2005, there were only 54 permits granted for the electricity generated from five renewable energy sources, including sugar cane byproducts.<sup>314</sup>

There is no question that the Mexican sugar mills have been benefiting under the GOM's renewable energy subsidies. In this regard, GAM's 2009 Annual Report states that it took an advantage of an immediate depreciation deduction program.<sup>315</sup>

**ee. GOM accelerated depreciation for renewable energy investments**

The accelerated depreciation specifically allowed for investments into "renewable energy generation" is a countervailable subsidy within the meaning of section 771(5) of the Act. It is noted that the Department previously countervailed a similar Mexican tax deduction program, under which certain assets were depreciated at an accelerated pace or entirely in the first year of acquisition.<sup>316</sup>

While information reasonably available to Petitioners do not allow Petitioners to confirm actual receipt and use of the accelerated tax deduction by the Mexican sugar mills during the POI, there is evidence of history of use of the program. Specifically, GAM's 2009 Annual Report states that it took an advantage of an immediate depreciation deduction program.<sup>317</sup> In addition, Cultiba (formerly GAM) was "in the process of concluding the construction of a co-generation power plant of 78 megawatts in {its} Ingenio Tala sugar mill in Talisco"<sup>318</sup> and "initiated construction of a co-generation power plant in the Tala sugar mill located in

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<sup>314</sup> **Exhibit III-58**, Energy Secretary 2006 at 59.

<sup>315</sup> **Exhibit III-24**, GAM 2009 Annual Report at 31.

<sup>316</sup> *Final Affirmative Countervailing Duty Determinations: Certain Steel Products from Mexico*, 58 FR 37352, (July 9, 1993). The Department in later sunset review found that the subsidy programs previously found countervailable in the Final Determination continue to exist as recently as in 2006. See *Final Results of Expedited Five-Year Sunset Review: Certain Steel Products from Mexico*, 71 FR 32521, (June 6, 2006).

<sup>317</sup> **Exhibit III-24**, GAM 2009 Annual Report at 31.

<sup>318</sup> **Exhibit III-26**, Cultiba 2012 Annual Report at 14.



Jalisco.”<sup>319</sup> Since these cogeneration plants would qualify as “renewable energy generation” that could be immediately depreciated for the tax income deduction purpose, these are yet further evidence that the Mexican sugar mills could have benefitted under the program. In addition, there is evidence that another major Mexican sugar mill, BSM, has already made and has planned to make investments into cogeneration projects in the POI and beyond.<sup>320</sup>

#### **xlvi. Financial contribution**

Accelerated deductions allowed for investments of “renewable energy generation” represent foregoing or non-collection of revenue that is otherwise due and as such qualify as a financial contribution within the meaning of section 771(5)(D)(ii) of the Act.

#### **xlvii. Specificity**

The accelerated deduction is limited to assets acquired for the “renewable energy generation,” which are limited to energy generated from certain energy sources such as solar, wind, geothermal, small hydropower, biomass, and biogas. Given the specified and highly limited list of qualified “renewable energy generation,” the accelerated deduction is *de jure* specific to a limited number of enterprises or industry pursuant to section 771(5A)(D)(i) of the Act.<sup>321</sup> In addition, information available to Petitioners shows that a limited number of enterprises received permits to undertake renewable energy generation projects that are otherwise prohibited, as of the end of 2005. As such, Petitioners believe that the accelerated

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<sup>319</sup> **Exhibit III-26**, Cultiva 2012 Annual Report at 23.

<sup>320</sup> **Exhibit III-61**, Beta San Miguel, “Our History” (webpage: accessed March 14, 2014). BSM states that “{f}uture projects for cogeneration are much more ambitious {than the ones that are completed} and are planned to start in 2013 and 2014, at Ingenio San Rael de Pucté and Ingenio San Miguel del Naranjo.”

<sup>321</sup> See also *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 75 Fed. Reg. 55745 (Preliminary Results of Countervailing Duty Administrative Review, Sept. 14, 2010) where the Department found *de jure* specificity where access to the subsidy program was limited to companies or industries developing or promoting alternative energy.

depreciation tax deduction is also *de facto* specific to a limited number of enterprises pursuant to section 771(5A)(D)(iii) of the Act.

**xlvi. Benefit**

A benefit within the meaning of 19 C.F.R. § 351.509(a) is conferred on the recipient of the accelerated deductions in the amount of the tax revenue foregone by the GOM.

**ff. GOM exemption from general import and export tax for articles related to renewable energy investments**

Exemption of general import and export tax specifically allowed for articles related to “renewable energy” is a countervailable subsidy within the meaning of section 771(5) of the Act. While information reasonably available to Petitioners do not allow Petitioners to confirm actual receipt and use of the accelerated tax deduction by the Mexican sugar mills during the POI, there is evidence of current and past investments into cogeneration projects by the Mexican sugar mills, which on their face would qualify as “renewable energy” projects under the program. For example, Cultiba’s 2012 Annual Report states that it has almost concluded construction of a cogeneration plant in 2012,<sup>322</sup> and has initiated construction of another cogeneration plant.<sup>323</sup> In addition, BSM states that it has made and is planning to make investments into cogeneration projects in the POI and beyond.<sup>324</sup> As such, to the extent that these and other sugar mills investing in cogeneration plants import any articles related to the project, they could benefit from the exemptions.

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<sup>322</sup> Exhibit III-26, Cultiba 2012 Annual Report at 14.

<sup>323</sup> Exhibit III-26, Cultiba 2012 Annual Report at 23.

<sup>324</sup> Exhibit III-61, Beta San Miguel, “Our History.” BSM states that “{f}uture projects for cogeneration are much more ambitious {than the ones that are completed} and are planned to start in 2013 and 2014, at Ingenio San Rael de Pucté and Ingenio San Miguel del Naranjo.”

**xlix. Financial contribution**

Exemption of general import and export tax specifically allowed for articles related to “renewable energy” represents a foregoing or non-collection of revenue that is otherwise due and as such qualify as a financial contribution within the meaning of section 771(5)(D)(ii) of the Act.

**i. Specificity**

Exemption of general import and export tax is allowed only for imports and exports related to “renewable energy,” which are limited to energy generated from certain energy sources such as solar, wind, geothermal, small hydropower, biomass, and biogas. Given the specified and highly limited list of qualified “renewable energy generation,” general import and export tax exemption is specific in law and in fact to an enterprise of industry under section 771(5A)(D) of the Act.<sup>325</sup>

**ii. Benefit conferred**

A benefit within the meaning of 19 C.F.R. § 351.509(a) is conferred on the recipient of the general import and export tax exemptions in the amount of the tax revenue foregone by the GOM.

**gg. Renewable energy funds**

Based on information reasonably available to Petitioners, the Green Fund, Emergent Technologies Fund, Rural Electrification Fund, Biofuels Fund, General Renewable Energy Fund, and Research and Technological Development Fund established by the GOM’s Mx\$1 billion support confer countervailable subsidies within the meaning of section 771(5) of the Act.

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<sup>325</sup> See also, *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 75 Fed. Reg. 55745 (Preliminary Results of Countervailing Duty Administrative Review, Sept. 14, 2010) where the Department found *de jure* specificity where access to the subsidy program was limited to companies or industries developing or promoting alternative energy.

**lii. Financial contribution**

As described above, the GOM specifically contemplates channeling of Mx\$600 million per year and providing additional resources in the order of Mx\$400 million per year under Renewable Energy funds.<sup>326</sup> Based on the information available, Petitioners believe that the funds qualify as financial contributions and are provided in the form of preferential loan or grants, which would be direct transfer of funds under section 771(5)(D)(i) of the Act.

**liii. Specificity**

The various Funds appear to be provided for certain renewable energy related projects, as the funds are provided “in order to grant incentives to foster... investments... of {renewable energy}” using competitive and less mature technologies.<sup>327</sup> Specifically, the Green Fund is provided to foster the use of electrical applications of mature renewable energy technologies. Emergent Technologies Fund is ostensibly provided for emergent renewable energy technologies for electrical applications. Likewise, other funds appear to be limited by specified technologies. To the extent that the Funds are provided to the specified and highly limited qualified “renewable energy” related technologies, the Funds are specific in law and fact to a limited number of an enterprise or industry pursuant to section 771(5A)(D) of the Act.<sup>328</sup>

**liv. Benefit**

In the case of a grant, a benefit within the meaning of 19 C.F.R. § 351.504(b) in the amount of the grant from the GOM to the sugar mills is conferred. In the case of a preferential

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<sup>326</sup> Exhibit III-58, Energy Secretary 2006 at 70.

<sup>327</sup> Exhibit III-58, Energy Secretary 2006 at 70.

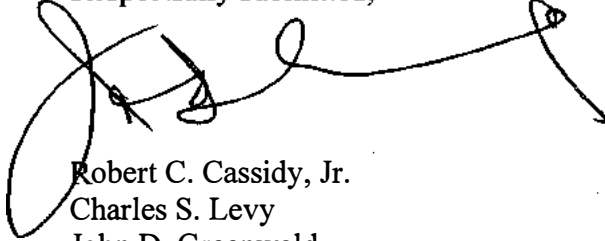
<sup>328</sup> See also, *Corrosion-Resistant Carbon Steel Flat Products from the Republic of Korea*, 75 Fed. Reg. 55745 (Preliminary Results of Countervailing Duty Administrative Review, Sept. 14, 2010) where the Department found *de jure* specificity where access to the subsidy program was limited to companies or industries developing or promoting alternative energy.

loan, a benefit within the meaning of section 771(5)(E)(ii) of the Act is conferred on the recipient to the extent that the recipient pays a lower discounted rate of interest on the loans as compared to what they would pay on comparable commercial loan.

## VI. CONCLUSION

For the reasons stated in this petition, the U.S. sugar industry has been materially injured and threatened with material injury by the significant and growing volume of imports of sugar from Mexico, which have been sold at less-than-fair value and have received significant countervailable subsidies from the Mexican Government. Petitioners request that the Department of Commerce and the U.S. International Trade Commission initiate antidumping and countervailing duty investigations of sugar from Mexico.

Respectfully submitted,



Christopher J. Kent\*  
Christopher J. Cochlin\*  
Andrew Lanouette\*  
Marc McLaren-Caux\*  
Hugh Lee\*  
CASSIDY LEVY KENT (CANADA) LLP  
1470-55, rue Metcalfe Street  
Ottawa (Ontario) K1P 6L5  
Canada  
Tel: 613-482-9300

\*Working under the supervision of Cassidy Levy Kent (USA) LLP

Robert C. Cassidy, Jr.  
Charles S. Levy  
John D. Greenwald  
Jennifer A. Hillman  
James R. Cannon, Jr.  
Jonathan M. Zielinski  
Friederike Görgens\*\*  
Deirdre Maloney  
Senior International Trade Advisor  
CASSIDY LEVY KENT (USA) LLP  
2000 Pennsylvania Avenue, NW  
Suite 3000  
Washington, DC 20006  
Tel.: 202-567-2300

\*\*Admitted in Massachusetts; acting under the supervision of the principals of the firm admitted in the District of Columbia.

# **ATTACHMENT 13**



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United States Department of Agriculture

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## **USDA Announces Fiscal Year 2020 Sugar Loan Rates, Allotment and Marketing Allocations, and Feedstock Flexibility Program Updates**

WASHINGTON, Sept. 27, 2019 - The U.S. Department of Agriculture (USDA) Commodity Credit Corporation (CCC) today announced crop year 2019 rates for marketing assistance loan rates for sugar. Additionally, USDA announced provisions of the fiscal year 2020 domestic sugar program and that the CCC is not expected to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019.

USDA offers marketing assistance loans to processors of sugar beets and domestically grown sugarcane to provide interim financing to producers so that commodities can be stored after harvest when market prices are typically low and be sold later when price conditions are more favorable. The 2018 Farm Bill increased the national average loan rate to 19.75 cents per pound for raw cane sugar and 25.38 cents per pound for refined beet sugar. These rates are adjusted regionally to reflect marketing cost differentials.

The loans mature at the end of the nine-month period beginning the first day of the first month after the month in which the loan is made, or the end of the fiscal year in which the loan is made, whichever is earlier. Producers have the option to deliver the pledged sugar collateral to CCC as full payment for the loan at maturity.

### **Loan Rates for Refined Beet Sugar**

The refined beet sugar processing regions and applicable 2019 crop year (fiscal year 2020) loan rates in cents per pound of refined beet sugar are:

- Michigan and Ohio - 25.83



- Minnesota and the eastern half of North Dakota - 25.03
- Northeastern quarter of Colorado, Nebraska and the southeastern quarter of Wyoming - 25.77
- Montana, northwestern quarter of Wyoming and the western half of North Dakota - 25.38
- Idaho, Oregon and Washington - 25.73
- California - 26.67

### **Loan Rates for Raw Cane Sugar**

The 2019 crop year (fiscal year 2020) raw cane sugar loan rates in cents per pound of cane sugar, raw value are:

- Florida - 19.07
- Louisiana - 20.50
- Texas - 19.67

Note: Hawaii stopped producing sugar in January 2017, and hence, requires no loan rate.

Sugar beet and sugarcane processors who receive CCC loans in fiscal year 2020 are required to make minimum grower payments for all sugar beets and sugarcane received from growers. Processors failing to meet the required minimum grower payment will be ineligible for loans. Sugar beet grower minimum payments are the amount specified in the grower/processor contract.

Sugarcane processors must, at minimum, pay growers for their share of production from molasses and sugar per ton of cane as specified here. State minimum payments are:

- Florida - \$28.16 per net ton
- Louisiana - \$30.93 per gross ton
- Texas - \$25.99 per gross ton

CCC has modified the fiscal year 2020 raw sugar loan schedule of premiums and discounts because the raw cane sugar loan rate has changed. These schedules can be found in the Farm Service Agency (FSA) handbook 10-SU, which is available at [https://www.fsa.usda.gov/Internet/FSA\\_File/10-su\\_r04\\_a28.pdf](https://www.fsa.usda.gov/Internet/FSA_File/10-su_r04_a28.pdf) ([https://www.fsa.usda.gov/Internet/FSA\\_File/10-su\\_r04\\_a28.pdf](https://www.fsa.usda.gov/Internet/FSA_File/10-su_r04_a28.pdf)) or in FSA's state and county offices.

CCC also announced the initial fiscal year 2020 overall sugar marketing allotment, which is established at 10.37 million short tons, raw value. The overall sugar marketing allotment is set at 85 percent of the estimated quantity of sugar for domestic human consumption for the crop year of 12.2 million short tons, raw value as forecast in the September 2019 World Agricultural Supply and Demand Estimates report. Statute requires that a fixed portion of the overall sugar marketing allotment be assigned to the beet sector and the cane sector. CCC distributed the fiscal year 2020 beet sugar allotment of 5,636,095 short tons, raw value (54.35 percent of the overall sugar marketing allotment) among the sugar beet processors and the cane sugar allotment of 4,733,905 short tons, raw value (45.65 percent of the overall sugar marketing allotment) among the sugarcane states and processors.

The Farm Bill requires that 325,000 short tons, raw value of the cane sector allotment be assigned to "Offshore" states, meaning Puerto Rico and Hawaii. Since there are no cane processors operating in Puerto Rico or Hawaii, CCC reassigned the fiscal year 2020 Offshore allotment to Florida, Louisiana and Texas.

CCC determined that farm-level proportionate shares are not necessary in Louisiana in fiscal year 2020, the only state eligible for proportionate shares, because the cane sugar sector is not expected to fill its allotment.

USDA will closely monitor stocks, consumption, imports and all sugar market and program variables on an ongoing basis. USDA will continue to administer the sugar program as transparently as possible using the latest available data and adjust as necessary to ensure adequate supplies of raw and refined sugar in the domestic market.

The initial fiscal year 2020 sugar marketing state allotments and processor allocations are listed in the table below:

<b>FY 2020 OVERALL BEET/CANE ALLOTMENTS AND ALLOCATIONS (short tons, raw value)</b>	
Beet Sugar	5,636,095
Cane Sugar	<u>4,733,905</u>
TOTAL OAQ	10,370,000
<b>BEET PROCESSORS' MARKETING ALLOCATIONS:</b>	
Amalgamated Sugar Co.	1,206,731
American Crystal Sugar Co.	2,072,759
Michigan Sugar Co.	582,071
Minn-Dak Farmers Co-op.	391,421

So. Minn Beet Sugar Co-op.	760,693
Western Sugar Co.	575,228
<u>Wyoming Sugar Company, LLC</u>	<u>47,192</u>
TOTAL BEET SUGAR	5,636,095
STATE CANE SUGAR ALLOTMENTS:	
Florida	2,544,366
Louisiana	1,968,353
Texas	221,186
<u>Hawaii</u>	<u>0</u>
TOTAL CANE SUGAR	4,733,905
CANE PROCESSORS' MARKETING ALLOCATIONS:	
Florida	
Florida Crystals	1,047,582
Growers Co-op. of FL	457,694
<u>U.S. Sugar Corp.</u>	<u>1,039,090</u>
TOTAL	2,544,366
Louisiana	
Louisiana Sugar Cane Products, Inc.	1,366,493
<u>M.A. Patout &amp; Sons</u>	<u>601,860</u>
TOTAL	1,968,353
Texas	
Rio Grande Valley	221,186
Hawaii	
Hawaiian Commercial & Sugar Company 1/	0
1/ Temporary reassignment of allotment to mainland sugarcane-producing states because CCC, at this time, has not determined that HC&S permanently terminated its operations.	

## **USDA Announces No Actions under Feedstock Flexibility Program**

CCC announced that it does not expect to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019 (fiscal year 2020). The CCC is required by law to quarterly announce estimates of sugar to be purchased and sold under the Feedstock Flexibility Program based on crop and consumption forecasts.

The Feedstock Flexibility Program was reauthorized by Congress in the 2014 Farm Bill as an option to avoid sugar forfeitures. USDA's September 12, 2019, World Agricultural Supply and Demand Estimates report

(<https://www.usda.gov/oce/commodity/wasde/>) projects that fiscal year 2019 U.S. ending sugar stocks are unlikely to lead to forfeitures next year. Therefore, currently, USDA does not expect to purchase and sell sugar under the Feedstock Flexibility Program for crop year 2019.

The next quarterly estimate regarding the Feedstock Flexibility Program will occur on or before January 1, 2020.

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# **ATTACHMENT 14**

Table 5--U.S. wholesale refined beet sugar price, Midwest markets, monthly, quarterly, and by calendar and fiscal year

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1st Q.	2nd Q.	3rd Q.	4th Q.	Calendar	Fiscal
1960	8.60	8.60	8.60	8.60	8.60	8.60	8.91	9.15	8.95	8.95	8.89	8.80	8.60	8.60	9.00	8.88	8.77	NA
1961	8.74	8.80	8.75	8.60	8.61	8.75	8.42	8.40	8.40	8.40	8.53	8.72	8.76	8.65	8.41	8.55	8.59	8.68
1962	8.80	8.80	8.80	8.96	9.00	9.00	9.00	9.00	9.00	9.00	9.02	9.02	8.80	8.99	9.00	9.01	8.95	8.83
1963	9.28	9.20	9.20	9.40	11.48	12.86	10.84	9.68	9.50	10.09	11.25	11.25	9.23	11.25	10.01	10.86	10.34	9.87
1964	11.25	11.05	10.02	9.90	9.48	8.89	8.85	8.71	8.60	8.60	8.60	8.60	10.77	9.42	8.72	8.60	9.38	9.95
1965	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.15	9.01
1966	9.15	9.31	9.41	9.35	9.35	9.35	9.35	9.35	9.35	9.35	9.65	9.80	9.80	9.29	9.35	9.35	9.75	9.44
1967	9.65	9.65	9.65	9.65	9.65	9.65	9.75	9.75	9.75	9.75	9.75	9.75	9.65	9.65	9.75	9.75	9.70	9.70
1968	9.85	9.85	10.00	10.00	10.00	10.00	10.00	10.00	9.99	9.85	9.85	9.85	9.90	10.00	10.00	9.85	9.94	9.91
1969	9.85	9.85	9.85	10.10	10.50	10.49	10.35	10.35	10.35	10.35	10.35	10.35	9.85	10.36	10.35	10.35	10.23	10.10
1970	10.50	10.58	10.85	10.85	10.85	11.20	11.20	11.20	11.35	11.45	11.45	11.45	10.64	10.97	11.25	11.45	11.08	10.80
1971	11.52	11.60	11.60	11.60	11.60	11.60	11.60	11.60	11.60	11.60	11.60	11.60	11.57	11.60	11.60	11.60	11.59	11.56
1972	11.69	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.90	11.65	11.65	11.65	11.83	11.90	11.90	11.65	11.82	11.81
1973	11.65	11.65	11.55	11.75	11.87	11.95	11.95	11.95	12.99	13.95	13.69	13.64	11.62	11.86	12.30	13.76	12.38	11.86
1974	14.64	17.80	20.18	21.99	26.65	30.40	32.15	33.93	36.19	40.17	54.68	56.02	17.54	26.35	34.09	50.29	32.07	22.93
1975	46.69	41.99	33.88	30.80	25.33	21.14	22.17	26.18	25.35	20.44	18.98	18.42	40.85	25.76	24.57	19.28	27.61	35.37
1976	18.30	18.30	18.30	18.30	18.68	18.47	18.76	16.30	14.45	14.93	14.28	14.12	18.30	18.48	16.50	14.44	16.93	18.14
1977	14.26	15.02	15.15	16.33	15.68	14.41	13.62	14.32	14.28	14.01	16.27	17.65	14.81	15.47	14.07	15.98	15.08	14.70
1978	17.94	18.65	18.65	18.65	18.65	18.65	18.65	18.65	18.65	18.65	18.94	19.15	18.41	18.65	18.65	18.91	18.66	17.92
1979	19.15	19.15	19.15	19.15	19.15	19.15	19.15	19.15	19.15	19.90	20.76	23.15	19.15	19.15	19.15	21.27	19.68	19.09
1980	25.02	31.30	29.81	29.81	37.90	41.19	38.04	41.33	44.14	51.77	49.37	39.85	28.71	36.30	41.17	47.00	38.29	31.86
1981	38.30	35.80	32.40	29.40	26.00	27.00	26.40	26.20	23.70	24.40	24.40	25.10	35.50	27.47	25.43	24.63	28.26	33.85
1982	27.50	27.50	27.50	27.50	26.80	26.00	27.00	28.60	29.00	28.00	28.00	28.00	27.50	26.77	28.20	28.00	27.62	26.78
1983	24.00	24.00	25.60	26.00	26.50	26.50	26.88	27.00	27.00	26.69	26.50	26.50	24.53	26.33	26.96	26.56	26.10	26.46
1984	26.85	26.50	26.50	26.50	26.50	26.25	25.75	25.31	25.00	24.60	24.12	24.00	26.62	26.42	25.35	24.24	25.66	26.24
1985	23.50	23.42	23.00	23.12	23.55	23.12	23.25	23.50	23.44	23.13	22.50	22.62	23.31	23.26	23.40	22.75	23.18	23.55
1986	23.45	23.31	23.25	23.50	23.30	23.00	23.25	24.10	24.19	23.50	22.81	22.88	23.34	23.27	23.85	23.06	23.38	23.30
1987	23.30	23.50	23.50	23.50	24.15	24.31	24.50	24.50	24.00	22.85	22.50	22.55	23.43	23.99	24.33	22.63	23.60	23.70
1988	22.75	22.75	22.75	23.45	24.19	25.25	27.10	27.75	27.50	27.25	26.75	27.80	22.75	24.30	27.45	27.27	25.44	24.28
1989	28.75	29.00	29.50	29.50	29.50	29.30	28.81	28.76	28.45	27.63	29.00	30.50	29.08	29.43	28.67	29.04	29.06	28.61
1990	30.50	30.50	30.50	30.50	30.50	30.50	30.50	30.50	30.50	29.13	28.60	27.38	30.50	30.50	30.50	28.37	29.97	30.14
1991	26.88	26.50	26.50	26.13	26.00	25.75	25.50	25.50	25.00	24.94	24.60	24.50	26.63	25.96	25.33	24.68	25.65	26.57
1992	25.40	26.50	26.50	26.50	26.40	26.00	25.00	25.00	25.00	24.90	24.13	23.90	26.13	26.30	25.00	24.31	25.44	25.53
1993	23.25	23.00	23.00	23.50	23.50	23.50	25.50	27.75	27.50	27.50	27.25	26.50	23.08	23.50	26.92	27.08	25.15	24.45
1994	25.75	25.50	25.50	24.50	24.75	25.25	25.00	25.00	24.70	25.00	25.38	25.50	25.58	24.83	24.90	25.29	25.15	25.60
1995	25.50	25.50	25.50	25.50	25.13	25.10	24.75	24.75	25.50	25.75	28.13	28.85	25.50	25.24	25.00	27.58	25.83	25.26
1996	28.69	29.00	29.50	29.50	29.70	29.50	29.50	29.00	29.00	29.00	29.00	29.00	29.06	29.57	29.17	29.00	29.20	28.84
1997	29.00	29.00	28.13	28.00	28.00	27.50	27.00	26.65	26.38	24.90	25.00	25.50	28.71	27.83	26.68	25.13	27.09	28.06
1998	25.50	25.50	25.50	25.50	26.00	26.00	26.00	26.50	26.90	27.00	27.00	27.00	25.50	25.83	26.17	26.97	26.12	25.66
1999	27.20	27.13	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00	25.20	27.11	27.00	27.00	25.73	26.71	27.02
2000	23.38	22.25	21.50	21.00	19.75	19.00	19.00	19.00	20.70	21.25	21.00	21.80	22.38	19.92	19.57	21.35	20.80	21.90
2001	23.13	22.75	22.00	20.50	21.38	21.90	22.50	22.50	24.63	25.75	26.20	26.50	22.63	21.26	23.21	26.15	23.31	22.11
2002	26.75	26.00	25.95	24.63	24.50	24.00	24.00	25.40	26.25	26.75	27.40	27.88	26.23	24.38	25.22	27.34	25.79	25.49
2003	27.80	26.50	27.13	27.63	28.00	28.00	27.63	25.50	24.00	24.70	23.94	23.63	27.14	27.88	25.71	24.09	26.21	27.02
2004	23.70	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.38	23.20	23.57	23.50	23.50	23.36	23.48	23.66
2005	23.50	23.50	23.25	23.80	24.75	25.88	26.00	26.75	40.10	40.00	40.00	36.90	23.42	24.81	30.95	38.97	29.54	25.63
2006	34.50	36.50	37.10	36.38	35.00	35.00	35.00	34.50	31.20	28.75	27.19	26.10	36.03	35.46	33.57	27.35	33.10	36.01
2007	25.50	25.00	24.90	25.00	25.00	25.00	25.38	25.60	25.38	25.00	24.50	24.50	25.13	25.00	25.45	24.67	25.06	25.73
2008	24.13	26.40	28.00	28.00	29.60	33.25	38.00	38.40	38.50	36.20	35.00	35.00	26.18	30.28	38.30	35.40	32.54	29.86
2009	35.00	35.00	35.00	34.25	34.40	35.50	35.40	38.00	42.00	42.60	45.00	45.00	35.00	34.72	38.47	44.20	38.10	35.90
2010	50.50	53.00	52.25	48.20	45.00	50.00	53.40	59.50	59.00	54.40	56.50	57.00	51.92	47.73	57.30	55.97	53.23	50.29

Table 5--U.S. wholesale refined beet sugar price, Midwest markets, monthly, quarterly, and by calendar and fiscal year

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1st Q.	2nd Q.	3rd Q.	4th Q.	Calendar	Fiscal
Cents per pound																		
2011	54.50	54.00	56.50	56.80	54.00	55.00	55.40	57.00	58.60	59.00	58.75	55.10	55.00	55.27	57.00	57.62	56.22	55.81
2012	51.75	51.00	51.00	50.25	47.81	45.00	42.00	41.20	38.25	36.00	34.60	31.75	51.25	47.69	40.48	34.12	43.38	49.26
2013	30.50	28.50	27.60	26.63	26.30	26.50	26.00	25.50	26.25	27.38	28.00	27.50	28.87	26.48	25.92	27.63	27.22	28.84
2014	26.50	26.25	26.50	29.75	31.60	35.00	36.00	36.60	37.50	36.60	36.00	36.00	26.42	32.12	36.70	36.20	32.86	30.72
2015	36.00	35.25	35.13	35.50	34.30	34.00	33.80	33.13	33.00	32.40	32.00	32.00	35.46	34.60	33.31	32.13	33.88	34.89
2016	32.00	31.00	31.00	30.50	30.00	29.75	29.00	28.50	28.50	28.50	28.50	28.50	31.33	30.08	28.67	28.50	29.65	30.55
2017	28.50	28.63	29.10	29.50	29.50	30.70	31.88	32.13	32.90	33.50	34.63	35.00	28.74	29.90	32.30	34.38	31.33	29.86
2018	35.25	36.00	36.00	36.00	36.00	36.00	36.00	36.00	36.00	33.38	34.90	35.00	35.75	36.00	36.00	34.43	35.54	35.53
2019	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00	35.00			35.00	35.00	35.00			34.86

Source: *Milling & Baking News*. Simple average of the lower end of the range of quotations for days in that month. Quotations are weekly.

Last updated: 10/30/2019.

# **ATTACHMENT 15**





**UNITED STATES DEPARTMENT OF COMMERCE**  
**International Trade Administration**  
Washington, D. C. 20230

A-201-845  
Suspension Agreement  
Public Document  
ITA/EC/OP/BAU: SCG

February 6, 2015

Memorandum To: Paul Piquado  
Assistant Secretary  
for Enforcement and Compliance

From: Lynn Fischer Fox *LF*  
Deputy Assistant Secretary  
for Policy and Negotiations

Subject: The Prevention of Price Suppression or Undercutting of Price Levels by the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico

## SUMMARY

On December 19, 2014, the U.S. Department of Commerce (“Department”) and Mexican sugar producers/exporters signed the Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico (“AD Suspension Agreement”). See Sugar from Mexico: Suspension of Antidumping Investigation, 79 FR 78039 (December 29, 2014) (“AD Suspension Agreement”). The AD Suspension Agreement establishes mechanisms to ensure that the agreement eliminates completely the injurious effect of unfairly traded exports to the United States. Among other things, the AD Suspension Agreement mandates that for each entry of each exporter of subject merchandise, the amount by which the estimated normal value exceeds the export price (or constructed export price) will not exceed 15 percent of the weighted-average amount by which the estimated normal value exceeded the export price (or constructed export price) for all entries of the producer/exporter examined during the course of the investigation. See Appendix II of the AD Suspension Agreement. In addition, the AD Suspension Agreement establishes reference prices for the sale of subject merchandise to ensure that the suppression or undercutting of price levels of domestic products by imports of subject merchandise is prevented. This memorandum addresses the prevention of the suppression or undercutting of price levels of domestic products by imports of Mexican sugar, based on the reference prices contained in Appendix I of the AD Suspension Agreement.

## LEGAL STANDARD

Pursuant to section 734(c) of the Tariff Act of 1930, as amended (“the Act”), the Department may enter into a suspension agreement with producers/exporters representing substantially all<sup>1</sup> of the

<sup>1</sup> See 19 CFR 351.208(c) (defining “substantially all” as “exporters and producers that have accounted for not less than 85 percent by volume or value of the subject merchandise”).



imports of subject merchandise if such an agreement eliminates completely the injurious effects of dumping. As the antidumping duty law is intended to remedy sales at “less than fair value,”<sup>2</sup> the Department ensures that injurious effects are remedied through an agreement to revise prices in such a way that price suppression and undercutting will be prevented.<sup>3</sup> Neither the Act nor the Department’s regulations contain a definition of price “suppression” or “undercutting.” Moreover, the legislative history of this provision does not contain any discussion of the terms “suppression” or “undercutting.” Because the Act is ambiguous, the Department has discretion as to how these terms may reasonably be interpreted. See, e.g., United States v. Eurodif S.A., 555 U.S. 305, 306 (2009) (holding that the Department’s “interpretation governs in the absence of unambiguous statutory language to the contrary or unreasonable resolution of language that is ambiguous”); Chevron U.S.A. Inc. v. Natural Resources Defense Council, Inc., 467 U.S. 837, 843-44 (1984) (requiring deference to an agency’s reasonable interpretation of an ambiguous statute it is charged with administering).

In determining how best to interpret the terms within the context of the AD Suspension Agreement, guidance can be drawn from canons of statutory construction, which provide that “all parts of a statute { } are construed together.”<sup>4</sup> Norman J. Singer, Sutherland Stat. Const. § 51:1 (7th ed. revised 2012). Moreover, “{i}dential words used in different parts of the same, or a similar, statute usually have the same meaning.”<sup>5</sup> Norman J. Singer, Sutherland Stat. Const. § 46:6 (7th ed. revised 2014). Accordingly, in developing a reasonable definition of price suppression or undercutting, it is instructive to examine section 771(7) of the Act, which references price suppression and undercutting in setting out the procedures that the United States International Trade Commission (“ITC”) must follow in making its material injury determinations.

The statute directs the ITC to consider various factors, including price, when determining whether a domestic industry is materially injured by imports of merchandise subject to an investigation. Specifically, Section 771(7)(C) of the Act provides that:

- (ii) Price -- In evaluating the effect of imports of such merchandise on prices, the {ITC} shall consider whether --

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<sup>2</sup> See Section 731 of the Act.

<sup>3</sup> Agreements also require that exporters make entries consistent with section 734(c)(1)(B) of the Act, which requires elimination of 85 percent of dumping.

<sup>4</sup> In addition, “each part or section should be construed in connection with every other part or section to produce a harmonious whole.” Norman J. Singer, Sutherland Stat. Const. § 46:5 (7th ed. revised 2014); see also Norman J. Singer, Sutherland Stat. Const. § 51.03 (6th ed. 2000) (“each section of a law which deals with the same subject matter must be read in pari materia with other sections on the same subject.”).

<sup>5</sup> See also Norman J. Singer, Sutherland Stat. Const. § 46:6 (7th ed. 2007) (“the same words used twice in the same act are presumed to have the same meaning”).

- (I) there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States, and
- (II) the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.

Section 771(7)(C) of the Act (emphasis added). Similarly, when the ITC analyzes the threat of material injury, it considers, among other factors, “whether imports of the subject merchandise are entering {the United States} at prices that are likely to have a significant depressing or suppressing effect on domestic prices, and are likely to increase demand for further imports . . . .” Section 771(7)(F)(i)(IV) of the Act (emphasis added).

Assuming that subsections 771(7)(C)(ii) and (7)(F)(i)(IV) of the Act were intended to be parallel, a comparison of the phrase “depressing or suppressing” in subsection 771(7)(F)(i)(IV) to “depresses prices . . . or prevents price increases which otherwise would have occurred” in subsection 771(7)(C)(ii) indicates that the term price “suppression” can reasonably be interpreted as generally encompassing import pricing practices that depress prices or prevent price increases that otherwise would have occurred. The legislative history to section 771(7)(C) supports such an interpretation. The Senate Report, for example, states that the ITC “would consider whether there has been significant price undercutting . . . and whether such imports have depressed or suppressed such prices to a significant degree.” S. Rep. 96-249 at 87, reprinted in 1979 U.S.C.C.A.N. 381, 473 (1979).

If a reasonable interpretation of the term “suppression” in section 734(c) of the Act is the “prevent {ion of} price increases which otherwise would have occurred,” it follows that the Department may enter into a section 734(c) suspension agreement if it determines that imports of the subject merchandise under the agreement will not prevent price increases or undercut price levels of the affected domestic products. Finally, as noted above, because section 734(c) of the Act, the Department’s regulations, and the pertinent legislative history do not contain any discussion of the terms “suppression” or “undercutting,” the interpretation and application of these terms is committed to the Department’s discretion.

The Department recognizes that the requirement to prevent price suppression and undercutting is by definition forward looking based upon the terms of section 734(c)(1)(A). Determining whether an agreement successfully meets that standard therefore would require an examination of some time period after the agreement is in place. Given the temporal nature of section 734(c)(1)(A), the Department draws upon section 771(7)(C)(ii) of the Act in its interpretative analysis. That provision states that the ITC in its price analysis “shall consider whether there has been significant price underselling by the imported merchandise as compared with the price of like products of the United States,” and whether “the effect of imports of such merchandise otherwise depresses prices to a significant degree or prevents price increases, which otherwise would have occurred, to a significant degree.” By contrast, section 734(c)(1)(A) of the Act allows for such agreements if price suppression or undercutting “will be prevented.”

## ANALYSIS

### Summary of Factors Examined

Based on the analysis detailed in this memorandum, the Department determines that the AD Suspension Agreement, and the reference prices contained therein, fulfills the statutory requirement set forth in section 734(c)(1)(A) that the agreement prevent the suppression or undercutting of price levels of domestic products by imports of sugar from Mexico. In determining what reference prices should be established to prevent price suppression and undercutting, the Department analyzed how possible reference prices compared to other pricing of sugar in the U.S. market. Further, the Department analyzed possible reference prices in relation to several other significant factors, as discussed below. As a result of these analyses, the Department is satisfied that the reference prices stipulated in the AD Suspension Agreement meet the statutory obligation to prevent price suppression and undercutting.

In determining the appropriate floor or reference prices to set for imports of sugar from Mexico entering the United States, the Department considered a variety of factors that affect price formation in the U.S. market. Among other things, the Department considered the state of the industry, market conditions that affect price (such as the U.S. sugar program), and in particular, the loan forfeiture prices of sugar for U.S. producers under the U.S. sugar program. In addition, the Department examined historical pricing patterns for sugar by U.S. producers selling in the U.S. market and the differences between pricing of sugar at different polarity levels. Further, the Department examined the reference prices in relation to the AD Suspension Agreement's requirement that signatory producers/exporters of Mexican sugar eliminate 85 percent of the dumping for each entry of sugar from Mexico. See AD Suspension Agreement, 79 FR at 78042. The Department also considered provisions of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico ("CVD Suspension Agreement"), which limit the quantity of imports into the United States, based upon forecasts provided by the United States Department of Agriculture ("USDA"). See Sugar from Mexico: Suspension of Countervailing Duty Investigation, 79 FR 78044 (December 29, 2014) ("CVD Suspension Agreement"). Based upon the Department's examination of these factors, the Department established floor prices that ensure the prevention of price suppression and price undercutting by imports of sugar from Mexico under the terms of the AD Suspension Agreement.

### State of the Industry

The Department's analysis with respect to the AD Suspension Agreement's reference prices, and their ability to prevent price suppression and undercutting in the domestic market, is informed in a critical way by the current structure of the U.S. sugar market and how that market operates under statutory programs administered by the U.S. government. Importantly, the United States government, under statutory authority vested in USDA, carefully manages the U.S. sugar market through the U.S. sugar program. The U.S. sugar program relies on ". . . price supports, domestic marketing allotments, and tariff-rate quotas (TRQs) to influence the amount of sugar available to the U.S. market." See Attachment 1: "Sugar & Sweeteners – Policy," issued at

<http://www.ers.usda.gov/topics/crops/sugar-sweeteners/policy.aspx>. The U.S. sugar program was created by Congress in the Agriculture and Food Act of 1981 and has been reauthorized with some modifications in successive legislation. *Id.* Importantly, the program is required to operate, to the maximum extent possible, at no cost to the Federal Government by avoiding loan forfeitures to the Commodity Credit Corporation (“CCC”), a Federal corporation within USDA that was created in part to stabilize, support, and protect farm income and prices. *See* Attachment 2: “FSA: About the Commodity Credit Corporation,” issued at <http://www.fsa.usda.gov/FSA/webapp?area=about&subject=landing&topic=sao-cc>.

*Price Supports:* Under the U.S. sugar program, USDA provides domestic price support by means of its Sugar Loan Program, which provides nonrecourse loans to processors of domestically-grown sugarcane and sugar beets. The Agricultural Act of 2014 (2014 Farm Bill) provides USDA’s Farm Service Agency (“FSA”) with the authority to administer these nonrecourse loans for the 2011 through 2018 crops on behalf of the CCC. *See* Attachment 3: “2014 Farm Bill Fact Sheet: Sugar Loan Program, Sugar Marketing Allotments and Feedstock Flexibility Program,” issued by USDA’s FSA (March 2014) (“2014 Farm Bill Fact Sheet”), at [http://www.fsa.usda.gov/Internet/FSA\\_File/sugar\\_loan\\_2014.pdf](http://www.fsa.usda.gov/Internet/FSA_File/sugar_loan_2014.pdf). Such loans provide U.S. sugar producers with interim financing at harvest time to meet cash flow needs which might otherwise require them to sell their commodities when market prices are typically at harvest-time lows. This allows producers to store production at harvest, thereby facilitating more orderly marketing throughout the crop year. *Id.*; *see also* Attachment 1. Specifically, the 2014 Farm Bill requires the Secretary of Agriculture to provide nonrecourse loans to processors of domestically-grown sugarcane and sugar beets at specified rates, or “forfeiture prices”, for raw cane and refined beet sugar, respectively. The program gives sugar processors the right to retire these loans by forfeiting the in-process sugar and syrup used as collateral.<sup>6</sup> This “forfeiture price” effectively establishes a floor under the price of sugar produced in the United States. *See* Attachment 3.

*Quantitative Limits:* In addition to setting a price floor on domestic sugar via price supports, the U.S. sugar program regulates the sugar market through quantitative limits on both domestic supply and imports. USDA establishes domestic marketing allotments for sugar sold in the United States

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<sup>6</sup> The 2014 Farm Bill Fact Sheet on the sugar loan program states:

In-process sugar forfeiture: The law authorizes CCC to accept forfeiture of in-process sugar and syrup loan collateral as full loan repayment if the processor converts them within one month after loan maturity into raw cane sugar or refined beet sugar of acceptable grade and quality for sugar eligible for the loans. If forfeited in-process sugars are not converted into raw cane sugar or refined beet sugar of suitable quality and transferred to CCC within one month, CCC may charge liquidated damages. ([http://www.fsa.usda.gov/Internet/FSA\\_File/sugar\\_loan\\_2014.pdf](http://www.fsa.usda.gov/Internet/FSA_File/sugar_loan_2014.pdf))

The web page of USDA’s Economic Research Service explains that “When a loan matures, USDA must accept sugar pledged as collateral as payment in full, in lieu of cash repayment of the loan, at the discretion of the processor. ‘In-process’ sugar and syrups must be converted into raw cane or refined beet sugar at no cost to the CCC before being eligible for forfeiture. The processor is not required to notify USDA of the intention to forfeit the sugar under loan.” (<http://www.ers.usda.gov/topics/crops/sugar-sweeteners/policy.aspx>)

for domestic human consumption by domestic sugar beet and sugarcane processors. As USDA has explained, “the overall allotment quantity (OAQ) is determined subject to two conditions: 1) domestic sugar prices remain above forfeiture levels and 2) the OAQ is at least 85 percent of estimated deliveries for domestic human consumption for the marketing year (October to September).” See Attachment 1.

Under the U.S. sugar program, the United States also establishes TRQ allotments for imports of raw cane sugar, refined sugars, sugar syrups, specialty sugar, and sugar-containing products. See Attachment 4: “Sugar Import Program,” issued at <http://www.fas.usda.gov/programs/sugar-import-program>; Attachment 5: “Sugar & Sweeteners – Trade,” issued at <http://www.ers.usda.gov/topics/crops/sugar-sweeteners/trade.aspx>; and Attachment 6: “Sugar,” issued at <https://ustr.gov/issue-areas/agriculture/sugar>. Pursuant to the Uruguay Round Agreements Act, USDA establishes for each federal fiscal year (beginning October 1) the TRQ volumes that govern the amount of imports of raw cane sugar, refined sugar, sugar syrups, specialty sugars and sugar-containing products that may enter the United States, allowing a certain quantity of sugar to enter the country under a low tariff.<sup>7</sup> Id. The United States Trade Representative allocates the TRQs among various countries pursuant to the United States’ World Trade Organization (“WTO”) commitments. See Attachment 6. According to USDA, these import restrictions are intended to fulfill U.S. commitments under the various international agreements. See Attachment 4. In accordance with the terms of the North American Free Trade Agreement, imports of sugar from Mexico are not subject to quantitative limitations<sup>8</sup>

As part of this process, USDA’s World Agricultural Outlook Board (“WAOB”) coordinates, reviews, and approves the monthly *World Agricultural Supply and Demand Estimates* (“WASDE”) report, available at <http://www.usda.gov/oce/commodity/wasde/>, that includes data on “U.S. Sugar Supply and Use.” See, e.g., Attachment 7: *World Agricultural Supply and Demand Estimates*, WASDE – 537 (January 12, 2015) at 16.

### Price Restriction

The statute directs that an AD suspension agreement that eliminates injurious effect do so by means of the price restriction contained in the agreement. See Section 734(c)(1) of the Act. Toward that end, the AD Suspension Agreement contains reference prices below which the signatory producers/exporters agree not to sell the subject merchandise (i.e., floor prices). The AD Suspension Agreement defines refined sugar as having a polarity of 99.5 degrees or above, and sets a reference price for that sugar at \$0.2600, or 26.00 cents per pound. For sugar below 99.5 degrees polarity, the reference price is \$0.2225, or 22.25 cents/lb. See AD Suspension

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<sup>7</sup> Sugar and related products paying a higher, over-quota tariff may enter the country in unlimited quantities.

<sup>8</sup> Section 201(b) of the North American Free Trade Agreement Implementation Act, 19 U.S.C. 3331(b), authorized the President to proclaim accelerated schedules of duty elimination consistent with Article 302(3) of the NAFTA. See Presidential Proclamation 8180 of September 28, 2007, To Provide for Duty Elimination for Certain Goods of Mexico Under the North American Free Trade Agreement. 72 FR 56171 (October 2, 2007).

Agreement, at Appendix I (79 FR at 78044). Both prices are on an F.O.B. plant basis. Thus when setting their sales prices the producers/exporters of Mexican sugar must account for all costs and expenses incurred up until delivery to the first unaffiliated customer in the United States, in addition to the noted reference prices.

In the Department's analysis determining that the AD Suspension Agreement meets the statutory public interest criterion, in accordance with section 734(d)(1) of the Act, the Department determined that the reference prices in the agreement will ensure that sugar imports from Mexico are fairly-traded. Specifically, the Department stated the following:

Under the terms of the Agreement, the signatory producers/exporters of the subject merchandise who account for substantially all of the imports of that merchandise, as described above, have agreed to revise their prices to eliminate completely the injurious effect of exports to the United States of that merchandise. See Sections IV and VI, and Appendices I and II, of the Agreement. As such, the Agreement will benefit U.S. producers by ensuring that imports of the subject merchandise are fairly-traded at prices at or above the reference prices and should not, therefore, negatively impact the competitiveness of the domestic industry.

See Memorandum for Paul Piquado, Assistant Secretary for Enforcement and Compliance, from Lynn Fischer Fox, Deputy Assistant Secretary for Policy and Negotiations, Enforcement and Compliance, re "Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico: U.S. Import Coverage, Existence of Extraordinary Circumstances, Public Interest, and Effective Monitoring Assessments" (December 19, 2014).

In determining what reference prices should be established in the AD Suspension Agreement for refined and all other sugar to prevent price suppression and undercutting, consistent with section 734(c)(1)(A) of the Act, the Department analyzed how possible reference prices compared to other pricing of sugar in the U.S. market.

First, the Department compared possible reference prices to the 2014 Farm Bill forfeiture prices for the various sugar-producing regions of the United States. See Attachment 3. As described above, the 2014 Farm Bill requires the Secretary of Agriculture to provide nonrecourse loans to processors of domestically-grown sugarcane and sugar beets at specified rates for raw cane and refined beet sugar, respectively. Id. Specifically, for each of the 2011 through 2018 crop years, the 2014 Farm Bill specifies the national-average loan rates for raw cane sugar as 18.75 cents/lb. and for refined beet sugar as 24.09 cents/lb. These loan rates are adjusted to reflect the processing location of the sugar pledged as collateral. Thus, the regional 2013-crop loan rates for raw cane sugar range from 17.95 cents/lb. to 19.61 cents/lb. The regional 2013-crop loan rates for refined beet sugar range from 23.58 cents/lb. to 25.47 cents/lb. Id. As noted previously, the forfeiture prices represent floor prices at which U.S. producers may forfeit their in-process sugar and syrup loan collateral instead of selling their sugar in the market. The loan forfeiture prices provide an important benchmark for determining effective reference prices aimed at eliminating price suppression and undercutting of sugar prices in the U.S. market. Forfeiture prices represent floor

prices established by Congress to provide price support to U.S. producers. Ensuring that the reference prices for refined and all other sugar are above the respective forfeiture prices will contribute to maintaining U.S. sugar prices at a sufficiently high level to avoid forfeitures by U.S. producers. In this way, the AD Suspension Agreement's reference prices operate in a manner consistent with the U.S. sugar program to maintain the program's Congressionally-mandated price support and ensure loans are not forfeited under the program. See Attachment 1.

The AD Suspension Agreement's reference price of 26.00 cents/lb. for refined sugar is 1.91 cents/lb., or eight percent, higher than the 2014 Farm Bill's national-average loan rate of 24.09 cents/lb. Further, the refined sugar reference price is higher than the highest regional loan rate for refined beet sugar of 25.47 cents/lb. for Michigan and Ohio. Id. The AD Suspension Agreement's reference price of 22.25 cents/lb. for all other sugar is 3.50 cents/lb., or 19 percent, higher than the 2014 Farm Bill's national-average loan rate of 18.75 cents/lb. Further, the reference price for all other sugar is higher than the highest regional loan rate for raw cane sugar of 19.61 cents/lb. for Louisiana. Id. In addition, as noted above, the reference prices in the AD Suspension Agreement are stated on an F.O.B. Mexican plant basis, meaning that the actual sales prices in the United States will be even higher, once the transportation and other costs are added to result in delivered prices in the United States. Thus, the reference prices mandated in the AD Suspension Agreement will result in prices for sugar imports from Mexico into the United States that are well above the 2014 Farm Bill loan forfeiture prices.

The U.S. petitioners in this proceeding alleged the following in the petition:

The U.S. sugar program had operated for more than a decade at no net cost to the taxpayers, as USDA had been able to keep supply (from U.S. production, Mexico and all other TRQ countries) and demand in close enough balance to maintain prices that were at or above the loan forfeiture prices. The flood of low-priced imports of sugar from Mexico has completely upset that balance and pushed prices below the forfeiture rates set for the sugar program. As a result, the U.S. government has been forced to expend over \$278 million in the last year under the sugar program.

See "Petitions for the Imposition of Antidumping Duties and Countervailing Duties on Imports of Sugar from Mexico" before the International Trade Administration of the United States Department of Commerce and the United States International Trade Commission, on behalf of the American Sugar Coalition and its Members: American Sugar Cane League, American Sugarbeet Growers Association, American Sugar Refining, Inc., Florida Sugar Cane League, Hawaiian Commercial and Sugar Company, Rio Grande Valley Sugar Growers, Inc., Sugar Cane Growers Cooperative of Florida and the United States Beet Sugar Association (March 28, 2014), at page 52 (public version).

The reference prices for refined and all other sugar are above the respective loan forfeiture prices. Thus, the AD Suspension Agreement ensures that Mexican sugar import prices will not fall below those forfeiture prices, as petitioners assert happened just prior to the filing of the petition. In this way, the reference prices provide support for prices in the U.S. market. The reference prices



ensure that prices for sugar imports from Mexico will not contribute to price declines in the U.S. market that may lead to forfeitures by U.S. producers. The reference prices in the AD Suspension Agreement thus work in concert with the U.S. sugar program to prevent the suppression or undercutting of U.S. domestic price levels for sugar.

In determining reference prices for refined and all other sugar, the Department also considered how these prices compared to U.S. prices for raw and refined sugar as compiled by USDA's Economic Research Service ("ERS"). Specifically, the Department compared the AD Suspension Agreement's reference price for refined sugar of 26.00 cents/lb. to U.S. wholesale prices for refined beet sugar in Midwest markets, as compiled by ERS for the period from 1986 through 2014. See Attachment 8: Excerpt from "Table 5 - U.S. wholesale refined U.S. beet sugar price. . ." at <http://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables.aspx>. Using a publicly-available transportation cost estimate of 3.00 cents/lb. for refined sugar, and assuming other add-ons to the F.O.B. plant reference price such as interest and storage charges, the Department finds that the resulting estimated price for refined sugar is in the range of, and on par with, the historical U.S. prices shown for refined sugar in Attachment 8. Id.; see also Attachment 9: Excerpt from "Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill," issued by Agralytica (June 3, 2013), at page 3 (for transportation cost estimate), available at: <http://sugarreform.org/wp-content/uploads/2013/06/AgralyticaEconomicEffectsPaperJune2013.pdf>. Specifically, an estimated price of 29.00 cents/lb. (26.00 cents reference price + 3.00 cents transportation cost) is above the average U.S. price for refined sugar shown for 2013 and the prices shown for the first three months of 2014, prior to the initiation of the underlying investigation in April 2014. See Attachment 8. The estimated price of 29.00 cents/lb. is also essentially equivalent to the calendar-year average U.S. price of 29.61 cents/lb. for the 1986-2014 period, which that can be calculated using the ERS data. Id.

Similarly, the Department compared the AD Suspension Agreement's reference price for all other sugar of 22.25 cents/lb. to U.S. prices for raw sugar, duty-fee paid, New York, as compiled by ERS for the period from 1986 through 2014. See Attachment 10: Excerpt from "Table 4 - U.S. raw sugar price. . ." at <http://www.ers.usda.gov/data-products/sugar-and-sweeteners-yearbook-tables.aspx>. Using the same publicly-available transportation cost estimate of 3.00 cents/lb., and assuming other add-ons to the F.O.B. plant reference price such as interest and storage charges, the Department finds that the resulting estimated price for all other sugar is in the range of, and on par with, the historical U.S. prices shown for raw sugar in Attachment 10. Id.; see also Attachment 9. Specifically, an estimated price of 25.25 cents/lb. (22.25 cents reference price + 3.00 cents transportation cost) is above the U.S. raw sugar prices shown for each month in 2013 and for the first three months of 2014, prior to the initiation of the underlying investigation in April 2014. See Attachment 10. This estimated price of 25.25 cents/lb. is also greater than the calendar-year average U.S. price of 23.08 cents/lb. for the 1986-2014 period, which can be calculated using the ERS data. Id.

The reference prices in the AD Suspension Agreement establish floor prices above which imported sugar from Mexico must be sold. Those prices are thus above not only the statutorily-established

forfeiture prices, but also are consistent with historical average prices prior to the alleged dumping. Thus, as required by the Act, the AD Suspension Agreement will prevent the suppression and undercutting of U.S. domestic sugar prices.

Finally, we note that both reference prices were increased substantially, and that the differential between the prices for refined and all other sugar was also increased, between the date that the draft AD suspension agreement was initialed on October 27, 2014, and the date the finalized AD Suspension Agreement was signed on December 19, 2014. See AD Suspension Agreement, at Appendix I (79 FR at 78044). See also “Memorandum to All Interested Parties” and “Draft Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico,” dated October 27, 2014. These modifications to the reference prices were in part the result of comments filed with the Department after the Department sought comment on the draft agreement. See, e.g., Letter to the Honorable Penny Pritzker, from Tradewins LLC, on behalf of AmCane LLC, re “Sugar from Mexico: Comments on Draft Suspension Agreements” (November 18 2014) (stating that the original spread between the refined sugar price and the other sugar price did not adequately reflect the true costs between selling refined sugar and non-food grade “other” sugar to a U.S. buyer). Specifically, the reference price for refined sugar increased from 23.57 to 26.00 cents/lb., or by over 10 percent, while the reference price for all other sugar increased from 20.75 to 22.25 cents/lb., or by over seven percent.<sup>9</sup> The higher reference prices set higher floor prices for each category of sugar and, thus, will prevent downward pressure on prices in the U.S. market by sales of Mexican sugar. The increased reference prices for refined and all other sugar in the finalized AD Suspension Agreement address concerns regarding the prevention of price suppression and/or undercutting in the U.S. market by supporting domestic price levels.

Further, the differential between the prices for refined and all other sugar was increased by 33 percent, from 2.82 cents/lb. to 3.75 cents/lb. between the draft and finalized agreements.<sup>10</sup> In addition, because the polarity benchmark for refined sugar was expanded to include all imports of sugar from 99.5 degrees polarity and above, such sugar from Mexico will be subject to the higher reference price for refined sugar. Id.; see also “Memorandum to All Interested Parties” and “Draft Agreement Suspending the Antidumping Duty Investigation on Sugar from Mexico,” dated October 27, 2014. These changes were also made in part in response to comments filed with the Department after the Department solicited comments on the draft agreement. Among other things, the polarity change ensures that imports of higher polarity sugar that might compete with U.S.-produced refined sugar, are subject to the higher reference price. Thus, this change further contributes to the prevention of suppression and undercutting of domestic price levels.

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<sup>9</sup> In the draft AD suspension agreement, refined sugar was defined in the “Product Coverage” section to be sugar at a polarity of at least 99.9 degrees.

<sup>10</sup> We note that, in addition to the estimated transportation cost from the Mexican sugar mill to a U.S. refinery, the sales price build-up for refined sugar will also include the transportation cost from the U.S. refinery to the U.S. end-user; as noted above, the AD Suspension Agreement’s reference price for refined sugar (as well as for all other sugar) is on an F.O.B. Mexican mill basis. In addition, the reference price for refined sugar reflects a refining margin (i.e., for the processing of raw sugar into refined sugar).

## **Other Factors**

### **Requirement to Eliminate 85 Percent of Dumping**

Under the AD Suspension Agreement, each signatory producer/exporter of sugar from Mexico agrees that, for each entry of sugar from Mexico, the amount by which the estimated normal value exceeds the export price (or constructed export price, as applicable) will not exceed fifteen percent of the weighted-average amount by which the estimated normal value exceeded the export price (or constructed export price) for all less-than-fair-value entries of the producer/exporter examined during the course of the underlying AD investigation, in accordance with the antidumping duty laws, regulations, and procedures. See AD Suspension Agreement, 79 FR at 78042. The Department preliminarily determined weighted-average AD margins ranging from 39.54 to 47.26 percent in the underlying investigation. See Sugar From Mexico: Preliminary Determination of Sales at Less Than Fair Value and Postponement of Final Determination, 79 FR 65189 (November 3, 2014). The agreement also points to calculation methodologies for normal value, export price and constructed export price, as detailed in Appendix II to the AD Suspension Agreement. See AD Suspension Agreement, 79 FR at 78044. Therefore, under the AD Suspension Agreement, signatory producers/exporters agree not only to make their sales at or above the applicable reference prices stated in Appendix I, they also agree to eliminate 85 percent of the dumping, in accordance with the terms of the agreement. In other words, in pricing their sugar for the U.S. market, Mexican producers/exporters must take into account not only the reference prices but also the requirement to eliminate 85 percent of the dumping in accordance with the AD Suspension Agreement's guidance.

### **Volume Restriction**

When the AD Suspension Agreement entered into force, on December 19, 2014, the related CVD Suspension Agreement also became effective. Section V of the CVD Suspension Agreement instituted export limits that restrict the amount of sugar that Mexico exports to the United States. See CVD Suspension Agreement (79 FR 78044, 78047). In addition, the CVD Suspension Agreement imposes certain restrictions on shipping patterns to prevent oversupply during particular periods of the crop year. See id. In the Department's analysis of whether the CVD Suspension Agreement meets the statutory public interest criterion, the Department indicated that the volume restrictions will support price stability in the U.S. market. Specifically, the Department stated the following:

Under the terms of the Agreement, the Government of Mexico has agreed to restrict the volume of imports of subject merchandise into the United States, tying exports of sugar to U.S. needs, and thereby eliminating completely the injurious effect of exports to the United States of that merchandise. See Section V of the Agreement. Specifically, the Agreement addresses the availability of the supplies of sugar to the United States for U.S. sugar cane refiners, as well as the general public. In turn, by addressing oversupply, the Agreement will support price stability and predictability for consumers.

See Memorandum for Paul Piquado, Assistant Secretary for Enforcement and Compliance, from Lynn Fischer Fox, Deputy Assistant Secretary for Policy and Negotiations, Enforcement and Compliance, re “Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico: Existence of Extraordinary Circumstances, Public Interest, and Effective Monitoring Assessments” (December 19, 2014).

The export limits mandated by the CVD Suspension Agreement are designed to ensure a consistent and adequate supply of sugar in the U.S. market while preventing an oversupply that could negatively impact prices. The CVD Agreement thus buttresses the AD Suspension Agreement terms aimed at preventing price suppression and undercutting of sugar prices in the U.S. market. The CVD Suspension Agreement’s export limits reflect the basic economic tenet that a seller with limited quantitative access to a market will seek to obtain the highest price possible for such goods, in order to maximize revenue; in a market with quantitative limits, lower prices cannot lead to increased market share, only less revenue. Thus, similar to the Congressionally-mandated U.S. sugar program, the AD and CVD Suspension Agreements work together by establishing volume restrictions and price supports that will prevent price declines. In crafting the law with regard to suspension agreements, Congress recognized that the conditions of trade, competition, and development in a particular industry will determine the effects of specific volumes on prices. As no “specific numerical standard” exists for what level of imports would be price suppressive, each suspension agreement must be tailored to the circumstances of the market and industry. See Torrington Co. v. United States, 790 F. Supp. 1161, 1171 (CIT 1992), citing H. Rep. No. 100-40 at 131 (1987).

In this case, the AD Suspension Agreement and the CVD Suspension Agreement will foster stability in the U.S. sugar market by means of reference prices and export limits, respectively. While the specific terms of the AD Suspension Agreement ensure the prevention of the suppression and/or undercutting of domestic sugar price levels, the CVD Suspension Agreement’s quantitative restriction will create a market condition that furthers the AD Suspension Agreement’s objectives through export limits.<sup>11</sup>

The terms of the CVD Suspension Agreement, thus, work in concert with the AD Suspension Agreement terms and with the existing features of the U.S. sugar program. The CVD Suspension Agreement limits supply from Mexico, while the U.S. sugar program manages supply from all other sources, including U.S. producers. With the advent of these agreements, the U.S. sugar market is regulated in terms of both a floor price and supply limitations from all sources, creating market conditions that prevent price suppression or price undercutting. Thus, the AD Suspension Agreement’s provisions will effectively eliminate the injurious effects of exports of sugar from Mexico and prevent price suppression and undercutting.

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<sup>11</sup> As noted, the CVD Suspension Agreement creates a market condition that facilitates one of the critical aims of the AD Suspension Agreement, which is to prevent price suppression and undercutting. In the event the CVD Suspension Agreement is terminated while the AD Suspension Agreement remains in force, the Department expects to re-examine the issue of price suppression and undercutting. To the extent that the Department finds price suppression and undercutting cannot be prevented, the Department will seek to amend or terminate the AD Suspension Agreement, as necessary.

## **Cooperation with USDA**

As noted above, USDA has historically played a key role in managing the U.S. sugar market. The Department closely consulted with USDA while finalizing these suspension agreements to understand (1) how the U.S. sugar program and market operate and (2) how any suspension agreements would be harmonized with the requirements of the U.S. sugar program to stabilize the market and avoid shortages of sugar for U.S. consumers. The Department intends to continue to consult with USDA during the implementation of the suspension agreements, and both agreements contain provisions under which information will be shared between the Department and USDA. See AD Suspension Agreement, 79 FR at 78042 and 78043; CVD Suspension Agreement, 79 FR at 78047 and 78049. In particular, a key component of the export limit calculation in the CVD Suspension Agreement is calculated using information from USDA's WASDE reports. See CVD Suspension Agreement, 79 FR at 78047.

## **Compliance of the AD Suspension Agreement with Requirements of Section 734(c)**

The Department finds that the reference prices for refined and all other sugar instituted in the AD Suspension Agreement will prevent the suppression and/or undercutting of domestic price levels. As detailed above, the reference prices in the finalized AD Suspension Agreement increased significantly from the prices contained in the initialed draft agreement. When transportation and other costs are accounted for (*i.e.*, added on to the reference prices), the F.O.B. plant-based reference prices will result in sales prices in the U.S. market that are well above the 2014 Farm Bill loan forfeiture prices, thereby providing an assurance that sugar imports from Mexico will not contribute to price declines that may lead to forfeitures in the U.S. market. These reference prices also compare favorably to U.S. market prices as compiled by USDA's ERS, indicating that the selling prices for sugar from Mexico under the terms of the AD Suspension Agreement will be on par with U.S. sugar market prices and, thus, will not undercut or suppress domestic price levels. As also described above, the AD Suspension Agreement requires further that Mexican sugar producer's/exporter's sales prices take into account not only the relevant reference price but also ensure that the dumping margin for that sale (if any) does not exceed 15 percent of the applicable AD margin determined in the underlying AD investigation. In addition, the companion CVD Suspension Agreement contains provisions that limit the supply of Mexican sugar into the U.S. market, thereby fostering stability and preventing oversupply, which could lead to declining prices for sugar in the U.S. market. Thus, the CVD Suspension Agreement's features will support the AD Suspension Agreement's ability to prevent the suppression or undercutting of domestic sugar price levels. Therefore, based on the analysis detailed in this memorandum, the Department determines that the AD Suspension Agreement meets its statutory obligation under section 734(c)(1) to eliminate completely the injurious effect of sugar exports to the United States from Mexico.

# ATTACHMENT 1

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The U.S. sugar program uses price supports, domestic marketing allotments, and tariff-rate quotas (TRQs) to influence the amount of sugar available to the U.S. market. The program supports U.S. sugar prices above comparable levels in the world market. The origin of the program can be traced to legislation in the Agriculture and Food Act of 1981 (1981 Farm Act). The program has been reauthorized with some modifications in succeeding Farm Acts. An important aspect of the program is that it operates, to the maximum extent possible, at no cost to the Federal Government by avoiding

loan forfeitures to USDA's Commodity Credit Corporation (CCC).

A new measure introduced in the Food, Conservation, and Energy Act of 2008 (2008 Farm Act) to help avoid loan forfeitures is the Feedstock Flexibility Program (FFP). The FFP will divert sugar in excess of domestic food consumption requirements to ethanol production. The main challenge to the program comes from sugar imports from Mexico that now enter duty-free under the terms of the North American Free Trade Agreement (NAFTA).

## Domestic Price Support

The 2008 Farm Act provides for USDA to make loans available to processors of domestically grown sugarcane and to domestic processors of sugar beets at set loan rate levels for fiscal years (FY) 2009-13. Loans are taken for a maximum term of 9 months and must be liquidated along with interest charges by the end of the fiscal year in which the loan was made. Unlike most other commodity programs, the sugar program makes loans to processors and not directly to producers. The reason is that sugarcane and sugar beets, being bulky and very perishable, must be processed into sugar before they can be traded and stored. To qualify for loans, processors must agree to provide payments to producers that are proportional to the value of the loan received by the processor for sugar beets and sugarcane delivered by producers. USDA has the authority to establish minimum producer payment amounts.

The loans are nonrecourse. When a loan matures, USDA must accept sugar pledged as collateral as payment in full, in lieu of cash repayment of the loan, at the discretion of the processor. "In-process" sugar and syrups must be converted into raw cane or refined beet sugar at no cost to the CCC before being eligible for forfeiture. The processor is not required to notify USDA of the intention to forfeit the sugar under loan. The loan rates for raw cane and beet sugar are set in the 2008 Farm Act.

The loan rate for raw cane sugar is:

- 18 cents per pound in FY 2009,
- 18.25 cents per pound in FY 2010,
- 18.50 cents per pound in FY 2011, and
- 18.75 cents per pound in FY 2012-13.

The loan rate for refined beet sugar is:

- 22.9 cents per pound in FY 2009 and
- 128.5 percent of the loan rate for raw cane sugar in FY 2010-13.

The 2008 Farm Act allows processors to obtain loans for in-process sugar and syrups at 80 percent of the loan rate.

## Flexible Marketing Allotments

Sugar sold in the United States for domestic human consumption by domestic sugar beet and sugarcane processors is subject to marketing allotments, as a way to guarantee the sugar loan program operates at no cost to the Federal Government. The overall allotment quantity (OAQ) is determined subject to two conditions: 1) domestic sugar prices remain above forfeiture levels and 2) the OAQ is at least 85 percent of estimated deliveries for domestic human consumption for the marketing year (October to September). Allotments are in effect the entire year; there are no criteria for suspension. During the course of the marketing year, USDA is required to adjust allotment



quantities to avoid the forfeiture of sugar to CCC.

OAQ allocations are divided between refined beet sugar at 54.35 percent of the overall quantity and raw cane sugar at 45.65 percent of the overall quantity. For cane sugar, Hawaii is allotted 325,000 short tons, raw value (STRV). The allocations for the mainland cane sugar-producing States (Florida, Louisiana, and Texas) are assigned based on the States' and processors' production in crop years 1999-2003. Beet sugar processors are assigned allotments based on their sugar production in crop years 1998-2000. The 2008 Farm Act sets out allocation conditions for new entrants and for the effect of sale of factories between processors.

The 2008 Farm Act provides for a number of contingencies that could require reassignment of allotments during the crop year. If a cane processor that has been allocated an OAQ share cannot market the share, it is reassigned to the other processors within the same State, taking into account their ability to make up the deficit and also the interests of producers served by the processors. If the deficit cannot be eliminated by this step, then the remainder is allocated to the other cane-producing States, and then to the processors in those States. If the deficit still is not eliminated, it is assigned to the CCC for sale from CCC inventories. If CCC inventories are insufficient to cover the deficit, then the deficit is assigned to imports. The procedure for a beet sugar processor deficit is similar, except there is no reassignment based on States where processing takes place. There is no provision for cane sugar OAQ deficits to be reassigned to beet sugar processors, or for beet sugar OAQ deficits to be reassigned to cane sugar processors.

The 2008 Farm Act explicitly states that sugar forfeited to the CCC counts against marketing allotments made in the year in which the loan to the processor was made. This clarification reinforces that sugar in excess of a processor's allotment at the end of the marketing year cannot be forfeited. Other marketings counting against allotments include a sale of sugar under the FFP; export of sugar from the U.S. Customs Territory eligible to receive credits under re-export programs for refined sugar or sugar-containing products administered by USDA's Foreign Agricultural Service (FAS); sale of sugar eligible to receive credit for the production of polyhydric alcohol under the FAS-administered Polyhydric Alcohol Program; and for any integrated processor and refiner, the movement of raw cane sugar into the refining process.

## Feedstock Flexibility Program

The Feedstock Flexibility Program operates to avoid sugar loan forfeitures to the CCC by requiring the diversion of sugar from food use to ethanol production. On September 1 (1 month before the end of the marketing year), the Secretary of Agriculture announces the amount of sugar (if any) for the CCC to purchase and to be made available for sale to ethanol producers. Raw, refined, and in-process sugars are eligible for purchase. Such sugar can be purchased from any marketer located in the United States. As mentioned previously, sugar purchased from a sugarcane or sugar beet processor is counted against that processor's marketing allotment.

## Disposition of Sugar Owned by the CCC

The 2008 Farm Act provides for specific ways to dispose of sugar owned by the CCC without increasing future forfeiture risk. Like the Farm Security Act of 2002 (2002 Farm Act), the 2008 Farm Act includes the payment-in-kind (PIK) authority to transfer ownership of CCC sugar to processors in exchange for reductions in production through reduced sugar crop planting. For area already planted, the processor cannot commercially market the crop other than as a bioenergy feedstock.

The 2008 Farm Act explicitly authorizes the sale of CCC sugar for the production of ethanol and for the buyback of certificates of quota entry (also referred to as certificates for quota eligibility, or CQEs) to reduce tariff-rate quota imports. To comply with the goal of preventing sugar forfeitures, the 2008 Farm Act prohibits the sale of CCC sugar for domestic human consumption. (Such sales would seem to be permissible if they resulted from a reassignment of OAQ from a sugar processor to the CCC, as provided for under the 2002 and 2008 Farm Acts. In this instance, the likelihood of sugar forfeiture would seem to be minimal.)

## Sugar Tariff-Rate Quotas and Other Trade Measures

The United States establishes separate tariff-rate quotas (TRQs) for imports of raw cane sugar and refined sugar (also called "certain other sugars, syrups, and molasses"). Prior to the start of the fiscal year (October 1-September 30), the Secretary of Agriculture announces the quantity of sugar that may be imported at the preferential in-quota tariff rate during that fiscal year. There is no limit to the quantity that may be imported at the higher over-quota tariff rate.

Under the Uruguay Round [Agreement on Agriculture](#) (AoA), the United States agreed to make available for import a minimum quantity of raw and refined sugar each marketing year. This amount is equal to 1.139 million metric tons, raw value (MTRV), or 1.256 million STRV. Included in this amount is a commitment to import at least 22,000 MTRV, or 24,251 STRV, of refined sugar. The United States administers additional TRQs on imports of various sugar-containing products that originally had been subject to absolute quotas under Section 22 of the Agricultural Adjustment Act of 1933. There are four of these additional TRQs, none of which apply to Mexico under NAFTA.

According to the [Harmonized Tariff Schedule of the United States](#) (Ch.17, Additional U.S. Note 5 (a) (ii)), whenever the Secretary of Agriculture believes that domestic supplies of sugars may be inadequate to meet domestic demand at reasonable prices, the Secretary may modify any quantitative limitations that have previously been established, but not below the minimum quantities under the AoA.

The raw cane sugar TRQ is currently allocated by [Office of the U.S. Trade Representative](#) (USTR) to 40 countries based on a representative period (1975-81) when trade was relatively unrestricted. The refined sugar tariff rate quota is currently allocated to Canada and Mexico, and there is a quantity of refined sugar that is available to all countries on a first-come, first-served basis. Likewise, there is an allocation for specialty sugars, which is also on a first-come, first-served basis.

The in-quota tariff for sugar is equal to 0.625 cents per pound. Most countries have the low-tier tariff waived under either the Generalized System of Preferences (see [Agricultural Trade Preferences and the Developing Countries](#), page 3, for more information), the Caribbean Basin Initiative, or under U.S. free trade agreements. The over-quota tariff is 15.36 cents per pound for raw sugar and 16.21 cents per pound for refined sugar. In addition to the over-quota tariffs, there are safeguard duties based on the value or quantity of the imported sugar. Currently, these duties are based on value.

## Re-Export Programs

The United States also operates two re-export programs, as well as a sugar-for-polyhydric alcohol import program, to help U.S. sugar refiners and manufacturers of sugar-containing products compete in world markets. The Refined Sugar Re-Export Program establishes a license against which a company can import sugar at world prices for refining and sale to replace sugar in the market that has been exported as refined sugar or as sugar in sugar-containing products. The Sugar-Containing Products Re-Export Program allows U.S. participants to buy sugar at world prices for use in products that will be exported onto the world market. Raw cane sugar imports under these programs are not subject to the sugar TRQs. All refined sugars derived from either sugar beets or sugarcane are substitutable under these programs.

## Dominican Republic-Central American Free Trade Agreement

Under the Dominican Republic-Central American Free Trade Agreement (DR-CAFTA), there are specific provisions for trade in sugar. The United States establishes country-specific TRQs for the DR-CAFTA countries, starting at a total of 107,000 metric tons in 2006 (year 1) and growing to 151,140 metric tons in year 15, thereafter growing by 2,640 metric tons per year, into perpetuity. A 2,000-metric-ton TRQ, with no growth, is established for Costa Rica for specialty sugar. Each country's duty-free access will be the lesser of its trade surplus or its TRQ for that year. Provisions have been agreed to allow alternative forms of compensation to be established to facilitate sugar stock management by the United States.

# ATTACHMENT 2



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Farm Service Agency



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## About FSA

### About the Commodity Credit Corporation

#### Background

The Commodity Credit Corporation (CCC) is a Government-owned and operated entity that was created to stabilize, support, and protect farm income and prices. CCC also helps maintain balanced and adequate supplies of agricultural commodities and aids in their orderly distribution.

CCC was incorporated October 17, 1933, under a Delaware charter with a capitalization of \$3 million. It was initially managed and operated in close affiliation with the Reconstruction Finance Corporation, which funded its operations.

On July 1, 1939, CCC was transferred to the United States Department of Agriculture (USDA). It was reincorporated on July 1, 1948, as a Federal corporation within USDA by the [Commodity Credit Corporation Charter Act](#) (62 Stat.1070; 15 U.S.C. 714). As amended through the [Presidential Appointment Efficiency and Streamlining Act of 2011, P.L. 112-166](#), Enacted August 10, 2012.

#### Basic Responsibilities

The CCC Charter Act, as amended, aids producers through loans, purchases, payments, and other operations, and makes available materials and facilities required in the production and marketing of agricultural commodities.

The CCC Charter Act also authorizes the sale of agricultural commodities to other government agencies and to foreign governments and the donation of food to domestic, foreign, or international relief agencies. CCC also assists in the development of new domestic and foreign markets and marketing facilities for agricultural commodities.

The 1996 Farm Bill significantly changed U.S. agricultural policy. Earlier, USDA made deficiency payments to producers of wheat, feed grains, cotton, and rice to make up the differences between target prices and seesawing market prices. The 1996 Farm Bill capped spending for the first time, guaranteeing farmers a series of fixed but declining "production flexibility contract" payments.

#### Organization

CCC is managed by a Board of Directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairperson of the Board. The Board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States by and with the advice and consent of the Senate. All members of the Board and Corporation officers are USDA officials.

CCC has no operating personnel. Its price support, storage, and reserve programs, and its domestic acquisition and disposal activities are carried out primarily through the personnel and facilities of the Farm Service Agency (FSA).

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# ATTACHMENT 3





UNITED STATES DEPARTMENT OF AGRICULTURE  
FARM SERVICE AGENCY

# 2014 Farm Bill

## FACT SHEET

March 2014

### Sugar Loan Program, Sugar Marketing Allotments and Feedstock Flexibility Program

#### OVERVIEW

The Sugar Loan Program provides nonrecourse loans to processors of domestically grown sugarcane and sugar beets. Generally, loan programs provide producers interim financing at harvest time to meet cash flow needs without having to sell their commodities when market prices are typically at harvest-time lows. Allowing producers to store production at harvest facilitates more orderly marketing of commodities throughout the year. The Agricultural Act of 2014 (2014 Farm Bill) provides the Farm Service Agency (FSA) the authority to administer nonrecourse loans for the 2011 through 2018 crops on behalf of the Commodity Credit Corporation (CCC).

#### LOAN ELIGIBILITY

Sugar and in-process sugar loans are available beginning October 1 each fiscal year and mature at the earlier of:

- (1) The end of the nine-month period beginning on the first day of the first month after the month in which the loan is made, or
- (2) The end of the fiscal year in which the loan is made.

In the case of a loan made in the last three months of a fiscal year (July, August and September), the processor may re-pledge the sugar as collateral for a second loan (referred to as a supplemental loan) in the subsequent fiscal year. The supplemental loan is made at the loan rate in effect at the time the initial loan was made, and matures in nine months less the quantity of time that the initial loan was in effect.

To be eligible, processors must:

- Process sugar from domestically grown sugar beets or sugarcane from producers who are in compliance with both highly erodible and wetlands regulations;

- Agree to all terms and conditions in the loan application;
- Execute a note, a security agreement and a storage agreement with CCC.

#### LOAN RATE

The 2014 Farm Bill requires the Secretary of Agriculture to provide nonrecourse loans to processors of domestically grown:

- (1) Sugarcane at a rate equal to 18.75 cents per pound for raw cane sugar for each of the 2011 through 2018 crop years, and
- (2) Sugar beets at a rate equal to 24.09 cents per pound for refined beet sugar for each of the 2011 through 2018 crop years.

Loan rates are adjusted to reflect the processing location of the sugar pledged as collateral. (See the tables under National Average Loan Rates by Crop Year).

The in-process sugar loan rate equals 80 percent of the loan rate applicable to raw cane sugar or refined beet sugar, as determined by the Secretary on the basis of the source material for the in-process sugar and syrups. In-process sugars and syrups do not include raw sugar, liquid sugar, invert sugar or syrup, or other finished products otherwise eligible for sugar loans.

- In-process sugar forfeiture: The law authorizes CCC to accept forfeiture of in-process sugar and syrup loan collateral as full loan repayment if the processor converts them within one month after loan maturity into raw cane sugar or refined beet sugar of acceptable grade and quality for sugar eligible for the loans. If forfeited in-process sugars are not converted into raw cane sugar or refined beet sugar of suitable quality and transferred to CCC within one month, CCC may charge liquidated damages.
- In-process sugar crystallization: If the processor does not forfeit the collateral, but instead

## FACT SHEET

### 2014 Sugar Loan Program

March 2014

further processes the in-process sugar into raw cane sugar or refined beet sugar and repays the loan, the processor may obtain a loan at the higher rate for the raw cane sugar or refined beet sugar. The term of a loan made for an in-process sugar, when combined with the term of a loan made for raw cane sugar or refined beet sugar derived from in-process sugars, may not exceed nine months.

National Average Loan Rates by Crop Year

Crop Year	2013
(Cents Per Pound)	
Raw Cane Sugar	18.75
Refined Beet Sugar	24.09

Regional 2013-crop Loan Rates of Raw Cane Sugar

Crop Year	2013
(Cents Per Pound)	
Florida	18.19
Hawaii	17.95
Louisiana	19.61
Texas	18.36
Sugar processed in Hawaii but placed under loan on the United States mainland	18.75

Regional 2013-crop Loan Rates of Refined Beet Sugar

Crop Year	2013
(Cents Per Pound)	
Mich. & Ohio	25.47
Minn. & E ½ N.D.	23.82
NE ¼ Colo., Neb., SE ¼ Wyo.	24.40
Mont. & NW ¼ Wyo., & W ½ N.D.	24.17
Idaho, Oregon, & Washington	23.58
California	24.89

### MINIMUM PRICE SUPPORT FOR SUGARCANE

As a condition to receive CCC sugar loans, sugarcane processors are required to pay their growers at least the minimum payments as specified in the annual CCC loan rate news release and available in their FSA county office.

### SUGAR BEET MINIMUM PAYMENT

Sugar beet grower minimum payments are the amount specified in the grower/processor contract.

### MARKETING ALLOTMENTS

At the beginning of each fiscal year, CCC will estimate the domestic human consumption of sugar and establish marketing allotments for sugar sold for domestic human consumption that has been processed from sugarcane, sugar beets or in-process beet sugar. The Secretary will strive to establish an overall allotment quantity that results in no forfeitures of sugar to CCC under the sugar loan program and assigns domestic producers at least 85 percent of the market share of domestic human consumption for the crop year. The Secretary shall make estimates of sugar consumption, stocks, production and imports for a crop year as necessary, but not later than the beginning of each of the second through fourth quarters of the crop year.

- **Beet Sugar:** Beet sugar's allotment is derived by multiplying the overall allotment quantity for the crop year by 54.35 percent. This allotment may only be filled with sugar domestically processed from sugar beets or in-process beet sugar.
- **Cane Sugar:** Cane sugar's allotment is derived by multiplying the overall allotment by 45.65 percent. Offshore states receive an allocation of 325,000 short tons, raw value, of cane sugar. Remaining cane sugar is allotted to individual mainland cane sugar states. Cane sugar's allotment may only be filled with sugar processed from domestically grown sugarcane.

CCC establishes cane state allotments and sugarcane processor allocations as mandated by regulation. A state cane sugar allotment may be filled only with sugar processed from sugarcane grown in the state covered by the allotment.

If a sugarcane processor is unable to market its allocation, CCC will reassign the estimated quantity of the deficit to other processors within that state. If after reassignment, the deficit cannot be eliminated, CCC will reassign the deficit proportionately to

## FACT SHEET

### 2014 Sugar Loan Program

March 2014

allotments for other cane sugar states. If this deficit cannot be eliminated, CCC will reassign the deficit to CCC for sale of CCC sugar inventory unless such sales would have a significant effect on the price of sugar. If the deficit still has not been eliminated, CCC will reassign the remainder to raw cane sugar imports. Likewise, if a sugar beet processor is unable to market its allocation, CCC will reassign the deficit to other sugar beet processors, then to CCC, and then to raw cane sugar imports.

During any crop year or portion thereof for which marketing allotments have been established, no sugar beet or sugarcane processor shall market a quantity of sugar for human consumption in excess of the allocation established for such processor, except to enable another processor to fulfill an allocation or for export. Processors knowingly violating their allocation shall be liable to CCC for a civil penalty in an amount equal to three times the U.S. market value at the time of the commission of the violation of that quantity of sugar involved in the violation.

### FEEDSTOCK FLEXIBILITY PROGRAM

The 2014 Farm Bill also provides authority for CCC to purchase surplus sugar and sell it to bioenergy producers in order to forestall loan forfeitures.

If forfeitures do occur, the Secretary can dispose of the inventory through sale to bioenergy producers, operate a payment-in-kind program, or purchase certificates of quota eligibility, or any use permitted for CCC sugar before the 2014 Farm Bill was enacted; however, unless there is an emergency shortage of sugar for human consumption, the sugar cannot be sold in a manner that increases the supply of sugar available for human consumption.

Other requirements apply. Check with a local FSA county office or online at [www.fsa.usda.gov](http://www.fsa.usda.gov) for details.

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Sugar Monthly Import and Re-Export Data

January 12, 2015

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# ATTACHMENT 5

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The United States imports sugar under a system of tariff-rate quotas (TRQ). A TRQ is a two-tiered tariff for which the tariff rate charged depends on the volume of imports. A low-tier (in-quota) tariff is charged on imports within the quota volume. A high-tier (over-quota) tariff is charged on imports in excess of the quota volume. Almost all raw cane sugar, refined sugars and sugar syrups, and sugar-containing products are imported under TRQs for those products. (See the [Policy](#) page for more information on TRQs.)

Yearly imports under the raw and refined sugar TRQs since fiscal year (FY) 2000 have averaged 1.48 million short tons, raw value (STRV). USDA has established TRQs at lower levels in recent years to offset increasing domestic production. ERS projects that TRQ imports through 2015 will continue mostly at levels that are consistent with U.S. commitments under international agreements.

Most U.S. sugar imports are raw cane sugar. The raw cane sugar TRQ is allocated to 40 countries based on patterns established during the relatively unrestricted free trade period of 1975-81. The Dominican Republic, Brazil, and the Philippines hold the largest shares--approximately 17, 14, and 13 percent, respectively. Declines in the overall quantity of the quota have reduced imports from all suppliers with the exception of the 10 small suppliers whose allocations are limited to 7,258 metric tons, raw value (MTRV), a quantity considered to be equal to a minimum boatload of sugar.

As of January 1, 2008, sugar from Mexico enters the United States duty-free under the [North American Free Trade Agreement \(NAFTA\)](#) and is not subject to quota restrictions.

## Imports and Exports Under the Sugar Re-Export Programs

USDA administers two re-export programs to help U.S. sugar refiners and manufacturers of sugar-containing products compete in world markets. The Refined Sugar Re-Export Program establishes a license against which a refiner can import world-priced sugar for refining and export as refined sugar or for sale to licensed manufacturers of sugar-containing products. The Sugar-Containing Products Re-Export Program allows U.S. participants to buy sugar from any of the refiner participants for use in products that will be exported onto the world market. Imports under the two programs are not subject to sugar TRQs.

USDA also administers the Polyhydric Alcohol Program, which provides world-priced sugar to U.S. manufacturers of polyhydric alcohols. Participating U.S. manufacturers purchase world-priced sugar from licensed refiners or their agents for use in the production of polyhydric alcohols, except polyhydric alcohols that are used as a substitute for sugar in human food consumption. U.S. sugar imports under the two Re-Export Programs and the Polyhydric Alcohol Program averaged 400,000 STRV in the 2000s.

The Refined and Sugar-Containing Products Re-Export Programs are the chief source of U.S. sugar exports. During the 2000s, the Refined Sugar Re-Export Program averaged 214,000 STRV of exports annually, and deliveries to domestic food manufacturers under the Sugar-Containing Products Re-Export Program averaged 137,000 STRV a year.

For current data on imports and exports of sugar and sweeteners, see the [Sugar and Sweeteners Yearbook](#) tables.



# ATTACHMENT 6

## Sugar

The United States maintains tariff-rate quotas (TRQs) for imports of raw cane sugar, refined sugar, specialty sugar, and sugar-containing products (SCPs). Pursuant to the Uruguay Round Agreements Act, USDA establishes the total in-quota quantity of the TRQs for raw, refined, and specialty sugar for each fiscal year, while USTR is responsible for allocating the TRQs pursuant to the United States' WTO commitments. In the case of the WTO raw sugar TRQ, USTR allocates the in-quota volume among certain supplying countries based on the countries' historical shipments to the United States and consultations with quota-holding countries. USTR is also responsible for allocating any increase in the in-quota amounts and/or reallocating unused quota volumes to quota-holding countries.

Several free trade agreements (FTAs), including the CAFTA-DR and agreements with Chile, Colombia, Morocco, Panama, and Peru provide TRQs for a basket of sugar and syrup goods and SCPs, provided that the respective FTA partner has a trade surplus in these goods based on the most recent data available. In any calendar year, the size of our FTA partners' TRQs for sugar and syrup goods and SCPs is the lesser of (i) the country's global trade surplus in these goods, or (ii) the quantity specified in the FTA for that year. Each year, USTR determines and publishes in the Federal Register the amount (if any) of each FTA partner's trade surplus.

# ATTACHMENT 7

## WASDE - 537 - 16

## U.S. Sugar Supply and Use 1/

	2012/13	2013/14 Est.	2014/15 Proj.	2014/15 Proj.
			Dec	Jan
	<i>1,000 Short Tons, Raw Value</i>			
Beginning Stocks	1,979	2,158	1,796	1,796
Production 2/	8,982	8,457	8,610	8,610
Beet Sugar	5,076	4,794	4,870	4,870
Cane Sugar	3,906	3,663	3,740	3,740
Florida	1,867	1,759	1,915	1,915
Hawaii	179	168	180	180
Louisiana	1,686	1,591	1,520	1,520
Texas	173	145	125	125
Imports	3,224	3,742	3,513	3,504
TRQ 3/	957	1,302	1,479	1,492
Other Program 4/	136	305	400	400
Other 5/	2,131	2,135	1,634	1,612
Mexico	2,124	2,130	1,624	1,602
Total Supply	14,184	14,357	13,919	13,910
Exports	274	306	250	250
Deliveries	11,752	12,255	11,994	11,994
Food 6/	11,487	11,828	11,859	11,859
Other 7/	265	427	135	135
Miscellaneous	0	0	0	0
Total Use	12,026	12,561	12,244	12,244
Ending Stocks 8/	2,158	1,796	1,675	1,666
Stocks to Use Ratio	17.9	14.3	13.7	13.6

1/ Fiscal years beginning Oct 1. Historical data are from FSA "Sweetener Market Data" (SMD). 2/ Production projections for 2013/14 and 2014/15 are based on Crop Production and processor projections where appropriate. 3/ For 2014/15, WTO raw sugar TRQ shortfall (99). For 2013/14, WTO raw sugar TRQ shortfall (237). 4/ Includes sugar under the re-export and polyhydric alcohol programs. 5/ For 2012/13, other high-tier (7) and other (0). For 2013/14, other high-tier (5) and other (0). For 2014/15, other high-tier (10) and other (0). 6/ Combines SMD deliveries for domestic human food use and SMD miscellaneous uses. 7/ Transfers to sugar-containing products for reexport, and for nonedible alcohol, feed, and ethanol. 8/ For 2012/13, includes 316,415 short tons, raw value, of stocks held by the Commodity Credit Corporation.

## Mexico Sugar Supply and Use and High Fructose Corn Syrup Imports 1/

		Beginning Stocks	Production	Imports	Domestic 2/	Exports	Ending Stocks
		<i>1,000 Metric Tons, Actual Weight</i>					
Sugar	2013/14 Est.	1,460	6,021	131	4,271	2,511	831
	Dec	1,460	6,021	131	4,271	2,511	831
2014/15 Proj.	Jan	831	6,140	192	4,524	1,715	924
	Dec	831	6,151	192	4,524	1,696	955

1 HFCS imports by Mexico (1,000 metric tons, dry basis): Oct-Sep 2013/14 = 913, Oct-Nov 2013 = 159, Oct-Nov 2014 = 156. Footnote source: Comité Nacional para el Desarrollo Sustentable de la Cana de Azúcar. 2/ Includes domestic consumption, Mexico's products export program (IMMEX), and any residual statistical discrepancies. IMMEX: 2013/14 (324 est), 2014/15 (324 proj). Statistical Adjustment: 2013/14 (-151), 2014/15 (0).

# ATTACHMENT 8

**EXCERPT FROM**

**Table 5--U.S. wholesale refined beet sugar price, Midwest markets, monthly, quarterly, and by calendar and fiscal year**

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1st Q.	2nd Q.	3rd Q.	4th Q.	Calendar	Fiscal
Cents per pound																		
1986	23.45	23.31	23.25	23.50	23.30	23.00	23.25	24.10	24.19	23.50	22.81	22.88	23.34	23.27	23.85	23.06	23.38	23.30
1987	23.30	23.50	23.50	23.50	24.15	24.31	24.50	24.50	24.00	22.85	22.50	22.55	23.43	23.99	24.33	22.63	23.60	23.70
1988	22.75	22.75	22.75	23.45	24.19	25.25	27.10	27.75	27.50	27.25	26.75	27.80	22.75	24.30	27.45	27.27	25.44	24.28
1989	28.75	29.00	29.50	29.50	29.50	29.30	28.81	28.76	28.45	27.63	29.00	30.50	29.08	29.43	28.67	29.04	29.06	28.61
1990	30.50	30.50	30.50	30.50	30.50	30.50	30.50	30.50	30.50	29.13	28.60	27.38	30.50	30.50	30.50	28.37	29.97	30.14
1991	26.88	26.50	26.50	26.13	26.00	25.75	25.50	25.50	25.00	24.94	24.60	24.50	26.63	25.96	25.33	24.68	25.65	26.57
1992	25.40	26.50	26.50	26.50	26.40	26.00	25.00	25.00	25.00	24.90	24.13	23.90	26.13	26.30	25.00	24.31	25.44	25.53
1993	23.25	23.00	23.00	23.50	23.50	23.50	25.50	27.75	27.50	27.50	27.25	26.50	23.08	23.50	26.92	27.08	25.15	24.45
1994	25.75	25.50	25.50	24.50	24.75	25.25	25.00	25.00	24.70	25.00	25.38	25.50	25.58	24.83	24.90	25.29	25.15	25.60
1995	25.50	25.50	25.50	25.50	25.13	25.10	24.75	24.75	25.50	25.75	28.13	28.85	25.50	25.24	25.00	27.58	25.83	25.26
1996	28.69	29.00	29.50	29.50	29.70	29.50	29.50	29.00	29.00	29.00	29.00	29.00	29.06	29.57	29.17	29.00	29.20	28.84
1997	29.00	29.00	28.13	28.00	28.00	27.50	27.00	26.65	26.38	24.90	25.00	25.50	28.71	27.83	26.68	25.13	27.09	28.06
1998	25.50	25.50	25.50	25.50	26.00	26.00	26.00	26.00	26.50	26.90	27.00	27.00	25.50	25.83	26.17	26.97	26.12	25.66
1999	27.20	27.13	27.00	27.00	27.00	27.00	27.00	27.00	27.00	26.00	26.00	25.20	27.11	27.00	27.00	25.73	26.71	27.02
2000	23.38	22.25	21.50	21.00	19.75	19.00	19.00	19.00	20.70	21.25	21.00	21.80	22.38	19.92	19.57	21.35	20.80	21.90
2001	23.13	22.75	22.00	20.50	21.38	21.90	22.50	22.50	24.63	25.75	26.20	26.50	22.63	21.26	23.21	26.15	23.31	22.11
2002	26.75	26.00	25.95	24.63	24.50	24.00	24.00	25.40	26.25	26.75	27.40	27.88	26.23	24.38	25.22	27.34	25.79	25.49
2003	27.80	26.50	27.13	27.63	28.00	28.00	27.63	25.50	24.00	24.70	23.94	23.63	27.14	27.88	25.71	24.09	26.21	27.02
2004	23.70	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.50	23.38	23.20	23.57	23.50	23.50	23.36	23.48	23.66
2005	23.50	23.50	23.25	23.80	24.75	25.88	26.00	26.75	40.10	40.00	40.00	36.90	23.42	24.81	30.95	38.97	29.54	25.63
2006	34.50	36.50	37.10	36.38	35.00	35.00	35.00	34.50	31.20	28.75	27.19	26.10	36.03	35.46	33.57	27.35	33.10	36.01
2007	25.50	25.00	24.90	25.00	25.00	25.00	25.38	25.60	25.38	25.00	24.50	24.50	25.13	25.00	25.45	24.67	25.06	25.73
2008	24.13	26.40	28.00	28.00	29.60	33.25	38.00	38.40	38.50	36.20	35.00	35.00	26.18	30.28	38.30	35.40	32.54	29.86
2009	35.00	35.00	35.00	34.25	34.40	35.50	35.40	38.00	42.00	42.60	45.00	45.00	35.00	34.72	38.47	44.20	38.10	35.90
2010	50.50	53.00	52.25	48.20	45.00	50.00	53.40	59.50	59.00	54.40	56.50	57.00	51.92	47.73	57.30	55.97	53.23	50.29
2011	54.50	54.00	56.50	56.80	54.00	55.00	55.40	57.00	58.60	59.00	58.75	55.10	55.00	55.27	57.00	57.62	56.22	55.81
2012	51.75	51.00	51.00	50.25	47.81	45.00	42.00	41.20	38.25	36.00	34.60	31.75	51.25	47.69	40.48	34.12	43.38	49.26
2013	30.50	28.50	27.60	26.63	26.30	26.50	26.00	25.50	26.25	27.38	28.00	27.50	28.87	26.48	25.92	27.63	27.22	28.84
2014	26.50	26.25	26.50	29.75	31.60	35.00	36.00	36.60	37.50	36.60	36.00	36.00	26.42	32.12	36.70	36.20	32.86	30.72

Source: Milling & Baking News. Simple average of the lower end of the range of quotations for days in that month. Quotations are weekly.

Last updated: 12/31/2014

# ATTACHMENT 9

## Economic Effects of the Sugar Program Since the 2008 Farm Bill & Policy Implications for the 2013 Farm Bill

### Overview

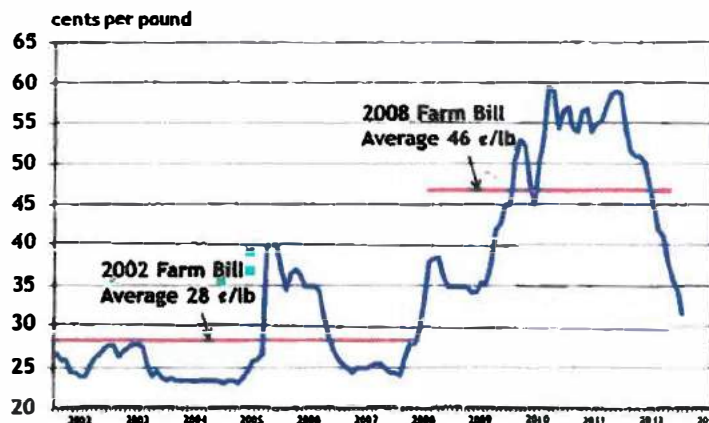
Changes to the sugar program in the 2008 farm bill made a bad program even worse and have destabilized the US sugar market. The bill increased price supports, restricted USDA's ability to adjust import quotas, and guaranteed that taxpayers would subsidize the disposal of any surpluses that arose by converting them to fuel ethanol.

US sugar prices rose to record levels during the first four years of the 2008 bill. The extra cost to consumers averaged \$3.7 billion per year. To date, prices have averaged 46 cents per pound compared to 28 cents under the 2002 farm bill. Consequently, employment in sugar-using food and beverage industries (which compete against imported products made with cheaper world-market sugar) has continued to decline, with nearly 127,000 jobs lost since 1997.

US and Mexican sugar producers have responded to the record high prices in the US market by expanding production about 20-25 percent, and now we have a surplus that is putting downward pressure on prices and may force USDA to spend up to \$250 million to deal with it.

While the new farm bill will cut support programs for most crops, the sugar industry seeks to be the lone exception and keep its sweet deal. If we are to get off this sugar price roller coaster, reform of the sugar program is required. We need a sugar policy that rolls back the changes made in the 2008 bill and strikes a fair balance between the interests of consumers and the interests of producers.

### Wholesale Refined Sugar Prices





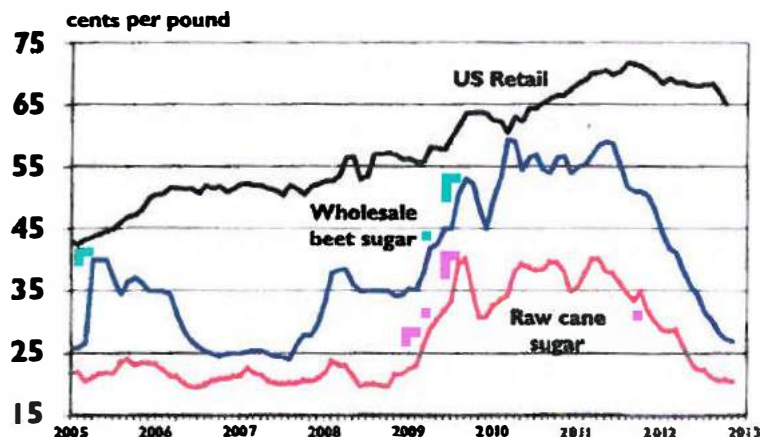
### Changes to the sugar program in the 2008 farm bill

Sugar producers got Congress to increase their support price, keep marketing allotments in place for domestic processors, impose new restrictions on the Secretary of Agriculture's ability to adjust import quotas, and add a program to divert any surplus sugar to production of fuel ethanol. More specifically:

- The price support loan rates were increased from 18 to 18.75 cents per pound for raw cane sugar, and from 22.9 to 24.09 cents for refined beet sugar.
- USDA was required to set the total marketing allotments for beet and cane sugar at no less than 85 percent of domestic human consumption, in effect reserving that portion of the market for US-produced supplies - a de facto domestic content requirement.
- The Secretary was required to set the import quotas at the WTO minimum of 1.26 million short tons and keep them at that level for the first six months of the marketing year (i.e. until April 1) unless there was an "emergency shortage" of sugar.
- The bill established a new program requiring USDA to estimate anticipated sugar surpluses quarterly, and then buy the surplus sugar and sell it to fuel ethanol producers at a discounted price. This new taxpayer-funded subsidy is called the Feedstock Flexibility Program (FFP).

The result of these changes was an extremely tight supply of sugar from 2009 through most of 2012. Retail sugar prices and the price of wholesale refined beet sugar were forced to record levels, as shown in the chart below. The traditional five-pound bag of sugar that sold for \$2.50 in 2008 was selling for \$3.50 by 2012. (So much for the sugar lobby's claims that their program does not cost consumers.)

### US Sugar Prices



### Sugar program impact on consumers

US wholesale refined sugar prices were also much higher than the world market price at which we could have imported refined sugar - 64 to 92 percent higher over the past four calendar years. Refined sugar is what food manufacturers actually purchase; they cannot use raw sugar in

the foods and beverages they make. Therefore, the wholesale refined sugar price is the most relevant way to look at how the sugar program is affecting the food industry and retail consumers.

The table below shows the refined price difference year by year under both the 2002 and 2008 farm bills, and calculates the extra cost to consumers by multiplying the price difference times the millions of tons consumed each year. Under the 2002 farm bill the price difference averaged 11.4 cents per pound and the extra cost to consumers averaged \$2.2 billion per year. During the first four years under the 2008 farm bill, the price difference averaged 18.2 cents per pound and the extra cost to consumers averaged \$3.7 billion per year.

Comparison of Consumer Cost of US Sugar Policy Under 2002 and 2008 Farm Bills

2002 Farm Bill		2002/03	2003/04	2004/05	2005/06	2006/07	2007/08	Average
cents per pound								
A	US wholesale refined price	27.0	23.7	25.6	36.0	25.7	29.9	28.0
B	World refined price	10.1	10.3	12.5	18.3	14.9	15.5	13.6
C	Transport cost	3.0	3.0	3.0	3.0	3.0	3.0	3.0
D	Delivered to US	B+C	13.1	13.3	15.5	21.3	17.9	18.5
E	Price difference	A-D	13.9	10.4	10.2	14.7	7.8	11.3
million short tons								
F	US consumption: raw	10.0	10.2	10.0	10.2	9.9	10.5	10.1
G	US consumption: refined	F/1.07	9.4	9.5	9.4	9.5	9.3	9.5
billion dollars								
H	Consumer cost difference	E*.02*G	2.60	1.98	1.90	2.79	1.45	2.22
2008 Farm Bill		2008/09	2009/10	2010/11	2011/12	2012/13	Oct-Mar	4-year
cents per pound								
A	US wholesale refined price	35.9	50.3	55.8	49.2	31.4		47.8
B	World refined price	18.9	26.5	33.5	27.7	23.4		26.6
C	Transport cost	3.0	3.0	3.0	3.0	3.0		3.0
D	Delivered to US	B+C	21.9	29.5	36.5	30.7	26.4	29.6
E	Price difference	A-D	14.0	20.8	19.3	18.5	5.0	18.2
million short tons								
F	US consumption: raw	10.4	10.9	11.2	11.1	11.5		10.9
G	US consumption: refined	F/1.07	9.8	10.2	10.5	10.4	10.7	10.2
billion dollars								
H	Consumer cost difference	E*.02*G	2.74	4.24	4.04	3.84	1.07	0.00

Source: Agralytica analysis of USDA price and consumption data

These calculations are consistent with the results of a [study](#) of the impact of the sugar program by Iowa State University researchers John Beghin and Amani Elobeid. That study found that the

sugar program costs consumers \$3.5 billion per year and that the domestic sugar industry would actually survive quite well without the current US sugar program.<sup>1</sup>

#### Sugar program impact on food industry jobs

The sugar program has also resulted in significant job losses in the industries producing sugar-containing products. The table below shows US Census Bureau data on employment in two groups of food and beverage industries - those that use sugar and those that do not. Between 1997 and 2011, US sugar-using industries lost nearly 127,000 jobs while employment in the other industries actually increased. Increased imports of sugar-containing products from countries with access to cheaper sugar were responsible for much of that job loss. The Beghin-Elobeid study referred to above found that sugar program reform would add back up to 20,000 American jobs.

**Employment in U.S. Food and Beverage Industries**

Industry	1997	2011	Absolute change	% change
<b>Sugar-using industries</b>				
Breakfast cereal mfg	14,396	11,510	-2,886	-20.0%
Choc. & confec. Mfg. from cacao beans	9,946	7,297	-2,649	-26.6%
Confec. Mfg from purchased choc.	32,871	26,385	-6,486	-19.7%
Nonchocolate confectionary mfg.	25,512	18,526	-6,986	-27.4%
Frozen food mfg.	94,192	85,457	-8,735	-9.3%
Fruit & veg canning, pickling, & drying	97,384	75,413	-21,971	-22.6%
Ice cream & frozen desert mfg.	19,786	18,901	-885	-4.5%
Bread & bakery product mfg.	222,596	187,202	-35,394	-15.9%
Cookie, cracker & pasta mfg	64,401	47,356	-17,045	-26.5%
Snack food mfg	46,609	42,177	-4,432	-9.5%
Flavoring syrup & concentrate mfg	6,243	6,718	475	7.6%
Soft drink & ice mfg	83,256	63,727	-19,529	-23.5%
<b>Sub-total</b>	<b>717,192</b>	<b>590,669</b>	<b>-126,523</b>	<b>-17.6%</b>
<b>Other food &amp; beverage</b>				
Animal food mfg.	46,651	43,104	-3,547	-7.6%
Flour milling & malt mfg	17,877	15,554	-2,323	-13.0%
Starch & veg fats & oils mfg	26,970	23,435	-3,535	-13.1%
Dairy product (except frozen) mfg	112,082	111,889	-193	-0.2%
Animal slaughtering & processing	464,991	474,400	9,409	2.0%
Seafood product prep & packaging	40,763	29,686	-11,077	-27.2%
Tortilla mfg	11,303	14,421	3,118	27.6%
Coffee & tea mfg	12,895	12,934	39	0.3%
Seasoning and salad dressing mfg	26,055	31,171	5,116	19.6%
All other food mfg	56,886	62,237	5,351	9.4%
Breweries	34,251	23,061	-11,190	-32.7%
Wineries	18,193	33,737	15,544	85.4%
Distilleries	6,417	5,657	-760	-11.8%
<b>Sub-total</b>	<b>875,334</b>	<b>881,286</b>	<b>5,952</b>	<b>0.7%</b>
<b>Sugar manufacturing</b>				
Sugar manufacturing	16,547	12,803	-3,744	-22.6%
<b>Total food &amp; beverage</b>	<b>1,609,073</b>	<b>1,484,758</b>	<b>-124,315</b>	<b>-7.7%</b>

Source: U.S. Census Bureau. Economic Census & Annual Survey of Manufactures

<sup>1</sup> The full study is available at the following link: <http://sugarreform.org/wp-content/uploads/2011/11/The-Impact-of-the-U.S.-Sugar-Program-Beghin-Elobeid-Report-11.17.11.pdf>

# ATTACHMENT 10

**EXCERPT FROM**

**Table 4--U.S. raw sugar price, duty fee paid, New York, monthly, quarterly, and by calendar and fiscal year 1/**

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1st Q.	2nd Q.	3rd Q.	4th Q.	Calendar	Fiscal
Cents per pound																		
1986	20.67	21.01	20.95	20.85	20.88	20.99	20.97	20.87	20.87	21.08	21.17	21.12	20.88	20.91	20.90	21.12	20.95	20.46
1987	21.50	21.76	21.76	21.81	22.01	22.06	22.07	21.88	21.88	21.69	21.75	21.76	21.67	21.96	21.94	21.73	21.83	21.68
1988	21.83	22.11	22.16	22.16	22.13	22.54	23.43	21.90	21.77	21.74	21.70	21.99	22.03	22.28	22.37	21.81	22.12	22.10
1989	21.88	22.07	22.12	22.30	22.45	22.99	23.56	23.57	23.50	23.14	23.24	22.84	22.02	22.58	23.54	23.07	22.81	22.49
1990	23.11	22.93	23.58	23.81	23.58	23.33	23.42	23.27	23.23	23.29	23.15	22.47	23.21	23.57	23.31	22.97	23.26	23.29
1991	21.86	21.42	21.46	21.23	21.29	21.42	21.25	21.83	22.06	21.76	21.75	21.50	21.58	21.31	21.71	21.67	21.57	21.89
1992	21.38	21.56	21.36	21.38	21.04	20.92	21.10	21.34	21.55	21.61	21.39	21.11	21.43	21.11	21.33	21.37	21.31	21.39
1993	20.76	21.16	21.56	21.76	21.36	21.42	21.89	21.85	21.97	21.80	21.87	22.00	21.16	21.51	21.90	21.89	21.62	21.49
1994	22.00	21.95	21.95	22.08	22.18	22.44	22.72	21.84	21.78	21.58	21.57	22.35	21.97	22.23	22.11	21.83	22.04	22.05
1995	22.65	22.69	22.46	22.76	23.10	23.09	24.47	23.18	23.21	22.67	22.60	22.63	22.60	22.98	23.62	22.63	22.96	22.76
1996	22.39	22.68	22.57	22.71	22.62	22.48	21.80	22.51	22.38	22.37	22.12	22.14	22.55	22.60	22.23	22.21	22.40	22.50
1997	21.88	22.07	21.81	21.79	21.70	21.62	22.04	22.21	22.30	22.27	21.90	21.93	21.92	21.70	22.18	22.03	21.96	22.00
1998	21.85	21.79	21.74	22.14	22.31	22.42	22.66	22.19	21.92	21.67	21.83	22.19	21.79	22.29	22.26	21.90	22.06	22.09
1999	22.41	22.38	22.55	22.57	22.65	22.61	22.61	21.24	20.10	19.50	17.45	17.87	22.45	22.61	21.32	18.27	21.16	22.07
2000	17.70	17.24	18.46	19.43	19.12	19.31	17.64	18.12	18.97	21.15	21.39	20.56	17.80	19.29	18.24	21.03	19.09	18.40
2001	20.81	21.18	21.40	21.51	21.19	21.04	20.64	21.10	20.87	20.90	21.19	21.43	21.13	21.25	20.87	21.17	21.11	21.07
2002	21.03	20.69	19.92	19.73	19.52	19.93	20.86	20.91	21.65	21.94	22.22	22.03	20.55	19.73	21.14	22.06	20.87	20.65
2003	21.62	21.91	22.14	21.87	21.80	21.62	21.32	21.26	21.34	20.92	20.91	20.37	21.89	21.76	21.31	20.73	21.42	21.76
2004	20.54	20.57	20.86	20.88	20.69	20.03	20.14	20.10	20.47	20.31	20.40	20.55	20.66	20.53	20.24	20.42	20.46	20.54
2005	20.57	20.36	20.54	21.21	21.96	21.89	21.94	20.49	21.10	21.71	21.83	21.74	20.49	21.69	21.18	21.76	21.28	20.94
2006	23.61	24.05	23.10	23.56	23.48	23.32	22.44	21.38	21.27	20.22	19.66	19.59	23.59	23.45	21.70	19.82	22.14	22.62
2007	20.03	20.59	20.85	20.91	21.27	21.33	22.72	21.80	21.42	20.56	20.25	20.12	20.49	21.17	21.98	20.31	20.99	20.87
2008	20.24	20.21	20.65	20.54	20.83	21.80	23.76	23.15	23.10	21.46	19.83	20.00	20.37	21.06	23.34	20.43	21.30	21.27
2009	20.15	19.83	19.75	21.58	21.64	22.47	23.02	26.18	28.91	30.48	31.86	33.30	19.91	21.90	26.04	31.88	24.93	22.07
2010	39.36	40.13	35.11	30.86	30.89	32.73	33.66	34.24	38.17	39.30	38.84	38.35	38.20	31.49	35.36	38.83	35.97	34.23
2011	38.46	39.69	39.65	38.32	35.04	35.65	37.93	40.16	40.15	38.19	37.92	36.32	39.27	36.34	39.41	37.48	38.12	38.46
2012	34.69	33.57	34.94	31.87	30.20	28.89	28.68	28.84	26.27	23.89	22.52	22.41	34.40	30.32	27.93	22.94	28.90	32.53
2013	21.20	20.72	20.82	20.38	19.51	19.31	19.22	20.97	21.05	21.82	20.61	19.95	20.91	19.73	20.41	20.79	20.46	21.00
2014	20.27	21.65	22.03	24.33	24.66	25.65	24.78	25.64	26.41	24.26	24.81	21.32	24.88	25.26	25.16	24.15	23.06	

1/ Contract No. 14/16, duty fee paid New York. Average of nearest futures month for which an entire month of prices will be available. For example, April 2001's price

average of 21.51 cents is the average of closes for the July 2001 futures during the month of April since there was not a full month of May 2001 futures in

April (the May 2001 futures expired April 10th, July 2001 became the nearest futures, so July 2001 was used for the entire month of April).

Source: Intercontinental Exchange.

Last Updated: 1/5/2015

# **ATTACHMENT 16**

Table 4--U.S. raw sugar price, duty fee paid, New York, monthly, quarterly, and by calendar and fiscal year 1/

Year	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sep.	Oct.	Nov.	Dec.	1st Q.	2nd Q.	3rd Q.	4th Q.	Calendar	Fiscal
Cents per pound																		
1960	5.89	6.00	6.11	6.17	6.09	6.25	6.48	6.47	6.59	6.52	6.53	6.46	6.00	6.17	6.51	6.50	6.30	NA
1961	6.39	6.32	6.25	6.25	6.46	6.48	6.39	6.06	6.06	6.19	6.29	6.40	6.32	6.40	6.17	6.29	6.30	6.35
1962	6.45	6.37	6.43	6.43	6.43	6.45	6.39	6.54	6.43	6.52	6.44	6.54	6.42	6.44	6.45	6.50	6.45	6.40
1963	6.70	6.80	7.04	8.26	11.08	8.70	7.95	6.65	7.45	9.42	9.34	8.78	6.85	9.35	7.35	9.18	8.18	7.51
1964	9.29	8.02	7.33	7.43	6.65	6.45	6.25	6.18	6.20	6.27	6.17	6.55	8.21	6.84	6.21	6.33	6.90	7.61
1965	6.85	6.79	6.61	6.59	6.73	6.72	6.73	6.77	6.82	6.82	6.80	6.75	6.75	6.68	6.77	6.79	6.75	6.63
1966	6.88	6.92	6.84	6.89	6.90	6.92	7.00	7.05	7.11	7.15	7.12	7.14	6.88	6.90	7.05	7.14	6.99	6.91
1967	7.13	7.21	7.18	7.22	7.25	7.32	7.30	7.33	7.34	7.37	7.38	7.30	7.17	7.26	7.32	7.35	7.28	7.22
1968	7.41	7.38	7.35	7.42	7.48	7.53	7.59	7.59	7.62	7.66	7.58	7.62	7.38	7.48	7.60	7.62	7.52	7.45
1969	7.67	7.69	7.76	7.80	7.82	7.74	7.50	7.75	7.83	7.89	7.79	7.73	7.71	7.79	7.69	7.80	7.75	7.70
1970	8.11	7.96	7.90	7.90	8.16	8.22	8.16	8.19	8.16	8.14	7.96	8.02	7.99	8.09	8.17	8.04	8.07	8.01
1971	8.35	8.44	8.37	8.29	8.46	8.54	8.58	8.66	8.57	8.52	8.63	8.84	8.39	8.43	8.60	8.66	8.52	8.37
1972	9.10	9.02	9.16	8.89	8.76	8.77	9.17	9.33	9.39	9.32	9.03	9.19	9.09	8.81	9.30	9.18	9.09	8.97
1973	9.38	9.14	9.45	9.65	10.06	10.25	10.25	10.75	10.97	11.15	11.10	11.34	9.32	9.99	10.66	11.20	10.29	9.79
1974	12.63	17.09	18.11	19.25	23.05	26.30	28.35	32.60	33.71	38.83	57.30	46.74	15.94	22.87	31.55	47.62	29.50	20.39
1975	40.15	36.07	28.52	26.07	19.27	15.96	19.89	21.11	17.36	15.45	15.03	14.80	34.91	20.43	19.45	15.09	22.47	30.61
1976	15.42	15.04	16.27	15.58	15.97	14.40	14.59	11.32	9.80	10.65	10.46	10.22	15.58	15.32	11.90	10.44	13.31	14.47
1977	10.95	11.06	11.67	12.57	11.34	10.28	10.15	11.21	10.41	10.23	10.42	11.75	11.23	11.40	10.59	10.80	11.00	10.91
1978	13.28	14.75	14.00	13.93	13.62	13.57	12.63	13.29	14.41	15.17	14.24	14.25	14.01	13.71	13.44	14.55	13.93	12.99
1979	14.63	15.31	15.53	14.29	14.33	14.61	15.59	15.92	15.98	15.91	16.29	18.30	15.16	14.41	15.83	16.83	15.56	14.99
1980	19.66	24.69	21.18	22.67	31.89	32.10	28.75	33.13	36.03	41.69	39.28	30.29	21.84	28.89	32.64	37.09	30.11	25.05
1981	29.61	26.07	23.81	19.91	17.43	18.95	19.09	17.42	15.49	15.66	16.28	17.07	26.50	18.76	17.33	16.34	19.73	24.92
1982	18.16	17.77	17.13	17.89	19.57	21.03	22.15	22.45	20.88	20.44	20.79	20.83	17.69	19.50	21.83	20.69	19.92	18.84
1983	21.23	21.76	21.86	22.43	22.59	22.54	22.09	22.55	22.20	21.94	21.83	21.47	21.62	22.52	22.28	21.75	22.04	21.78
1984	21.51	21.90	22.00	22.03	22.01	22.06	21.89	21.72	21.70	21.56	21.40	21.10	21.80	22.03	21.77	21.35	21.74	21.84
1985	20.72	20.38	20.91	20.97	21.09	21.27	21.23	20.59	19.51	18.68	18.89	19.89	20.67	21.11	20.44	19.15	20.34	20.89
1986	20.67	21.01	20.95	20.85	20.88	20.99	20.97	20.87	20.87	21.08	21.17	21.12	20.88	20.91	20.90	21.12	20.95	20.46
1987	21.50	21.76	21.76	21.81	22.01	22.06	22.07	21.88	21.88	21.69	21.75	21.76	21.67	21.96	21.94	21.73	21.83	21.68
1988	21.83	22.11	22.16	22.16	22.13	22.54	23.43	21.90	21.77	21.74	21.70	21.99	22.03	22.28	22.37	21.81	22.12	22.10
1989	21.88	22.07	22.12	22.30	22.45	22.99	23.56	23.57	23.50	23.14	23.24	22.84	22.02	22.58	23.54	23.07	22.81	22.49
1990	23.11	22.93	23.58	23.81	23.58	23.33	23.42	23.27	23.23	23.29	23.15	22.47	23.21	23.57	23.31	22.97	23.26	23.29
1991	21.86	21.42	21.46	21.23	21.29	21.42	21.25	21.83	22.06	21.76	21.75	21.50	21.58	21.31	21.71	21.67	21.57	21.89
1992	21.38	21.56	21.36	21.38	21.04	20.92	21.10	21.34	21.55	21.61	21.39	21.11	21.43	21.11	21.33	21.37	21.31	21.39
1993	20.76	21.16	21.56	21.76	21.36	21.42	21.89	21.85	21.97	21.80	21.87	22.00	21.16	21.51	21.90	21.89	21.62	21.49
1994	22.00	21.95	21.95	22.08	22.18	22.44	22.72	21.84	21.78	21.58	21.57	22.35	21.97	22.23	22.11	21.83	22.04	22.05
1995	22.65	22.69	22.46	22.76	23.10	23.09	24.47	23.18	23.21	22.67	22.60	22.63	22.60	22.98	23.62	22.63	22.96	22.76
1996	22.39	22.68	22.57	22.71	22.62	22.48	21.80	22.51	22.38	22.37	22.12	22.14	22.55	22.60	22.23	22.21	22.40	22.50
1997	21.88	22.07	21.81	21.79	21.70	21.62	22.04	22.21	22.30	22.27	21.90	21.93	21.92	21.70	22.18	22.03	21.96	22.00
1998	21.85	21.79	21.74	22.14	22.31	22.42	22.66	22.19	21.92	21.67	21.83	22.19	21.79	22.29	22.26	21.90	22.06	22.09
1999	22.41	22.38	22.55	22.57	22.65	22.61	22.61	21.24	20.10	19.50	17.45	17.87	22.45	22.61	21.32	18.27	21.16	22.07
2000	17.70	17.24	18.46	19.43	19.12	19.31	17.64	18.12	18.97	21.15	21.39	20.56	17.80	19.29	18.24	21.03	19.09	18.40
2001	20.81	21.18	21.40	21.51	21.19	21.04	20.64	21.10	20.87	20.90	21.19	21.43	21.13	21.25	20.87	21.17	21.11	21.07
2002	21.03	20.69	19.92	19.73	19.52	19.93	20.86	20.91	21.65	21.94	22.22	22.03	20.55	19.73	21.14	22.06	20.87	20.65
2003	21.62	21.91	22.14	21.87	21.80	21.62	21.32	21.26	21.34	20.92	20.91	20.37	21.89	21.76	21.31	20.73	21.42	21.76
2004	20.54	20.57	20.86	20.88	20.69	20.03	20.14	20.10	20.47	20.31	20.40	20.55	20.66	20.53	20.24	20.42	20.46	20.54
2005	20.57	20.36	20.54	21.21	21.96	21.89	21.94	20.49	21.10	21.71	21.83	21.74	20.49	21.69	21.18	21.76	21.28	20.94
2006	23.61	24.05	23.10	23.56	23.48	23.32	22.44	21.38	21.27	20.22	19.66	19.59	23.59	23.45	21.70	19.82	22.14	22.62
2007	20.03	20.59	20.85	20.91	21.27	21.33	22.72	21.80	21.42	20.56	20.25	20.12	20.49	21.17	21.98	20.31	20.99	20.87
2008	20.24	20.21	20.65	20.54	20.83	21.80	23.76	23.15	23.10	21.46	19.83	20.00	20.37	21.06	23.34	20.43	21.30	21.27
2009	20.15	19.83	19.75	21.58	21.64	22.47	23.02	26.18	28.91	30.48	31.86	33.30	19.91	21.90	26.04	31.88	24.93	22.07
2010	39.36	40.13	35.11	30.86	30.89	32.73	33.66	34.24	38.17	39.30	38.84	38.35	38.20	31.49	35.36	38.83	35.97	34.23
2011	38.46	39.69	39.65	38.32	35.04	35.65	37.93	40.16	40.15	38.19	37.92	36.32	39.27	36.34	39.41	37.48	38.12	38.46
2012	34.69	33.57	34.94	31.87	30.20	28.89	28.68	28.84	26.27	23.89	22.52	22.41	34.40	30.32	27.93	22.94	28.90	32.53
2013	21.20	20.72	20.82	20.38	19.51	19.31	19.22	20.97	21.05	21.82	20.61	19.95	20.91	19.73	20.41	20.79	20.46	21.00

2014	20.27	21.65	22.03	24.33	24.66	25.65	24.78	25.64	25.36	26.41	24.26	24.81	21.32	24.88	25.26	25.16	24.15	23.06
2015	25.24	24.62	24.07	24.39	24.61	24.76	24.67	24.50	24.21	25.04	26.63	25.83	24.64	24.59	24.46	25.83	24.88	24.71
2016	25.76	25.50	26.32	27.90	27.26	27.68	28.15	28.54	28.16	28.57	28.76	29.24	25.86	27.61	28.28	28.86	27.65	26.90
2017	29.44	30.59	29.95	28.72	28.41	27.83	26.77	25.11	26.90	27.09	27.28	26.93	29.99	28.32	26.26	27.10	27.92	28.36
2018	26.60	25.83	24.73	24.92	24.59	25.72	25.56	25.60	25.40	25.21	25.04	25.23	25.72	25.08	25.52	25.16	25.37	25.85
2019	25.57	25.90	26.23	26.95	26.33	26.49	25.66	25.80	25.65	26.07			25.90	26.59	25.70			25.84

<sup>1/</sup> Contract No. 14/16, duty fee paid New York. Average of nearest futures month for which an entire month of prices will be available. For example, April 2001's price average of 21.51 cents is the average of closes for the July 2001 futures during the month of April since there was not a full month of May 2001 futures in April (the May 2001 futures expired April 10th, July 2001 became the nearest futures, so July 2001 was used for the entire month of April).

Source: Intercontinental Exchange.

Last Updated: 11/1/2019.



# **ATTACHMENT 17**

**NMX-F-084-SCFI-2004**

**INDUSTRIA AZUCARERA - AZÚCAR ESTÁNDAR -  
ESPECIFICACIONES (CANCELA A LA NMX-F-084-1991)**

**SUGAR INDUSTRY - SUGAR STANDAR - SPECIFICATIONS**

## PREFACIO

En la elaboración de la presente norma mexicana participaron las siguientes empresas e instituciones:

- ASOCIACIÓN DE TÉCNICOS AZUCAREROS DE MÉXICO, A.C.
- CÁMARA NACIONAL DE LAS INDUSTRIAS AZUCARERA Y ALCOHOLERA
- COMITÉ DE LA AGROINDUSTRIA AZUCARERA
- COMITÉ TÉCNICO DE NORMALIZACIÓN NACIONAL DE LA INDUSTRIA AZUCARERA
- CONSORCIO AZUCARERO ESCORPIÓN, S.A. DE C.V.
- FIDEICOMISO DE EMPRESAS EXPROPIADAS DEL SECTOR AZUCARERO
- FONDO DE EMPRESAS EXPROPIADAS DEL SECTOR AZUCARERO
- GRUPO AZUCARERO MÉXICO, S.A. DE C.V.
- GRUPO BETA SAN MIGUEL, S.A. DE C.V.
- INGENIO CENTRAL MOTZORONGO, S.A.
- INGENIO LA GLORIA, S.A.
- INGENIO LOS MOCHIS, S.A. DE C.V.
- INGENIO PLAN DE AYALA, S.A.
- INGENIO PUGA, S.A.
- INGENIO SAN NICOLÁS, S.A.
- INGENIO TAMAZULA, S.A. DE C.V.

- JUNTA DE CONTROVERSIAS AZUCARERAS
- PROMOTORA INDUSTRIAL AZUCARERA, S.A. DE C.V. (PIASA)
- SECRETARÍA DE AGRICULTURA, GANADERÍA, DESARROLLO RURAL, PESCA Y ALIMENTACIÓN
- SECRETARÍA DE SALUD  
Dirección de Normalización Sanitaria.
- SERVICIO DE ADMINISTRACIÓN Y ENAJENACIÓN DE BIENES UNIÓN NACIONAL DE CAÑEROS, CNPR
- UNIÓN NACIONAL DE CAÑEROS, CNPR
- UNION NACIONAL DE PRODUCTORES DE CAÑA DE AZÚCAR, C.N.C.
- UNIVERSIDAD NACIONAL AUTÓNOMA DE MÉXICO  
Facultad de Química.



SECRETARIA DE  
ECONOMIA

## **INDUSTRIA AZUCARERA - AZÚCAR ESTÁNDAR - ESPECIFICACIONES (CANCELA A LA NMX-F-084-1991)**

### **SUGAR INDUSTRY - SUGAR STANDAR - SPECIFICATIONS**

#### **1 OBJETIVO Y CAMPO DE APLICACIÓN**

Esta norma mexicana establece las especificaciones de calidad que debe cumplir el azúcar (sacarosa) estándar que se comercializa en territorio nacional.

#### **2 REFERENCIAS**

Para la correcta aplicación de esta norma mexicana se deben consultar las siguientes normas oficiales mexicanas y normas mexicanas vigentes o las que las sustituyan:

NOM-051-SCFI-1994	Especificaciones generales de etiquetado para alimentos y bebidas no alcohólicas preenvasados, publicada en el Diario Oficial de la Federación el 24 de enero de 1996.
NOM-092-SSA1-1994	Bienes y servicios. Método para la cuenta de bacterias aerobias en placa, publicada en el Diario Oficial de la Federación el 12 de diciembre de 1995.
NOM-110-SSA1-1994	Bienes y servicios. Preparación y dilución de muestras de alimentos para su análisis microbiológico, publicada en el Diario Oficial de la Federación el 16 de octubre de 1995.

NOM-111-SSA1-1994	Bienes y servicios. Método para la cuenta de mohos y levaduras en alimentos, publicada en el Diario Oficial de la Federación el 13 de septiembre de 1995.
NOM-112-SSA1-1994	Bienes y servicios. Determinación de bacterias coliformes. Técnica del número más probable, publicada en el Diario Oficial de la Federación el 19 de octubre de 1995.
NOM-114-SSA1-1994	Bienes y servicios. Método para la determinación de salmonella en alimentos, publicada en el Diario Oficial de la Federación el 22 de septiembre de 1995.
NOM-117-SSA1-1994	Bienes y servicios. Método de prueba para la determinación de cadmio, arsénico, plomo, estaño, cobre, fierro, zinc y mercurio en alimentos, agua potable y agua purificada por espectrometría de absorción atómica, publicada en el Diario Oficial de la Federación el 16 de agosto de 1995.
NOM-120-SSA1-1994	Bienes y servicios. Prácticas de higiene y sanidad para el proceso de alimentos y bebidas no alcohólicas, publicada en el Diario Oficial de la Federación el 28 de agosto de 1995.
NOM-145-SSA1-1995	Productos cárnicos troceados y curados – Productos cárnicos, troceados y madurados – Disposiciones y especificaciones sanitarias, publicada en el Diario Oficial de la Federación el 13 de diciembre de 1999.
NMX-EE-048-SCFI-2003	Industria azucarera - Sacos de polipropileno, sacos con liner de polietileno y sacos laminados para envasar azúcar - Especificaciones y métodos de prueba.
NMX-EE-223-1991	Industria del plástico - Envase y embalaje - Sacos de polietileno para uso industrial - Especificaciones. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 17 de enero de 1992.

NMX-F-079-1986	Azúcar - Determinación de la polarización A 293 K (20°C). Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 16 de diciembre de 1986.
NMX-F-082-1986	Ingenios azucareros - Cenizas sulfatadas en azúcares - Método gravimétrico. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 30 de diciembre de 1986.
NMX-F-253-1977	Cuenta de bacterias mesofílicas aerobias. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 8 de marzo de 1977.
NMX-F-255-1978	Método de conteo de hongos y levaduras en alimentos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 3 de marzo de 1978.
NMX-F-286-1992	Alimentos - Preparación y dilución de muestras de alimentos para análisis microbiológicos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 5 de junio de 1992.
NMX-F-294-1986	Industria azucarera - Determinación de humedad en muestras de azúcares. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 3 de noviembre de 1986.
NMX-F-304-1977	Método general de investigación de salmonella en alimentos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 8 de marzo de 1977.
NMX-F-308-1992	Alimentos - Cuenta de organismos coliformes fecales. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 5 de junio de 1992.
NMX-F-495-1986	Industria azucarera - Determinación de reductores directos en azúcares. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 15 de diciembre de 1986.

NMX-F-498-1987	Ingenios azucareros - Determinación de arsénico en muestreo de azúcares blancos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 20 de julio de 1987.
NMX-F-499-1987	Ingenios azucareros - Determinación de plomo en azúcares blancos y azúcar mascabado (crudo). Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 21 de agosto de 1987.
NMX-F-501-1987	Ingenios azucareros - Determinación de dióxido de azufre en muestras de azúcares blancos. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 21 de agosto de 1987.
NMX-F-526-1992	Industria azucarera - Determinación de color por absorbancia en azúcares blancos - Método de prueba. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 20 de marzo de 1992.

### **3 DEFINICIONES**

Para los efectos de esta norma, se establece la definición siguiente:

#### **3.1 Azúcar estándar**

Es el producto sólido derivado de la caña de azúcar, constituido esencialmente por cristales sueltos de sacarosa, en una concentración mínima de 99,40 % de polarización.

Este tipo de azúcar se obtiene mediante proceso similar al utilizado para producir azúcar crudo (mascabado), aplicando variantes en las etapas de clarificación y centrifugación, con el fin de conseguir la calidad del producto deseada.

### **4 CLASIFICACIÓN**

El producto que refiere la presente norma, se clasifica por su grado de calidad en azúcar estándar.



## 5 ESPECIFICACIONES

Para facilitar las especificaciones establecidas en esta norma, es recomendable que en la elaboración del azúcar (sacarosa) estándar, se industrialice materia prima de buena calidad, se apliquen técnicas adecuadas en su proceso y se cuenten con instalaciones higiénicas.

### 5.1 Físicoquímicas

El azúcar estándar producto del objeto de la aplicación de esta norma debe cumplir con las especificaciones establecidas en la tabla 1.

**TABLA 1.- Especificaciones físicoquímicas**

Parámetros de calidad	Unidad	Valores	Nivel	Método de prueba
Polarización	%	99,40	Mínimo	NMX-F-079
Color	U.I.	600	Máximo	NMX-F-526; inciso 10.4
Cenizas (sulfatadas/conductividad)	%	0,25	Máximo	NMX-F-082; incisos 10.5 y 10.6
Humedad	%	0,06	Máximo	NMX-F-294
Azúcares reductores directos	%	0,10	Máximo	NMX-F-495
Dióxido de azufre (sulfitos)	ppm	20,00	Máximo	NMX-F-501; inciso 10.9
Materia insoluble	ppm	N.A.		
Plomo	ppm	0,50	Máximo	NMX-F-499
Arsénico	ppm	1,00	Máximo	NMX-F-498
Partículas metálicas (hierro)	ppm	10,00	Máximo	OPCIONAL
Granulometría:				
Tamaño medio de grano	mm	N.A.		

UI Unidades ICUMSA.

NA No aplica.

### 5.2 Materia extraña

El producto objeto de la aplicación de esta norma, deberá estar libre de impurezas, que se derivan de su almacenamiento, tales como fragmentos de vidrio, plástico, metal, hilos de costal; así como cualquier otro contaminante de origen animal, vegetal o mineral.

5.3 Microbiológicas

El azúcar estándar producto del objeto de esta norma debe cumplir con las especificaciones establecidas en la tabla 2.

**TABLA 2.- Especificaciones microbiológicas**

Parámetro	Unidad	Límite	Método de prueba
Mesofilos aerobios	UFC/g	MÁXIMO 20	NMXF-253; NOM-092-SSA1
Hongos	UFC/g	< 10	NMXF-255; NOM-111-SSA1
Levaduras	UFC/g	< 10	NMXF-255; NOM-111-SSA1
Salmonella sp	-----	AUSENTE EN 25 g	NMXF-304; NOM-114-SSA1
Escherichia coli	NMP/g	AUSENTE	NOM-112-SSA1 NOM-145-SSA1

UFC                    Unidades formadoras de colonias.  
NMP                    Número más probable.

5.4 Sensoriales

El azúcar estándar producto del objeto de esta norma debe cumplir con las especificaciones establecidas en la tabla 3.

**TABLA 3.- Especificaciones sensoriales**

Aspecto	Granulado uniforme
Sabor	Dulce
Color	Marfil Variando el tono del claro al oscuro
Olor	Característico del producto

## **6 ALMACENAMIENTO**

Después de envasado el producto objeto de esta norma, para evitar su contaminación, se debe almacenar en lugares cerrados, frescos, con ventilación, secos, libres de polvo, higiénicos y que estén protegidos contra insectos, roedores, etc.

Vida de anaquel.- estando en condiciones adecuadas de almacenamiento se garantiza dos años la vida de anaquel.

## **7 MÉTODOS DE PRUEBA**

Para verificar las especificaciones de calidad, fisicoquímicas y microbiológicas establecidas en la presente norma, se deben aplicar los métodos de prueba indicados en el capítulo de referencias o en su caso, utilizar los métodos del ICUMSA que se indican en el capítulo de bibliografía.

## **8 MARCADO Y ENVASADO**

### **8.1 Marcado en el envase**

Cada saco o envase individual debe llevar en impresión permanente, legible e indeleble, los datos indicados en la norma oficial mexicana NOM-051-SCFI (ver 2 Referencias) que se establecen a continuación:

- Denominación del producto conforme a la clasificación de esta norma;
- El “contenido neto” de acuerdo con las disposiciones de la Secretaría de Economía (ver inciso 9.1);
- Nombre o razón social y domicilio fiscal del fabricante;
- Serie y número progresivo de fabricación y zafrá correspondiente (debe estar impreso en la parte inferior de los sacos);
- Identificación del lote, y
- La leyenda “Hecho en México”.

Los caracteres deben estar impresos en parte visible en todo momento.

## 8.2 Marcado en el embalaje

Se deben anotar los datos señalados en el inciso 8.1 para identificar el producto y además los concernientes para prevenir accidentes en el manejo y uso de los embalajes.

## 8.3 Envase

### 8.3.1 Envase en sacos de 50 kg

El producto objeto de esta norma se debe envasar en sacos que cumplan con la norma mexicana NMX-EE-048-SCFI (ver 2 Referencias).

### 8.3.2 Envase en sacos menores de 50 kg

El producto objeto de esta norma se debe envasar en un material resistente e inocuo, para garantizar la estabilidad del mismo, evitar su contaminación y no alterar la calidad ni sus especificaciones sensoriales.

## 8.4 Embalaje

Para el embalaje del producto, se deben usar cajas de cartón o contenedores de algún otro material apropiado, con la debida resistencia para proteger el producto, facilitar su manejo en el almacenamiento y distribución y no exponer la integridad de las personas encargadas de su manipulación (ver inciso 9.2).

## 9 APÉNDICE NORMATIVO

9.1 la leyenda "contenido neto" debe ir seguida de los datos cuantitativo y del símbolo de la unidad correspondiente, de acuerdo al sistema general de unidades de medida, expresada en minúsculas, sin pluralizar y sin punto abreviatorio; debe presentarse en el ángulo inferior derecho o centrada en la parte inferior, de manera clara y ostensible, en un tamaño que guarde proporción con el texto más sobresaliente de la información y en contraste con el fondo de la etiqueta. Este dato debe aparecer libre de cualquier otra referencia que le reste importancia.

9.2 las especificaciones de envase y embalaje que deben aplicarse para cumplir con los incisos 8.2 y 8.4, serán las correspondientes a las normas mexicanas de envase y embalaje específicas para cada presentación del producto.

**10 BIBLIOGRAFÍA**

- |       |                   |   |
|-------|-------------------|---|
| 10.1  | NOM008-SCFI-2002  | Sistema General de Unidades de Medida, publicada en el Diario Oficial de la Federación el 27 de noviembre de 2002.  |
| 10.2  | NMXF-084-1991     | Industria azucarera - Azúcar estándar - Especificaciones. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 17 de enero de 1992.                        |
| 10.3  | NMXZ-013-1977     | Guía para la redacción, estructuración y presentación de las normas mexicanas. Declaratoria de vigencia publicada en el Diario Oficial de la Federación el 31 de octubre de 1977. |
| 10.4  | GS1/3-7 (2000)    | Determinación de color en azúcar morena.  |
| 10.5  | GS1/3/4/7/8-11    | Determinación de cenizas sulfatadas en azúcar morena.   |
| 10.6  | GS1/3/4/7/8-13    | Determinación de cenizas por conductividad en azúcar morena.  |
| 10.7  | GS2/3-1 (1994)    | Determinación de la polarización del azúcar blanco.   |
| 10.8  | GS2/1/3-15 (1994) | Determinación de humedad en azúcares por desecación.  |
| 10.9  | GS2-33 (1994)     | Determinación de sulfitos en azúcar blanco.   |
| 10.10 | GS2-37 (1994)     | Determinación de la distribución del tamaño de partícula en azúcar blanco.  |
| 10.11 | GS2/3-19 (1994)   | Determinación de sólidos insolubles en azúcar blanco.   |
| 10.12 | GS2/3-43 (1994)   | Determinación de bacterias mesófilas totales en azúcar refinado.  |

- 10.13           GS2/3-47 (1994)           Determinación de levaduras y hongos en azúcar refinado.
- 10.14           ICUMSA.- Publications Department c/o British Sugar Technical Centre Norwich Research Park; Colney Norwich nr4 7ub, England.
- 10.15           Cane sugar handbook, -meade chen- 11 th. Ed. John wiley & sons, inc. New York isbn 0-471-86650-4, versión en español 1991, 1991, ed. Limusa primera edición: 1991 isbn-968-18-3662-6. Impreso en México.
- 10.16           Sugar cane factory control- john h. Payne, 5 th. Ed., elsevier publishing co., Amsterdam 1968.
- 10.17           Methods book (1994) with first (1998) and second (2000) supplements.- international commission for uniform methods of sugar analysis (ICUMSA).
- 10.18           Dirección de investigaciones de salud – Secretaría de Salud - Técnicas para el muestreo y análisis microbiológicos de alimentos.

**11                   CONCORDANCIA CON NORMAS INTERNACIONALES**

Esta norma mexicana no es equivalente a ninguna norma internacional por no existir referencia alguna al momento de su elaboración.

**México D.F., a**

**MIGUEL AGUILAR ROMO**  
**DIRECTOR GENERAL**

**RCG/DLR/MRG.**

# **ATTACHMENT 18**

October 7<sup>th</sup>, 2019  
Case No.: C-201-846  
Total Number of Pages: 6  
“Suspension Agreement”  
PUBLIC VERSION

The Honorable Wilbur Ross  
U.S. Department of Commerce  
International Trade Administration  
Central Records Unit, Room 1870  
14<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

**Re: Report on sugar export data  
for the period of July 1<sup>st</sup>,  
2019 to July 31<sup>st</sup>, 2019 and  
information on sugar quota  
allocation.**

Dear Secretary Ross:

On behalf of the Ministry of Economy of Mexico (Government of Mexico), please find enclosed the report on sugar exports for the period of July 1<sup>st</sup> to July 31<sup>st</sup>, 2019 submitted in accordance with Section VIII.B.1.a and b, and with Appendix II, of the Agreement Suspending the Countervailing Duty Investigation on Sugar from Mexico, signed between the US Department of Commerce and the Ministry of Economy on December 19<sup>th</sup>, 2014, as amended on June 30, 2017.

The Government of Mexico is providing both the business proprietary version (subject to the Administrative Protective Order) bracketing the BPI information, as well as a public version with brackets and deleting the information contained within.

This document contains the following attachments

- Report of the export licenses issued in July in 2019;
- Report on cancelled licenses in July of 2019;
- Report about refunds of unused sugar balance of licenses occurred in the month of July of 2019.
- Report on sugar exports for the month of July of 2019;





- Report of export licenses reissued due to changes in the port of export used to ship sugar to the United States in the month of July of 2019;
- Report on the quota allocations transfers for the month of July of 2019;

According to the revised Export Limit for the October 1, 2018 - September 2019 Export Limit Period, effective June 27, 2019, we are also submitting an additional report of quota allocations, export licenses, quota allocation transfers, canceled licenses, export licenses reissued due to changes in the port of export, and sugar export activity during month of July of 2019.

The exports data referred to above was provided by the Mexican Tax Administration Service based on its up to date records.

This document has been served in accordance with the attached certificate of service.

Aristeo Lopez  
Counsel for International Trade  
Embassy of Mexico

**CERTIFICATE OF COMPLETENESS AND ACCURACY**

I, Aristeo Lopez, certify that (1) I have read the attached submission, and (2) the information contained in this submission is, to the best of my knowledge, complete and accurate.

Date: October 7<sup>th</sup>, 2019.



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Aristeo Lopez  
Counsel for International Trade  
Embassy of Mexico

**CERTIFICATE OF SERVICE**  
**Suspension Agreement**  
**C-201-846**

I, Aristeo Lopez, hereby certify that a copy of the attached submission filed on behalf of the Government of Mexico was served on the following parties by email in the case of those who authorized it and by mail for the rest, on October 7th, 2019.

**ON BEHALF OF:**

American Sugar Coalition and its members: American Sugar Cane League, American Sugarbeet Growers Association, American Sugar Refining, Inc., Florida Sugar Cane League, Hawaiian Commercial and Sugar Company, Rio Grande Valley Sugar Growers, Inc., Sugar Cane Growers Cooperative of Florida and the United States Beet Sugar Association

Stan T. Bowen  
Andrew Lanouette  
Angelica L. Townshend

**OF:**

Cassidy Levy Kent (USA) LLP  
2000 Pennsylvania Avenue, NW  
Suite 3000  
Washington, DC 20006

**AUTHORIZED APPLICANTS:**

Robert C. Cassidy, Jr., Esq. (Lead)  
William N. Baldwin, Esq.  
Thomas M. Beline, Esq.  
James R. Cannon, Jr., Esq.  
Myles S. Getlan, Esq.  
Jennifer A. Hillman, Esq.  
Charles S. Levy, Esq.  
Jack A. Levy, Esq.  
David P. Sanders, Esq.  
Ulrika K. Swanson, Esq.  
Jonathan M. Zielinski, Esq.  
Nathaniel J. Halvorson, Esq.  
Heather K. Pinnock, Esq.  
Jeffrey B. Denning, Esq.  
Nazak Nikakhtar, Esq.  
Sarah Shulman, Esq.  
Patrick S. Edwards  
Deirdre Maloney  
Carl P. Moyer

**ON BEHALF OF:**

The Government of Mexico

**AUTHORIZED APPLICANTS:**

Matthew R. Nicely, Esq. (Lead)  
Joanne E. Osendarp, Esq.  
Lynn G. Kamarck, Esq.  
Alan G. Kashdan, Esq.  
Alexandra B. Hess, Esq.  
Scott Wise, Esq.

**OF:**

Hughes Hubbard & Reed LLP  
1775 I Street, NW  
Washington, DC 20006-2401

**ON BEHALF OF:**

Batory Foods Inc. and Batory de Mexico S.  
de R. L. de C.V.

**AUTHORIZED APPLICANTS:**



Susan Moyer  
B. Alekzander Sellers

Jill A. Cramer, Esq.  
Sarah M. Wyss, Esq.

**OF:**

Mowry & Grimson LLP  
5335 Wisconsin Avenue, NW  
Suite 810  
Washington, DC 20015

**ON BEHALF OF:**

Camara Nacional de Las Industrias  
Azucarera Y Alcoholera (Mexican Sugar  
Chamber) ("Camara"): Grupo Beta San  
Miguel, Grupo Azucarero Mexico, S.A.  
DE C.V., Grupo La Margarita, Grupo  
Motzorongo, Grupo Porres, Grupo Piasa  
Promotora Industrial Azucarera, S.A. DE  
C.V., Grupo Saenz, Grupo Azucarero Del  
Tropico, Grupo Garcia Gonzalez, Grupo  
Santos, Los Mochis, Puga, San Jose` De  
Abajo, San Nicolas, Panuco, El Molino,  
Azsuremex, San Gabriel, Fondo De  
Empresas Expropiadas Del Sector  
Azucarero ("FEESA")

**AUTHORIZED APPLICANTS:**

Rosa S. Jeong, Esq. (Lead)  
Philippe M. Bruno, Esq.  
Irwin P. Altschuler, Esq.  
Sandra K. Jorgensen, Esq.

**OF:**

Greenberg Traurig LLP  
2101 L Street, NW  
Suite 1000

"2019, Año del Caudillo del Sur,  
Emiliano Zapata".

Jeffrey S. Grimson, Esq. (Lead)  
Kristin H. Mowry, Esq.

**ON BEHALF OF:**

Imperial Sugar Company

**AUTHORIZED APPLICANTS:**

Gregory J. Spak, Esq. (Lead)  
Kristina Zissis, Esq.  
Ron Kendler, Esq  
Miguel Mayorga-Martinez  
Lee O Lynch  
Nicholas Seibert  
Marie-Alexandra Lewis

**OF:**

White & Case LLP  
701 13th Street, NW  
Washington, DC 20005-3807

**ON BEHALF OF:**

Zucarmex S.A. de C.V.

**AUTHORIZED APPLICANTS:**

Thomas Wilner, Esq. (Lead)  
Robert S. LaRussa, Esq.  
Lisa S. Raisner  
Paul F. Garvey

**OF:**

Shearman & Sterling LLP  
401 9th Street, NW  
Suite 800  
Washington, DC 20004

**ON BEHALF OF:**

The Government of Mexico

**AUTHORIZED APPLICANTS:**



**SE**  
SECRETARÍA  
DE ECONOMÍA

Washington, DC 20037

**OF:**

Pillsbury Winthrop Shaw Pittman LLP  
(Lead Firm)  
1200 Seventeenth Street, NW  
Washington, DC 20036

"2019, Año del Caudillo del Sur,  
Emiliano Zapata".

Stephan E. Becker, Esq. (Lead)  
Moushami P. Joshi, Esq.

Lori A. Panosyan, Esq.  
Sahar Hafeez, Esq.

**ON BEHALF OF:**  
CSC Sugar LLC

**AUTHORIZED APPLICANTS:**

Jeffrey S. Neeley, Esq. (Lead)  
Nithya Nagarajan, Esq.  
Stephen W. Brophy, Esq.  
Robert D. Stang, Esq.  
Cortney O. Morgan, Esq.

**OF:**

Husch Blackwell LLP  
750 17th Street, NW  
Suite 900  
Washington, DC 20006-4675

---

Aristeo Lopez  
Counsel for International Trade  
Embassy of Mexico