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131 Cong Rec S 15863

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TITLE: AGRICULTURE, FOOD, TRADE, AND CONSERVATION ACT OF 1985

SPEAKER: Mr. BOSCHWITZ; Mr. BYRD; Mr. DOLE; Mr. GORTON; Mr. HARKIN; Mr. HART; Mr. HELMS; Mr. MELCHER

TEXT: The PRESIDING OFFICER. Under the previous order, the Senate will now resume consideration of the unfinished business, S. 1714, which will be stated by title.

The assistant legislative clerk read as follows:

A bill (S. 1714) to expand export markets for United States agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes.

The Senate resumed consideration of the bill.

Pending: Dole motion to recommit the bill, with instructions to report back forthwith, with Dole Amendment No. 939, dealing with intermediate export credits.

Mr. DOLE. Mr. President, I understand that the managers on each side have been notified that we are now on the bill. They were both here earlier, but we were not quite ready.

While they are making their way to the Chamber, I want to indicate that I thank the service department for some overnight work in providing this 260-some page document. It has been available since 8:30 this morning on the desk of each Senator. For the most part, it is pretty much like the original, with some additions which I will discuss briefly in a moment.

What I should like to do while we are waiting for the managers of the bill to arrive is to discuss the amendment I propose to offer and the additions thereto. Then, follow that statement, if it is satisfactory with the managers, I would like to offer the amendment itself -- I assume there will be some debate on the amendment -- and to have a vote fairly soon up or down on the amendment, or however we can get some indication of the support for or opposition to the amendment.

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Let me indicate at the outset that this is very serious business and I know that Members on both sides have the same concerns and the same hopes for the American farmer.

We may have different views on how we achieve those goals, aspirations, or hopes and I do not quarrel with any Member on either side who stands up for the American farmer, but I suggest that the most important thing we could do as a body is to complete action on a Senate bill and send it to conference so that following next week's Thanksgiving recess we would be in a position to be in conference on a farm bill on December 2 and hopefully wind up a conference that week and be in a position to take final action the following week.

I assume we will be in session at least until December 13 and I would hope that if a farm bill is not completed we would be in session beyond December 13.

So I say at the outset I think we need to understand that no one has a corner on wisdom when it comes to agricultural legislation. I think everyone here has demonstrated that over the years.

We keep passing farm bills, and the farmers in many areas are in more and more difficulty. We try emergency legislation. We try to patch up legislation.

So far I think over the long run one can say that farm programs have been very helpful, but I would guess that many farmers would be very skeptical about someone who stood up and said, "I have a program that will take care of your problem."

They have been through that dozens and dozens of times. They have heard it from Democrats, they have heard it from Republicans, and they have heard it from politicians, people running around for the Presidency, the Senate, and Congress.

I do not suggest that all those statements are not well motivated, nor do I suggest for a moment that only the Federal Government has a responsibility for agriculture, nor do I suggest that sometimes there may be less than excellent management on the farm. There may be drought. There may be some problem around the world that the farmer cannot control, and there may be high interest rates. Federal spending in my view is one of the greatest causes of the farmer's present plight, and that is why many of us feel that we cannot bust the budget when it comes to agriculture.

So what we have done, and I think what has been done belatedly by some, is to find some way to put together some savings. We now believe that we have a package of savings of about \$11.5 billion or \$11.8 billion, depending on whether or not when I offer the amendment we have a rice provision in it. There is some question whether it actually serves any purpose for the rice amendment to be part of the amendment or part of the overall amendment, and if that is not included, that would be an additional \$300 million savings. It would be about \$11.8 billion in savings.

We will make that judgment here very quickly.

But it might be well to point out just what we are proposing. It is serious legislation. I believe it should enjoy bipartisan support. I believe that it will receive bipartisan support, and I would hope that my colleagues on both sides would take a look at it.

In my view it addresses many of the concerns expressed by Democrats and Republicans and having had some experience with farm legislation over the years it may not be perfect but it may be a bill that will be signed. I think that is the one point that everyone tries to sweep under the rug -- oh, well, the President is going to sign it; the President is going to sign it.

I must say I do not believe the President will sign a bill that is \$15 billion or \$10 billion or \$8 billion over the latest OMB estimates. If they are telling us that they might go as high as \$50 billion then that in itself is an increase from the standpoint of the White House position.

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It is going to take all the urging we can muster to get them to go above the \$50 billion.

In my visit with the OMB Director on Monday of this week, the meeting broke up because he was indicating \$50 billion is it, and I was indicating I would rather discuss the final figure with the President of the United States because in my view the President must make that decision.

So, again I believe for the most part colleagues on both sides are sensitive to the cost of the program. I believe that the people I have visited with this week representing hundreds of thousands of farmers, wheat farmers, corn farmers, soybean producers, whatever, representatives from those different groups and others want a farm bill. You cannot go to the bank with a veto. You cannot say, "Well, we had a good farm bill, but the President vetoed it."

Someone might be able to make some great political speeches and stir up some farmers -- they are already stirred up enough -- but you are not going to serve any real purpose or do any favor for the American farmer to say, "Well, I had a great bill. The only problem is it busted the budget, and the President vetoed it, and his veto was sustained." And there is no doubt about the President having a veto sustained, even if all of us from farm States voted to override. It would still be sustained. There is no question about that.

So I would guess that those who want to play games should say, "OK, we are playing games. We think there might be a seat or two involved in this and we would like to press everyone to the wall."

I think from that standpoint that may be short-term headlines but I do not think it makes a great deal of sense to the average farmer out there who is wondering why the bill has not passed.

We can fault one another for why it has not passed, but I can say from a wheat State we are the only real commodity group under pressure. I have been digging back in the files just to check, and I noticed in 1978 when I offered a flexible parity bill it passed the Senate by a vote of 55 to 39, supported by the distinguished Senator from Montana and others, that at that time Senators from corn producing States were complaining about the time because it was March, and they were feeling the pressure. They wanted a farm bill. And the former Senator from Iowa, my friend, Senator Clark, made a very impassioned plea on the Senate floor about how we have to get a farm bill passed because April is a critical time for corn producers.

Well, September and October is a critical time for wheat producers and they are already gone. We do not like to have November, December, January, February, and March go by before we finally address this problem.

So, again, I hope, without any spirit of anything other than trying to get a bill passed, that we will address the problem today, that we will obviously debate any amendments that are offered.

I know a number of Senators have amendments. But I also believe that there is some responsibility in the leadership to provide at least an amendment which can be voted up or down. If it loses, there could be another plan or they could just at that point decide "Well, the best thing to do is go ahead and say we cannot get a bill, we can get a veto, let the President veto it, and start over."

But anyone who understands the legislative process will understand if that is all we want, just a veto by the President and a statement then following that bashing the President and saying it is the President's fault, I am not so certain that such a statement will be made by everyone but I think after a few who do delight in doing that, we have the question of what we do after we have had our press conference and after we have criticized the President who is just freshly back from Geneva enjoying rather high popularity at that time? What happens then? Do we start over on a farm bill on December 10 or December 15 or December 20? I doubt it.

So then we go into another January. We are scheduled to come back January 21. Again I would indicate if I have any control over that schedule it would seem to me important enough from those of us from farm States if we do not get a bill passed this year we should come back earlier next year. If we even came back on January 6, January 10, or

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January 15 it would take a while for a bill to work its way through the House of Representatives and the Senate and back on the Senate floor.

So we will be looking at February or March. We start harvesting wheat in some parts of this country in May, and it would seem to me to be quite late for producers and it would put some pressure on other commodities to start to worry about a farm bill.

But having said that, I have had the pleasure of the opportunity to visit with a number of farm leaders, Democrats and Republicans. As far as I have been able to determine, I do not believe any of those leaders want a veto. They want a farm bill.

We are not agreeing with the President. The President would like to spend much less. We are trying to figure out a way we can bend the budget a bit and still get a bill signed by the President of the United States.

I have had some indication that the House is very willing to go to conference, and that they would like to work out something. As I said, we included another provision that would increase the savings to about \$11.5 billion with the rice provision, and \$11.8 billion without the rice provision, and whether or not that stays will be determined in the next 10 or 15 minutes.

Let me indicate briefly what this new proposal contains.

I think we can make available a summary sheet to Members. This is the latest version. This proposal would retain the committee version of the wheat, feed grains, cotton and rice titles with the 4-year freeze on target prices.

I would therefore suggest that if you want a 4-year freeze -- if that is where you are coming from -- this bill has it. It is in there. It has the committee provision. It has a 4-year freeze.

We had a new wheat, grain, cotton, and price provision that contained the following changes from the committee bill. For feed grains, cotton, and rice, freeze the target price at the 1985 level, and authorize the Secretary of Agriculture to reduce levels by no more than 5 percent annually for 1987, 1988, and 1989.

For 1986 through 1988 wheat target prices would be tied to a specific acreage reduction percentage, and producers would choose their own target price and corresponding acreage reduction, and we will set out to retire up to 40 percent. The target price would be about \$5.50.

That would go to \$5.20 in 1987, then a lower figure in 1988. For the crop year 1989, you set the target price at such level as the Secretary determines but not less than 85 percent of the 1985 target price. So I would suggest that flexible target prices is a concept that has been discussed before. It has passed the Senate before. As I recall, it had 20 cosponsors, broad bipartisan support, and I would hope that we would still have that same broad bipartisan support today.

It retains the committee-approved maximum acreage limitations or set-aside of 15 percent for feed grains, 20 percent for cotton, and 35 percent for rice for the 1986 to the 1988 crop year. Authority for such reductions would terminate beginning with the 1989 crop for wheat, feed grains, cotton and rice.

So I must suggest as a practical matter the authority may expire but I do not believe the acreage limitations will expire that quickly.

It would also authorize the Secretary to increase the maximum acreage limitation for wheat, feed grains, cotton, and rice by 5 percent if estimated carryover would exceed annual usage of the particular commodity by 33 percent or more.

We would require target price deficiency payments be calculated on a 12-month average price instead of the 5-month average market price. We change the marketing loan for rice. We are not certain this provision will be in, but

that would be changed for rice to lower the redemption floor to 50 percent of the loan level for the 1986 and 1987 crops, 60 percent for the 1988 crop, and 70 percent for the 1989 crop.

It would also authorize the Secretary to provide up to one-half of the differential between the loan rate and redemption rate in negotiable certificates redeemable in CCC rice. It would also require the Secretary to make up to one-half of any loan deficiency payment for the 1986-89 crops of rice in negotiable certificates redeemable in CCC rice. Again those are tentative provisions which may or may not be in the amendment that I will offer here.

We would also require a marketing loan for the 1985 crop of rice with repayment of the loan at the world market price, the differential between the loan rate and the redemption rate could be provided in negotiable certificates redeemable in CCC rice.

It would also authorize the Secretary to make loan deficiency payments to producers for the 1985 crop of rice who forgo receiving the loan. Provide that for the 1986, 1987, and 1988 crops producers participating in the wheat-feed grain programs will receive the difference between the target price and the USDA's estimated price for the purpose of costing out the Senate bill if lower than average market prices are received by farmers. That is the so-called up-side amendment, which I still do not understand. [Laughter.]

In addition, we would alter the conservation reserve -- I think it is a good provision. I see the Senator discussing it with the distinguished Senator from Iowa, Senator Grassley. It would alter the conservation reserve program to require the Secretary to enter no more than 5 million acres in 1986, 10 million acres in 1987, 10 million acres in 1988, 10 million acres in 1989, and 5 million acres in 1990.

The committee-approved bill required 10 million acres in 1986, 10 million in 1987, and 5 million in 1988. I guess the net effect is that we would increase it from 25 million to 40 million acres and require at least 5 million of the total acres entered in the conservation reserve to be devoted to trees.

That is in an area of particular interest to a number of our colleagues.

We require a 50-percent cost-sharing in establishing the appropriate cover crops for the conservation reserve. We authorize advanced deficiency payments to be made in CCC commodities or negotiable certificates redeemable in CCC commodities. It would reduce the intermediate-term export credit program from \$1 billion in direct credit annually to \$500 million annually in loan guarantees.

We reduce from 25 to 20 percent the Secretary's authority to transfer Farmers' Home guaranteed loans into a direct loan fund.

We retain the farmers home emergency disaster loan cap at the current level of \$500,000 for disaster instead of \$200,000 as in the committee bill.

It would require the farmers home emergency disaster loan to be available to producers in disaster counties who double crop if they experienced a 50-percent loss of one crop. That provision we discussed last evening. It is of particular importance to the States of Florida, Louisiana, and other Southern States where they have had devastating hurricanes.

We would provide the discretionary authority for the Secretary to make disaster payments on the 1985-89 crops of soybean, sugarcane, and sugar beets. We require the President to use all available authorities to enable the sugar program to be operated at no cost except administrative costs. I think that ought to deal with concerns of a lot of people who are concerned about the cost of these programs. It would be a no cost program. We believe it is a good provision.

For the 1985 soybean crop, loan rates would remain at \$5.02 per bushel, and for the 1986 to 1989 crop the loan rate would be set at 75 percent of the average market price, dropping to high and low years with no minimum. For the 1985

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crop only, producers holding or eligible to hold, soybean loans shall receive a payment of \$35 per acre, of which \$5 is paid in kind in exchange for agreeing to redeem the loan at \$5.02 or forgo receiving the loan.

Producers who have marketed 1985 crop soybeans would also receive such payments. Producers with loans outstanding upon enactment of this legislation will have the interest on those loans forgiven if within 60 days after enactment they repay the loan at \$5.02. We have many large soybean-producing States, Minnesota, Iowa, Nebraska, Kansas, Missouri, and there are a number of other soybean-producing States.

They have been very active in suggesting to Members on both sides some provision for soybeans. They are trying to stay away from the price supports and all the other programs. They have operated fairly well outside farm programs. They believe that this one-time payment might be very helpful. I believe Iowa and Illinois are the largest soybean-producing States.

That amendment is one which has been discussed on both sides of the aisle and one in which Senate Boschwitz had a particular interest. Senator Andrews also had a particular interest in it, as well as Senator Abdnor, not only in soybeans but sunflowers as well.

For the 1985 sunflower crop, the Secretary would make payments based on \$35 per acre of sunflowers planted.

Mr. President, that is sort of the outline that we have of the proposal.

Let me also indicate that the amendment also includes savings on wheat, feed grains cotton, and rice for a total of \$4.2 billion over 3 years. The package savings are \$7.6 billion, minus \$300 million for rice, plus \$4.2 billion.

If rice is retained, it would be \$11.5. If rice is excluded, it would be \$11.8.

Sixty-five billion dollars minus \$11.5 billion is \$53.5 billion minus \$600 million.

As I think the distinguished Senator from Montana told us yesterday, we are going to get some savings from dairy, maybe \$500 or \$600 million.

That would bring the total cost of the bill, unless we have a lot of other amendments in the next day-and-a-half or so, to \$52.9 billion. That is in the ball park. It seems to me we are getting down to the point where we can make a pretty strong case, if we can shave a little more off. Even though it is an expensive program, it ought to be signed by President Reagan and it ought to be done this year.

Mr. President, both managers are now on the floor. I would like to offer the amendment. I think there were some minor changes made.

AMENDMENT NO. 1065 TO AMENDMENT NO. 939

(Purpose: To make cost reductions in the bill)

Mr. DOLE. Mr. President, I send an amendment to the desk.

The PRESIDING OFFICER (Mr. Kasten). The clerk will report.

The bill clerk read as follows:

The Senator from Kansas [Mr. Dole] proposes an amendment numbered 1065 to amendment numbered 939.

Mr. DOLE. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

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Mr. MELCHER. Mr. President, reserving the right to object, might I inquire if I can be recognized soon? I do not want to have the amendment read. I have a very brief statement to make. I would like to have the chance to know when I can make that statement.

Mr. DOLE. Mr. President, if the Senator will let me yield to the chairman briefly, I will then yield the floor.

Mr. MELCHER. Mr. President, we have had a considerable amount of time for discussion over there and a lot of quorum calls. All I am asking for is recognition to make a short statement.

The PRESIDING OFFICER. Is there objection to dispensing with further reading of the amendment?

Mr. MELCHER. Reserving the right to object, Mr. President, I have not had an answer to my question.

Mr. DOLE. Mr. President, I indicated earlier that the discussion was being conducted in order to save time. I do not have any desire to speak after this, but I think the distinguished chairman and probably the ranking Member would like to speak on the amendment.

The PRESIDING OFFICER. Is there objection to dispensing with further reading of the amendment?

Mr. MELCHER. Reserving the right to object, I am addressing a question to the majority leader. I have no desire to object to dispensing with the reading of this amendment, but unless we can have an agreement, I feel we ought to have a discussion about it.

The PRESIDING OFFICER. The clerk will report the amendment.

Is there objection?

Mr. MELCHER. Reserving the right to object, Mr. President, I think my statement was clear. I made a request to make a brief statement if we did not read the amendment. I think that is a very legitimate request.

Mr. DOLE. It may be a legitimate request, but I think the chairman might -- --

Mr. MELCHER. I understand the chairman might have a statement and we might have a quorum call after that. His statement may be a half hour or three-quarters of an hour. All I want to do is plan my time.

Mr. BYRD. Mr. President, I object to dispensing with further reading of the amendment.

The PRESIDING OFFICER. Objection is heard. The clerk will report.

The bill clerk resumed reading the amendment.

Mr. HELMS addressed the Chair.

The PRESIDING OFFICER. The Senator from North Carolina.

Mr. HELMS. I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection?

Mr. HARKIN. Reserving the right to object, Mr. President.

Mr. HELMS. Mr. President, I withdraw my request.

The PRESIDING OFFICER. Is the Senator from Iowa objecting or reserving the right to object?

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Mr. HARKIN. I reserved the right to object to get clarification on some provisions of this amendment that was just laid down.

Mr. HELMS. Mr. President, I believe I am managing this farm bill. I withdraw my unanimous-consent request.

The PRESIDING OFFICER. The clerk will continue reading the amendment.

The bill clerk resumed the reading of the amendment.

Mr. HARKIN. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

Mr. GORTON. I object.

The PRESIDING OFFICER. Is there objection?

Mr. GORTON. I object.

The PRESIDING OFFICER. Objection is heard. The clerk will read the amendment.

The bill clerk resumed the reading of the amendment.

Mr. HELMS. Mr. President, I ask unanimous consent that further reading of the amendment be dispensed with.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

Mr. HELMS. I thank the Chair. Mr. President, I shall be brief, as I intended to be all along. We spent a lot of hours on this compromise, and I must inject the words "so-called." I will not review the circumstances of how we got to this point, but suffice it to say that this package is a consequence of obviously partisan attempts to force a Presidential veto on the farm bill. Now, I have no crystal ball, and I certainly do not presume to speak for the President of the United States, so I do not know what is going to happen. But I do know it is imperative that we get a farm bill through the Senate, get it to conference, and see what we can do to clean it up there.

Just as it turned out that those of us who believe that this farm bill is excessive and counterproductive, we lacked just one vote of the requisite number of votes to report a 1-year freeze from the Committee on Agriculture. We had one Senator from the majority side who constantly and repeatedly by his vote transferred the majority to the minority, which is his privilege. It now seems apparent that we are just a very few votes shy of the required number to pass the kind of farm bill that the President could approve, but we have to play the cards which have been dealt us and I understand that, and I have been willing to go along with it provided there are certain understandings about what happens down the road. And those have been satisfactorily reached insofar as the Senator from North Carolina is concerned.

Now, I would say for the record -- and I think most Senators know this -- that every effort has been made every step of the way to secure the votes necessary by making specific but acceptable modifications in various parts of the commodity titles. Under any normal expectation, reason and compromise would have resulted in specific commitments for votes. But unfortunately, day after day, this did not happen. We did the best we could. I say again that the best thing we can do for the tobacco farmer, the corn farmer, the wheat farmer, all the farmers, is to move this Government toward a balanced budget and get interest rates down so that the farmers of America can compete in the world market.

This bill will not do that. I have, I must be frank to say, apprehension about the bill as it stands even with the compromise, but we will see.

In any case, the normal expectation of the legislative process has not been operative in the Senate, and with all due respect to my friends on the other side of the aisle, and as the distinguished majority leader has said earlier, the eyes of so many in the Senate have not been focused on a farm bill that makes sense but on the elections next year. There has

been a constant insistence in the most strenuous way that the ranks not be broken on one side of the aisle. We have seen a deliberate attempt to enact the kind of legislation certain to draw a Presidential veto. I can protest all I like that this is a bad way to legislate, but I am just one Senator. I still say that if one looks at the arithmetic of the farm bill which was reported out of the committee, not to mention other things that have happened, it is evident that this farm bill, unless improvements are made, will not do a job for the American farmer and certainly not for the taxpayer.

So that brought us to the point at which we find ourselves now.

The distinguished majority leader and I have the obligation to provide protection to our side; and, in order to accomplish that, Senator Dole and I have met with numerous Senators in an effort to forge a compromise. Out of that emerged a package that is not satisfactory to this Senator, but it is an effort to get this bill moving and get it to conference and see what can be accomplished there. In any case, we established from those discussions with various Senators some things that seem very clear.

Modifications to the pending Dole-Lugar 1-year freeze package would still be lucid in terms of securing the necessary votes. But there are modifications that may occur as we proceed with the bill, assuming that we will. Some of them may extend protection to Members of the Senate who have political schedules next year -- on both sides.

So, as a practical matter, this course of action has the effect of taking the bill directly to conference with two mutually exclusive provisions. This is not establishing a sort of precedent. It has been done before, and I imagine that it will be done again. In any event, it means that the decision as to whether Congress wants to taunt the President into a veto will rest with the conference rather than with the Senate as a whole.

Let me be candid about it, and I say this with no disrespect to anyone. I have reached the conclusion, and I believe it is shared by the majority leader, that I see no advantage to farmers or to the economy in general from playing cat and mouse with the President, taunting him to veto. I do not want to be a party to such a thing.

So, part of the modification offered here is designed to assure protection to Senators from being placed in an untenable position in terms of their votes and political use of those votes. I confess that.

With all that done and said, Mr. President, I am not intimidated by the prospect of voting against a farm bill. I think I have already demonstrated that.

As I have said a number of times on this floor, I take no pleasure in having been, this year, the first chairman of the Senate Agriculture Committee to vote against reporting a bill which I considered a rape of the taxpayers. I shall not hesitate to oppose legislation which I think is unfair, inequitable, and self-defeating.

I have been a party to the development of the details of this modification. I have had to swallow hard, had to hold my nose.

I am reminded of a former Governor of Virginia, Governor Tuck, a delightful gentleman, who used to go every year to a rockfish muddle down on the banks of the Roanoke River in Southside Virginia.

The local people would cook up the fish stew, and then everybody who indulged in alcohol would have a few libations of homemade liquor. Not being a drinking guy, to watch them screw up their faces when they would drink it, it must have been terrible.

Governor Tuck told about the two gents who went to the rockfish muddle 2 or 3 years previously and they got some of their bootleg liquor, a glass each. One fellow pulled out a gun and said to the other, "Drink that." So, looking at the gun, the other fellow drank it.

Then the first fellow handed his gun to the other guy and said, "Now hold the gun on me and make me drink it."

[Laughter.]

That is pretty much the way this farm bill is to some of us. Neither the present bill nor the present package -- I say again, for the purpose of emphasis -- meets our obligations under the budget resolution. Both of them repeat all the farm policy mistakes of the past -- the failed policies.

Therefore, I told the majority leader, while we were negotiating and working out the details, that it is my intention to take this package to conference, and I hope it can be improved upon. I want a farm bill, but I want a farm bill that makes sense. I want a farm bill that is fair to the American taxpayers. I want a farm bill that has some likelihood of increasing the hope of recovery in American agriculture. Whether we can achieve that, I do not know. I do know that we cannot continue the impasse after impasse that we have experienced.

I expect that this package will win approval of the Senate; but for it to become law, it will either have to be modified in conference or modified after a veto. I am convinced of that.

I do not presume or pretend to be speaking for the President of the United States, but I think I know fairly well how he feels. This action today gives us one more chance to avoid an unnecessary veto. I hope the Senate will rise above all that, and I trust that we will.

Mr. President, I alluded to the failed policies of the past, and I think that any fair-minded, intellectually honest observer would acknowledge that these failed policies have brought the American farmer to the plight he is now experiencing.

The past and present farm policies have contributed markedly to a downward spiral in the farm economy.

In the period from 1981 to 1984, real net farm income declined 27 percent from the previous 4-year period while direct Government payments increased by over 350 percent. You do not have to know much about farm policy to understand that we have been going the wrong way, hurtling toward disaster. Just those two simple facts should tell us enough.

At the time the 1981 farm bill was enacted, it was estimated to have a 4-year cost of \$11 billion. I remember it well. I thought that was something we should be alarmed about. But, you know, Mr. President, under that act, actual outlays for farm programs will have exceeded \$63 billion, just about 600 percent more than was projected back in 1981.

These massive increases in Federal outlays for agriculture for the past 4 years have demonstrated that the answer to the farm problem is not more and more Government spending, greater and greater subsidies, distributed indiscriminately. No.

The immense spending increases are directly responsible for the massive surpluses that have resulted in the diminished ability of farmers to earn profits in the marketplace.

Parenthetically, Mr. President, I might relate all of this to a commodity that is important to my State, tobacco.

I have been telling the growers, the farm organizations, everyone else connected with the so-called tobacco family for years, that this business of having support prices above the market price is a road to disaster. Not many people listened to me at first and then the enormous surplus became self-evident and we reached a crisis stage where in this Congress there was a predisposition among some to abolish the program.

So we have drafted, introduced, and the Senate has passed legislation to reduce the support price of tobacco below the market price. I am sure I am not the most popular fellow in North Carolina among some of the tobacco farmers. But I think they understand that their choice was to have a program that may make sense rather than one that will have them to continue to produce for the Government. People say it is not the Government, that it is stabilization. Well, one looks

at what happens to the taxpayers in all of these farm programs where the surpluses build up and you see who is the victim -- the taxpayers who are required to pick up the tab.

So I think it is important to confront the question head on and be honest about it. If we will not be honest about it in our public declarations, at least be honest with it to ourselves by confronting the question of why have farm programs proven to be counterproductive.

I think the answer to that is absolutely inescapable. The price supports are greater than the market value of the crops. The subsidies are not paid on the basis of the farmer's demonstrable need or financial distress. The subsidies are paid on the units of production by the bushels, by the pounds, by the hundredweight. So you have the economic anomaly that the more of a particular crop a farmer produces, the greater amount of subsidy money he gets from Uncle Sam in Washington. The trouble with that is Uncle Sam is the taxpayers of this country.

Mr. President, we went through 35 or 40 years in this country where everyone shoved toward the trough to get some of the free money from Washington. Now they are finding out it was not free.

They find out that Mr. and Mrs. Joe American and their children and their children's children are, and will be, picking up the tab for programs that have encouraged and induced farmers to produce -- not for the marketplace, but for the Government.

The subsidies furthermore, and I have tried and tried to make this point, the subsidies offer the greatest benefits and assistance to the large farmer which also by definition means those farmers who need help the least. I imagine that some of the small farmers if they really recognized what has been going on in terms of the distribution of cash from the Federal Treasury, they might get on their tractors again and come here. They might well say: "Look here, buddy, you talk all the time in your political speeches about the family farmer and how you love the family farmer. But we have found out that you don't care anything about the family farmer. You care about the big farmer."

I wish my friends in the media would just do an exhaustive review of who has been getting the big bundles of Federal cash. I think that would focus attention upon what some of us have been trying to say in connection with producing a farm bill. Because Congress requires the Government, in effect, to purchase everything that a participating farmer produces at the so-called loan rate level, of course there is a compelling inducement for farmers to do exactly that and to collect the subsidies.

I was very interested in a USDA estimate that the current market price for wheat is about \$2.80 and the loan rate is \$3.30. It is \$3 in this bill, if I remember correctly.

So what happens? The farmers pour the fertilizers and they produce, not for the marketplace, but for the Government so they can get the subsidy.

In addition, direct subsidy payments known as deficiency payments are paid in the same way. The target price is \$4.38 -- \$4.55 for 80 to 85 percent of the production, and \$4 for the rest in this bill -- and there are similar programs for feed grains, cotton, and rice. The intention is to try to create a price floor in the marketplace for these commodities for the income support for the producers of these commodities. Nice try, fellows. But it just has not worked. It is not going to work. I will tell you why.

The U.S. agriculture production system is the greatest in the world. It is geared to produce for the export market. Parenthetically, I might suggest that we take a look at what has been going on in that area. More than 40 percent of everything American farmers produce must be sold in export markets, and the United States now controls about 50 percent of all world trade in agriculture.

So many people will fail to consider that foreign farmers operate under the protection of the U.S. Price Support Program. Oh, they watch what we are doing. And they are clever. They know that our Government will purchase from

our farmers anything they produce but cannot sell. The foreign farmers are keenly aware that if they just undercut at the margin the price at which the U.S. Government will take commodities off the market, there go our export markets.

And I might suggest that 50 percent of the world trade is a very large market for our foreign competitors to target, and target that 50 percent they are doing.

They are absolutely delighted when we have the high subsidy rates because that means that they can raise their prices, but just keep them a little bit lower than ours. That is what they have been doing. Price supports established above market clearing levels have stimulated production here and stimulated production overseas creating competition for American farmers that they otherwise would not have confronted.

After rising from 40 percent to 60 percent of world trade during the 1970's, U.S. agricultural exports have fallen to the present level of about 50 percent.

The cumulative loss in U.S. grain exports over the past 5 years totals nearly 100 million tons -- roughly equivalent to losing 1 full year of grain exports.

Meanwhile, unmarketable U.S. surpluses stored under the price support programs overhang the market, and they further depress prices farmers receive in the marketplace.

Then what? This results in all kinds of dislocations such as declining land values, increases in production of other crops and livestock. And when the surpluses become so great that there is literally no more physical storage space as was in the case of the autumn of 1982, and as is predicted to be the case after the record 1985 crops are harvested, policymakers -- that includes us -- are then forced by sheer circumstances to turn to efforts to restrict production.

The largest acreage reduction program in the history of the world, PIK, Payment in Kind, was implemented in a frenzy in 1983 for precisely this reason.

Over the past 4 years more than 125 million acres have been idled through Government supply controls programs. This has caused tremendous loss of income to farmers, and everyone else in the farm economy -- and everyone else, whether they are in the farm economy or not. I am talking about the taxpayer.

Yet the total world production, and total world trade have increased while the United States share has been falling.

So I say again that the foreign farmers, our competitors in the world market, understand what we are doing to ourselves. They can see us shooting ourselves in the foot. They say hooray for the U.S. Congress and the bureaucrats because they are just making our day.

In 1983 when the United States removed 80 million acres in the PIK Program, our foreign competitors picked up the slack. They increased their acreage by 13 percent.

So, Mr. President, this business of having a Government-controlled farm economy has not worked, it is not working, and it will not work because policies that induce more and more production in the face of massive surpluses for which there is no ready market put U.S. agriculture -- read that, "U.S. farmers" -- in a position of a dog chasing its tail.

Loan rates and target prices above market levels stimulate production, and help turn U.S. markets over to foreign producers. When will we wake up and smell the coffee and understand that?

Surpluses accumulate, and put downward pressure on prices, and land values fall as farm units have trouble producing positive cash flows. Farmers who had not previously participated in these entitlement programs, by the way, have felt compelled to sign up meaning ever-increasing cost to the taxpayers, and ever-increasing inducements to the medicine that made us sick in the first place: excessive production.

Calls then come forth for further production controls and even higher price supports in an effort to support the very price income that was driven down by subsidies that were too high to begin with.

These actions, when taken, induce even greater surpluses, and result in pressure for starting the cycle all over again.

I guess, Mr. President, the most startling aspect of all this is that the small, and the medium-sized farmers are the ones who are hurt most. They are impacted the greatest by this bizarre scenario that Congress has been unwilling to confront.

I say again that the larger farmers are generally those whose variable cost of production are the least. Of course, they have traditionally had access to the greatest amounts of capital, technology, and they can most readily adapt to changing conditions. Yet, on this floor and off this floor, everybody makes speeches about, oh, I love the family farmer, the small guy. Well, get this, Mr. Small American Farmer: this Senate really does not love you. Otherwise, the Senate would not be doing to you what it has. Because the larger farmers' costs of production are generally lower, they find the price supports to be much more generous than the small farmer whose production is smaller and whose costs are higher.

So the farmers at the lower end of the cost-production curve simply apply the relatively lucrative price support payments and protections to purchasing more and more input and technology. In this way, they attempt to increase their net income by producing and selling more and more bushels, more and more pounds, more and more hundredweights for which they receive more and more subsidies and payments.

That was the objection to this farm bill when it was reported out of the committee. That has been my objection heretofore. I have not been able to articulate effectively enough or there have been an awful lot of deaf ears around.

But the anomaly persists. The most vocal advocates of the family farmer are the ones calling for increased price supports, and what they are doing when they do that is creating and exacerbating a perverse cycle over and over again.

I do now know how long it will take the small farmer to understand this. Maybe never. But at a minimum it needs to be understood that only about 30 percent of the value of U.S. production is covered by farm programs to start with. There are no subsidies or price supports for livestock or perishable commodities, such as fruits, vegetables, and other specialty crops. So the loan rate and target price programs cannot begin to address the problem of income support for the farm sector. The income support function of the 1985 farm bill will never help farmers who produce 70 percent of our agriculture output.

I think that is something we ought to consider.

How about the 30 percent of the value of production that is covered? Surely, it would be reasonable to expect that the \$65 billion we are talking about spending over the next 4 years in this bill will go to assist the farmers experiencing financial distress. Do not count on it, Mr. Distressed Farmer.

Exactly the opposite is going to be the case. You will hear the rhetoric. You will hear those of us who are trying to move toward sound farm policy castigated. That is fine. I am used to that.

You see, Mr. President, these programs operate as nonmeans tested entitlements paid to farmers, not on the basis of financial condition but on the basis of bushels, pounds, and hundredweights. These units of production are inanimate objects. Obviously, they do not experience financial stress. Only farm businesses can experience financial difficulties.

Financial difficulty for a farming business can be gauged by changes in its asset value, its debt, its cash income. That is to say on the basis of his equity and his cash-flow.

The most recent data available on this subject is contained in a report issued I think back in July by the USDA entitled "The Financial Characteristics of U.S. Farms, 1985."

I recommend that as reading, not light reading, for anybody who might be interested in trying to restore stability to the American farmers.

The bottom line, I guess, is this: There is enormous relative wealth in the U.S. agricultural industry. It is the little guy who is not getting his piece of the action. The average net equity for farming operations with gross sales greater than \$250,000 was \$904,446 on January 1 of this year. The average net equity for all farming operations with gross sales between \$100,000 and \$250,000 was \$429,891 at the beginning of this year. The statistics for farms with gross sales between \$20,000 and \$100,000 was \$246,220. This compares to the net equity of the average American family of about \$92,000.

To those who would say, "Whoa. Look at all the farmers way below that."

That is the point I am making. Let us do look at them and stop this charade of saying we are looking after the family farmer because it is just not so, Mr. President.

Farmers as a class, have net annual incomes that often greatly exceed that of the average American family. Average annual income for American families is about \$24,800 per year. The average net income for farm families with farming operations grossing more than \$250,000 was \$96,889 in 1984. Average net income for the \$100,000 to \$250,000 gross sales farm was \$36,273. The same figures for those farming operations with gross sales between \$20,000 and \$100,000 was \$17,602.

Of course, there are many farmers in these different sales categories whose incomes were less than these average amounts. But, as in any averaging of statistics, for every farm family that had income less than the amounts indicated here, there was a farm family that had net income greater than these amounts. Farm programs provide their benefits by definition to the larger farmers, and therefore, by definition, to the most wealthy farmers.

I say again to my friends in the news media, "If you will just concentrate on who is getting what and how much, maybe a lot of eyes will be opened."

The most substantial part of the equity base of American farms is land. Of course it is. A lot of farmers made imprudent business judgments. The best way to know whether they are imprudent is to see the effects. That is the way it is in all businesses, including farming. A lot of my friends were riding that inflation curve upward, thinking there was no tomorrow.

They bought land on credit, thinking that the price would never fall. Improper use of borrowed capital is a major cause of the distress, the vast majority of the distress, that exists in this country.

Farmland prices peaked in 1981 after three decades of uninterrupted increases. By April 1984, farmland prices had dropped 8 percent nationwide, and by as much as 28 percent in parts of the Corn Belt and upper Midwest. Land values will probably continue to decline further in 1985 -- and will surely do so if present farm policies continue to induce massive surpluses constantly driving prices lower and lower. Many farmers who purchased land or started farming in the late 1970's now have debts exceeding the value of their assets. But the fact remains that even with depressed land values and correspondingly reduced equities, American farm families -- on the average -- have net worth equity positions and net annual incomes which greatly exceed that of the average American family.

However, this relative wealth says nothing about debt-to-asset ratios, and that is where most farmers who are experiencing financial stress are most severely impacted. USDA estimates that by the end of 1985, 4.6 percent of all U.S. farms will be technically insolvent, with debt/asset ratios exceeding 100 percent. Another 2.6 percent are projected to be in the "very highly leveraged" category, with debt/asset ratios between 70 percent and 100 percent. Another 19.5 percent are expected to be in the "highly leveraged" category, with debt/asset ratios between 40 percent and 70 percent.

The remaining 71.9 percent of American farmers are not experiencing -- nor are they expected to experience --

financial difficulty in 1985. And, it is important to note, not all of the farms in the highly and very highly leveraged categories are under serious financial stress. Farms with less than \$50,000 in sales obtain much of their income from off-farm sources, and often serve as tax shelters for the very wealthy. Very large farms with over \$500,000 in sales tend to be highly industrialized specialty operations and typically operate with high debt/asset ratios. Most of these farms have positive cash-flows.

There is very real and often livelihood-threatening financial difficulty for a relatively large number of farmers. The American people have great sympathy for the problems these families face and surely intend that those who can be helped should be. At current rates of interest and levels of net return for farming, farms with debt to assets ratios over 40 percent are likely experiencing cash shortfall. Many will not be successful in keeping their businesses.

Nobody is sadder about that than I am. However, a lot of hardware store operators, grocery store operators, and others in small businesses have had the same problem, and there is no program for them.

But for the kind of small farmer who somehow got himself overextended, largely through this Congress where we work, largely as a result of the enormous deficits, the cash-flow problems of these small farmers are increasing, and I think they are directly attributable to the policies of this Government in terms of agriculture and in terms of spending in general.

But the first thing in the consideration of the farm bill that we need to address is the situation of massive surpluses and increases in production by price support subsidies that are paid to all farmers, and mainly to the farmers with the highest income and with the least degree of financial stress.

If that makes sense, I want somebody to explain it to me. I had no satisfactory explanation in the markup of the farm bill. That is the reason I was in the position of having to be the first chairman of the committee to vote against the farm bill.

In any event, the point is this: The immense cost of the provisions of this farm bill, and I include the package which is now the pending business, has very little to do with helping farmers in distress. Apparently these instruments of policy have been mandated over the years by Congress to operate in such a way as to contribute significantly to the very distress that over 30 percent of the farmers are facing today.

The farm price support programs indiscriminately just pour out subsidies on 100 percent of eligible production, I reiterate for the purpose of emphasis, inducing surplus eligible production. This causes even greater distress for the 20 to 30 percent of the farmers to whom the American people would cheerfully extend a helping hand, the little guy -- you know, the small farmer, the small family farmer that we all weep copious tears about on this floor and in all of our political speeches. It would come right back here and exacerbate the problem of the small farmer.

Mr. President, as I conclude, I emphasize that this bill without some modification, which I hope will occur in conference, is bad news. But we shall see. We shall do the best we can.

I thank the majority leader for his patience and his indefatigable efforts in trying to draw up a compromise that would be acceptable to the extent that we get the votes to pass the farm bill. I commend the majority leader and I wish him well.

I yield the floor, Mr. President.

AMENDMENT NO. 1065, AS MODIFIED

Mr. DOLE addressed the Chair.

The PRESIDING OFFICER. The majority leader is recognized.

Mr. DOLE. Mr. President, as I indicated earlier, we had a very lengthy amendment and we were working on a modification of that amendment. It deals with rice. I send that modification to the desk.

I shall say briefly that it makes the marketing loan provisions for both options -- either the 1 year or the 4 year -- consistent. It was an amendment that I know the rice State Senators have an interest in. I apologize for taking a while to prepare the modification, but as I have indicated earlier, these are very technical matters.

Amendment No. 1065, as modified, is as follows:

Mr. DOLE proposed an amendment, which was subsequently modified, to amendment No. 939 proposed by him to the motion to recommit, with instructions, the bill (S. 1714) to expand export markets for U.S. agricultural commodities, provide price and income protection for farmers, assure consumers an abundance of food and fiber at reasonable prices, continue food assistance to low-income households, and for other purposes; as follows:

In the pending amendment, strike out "Credit." and insert in lieu thereof "Credit.

Sec. . It is the sense of the Senate that --

(1) the intermediate export credit program should be expanded to include guarantees in order to --

(A) provide a more flexible export marketing tool to United States agricultural producers; and

(B) improve the capability of importing countries to purchase and use United States agricultural commodities and the products thereof; and

(2) the Secretary of Agriculture should utilize the intermediate export credit program to develop, expand, and maintain, to the maximum extent practicable, United States agricultural exports.

On page 12, strike out lines 10 through 21 and insert in lieu thereof the following:

"(10) For purposes of guaranteeing export sales under this subsection, the Commodity Credit Corporation shall make available --

"(A) for each of the fiscal years ending September 30, 1986, through September 30, 1988, not less than \$500,000,000; and

"(B) for the fiscal year ending September 30, 1989, not more than \$1,000,000,000."

Beginning on page 31, strike out line 16 and all that follows through line 10 on page 66 and insert in lieu thereof the following:

GRANTS FOR INTERNATIONAL TRADE DEVELOPMENT CENTERS

Sec. 112. (a)(1) The Secretary of Agriculture (hereafter in this section referred to as the "Secretary") may establish and carry out a program to make grants to States for the purpose of paying the costs of construction, employing personnel, acquiring equipment, and taking other action relating to the establishment and operation of international trade development centers, or the expansion of existing international trade development centers, in the United States to enhance the exportation of United States agricultural products and related products.

(2) Such grants shall be based on a matching formula of 50 percent Federal and 50 percent non-Federal funding.

(b) In making grants under subsection (a), the Secretary shall give preference to States that intend to utilize as sites for international trade development centers land-grant colleges and universities (as defined in section 1404(10) of the

National Agricultural Research, Extension, and Teaching Policy Act of 1977 (7 U.S.C. 3103(10)) that --

(1) operate agricultural programs;

(2) have existing international trade programs that use an interdisciplinary approach and are operated jointly with State and Federal agencies to address international trade problems; and

(3) have a communications system that can be used on an international basis to conduct conferences or trade negotiations.

(c) Such centers may --

(1) through research, establish a permanent data base to address the problems faced by potential exporters, including language barriers, interaction with representatives of foreign governments, transportation of goods and products, insurance and financing within foreign countries, and collecting international marketing data;

(2) be used to locate permanent or temporary exhibits that will stimulate and educate trade delegations from foreign countries with respect to United States agricultural products and related products;

(3) be made available for use by State and regional entities for exhibits, trade seminars, and negotiations involving such products; and

(4) carry out such other activities relating to the exportation of such products, as the Secretary may approve.

(d) There are authorized to be appropriated such sums as are necessary to carry out this section.

Subtitle B -- Public Law 480 and Related Programs

AGRICULTURAL TRADE POLICY

Sec. 120. (a) The first sentence of section 2 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691) is amended by inserting "to use foreign currencies accruing under this Act to foster and encourage the development of private enterprise in developing countries; to enhance food security in developing countries through local food production;" after "agricultural production;".

(b) Congress finds that additional steps should be taken to use the agricultural abundance produced by American farmers --

(1) to relieve hunger and promote long-term food security and economic development in developing countries in accordance with the development assistance policy established under section 102 of the Foreign Assistance Act of 1961 (22 U.S.C. 2151-1); and

(2) to promote United States agricultural trade interests.

SALES FOR FOREIGN CURRENCIES

Sec. 121. (a) Section 101 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1701) is amended to read as follows:

"Sec. 101. (a) In order to carry out the policies and accomplish the objectives set forth in section 2, the President is authorized to negotiate and carry out agreements with friendly countries to provide for the sale of agricultural commodities --

"(1) for dollars on credit terms;

"(2) to the extent that sales for dollars under the terms applicable to such sales are not possible, for foreign currencies on credit terms and on terms that permit conversion to dollars at the exchange rate applicable to the sales agreement; or

"(3) for foreign currencies for use under section 108 on terms that permit conversion to dollars.

"(b)(1) Except as provided in paragraph (2), for the fiscal year ending September 30, 1986, and each fiscal year thereafter, sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made at an annual level of --

"(A) not less than the higher of --

"(i) 25 percent of the aggregate value of all sales of agricultural commodities made under this title; or

"(ii) 500,000 metric tons; and

"(B) not more than 50 percent of the aggregate value of all such sales.

"(2)(A) For each of the fiscal years ending September 30, 1986, September 30, 1987, and September 30, 1988, except as provided in subparagraph (B), the President may reduce the minimum level of sales for foreign currencies prescribed under paragraph (1)(A) if --

"(i) there is an insufficient number of approved financial intermediaries that have entered into agreements with the Secretary of Agriculture to carry out the program provided for in section 108;

"(ii) there are insufficient requests made by such intermediaries for loan funds to utilize the foreign currencies generated by such sales; or

"(iii) the Secretary requires additional time to implement such program.

"(B) The President may not reduce the minimum level of sales for foreign currencies under subparagraph (A) below an annual level of less than --

"(i) for the fiscal year ending September 30, 1986, 5 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year;

"(ii) for the fiscal year ending September 30, 1987, 10 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year; and

"(iii) for the fiscal year ending September 30, 1988, 15 percent of the aggregate value of all sales of agricultural commodities made under this title during such fiscal year.

"(c) Agreements for sales for foreign currency in a developing country for use under section 108 may not be entered into to the extent that such agreements would generate currency in amounts that cannot be productively used and absorbed in the private sector of such country.

"(d) Sales for foreign currencies for use under section 108 under agreements entered into under this title shall be made on such terms and conditions as are specified in such agreements."

(b) Section 103 of such Act (7 U.S.C. 1703) is amended --

(1) by inserting ", in section 108," after "section 104" in subsection (b);

(2) by striking out "for dollars on credit terms" in the last sentence of subsection (d);

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(3) in subsection (m) --

(A) by inserting "except as provided in section 108," after the subsection designation;

(B) by striking out the semicolon and inserting in lieu thereof a period; and

(C) by adding at the end thereof the following: "In carrying out this subsection, the President shall require that foreign currencies to be used under section 108 that are acquired under an agreement for the sale of commodities be convertible to dollars during the period beginning 10 years after the date of the last delivery of such commodities and ending 30 years after the date of such delivery. Such agreement for sale shall establish a schedule for such conversion but need not specify the exchange rate for such conversion;"

(4) by striking out "for dollars on credit terms" and "for cash dollars" in subsection (n);

(5) by striking out "Take" in subsection (o) and inserting in lieu thereof "take";

(6) by striking out "Assure convertibility" in subsection (p) and inserting in lieu thereof "except as provided in section 108, assure convertibility"; and

(7) by striking out "Assure convertibility" in subsection (q) and inserting in lieu thereof "except as provided in section 108, assure convertibility".

(c) The first sentence of section 105 of such Act (7 U.S.C. 1705) is amended by striking out "section 104" and inserting in lieu thereof "sections 104 and 108".

(d) Section 106(a) of such Act (7 U.S.C. 1706(a)) is amended by adding at the end thereof the following new paragraph:

"(3) Payment for sales made for foreign currencies that are to be used under section 108 under an agreement entered into under this title shall be made on such terms as are specified in such agreement."

(e) Such Act is amended by inserting after section 107 (7 U.S.C. 1707) the following new section:

"Sec. 108. Notwithstanding any other provision of law:

"(a) As used in this section:

"(1) The term 'developing country' means a country that is eligible to participate in a sales agreement entered into under this title.

"(2) The term 'financial intermediary' means a bank, financial institution, cooperative, nonprofit voluntary agency, or other organization or entity, as determined by the Secretary, that has the capability of making and servicing a loan in accordance with this section.

"(3) The term 'Secretary' means the Secretary of Agriculture.

"(b) In order to foster and encourage the development of private enterprise institutions and infrastructure as the base for the expansion, promotion, and improvement of the production of food and other related goods and services within a developing country and pursuant to an agreement for the sale of agricultural commodities entered into under this title, the Secretary may enter into an agreement with a financial intermediary located or operating in such country under which the Secretary shall lend to such financial intermediary foreign currency that accrues as a result of commodity sales to such country under a sales agreement entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(c) To be eligible to obtain foreign currency under this section, a financial intermediary must enter into an agreement with the Secretary under which the intermediary agrees to use such currency to make loans to private individuals, cooperatives, corporations, or other entities within a developing country, at reasonable rates of interest, for the purpose of financing --

"(1) productive, private enterprise investment within such country, including such investment in projects carried out by cooperatives, nonprofit voluntary organizations, and other entities found to be qualified by the Secretary;

"(2) private enterprise facilities for aiding the utilization and distribution, and increasing the consumption of and markets for, United States agricultural commodities and the products thereof; or

"(3) private enterprise support of self-help measures and projects.

"(d) An agreement entered into under this section shall specify the terms and conditions under which the foreign currency shall be used and subsequently repaid to the Secretary, including the following terms and conditions:

"(1) A financial intermediary shall, to the maximum extent feasible, give preference to the financing of agricultural related private enterprise with the funds provided under this section.

"(2)(A) A financial intermediary shall repay a loan made by the Secretary under this section, plus accrued interest, at such times and in such manner as will permit the Secretary to convert such foreign currency to dollars in accordance with the schedule for such conversion.

"(B) A financial intermediary may repay a loan made under this section prior to the repayment date specified in such agreement.

"(3) To be eligible to receive financing from a financial intermediary under this section, an entity or venture must --

"(A) be owned, directly or indirectly, by citizens of the developing country, except that up to 25 percent of such ownership interest may be held by citizens of the United States; and

"(B) not be owned or controlled, in whole or in part, by the government or any governmental subdivision of the developing country.

"(4)(A) The rate of interest charged on funds loaned by the Secretary to a financial intermediary under this section shall be such rate as is determined by the Secretary and the intermediary.

"(B) In the case of a cooperative or nonprofit voluntary agency that is acting as a financial intermediary, the Secretary may charge a lower rate of interest on funds loaned to such intermediary under this section than is charged to other types of intermediaries to defray the startup costs of becoming a financial intermediary.

"(5) No currency made available under this section may be used to promote the production of agricultural commodities or the products thereof that will compete, as determined by the Secretary, in world markets with similar agricultural commodities or the products thereof produced in the United States.

"(6) The Secretary may not require a developing country to guarantee the repayment of a loan made to a financial intermediary under this section as a condition of receipt of such loan.

"(e)(1) All currencies repaid by financial intermediaries under agreements entered into under this section shall be deposited and accounted for in accordance with section 105.

"(2) Currencies repaid by financial intermediaries shall, as determined by the Secretary --

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"(A) be used to finance additional productive, private enterprise investment under agreements with financial intermediaries entered into under this section;

"(B) be used for the development of new markets for United States agricultural commodities;

"(C) be used for the payment of United States obligations (including obligations entered into pursuant to other laws of the United States); or

"(D) be converted to dollars.

"(3) Section 1306 of title 31, United States Code, shall apply to currencies used for the purpose specified in paragraph (2)(C).

"(f)(1) Any agreement entered into under this section shall be subject to periodic audit by the Secretary to determine whether the terms and conditions of the agreement are being fulfilled.

"(2) Not later than 180 days after the close of each fiscal year, the Secretary shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the activities carried out under this section during the preceding fiscal year, including an evaluation of the impact of investment under this section on the development of agricultural related private enterprise in each participating country.

"(g) The Secretary may provide agricultural technical assistance to further the purposes of this section, including the funding of market development activities. To the maximum extent practicable, the Secretary shall use at least 5 percent of the foreign currencies obtained for use under this section from sales of agricultural commodities made under agreements entered into under this title after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 to carry out such assistance."

MINIMUM QUANTITY OF AGRICULTURAL COMMODITIES DISTRIBUTED UNDER TITLE II

Sec. 122. Section 201(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721(b)) is amended by striking out clauses (1) through (3) and inserting in lieu thereof the following new clauses:

"(1) for each of the fiscal years ending September 30, 1986, and September 30, 1987, shall be 1,900,000 metric tons, of which not less than 1,425,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program; and

"(2) for the fiscal year ending September 30, 1988, and each fiscal year thereafter, shall be 1,700,000 metric tons, of which not less than 1,275,000 metric tons for nonemergency programs shall be distributed through nonprofit voluntary agencies, cooperatives, and the World Food Program;"

VALUE-ADDED, PROCESSED, AND PROTEIN-FORTIFIED PRODUCTS

Sec. 123. Section 201 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721) is amended by adding at the end thereof the following new subsection:

"(c) In distributing agricultural commodities under this title, the President shall --

"(1) consider --

"(A) the nutritional assistance to recipients and benefits to the United States that would result from distributing such commodities in the form of processed and protein-fortified products, including processed milk, plant protein products, and fruit, nut, and vegetable products;

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"(B) the nutritional needs of the proposed recipients of the commodities;

"(C) the cost effectiveness of providing such commodities, for purposes of selecting commodities for distribution under nonemergency programs; and

"(D) the purposes of this title; and

"(2) ensure that at least 75 percent of the quantity of agricultural commodities required to be distributed each fiscal year under subsection (b) for nonemergency programs be in the form of processed or fortified products or bagged commodities."

FOOD ASSISTANCE PROGRAMS OF VOLUNTARY AGENCIES

Sec. 124. (a) Title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.) is amended by adding at the end thereof the following new sections:

"Sec. 207. (a)(1) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for nonemergency assistance under this title may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for purposes specified in subsection (b).

"(2) Such agreements shall provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the commodities distributed under nonemergency programs under this title for such fiscal year.

"(3) Section 103(c) shall apply to sales of agricultural commodities to generate foreign currencies under this subsection, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this paragraph.

"(b)(1)(A) Foreign currency proceeds generated under subsection (a) shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program carried out pursuant to the agreement.

"(B) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the agency or cooperative.

"(2) Foreign currency proceeds under subsection (a) may not be used --

"(A) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(B) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(C) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"Sec. 208. (a) In the case of an agreement with a nonprofit voluntary agency for nonemergency assistance under this title, subject to subsection (b), the President is encouraged to approve multiyear agreements to make agricultural commodities available for distribution by the agency, if the agency requests a multiyear agreement.

"(b)(1) Such agreements shall be subject to the availability each fiscal year of the necessary appropriations and

agricultural commodities.

"(2) Subsection (a) shall not apply to an agreement that the President determines should be limited to a single year because of the past performance of the nonprofit voluntary agency or because the agreement involves a new program of assistance.

"(c) In carrying out a multiyear agreement pursuant to this section, a nonprofit voluntary agency may not be required to obtain annual approval from the United States Government in order to continue its assistance program pursuant to this agreement, unless the President determines that exceptional and unforeseen circumstances have occurred that require such approval.

"Sec. 209. (a) Agreements with nonprofit voluntary agencies under this title may authorize such agencies to establish local food reserves.

"(b) If authorized to establish a local food reserve pursuant to subsection (a), a nonprofit voluntary agency may deposit in such reserve agricultural commodities made available under this title --

"(1) for later use in providing immediate food assistance in case of a famine or other food shortage emergency; or

"(2) if the nonprofit voluntary agency determines that the immediate use of the agricultural commodities for food assistance purposes would be a disincentive to local agricultural production and that the commodities should be held for use at a later time.

"Sec. 210. A nonprofit voluntary agency requesting a nonemergency food assistance agreement under this title shall include in such request a description of the intended uses of any foreign currency proceeds that would be generated with the commodities provided under the agreement."

(b)(1) It is the sense of Congress that the President is encouraged to invite representatives of nonprofit voluntary agencies participating in programs under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and other concerned nonprofit voluntary agencies, and to designate appropriate executive branch officials to participate in a task force to study the means of providing food assistance under such Act to people with the greatest nutritional need in the recipient countries.

(2) If a task force is established under paragraph (1), the task force should report to Congress by February 15, 1986, on further steps that could be taken to provide food under such Act to such people.

(c)(1) Sections 207, 208, and 209 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after September 30, 1985.

(2) Section 210 of the Agricultural Trade Development and Assistance Act of 1954 (as added by subsection (a)) shall apply with respect to agreements entered into after December 31, 1985.

FOOD FOR DEVELOPMENT PROGRAM

Sec. 125. Section 302(c)(1)(C) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1727a(c)(1)(C)) is amended by striking out "15" and inserting in lieu thereof "10".

EXTENSION OF PROGRAM

Sec. 126. Section 409 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1736c) is amended --

(1) by striking out "1985" in the first sentence and inserting in lieu thereof "1989"; and

(2) by striking out "Agriculture and Food Act of 1981" in the second sentence and inserting in lieu thereof "Agriculture, Food, Trade, and Conservation Act of 1985".

COMMODITY DONATIONS ABROAD

Sec. 127. (a) Subsection (b) of section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431(b)) is amended to read as follows:

"(b)(1) As used in this subsection, the term 'eligible commodities' means agricultural commodities and the products thereof acquired by the Commodity Credit Corporation through price support operations, that the Secretary determines meet the criteria specified in subsection (a).

"(2) The Secretary may furnish eligible commodities for carrying out title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.), as approved by the Secretary and for such purposes as are approved by the Secretary.

"(3)(A) Commodities may not be made available for disposition under this subsection in quantities that will reduce the quantities of commodities that traditionally are made available through donations to domestic feeding programs or agencies.

"(B) Subject to paragraph (9)(B)(v), sections 103(c) and 401(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c) and 1731(b)) shall apply with respect to commodities furnished under this subsection.

"(C) The requirement for safeguarding usual marketings of the United States shall not be used to prevent the furnishing under this subsection of any eligible commodity for use in countries that --

"(i) have not traditionally purchased the commodity from the United States; or

"(ii) do not have adequate financial resources to acquire the commodity from the United States through commercial sources or through concessional sales arrangements.

"(4) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to commodities furnished under this subsection.

"(5) Agreements may be entered into under this subsection to provide eligible commodities in installments over an extended period of time.

"(6) As soon as possible after the beginning of each fiscal year, the Secretary shall estimate and announce the types of eligible commodities, and the amounts thereof, that the Secretary anticipates will become available for distribution under this subsection during such fiscal year.

"(7) To the maximum extent practicable, expedited procedures shall be used in implementing this subsection.

"(8) The cost of commodities furnished under this subsection, and expenses incurred under section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) in connection with such commodities, shall be in addition to the level of assistance programmed under such Act and may not be considered expenditures for international affairs and finance.

"(9)(A) Eligible commodities furnished under this subsection may be sold or bartered with the approval of the Secretary solely as follows:

"(i) Sales and barter that are incidental to the donation of the commodities.

"(ii) Sales and barter, the proceeds of which are used to finance the distribution, handling, and processing costs of the donated commodities in the importing country or other activities in the importing country that are consistent with providing food assistance to needy people.

"(iii) Sales and barter of commodities donated to intergovernmental organizations, insofar as they are consistent with normal programming procedures in the distribution of commodities by such organizations.

"(iv) Sales and barter of commodities used for payments pursuant to paragraph (4).

"(B)(i) If requested by a nonprofit voluntary agency or cooperative, an agreement with the agency or cooperative for commodities made available under this subsection may provide for the use by the agency or cooperative of foreign currency proceeds, generated from the sale of commodities made available under the agreement, for the purposes specified in clause (iii).

"(ii) The Secretary shall ensure, to the extent practicable, that such agreements provide, in the aggregate for each fiscal year, for the use of foreign currency proceeds under this subsection in an amount that is not less than 5 percent of the aggregate value of the eligible commodities furnished to such agencies and cooperatives under this subsection for such fiscal year.

"(iii)(I) Foreign currency generated under this subparagraph shall be used by a nonprofit voluntary agency or cooperative for activities carried out by the agency or cooperative that will enhance the effectiveness of the food assistance program being carried out pursuant to the agreement.

"(II) Such activities may include food for work programs, local program management, local agricultural and cooperative development projects, and outreach projects designed to provide food to people with the greatest nutritional need, if such activities are directly related to the food assistance program of the nonprofit voluntary agency or cooperative.

"(iv) All foreign currency proceeds generated pursuant to an agreement under this subparagraph shall be expended within 1 year after the end of the period of the agreement.

"(v) Section 103(c) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1703(c)) shall apply to sales of agricultural commodities made to generate foreign currencies under this subparagraph, unless the Secretary of Agriculture, in consultation with the Administrator of the Agency for International Development, waives the application of this subparagraph.

"(vi) Foreign currency proceeds generated under this subsection may not be used --

"(I) to defray personnel or administrative costs incurred by a United States cooperating sponsor, distributing agency, or recipient agency, other than a local cooperative;

"(II) to defray the costs of construction or maintenance of an edifice owned or operated by a church or any other edifice used for sectarian purposes; or

"(III) to replace resources otherwise available to a nonprofit voluntary agency or cooperative, as determined by the President.

"(10)(A) In carrying out this subsection, during each fiscal year, the Secretary shall furnish to nonprofit voluntary agencies, cooperatives, and the World Food Program for distribution in developing countries not less than 400,000 metric tons of eligible commodities that are available for distribution under this subsection.

"(B) Subparagraph (A) shall not apply in any fiscal year to the extent that the Secretary determines and reports to Congress (together with the reasons therefor) that --

"(i) there have not been sufficient requests made by nonprofit voluntary agencies, cooperatives, and the World Food Program for commodities under this subsection for uses that would effectively carry out the purposes of title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.); or

"(ii) a limitation in paragraph (3) prevents the use of commodities pursuant to this paragraph.

"(C) If the quantity of eligible commodities available for distribution under subparagraph (A) for a fiscal year is less than 400,000 metric tons, such subparagraph shall not require the Secretary to purchase additional commodities to satisfy such subparagraph."

(b) Section 416(b)(9)(A) of the Agricultural Act of 1949 (as added by subsection (a)) shall become effective on October 1, 1985.

FOOD FOR PROGRESS

Sec. 128. (a) Section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431) is amended by adding at the end thereof the following new subsection:

"(d) Notwithstanding any other provision of law:

"(1)(A) In order to use the food resources of the United States more effectively in support of countries that have made commitments to introduce or expand free enterprise elements in their agricultural economies through changes in commodity pricing, marketing, input availability, distribution, and private sector involvement, commodities and the products thereof acquired by the Commodity Credit Corporation that the Secretary determines meet the criteria specified in subsection (a), may be furnished by the Secretary to carry out agreements entered into by the President under paragraph(2).

"(B) Not more than 500,000 metric tons of commodities may be furnished under this subsection in each of the fiscal years ending September 30, 1986, September 30, 1987, September 30, 1988, and September 30, 1989.

"(C) The Commodity Credit Corporation may purchase agricultural commodities and the products thereof for use under this subsection if --

"(i) the Commodity Credit Corporation does not hold stocks of such commodities and the products thereof; or

"(ii) Commodity Credit Corporation stocks are insufficient to satisfy commitments made in agreements entered into under this subsection and such commodities and the products thereof are needed to fulfill such commitments.

"(D) No funds of the Commodity Credit Corporation in excess of \$30,000,000 (exclusive of the cost of commodities) may be used to carry out this subsection unless authorized in advance in appropriation Acts.

"(2)(A)(i) The President may enter into agreements with developing countries to furnish commodities and the products thereof made available under paragraph (1) to such countries to promote the implementation of private, free enterprise agricultural policies for long-term agricultural development.

"(ii)(I) Such commodities shall be furnished under this subsection on such terms and conditions as the President considers are in the public interest and will promote the objectives of this subsection.

"(II) Agreements may provide for commodities to be furnished on a multiyear basis.

"(B) In determining whether to enter into agreements with countries for the furnishing of commodities under this subsection, the President shall consider whether a potential recipient country --

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"(i) is carrying out, or is committed to carry out, policies that promote economic freedom, private, domestic production of food commodities for domestic consumption, and the creation and expansion of efficient domestic markets for the purchase and sale of such commodities, including policies that may provide for --

"(I) access, on the part of farmers in such country, to private, competitive markets for their products;

"(II) market pricing of commodities to foster adequate private sector incentives to individual farmers to produce food on a regular basis for the domestic needs of the country;

"(III) establishment of market-determined foreign exchange rates;

"(IV) timely availability of production inputs, such as seed, fertilizer, or pesticides, to farmers;

"(V) access to technologies appropriate to the level of agricultural development in the country; and

"(VI) construction of facilities and distribution systems necessary to handle perishable products; and

"(ii) is able to use the quantity of commodities being considered for donation without disruption of the internal market of the country for domestically produced agricultural commodities and the products thereof.

"(3) An agreement entered into under this subsection shall prohibit the resale or transshipment of the donated agricultural commodities to other countries.

"(4) In entering into agreements with countries for the donation of agricultural commodities and the products thereof under this subsection, the President shall take reasonable precautions to avoid displacement of any sales of United States agricultural commodities and the products thereof that would otherwise be made to such countries.

"(5)(A) Section 203 of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1723) shall apply to agricultural commodities furnished under this subsection.

"(B) The cost of the commodities furnished under this subsection, and the expenses incurred in connection with furnishing such commodities, shall be in addition to the level of assistance programmed under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.) and may not be considered expenditures for international affairs and finance.

"(6)(A) The President shall carry out the duties imposed on the President under this subsection through the National Security Advisor in the Executive Office of the President.

"(B) The National Security Advisor, with the approval of the Secretary, may use personnel of the Department of Agriculture in carrying out this subsection.

"(7) Within 120 days after the close of each fiscal year in which an agreement entered into with a country under this subsection is in effect, the President shall report to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate on the status of such agreement and the progress being made to implement private, free enterprise agricultural policies for long-term agricultural development in such country."

(b) The amendment made by this section shall be effective during the period beginning October 1, 1985, and ending September 30, 1989.

SPECIAL ASSISTANT FOR AGRICULTURAL TRADE AND FOOD AID

Sec. 129. (a)(1) The President shall appoint, by and with the advice and consent of the Senate, a Special Assistant

to the President for Agricultural Trade and Food Aid (hereafter in this section referred to as the "Special Assistant").

(2) The Special Assistant shall serve in the Executive Office of the President.

(3) As an exercise of the rulemaking power of the Senate, any nomination to the position of Special Assistant shall be --

(A) submitted to the Senate for confirmation; and

(B) referred to the Committee on Agriculture, Nutrition, and Forestry.

(4) The Special Assistant shall --

(A) serve at the pleasure of the President;

(B) be entitled to receive the same allowances as a chief of mission; and

(C) have the rank of Ambassador Extraordinary and Plenipotentiary.

(b) The Special Assistant shall --

(1) assist and advise the President in order to improve and enhance food assistance programs carried out in the United States and foreign countries;

(2) coordinate and streamline the manner in which food assistance programs are carried out by the Department of Agriculture and the Agency for International Development, in order to improve their overall effectiveness;

(3) make recommendations to the President on measures to be taken to increase use of United States agricultural commodities and the products thereof through food assistance programs;

(4) advise the President on agricultural trade;

(5) serve as a member of the Development Coordination Committee;

(6) serve as Chairman of the Food Aid Subcommittee of such Committee; and

(7) issue to departments and agencies of the Federal Government policy guidelines on basic issues of food assistance policy, to the extent necessary to assure the coordination of food assistance programs, consistent with law, and with the advice of such Subcommittee.

(c) The Special Assistant may --

(1) solicit information and advice from private and governmental sources and recommend a plan to the President and Congress on measures that should be taken --

(A) to promote the export of United States agricultural commodities and the products thereof; and

(B) to expand export markets for United States agricultural commodities and the products thereof;

(2) develop and recommend to the President national agricultural policies to foster and promote the United States agricultural industry and to maintain and increase the strength of this vitally important sector of the United States economy; and

(3)(A) appraise the various programs and activities of the Federal Government, as they affect the United States

agricultural industry, for the purpose of determining the extent to which such programs and activities are contributing or not contributing to such industry; and

(B) make recommendations to the President and Congress with respect to the effectiveness of such programs and activities in contributing to such industry.

(d) Section 5312 of title 5, United States Code, is amended by adding at the end thereof the following new item:

"Special Assistant for Agricultural Trade and Food Aid."

Subtitle C -- Export Transportation of Agricultural Commodities

FINDINGS AND DECLARATIONS

Sec. 131. (a) The Congress finds and declares --

(1) that a productive and healthy agricultural industry and a strong and active United States maritime industry are vitally important to the economic well-being and national security objectives of our Nation;

(2) that both industries must compete in international markets increasingly dominated by foreign trade barriers and the subsidization practices of foreign governments; and

(3) that increased agricultural exports and the utilization of United States merchant vessels contribute positively to the United States balance of trade and generate employment opportunities in the United States.

(b) It is therefore declared to be the purpose and policy of the Congress in this subtitle --

(1) to enable the Department of Agriculture to plan its export programs effectively, by clarifying the ocean transportation requirements applicable to such programs;

(2) to take immediate and positive steps to promote the growth of the cargo carrying capacity of the United States merchant marine;

(3) to expand international trade in United States agricultural commodities and products and to develop, maintain, and expand markets for United States agricultural exports;

(4) to improve the efficiency of administration of both the commodity purchasing and selling and the ocean transportation activities associated with export programs sponsored by the Department of Agriculture; and

(5) to stimulate and promote both the agricultural and maritime industries of the United States and encourage cooperative efforts by both industries to address their common problems.

EXEMPTION OF CERTAIN AGRICULTURAL EXPORTS FROM THE REQUIREMENTS OF THE CARGO PREFERENCE LAWS

Sec. 132. The requirements of section 901(b)(1) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)(1)), and the Joint Resolution of March 26, 1934 (46 U.S.C. 1241-1), shall not apply to any export activities of the Secretary of Agriculture or the Commodity Credit Corporation --

(1) under which agricultural commodities or the products thereof acquired by the Commodity Credit Corporation are made available to United States exporters, users, processors, or foreign purchasers for the purpose of developing, maintaining, or expanding export markets for United States agricultural commodities or the products thereof at prevailing world market prices;

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(2) under which payments are made available to United States exporters, users, or processors or, except as provided in section 133(b)(6), cash grants are made available to foreign purchasers, for the purpose described in clause (1);

(3) under which commercial credit guarantees are blended with direct credits from the Commodity Credit Corporation to reduce the effective rate of interest on export sales of United States agricultural commodities or the products thereof;

(4) under which credit or credit guarantees for not to exceed 3 years are extended by the Commodity Credit Corporation to finance or guarantee export sales of United States agricultural commodities or the products thereof; or

(5) under which agricultural commodities or the products thereof owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services, but only if such materials, goods, equipment, or services are of a value at least equivalent to the value of the agricultural commodities or products exchanged or bartered therefor (determined on the basis of prevailing world market prices at the time of the exchange or barter), but nothing in this subsection shall be construed to exempt from the cargo preference provisions referred to in section 132 any requirement otherwise applicable to the materials, goods, equipment, or services imported under any such transaction.

SHIPMENT REQUIREMENTS FOR CERTAIN EXPORTS SPONSORED BY THE DEPARTMENT OF AGRICULTURE

Sec. 133. (a)(1) In addition to the requirement for United States-flag carriage of a percentage of gross tonnage imposed by section 901(b)(1) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)(1)), 25 percent of the gross tonnage of agricultural commodities or the products thereof shipped under the agricultural export programs subject to such section and specified in subsection (b) shall be transported on United States-flag commercial vessels.

(2) In order to achieve an orderly and efficient implementation of the requirement of paragraph (1) --

(A) an additional quantity equal to 10 percent of the gross tonnage referred to in paragraph (1) shall be transported in United States-flag vessels in calendar year 1986;

(B) an additional quantity equal to 20 percent of the gross tonnage shall be transported in such vessels in calendar year 1987; and

(C) an additional quantity equal to 25 percent of the gross tonnage shall be transported in such vessels in calendar year 1988 and in each calendar year thereafter.

(3) In implementing the requirements of paragraph (1), the Secretary of Transportation shall give due consideration to the availability of United States-flag vessels to transport the commodities referred to in such paragraph.

(b) This section shall apply to any export activity of the Commodity Credit Corporation or the Secretary of Agriculture --

(1) carried out under the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1691 et seq.);

(2) carried out under section 416 of the Agricultural Act of 1949 (7 U.S.C. 1431);

(3) carried out under the Food Security Wheat Reserve Act of 1980 (7 U.S.C. 1736f-1);

(4) under which agricultural commodities or the products thereof are --

(A) donated through foreign governments or agencies, private or public, including intergovernmental organizations;

or

(B) sold for foreign currencies or for dollars on credit terms of more than ten years;

(5) under which agricultural commodities or the products thereof are made available for emergency food relief at less than prevailing world market prices;

(6) under which cash grants are made available to foreign purchasers for the purpose of enabling such purchasers to acquire United States agricultural commodities or the products thereof if the cash grants are in amounts that result in the purchaser (after receipt of such grants) paying less than the prevailing world market price for such commodities; or

(7) under which agricultural commodities owned or controlled by or under loan from the Commodity Credit Corporation are exchanged or bartered for materials, goods, equipment, or services produced in foreign countries, other than export activities described in section 132(5).

(c)(1) The requirement for United States-flag transportation imposed by subsection (a) shall be subject to the same terms and conditions as provided in section 901(b) of the Merchant Marine Act, 1936 (46 U.S.C. 1241(b)).

(2)(A) In order to carry out effectively the requirements of this subtitle, the Secretary of Transportation shall, to the maximum extent practicable within the requirements of this section and section 901(b) of the Merchant Marine Act, 1936, administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a flexible manner, giving due consideration to historical trading patterns and to divisions in United States international shipping trades between bulk and liner service to particular geographic areas.

(B) The Secretary of Transportation shall also administer this subtitle and section 901(b) of the Merchant Marine Act, 1936, in a manner which preserves to the greatest extent practicable the mean historical port range share of cargoes subject to United States-flag transportation requirements under this section exported from the Atlantic, Gulf, Pacific, and Great Lakes port ranges. In addition, the Secretary of Transportation, in administering this subsection and section 901(b) of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1241(b)), and consistent with such subtitle and section, shall take such steps as may be necessary and practicable to preserve during calendar years 1986, 1987, 1988, and 1989 the percentage share, or metric tonnage of bagged, processed, or fortified commodities, whichever is lower, experienced in calendar year 1984 as determined by the Secretary of Agriculture, of waterborne cargoes exported from Great Lake ports pursuant to title II of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1721 et seq.).

(d) As used in subsection (b), the term "export activity" shall not include inspection or weighing activities, other activities carried out for health or safety purposes, or technical assistance provided in the handling of commercial transactions.

(e)(1) The prevailing world market price as to agricultural commodities or the products thereof shall be determined under this subtitle in accordance with procedures established by the Secretary of Agriculture. The Secretary shall prescribe such procedures by regulation, with notice and opportunity for public comment, pursuant to section 553 of title 5, United States Code.

(2) In the event that a determination of the prevailing world market price of any other type of materials, goods, equipment, or service is required in order to determine whether a barter or exchange transaction is subject to subsection (b)(6) or (b)(7), such determination shall be made by the Secretary of Agriculture in consultation with the heads of other appropriate Federal agencies.

MINIMUM TONNAGE

Sec. 134. (a)(1) For fiscal year 1986 and each fiscal year thereafter, the minimum quantity of agricultural commodities that may be exported under programs subject to section 133 shall be the average of the tonnage exported under such programs during the base period defined in subsection (b), discarding the high and low years.

(2) The President may waive the minimum quantity for any fiscal year required under paragraph (1) if he determines and reports to the Congress, together with his reasons, that such quantity cannot be effectively used for the purposes of such programs or, based on a certification by the Secretary of Agriculture, that the commodities are not available for reasons which include the unavailability of funds.

(b) The base period utilized for computing the minimum tonnage quantity referred to in subsection (a) for any fiscal year shall be the five fiscal years beginning with the sixth fiscal year preceding such fiscal year and ending with the second fiscal year preceding such fiscal year.

FINANCING OF SHIPMENT OF AGRICULTURAL COMMODITIES IN UNITED STATES-FLAG VESSELS

Sec. 135. (a) The Secretary of Transportation shall finance any increased ocean freight charges incurred in any fiscal year which result from the application of section 133(a). The amount to be financed by the Secretary shall be an amount of the total freight charges incurred from the application of such section in such fiscal year equal to a fraction of the total ocean freight differential incurred in connection with the export activities specified in such section in such fiscal year, the numerator of such fraction to be equal to the percentage in excess of 50 of the tonnage of agricultural commodities or the products thereof that are shipped on United States-flag vessels, and the denominator of such fraction to be equal to the total percentage of such tonnage so shipped.

(b)(1) If in any fiscal year the total cost of ocean freight and ocean freight differential for which obligations are incurred by the Department of Agriculture and the Commodity Credit Corporation on exports of agricultural commodities and products thereof under the agricultural export programs specified in section 133(b) exceeds 20 percent of the value of such commodities and products and the cost of such ocean freight and ocean freight differential on which obligations are incurred by such Department and Corporation during such year, the Secretary of Transportation shall reimburse the Department of Agriculture and the Commodity Credit Corporation for the amount of such excess. For the purpose of this subsection, commodities shipped from the inventory of the Commodity Credit Corporation shall be valued as provided in section 403(b) of the Agricultural Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)).

(2)(A) The National Advisory Commission on Agricultural Export Transportation Policy established under section 136 shall include in its final report to the President and the Congress recommendations for any changes in the provisions of paragraph (1) that would help assure that the cost of ocean freight and ocean freight differential incurred by the Department of Agriculture and the Commodity Credit Corporation on the agricultural export programs specified in section 133(b), is not increased above historical levels as a result of the extra demand for United States-flag vessels caused by this subtitle.

(B) After taking into consideration the recommendations of the Commission referred to in subparagraph (A), the President may, by proclamation, provide requirements for the assumption by the Department of Transportation of a portion of the cost of ocean freight and ocean freight differential that would otherwise be incurred by the Department of Agriculture and the Commodity Credit Corporation on a different basis than that set forth in paragraph (1) in order to accomplish the objectives of subparagraph (A). The provisions of paragraph (1) shall be inapplicable on and after the effective date of the proclamation.

(c) For the purpose of meeting those expenses required to be assumed under subsections (a) and (b), the Secretary of Transportation shall issue to the Secretary of the Treasury such obligations in such forms and denominations, bearing such maturities and subject to such terms and conditions, as may be prescribed by the Secretary of Transportation with the approval of the Secretary of the Treasury. Such obligations shall be at a rate of interest as determined by the Secretary of the Treasury, taking into consideration the average market yield on outstanding marketable obligations of the United States with remaining periods of maturity comparable to the average maturities of such obligations during the month preceding the issuance of such obligations of the Secretary of Transportation. The Secretary of the Treasury shall purchase any obligations of the Secretary of Transportation issued under this subsection and, for the purpose of

purchasing such obligations, the Secretary of the Treasury may use as a public debt transaction the proceeds from the sale of any securities issued under chapter 31 of title 31, United States Code, after the date of the enactment of this Act and the purposes for which securities may be issued under such chapter are extended to include any purchases of the obligations of the Secretary of Transportation under this subsection. All redemptions and purchases by the Secretary of the Treasury of the obligations of the Secretary of Transportation shall be treated as public-debt transactions of the United States.

(d) There is authorized to be appropriated annually for each fiscal year, commencing with the fiscal year beginning October 1, 1986, an amount sufficient to reimburse the Secretary of Transportation for the costs, including administrative expenses and the principal and interest due on the obligations to the Secretary of the Treasury incurred under this section. Reimbursement of any such costs shall be made with appropriated funds, as provided in this section, rather than through cancellation of notes.

(e) Notwithstanding the provisions of this section, in the event that the Secretary of Transportation is unable to obtain the funds necessary to finance the increased ocean freight charges resulting from the requirements of subsections (a) and (b) and section 133(a), the Secretary of Transportation shall so notify the Congress within 10 working days of the discovery of such insufficiency.

NATIONAL ADVISORY COMMISSION ON AGRICULTURAL EXPORT TRANSPORTATION POLICY

Sec. 136. (a) There is hereby established an advisory commission to be known as the National Advisory Commission on Agricultural Export Transportation Policy (hereafter in this subtitle referred to as the "Commission").

(b)(1) The Commission shall be composed of 16 members.

(2) Eight members of the Commission shall be appointed by the President.

(3) The chairman and ranking minority members of the Senate Committee on Agriculture, Nutrition, and Forestry, of the Subcommittee on Merchant Marine of the Senate Committee on Commerce, Science, and Transportation, of the House Committee on Agriculture, and of the House Committee on Merchant Marine and Fisheries shall serve as members of the Commission.

(4)(A) Four of the members appointed by the President shall be representatives of agricultural producers, cooperatives, merchandisers, and processors of agricultural commodities.

(B) The remaining four members appointed by the President shall be representatives of the United States-flag maritime industry, two of whom shall represent labor and two of whom shall represent management.

(c)(1) The members of the Commission shall elect a Chairman from among its members.

(2) Any vacancy in the Commission shall not affect its powers but shall be filled in the same manner in which the original appointment was made.

DUTIES OF THE COMMISSION

Sec. 137. (a) It shall be the duty of the Commission to conduct a comprehensive study and review of the ocean transportation of agricultural exports subject to the cargo preference laws referred to in section 132 and to make recommendations to the President and the Congress for improving the efficiency of such transportation on United States-flag vessels in order to reduce the costs incurred by the United States in connection with such transportation. In carrying out such study and review, the Commission shall consider the extent to which any unfair or discriminatory practices of foreign governments increase the cost to the United States of transporting agricultural commodities subject

to such cargo preference laws.

(b)(1) The Commission shall submit an interim report to the President and the Congress not later than one year after the date of the enactment of this subtitle and such other interim reports as the Commission considers advisable.

(2) The Commission shall submit a final report containing its findings and recommendations to the President and the Congress not later than two years after the date of the enactment of this subtitle.

(3) Sixty days after the submission of the final report, the Commission shall cease to exist.

(c) The Commission shall include in its reports submitted pursuant to subsection (b) recommendations concerning the feasibility and desirability of achieving the following goals with respect to the ocean transportation of agricultural commodities subject to the cargo preference laws referred to in section 132:

(1) Ensuring that the timing of commodity purchase agreements entered into by the United States in connection with the export of such commodities, and the methods of implementing such agreements, are such as to minimize cost to the United States.

(2) Ensuring that shipments of such commodities are made on the most modern and efficient United States-flag vessels available.

(3) Ensuring that shipments of such commodities are made under the most advantageous terms available, including

--

(A) charters for full shiploads;

(B) charters for intermediate or long term;

(C) charters for consecutive voyages and contracts of affreightment; and

(D) adjustment of rates in the event that vessels used for shipments of such commodities also carry cargoes on return voyages.

(4) Reduction and elimination of impediments, including delays in port, to the efficient loading and operation of the vessels employed for shipment of such commodities.

(5) Utilization of open and competitive bidding for the ocean transportation of such commodities.

INFORMATION AND ASSISTANCE TO BE FURNISHED TO THE COMMISSION

Sec. 138. (a) Each department, agency, and instrumentality of the United States, including independent agencies, shall furnish to the Commission, upon request made by the Chairman, such statistical data, reports, and other information as the Commission considers necessary to carry out its functions under this subtitle.

(b) The Secretary of Agriculture and the Secretary of Transportation shall make available to the Commission such staff, personnel, and administrative services as may reasonably be required to carry out the Commission's duties.

COMPENSATION AND TRAVEL AND SUBSISTENCE EXPENSES OF COMMISSION MEMBERS

Sec. 139. Members of the Commission shall serve without compensation in addition to compensation they may otherwise be entitled to receive as employees of the United States or as Members of Congress, but shall be reimbursed for travel, subsistence, and other necessary expenses incurred in the performance of duties vested in the Commission.

AUTHORIZATION OF APPROPRIATIONS

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Sec. 140. There are authorized to be appropriated such sums as may be necessary to carry out the provisions of this subtitle.

TERMINATION OF SUBTITLE

Sec. 141. The operation of this subtitle shall terminate 90 days after the date on which a notification is made pursuant to section 135(e), except with respect to shipments of agricultural commodities and products subject to contracts entered into before the expiration of such 90-day period, unless within such 90-day period the Secretary of Transportation proclaims that funds are available to finance increased freight charges resulting from the requirements of sections 133(a) and 135 (a) and (b).

EFFECT ON OTHER LAWS

Sec. 142. This Act shall not be construed as modifying in any manner the provisions of section 4(b)(8) of the Food for Peace Act of 1966 (7 U.S.C. 1707a(b)(8)) or chapter 5 of title 5, United States Code.

AVAILABILITY OF VESSELS

Sec. 143. Section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) is amended by inserting the following after the first sentence in subsection (b): "No United States-flag commercial vessel shall be deemed to be available for the transportation of cargoes subject to section 901 of the Merchant Marine Act, 1936 (46 U.S.C. 1241) and the joint resolution of March 26, 1934 (48 Stat. 500; 46 U.S.C. 1241-1) unless such vessel has been certified by the Secretary of the Navy, upon the recommendation of the Chief of Naval Operations, as being necessary to carry out the defense of the United States and its allies."

Beginning on page 71, strike out line 3 and all that follows through line 18 on page 179 and insert in lieu thereof the following new titles:

TITLE IV -- WHEAT

SUBTITLE A

MARKETING QUOTAS

Sec. 401A. Effective only for the 1987 through 1989 crops of wheat, section 332 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332) is amended to read as follows:

"PROCLAMATION OF MARKETING QUOTAS

"Sec. 332. (a) As used in sections 332 through 338:

"(1) The term 'base period' means the 1981 through 1985 crop years for wheat.

"(2) The term 'marketing quota period' means the 1987 through 1989 marketing years for wheat.

"(b)(1) Not later than April 1, 1986, the Secretary shall conduct a poll, by mail ballot, of eligible producers to determine whether such producers favor --

"(A) the proclamation of national marketing quotas for wheat for the marketing quota period; and

"(B) the conduct of a marketing quota referendum for such period.

"(2) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in such poll.

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"(3) Not later than 60 days after the conduct of such poll, the Secretary shall proclaim the results of such poll.

"(c)(1) If more than 50 percent of the eligible producers responding to such poll favor the proclamation of such quotas and the conduct of such referendum, the Secretary shall --

"(A) proclaim national marketing quotas for wheat for each marketing year of the marketing quota period not later than June 15 of the calendar year preceding such period; and

"(B) conduct, by mail ballot, such referendum not later than August 1 of the calendar year preceding such period.

"(2) The quantity of the national marketing quota for wheat for any marketing year shall be a quantity of wheat that the Secretary estimates is required to meet anticipated needs during such marketing year, taking into consideration domestic requirements, export demand, emergency food aid needs, and adequate carryover stocks.

"(d) If, after the proclamation of a national marketing quota for wheat for any marketing year, the Secretary determines that the national marketing quota should be terminated or adjusted to meet a national emergency or a material change in the demand for wheat, the Secretary shall adjust or terminate the national marketing quota."

MARKETING QUOTA APPORTIONMENT FACTOR

Sec. 402A. Effective only for the 1987 through 1989 crops of wheat, section 333 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1333) is amended to read as follows:

"MARKETING QUOTA APPORTIONMENT FACTOR

"Sec. 333. (a) The Secretary shall establish a marketing quota apportionment factor for each crop of wheat for which a national marketing quota is proclaimed under section 332.

"(b) The apportionment factor shall be determined by dividing --

"(1) the national marketing quota for such crop of wheat; by

"(2) the average number of bushels of wheat the Secretary determines was produced in the United States during the base period, adjusted to reflect the quantity of wheat that would have been produced during such years except for --

"(A) drought, flood, or other natural disaster, or other conditions beyond the control of producers; and

"(B) participation in any acreage reduction, set-aside, or diversion programs for wheat during such crop years, as determined by the Secretary."

FARM MARKETING QUOTAS

Sec. 403A. Effective only for the 1987 through 1989 crops of wheat, section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334) is amended to read as follows:

"FARM MARKETING QUOTAS

"Sec. 334. (a) For each crop of wheat for which a national marketing quota has been proclaimed under section 332, the Secretary shall establish a farm marketing quota for each farm on which wheat was planted for harvest, or considered planted for harvest, during the base period.

"(b) The farm marketing quota shall be equal to the product obtained by multiplying --

"(1) the average number of acres of wheat planted for harvest, or considered planted for harvest, on the farm during the base period; by

"(2) the average yield of wheat planted for harvest, or considered planted for harvest, on the farm during such base period, as determined by the Secretary on such basis as the Secretary determines will provide a fair and equitable yield; by

"(3) the marketing quota apportionment factor.

"(c) For purposes of this section, wheat shall be considered to have been planted for harvest on the farm in any crop year to the extent that the Secretary determines that wheat was not planted for harvest on the farm because --

"(1) of drought, flood, or other natural disaster, or other condition beyond the control of the producer, as determined by the Secretary; or

"(2) the producer on the farm participated in any acreage reduction, set-aside, or diversion program for wheat during such crop years.

"(d) Farm marketing quotas shall be established by the Secretary under this section by July 15 of the calendar year preceding each marketing year for which a national marketing quota has been proclaimed under section 332."

MARKETING PENALTIES

Sec. 404A. Effective only for the 1987 through 1989 crops of wheat, section 335 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1335) is amended to read as follows:

"MARKETING PENALTIES

"Sec. 335. (a) The marketing of wheat produced on a farm in excess of a farm marketing quota shall be subject to a penalty at a rate per bushel equal to 75 percent of the national average market price for wheat during the immediately preceding marketing year.

"(b) The penalty provided for in subsection (a) shall be paid --

"(1) in the case of wheat marketed by sale to a person within the United States, by the person who acquired the wheat from the producer, except that an amount equivalent to the penalty may be deducted by the buyer from the price paid to the producer;

"(2) in the case of wheat marketed through a warehouseman or agent, by the warehouseman or agent, who may deduct an amount equivalent to the penalty from the price paid to the producer; or

"(3) in the case of wheat marketed directly to any person outside the United States, by the producer.

"(c) If any producer falsely identifies, or fails to certify, the acreage planted to wheat for harvest or fails to account for the disposition of any wheat produced on such planted acreage in accordance with regulations issued by the Secretary --

"(1) a quantity of wheat equal to the product obtained by multiplying --

"(A) the farm program yield, as determined by the Secretary under section 107D(e) of the Agricultural Act of 1949; by

"(B) the planted acreage,

shall be deemed to have been marketed in excess of the farm marketing quota; and

"(2) the penalty provided for in subsection (a) on such quantity of wheat shall be paid by the producer.

"(d) Each producer having an interest in the crop of wheat on any farm for which a penalty is determined shall be jointly and severally liable for the entire amount of the penalty.

"(e) Wheat subject to a farm marketing quota may be carried over by the producer from one marketing year to the succeeding marketing year, and may be marketed without incurring a penalty under this section in the succeeding marketing year, to the extent that --

"(1) the total quantity of wheat available for marketing from the farm in the marketing year from which the wheat is carried over does not exceed the farm marketing quota; or

"(2) the total quantity of wheat available for marketing in the succeeding marketing year (including any quantity of wheat carried over) does not exceed the farm marketing quota for the succeeding marketing year.

"(f) Wheat produced in a calendar year in which marketing quotas are in effect for the marketing year beginning therein shall be subject to such quotas even though it is marketed prior to the date on which such marketing year begins.

"(g)(1) The Secretary shall require collection of the penalty provided for in this section on a proportion of each unit of wheat marketed from the farm equal to the proportion that the wheat available for marketing from the farm in excess of the farm marketing quota is of the total quantity of wheat available for marketing from the farm, if satisfactory proof is not furnished to the Secretary as to the disposition to be made of the excess wheat, in accordance with regulations issued by the Secretary, prior to the marketing of any wheat from the farm.

"(2) All funds collected under this section during a marketing year shall be deposited in a special account established in the Treasury of the United States until the end of the next succeeding marketing year.

"(3) On certification of the Secretary, there shall be paid out of such special account to a person designated by the Secretary the amount by which the penalty collected exceeds that amount of penalty due on wheat marketed in excess of the farm marketing quota for a farm.

"(4) Such special account shall be administered by the Secretary.

"(5) The basis for, the amount of, and the person entitled to receive a payment from such account, when determined in accordance with regulations prescribed by the Secretary, shall be final and conclusive.

"(h) Until the amount of the penalty provided by this section is paid, a lien on --

"(1) the wheat with respect to which such penalty is incurred; and

"(2) any subsequent wheat subject to marketing quotas in which the person liable for the payment of such penalty has an interest,

shall be in effect in favor of the United States for the amount of the penalty.

"(i) A person liable for the payment or collection of a penalty on any quantity of wheat shall be liable also for interest thereon from the date the penalty becomes due until the date of payment of such penalty at a rate per annum equal to the rate of interest that was charged the Commodity Credit Corporation by the Treasurer of the United States on the date such penalty became due.

"(j)(1) If marketing quotas for wheat are not in effect for any marketing year, all previous marketing quotas

applicable to wheat shall be terminated, effective as of the first day of such marketing year.

"(2) Such termination shall not --

"(A) abate any penalty previously incurred by a producer; or

"(B) relieve any buyer of the duty to remit penalties previously collected.".

REFERENDUM

Sec. 405A. Effective only for the 1987 through 1989 crops of wheat, section 336 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1336) is amended to read as follows:

"REFERENDUM

"Sec. 336. (a) If a national marketing quota for wheat for the marketing quota period is proclaimed, not later than August 1 of the calendar year preceding such period, the Secretary shall conduct, by mail ballot, a referendum of eligible producers to determine whether they favor or oppose marketing quotas for such period.

"(b) Any producer who produced wheat on a farm during at least one of the crop years of the base period shall be eligible to vote in the referendum.

"(c) Not later than 30 days after the conduct of such referendum, the Secretary shall proclaim the results of such referendum.

"(d) If the Secretary determines that 60 percent or more of the producers voting in the referendum approve marketing quotas, the Secretary shall proclaim that marketing quotas will be in effect for the marketing quota period.".

TRANSFER OF FARM MARKETING QUOTAS

Sec. 406A. Effective only for the 1987 through 1989 crops of wheat, section 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1338) is amended to read as follows:

"TRANSFER OF FARM MARKETING QUOTAS

"Sec. 338. (a) Except as provided in subsection (b), farm marketing quotas shall not be transferable.

"(b) In accordance with regulations prescribed by the Secretary for such purpose --

"(1) the farm marketing quota for a farm for any marketing year, or any portion thereof, may be voluntarily surrendered to the Secretary by the producer; and

"(2) the Secretary may reallocate any farm marketing quotas so surrendered to other farms having farm marketing quotas on such basis as the Secretary may determine.".

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

Sec. 407A. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"Sec. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraphs (2) and (3), the Secretary shall make available to producers loans and

purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2) For any crop of wheat for which marketing quotas are in effect, the loan and purchase level determined under paragraph (1) shall not be less than the higher of --

"(A) 75 percent of the national average cost of production per bushel of wheat, as determined by the Secretary, taking into consideration variable expenses, general farm overhead, taxes, insurance, interest, and capital replacement costs (but excluding residual returns for management and risk); or

"(B) \$3.55 per bushel.

"(3)(A) Except as provided in subparagraph (B), for any crop of wheat for which marketing quotas are not in effect, the loan and purchase level determined under paragraph (1) shall --

"(i) in the case of the 1986 crop of wheat, not be less than \$3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(4)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the higher of --

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (3)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (3)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation --

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(4).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying --

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C) Payments for any such crop for which marketing quotas are in effect shall not exceed an amount equal to the payment rate multiplied by the farm marketing quota.

"(D)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops

shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of wheat, the Secretary has announced a limitation on the acreage planted to wheat in accordance with subsection (f)(3)(C), and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C)) --

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(E) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of --

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(F) For any crop of wheat for which marketing quotas are in effect, the established price shall not be less than the higher of --

"(i) the national average cost of production per bushel of wheat, as determined by the Secretary under subsection (a)(2); or

"(ii) \$4.65 per bushel.

"(G) For any crop of wheat for which marketing quotas are not in effect, the established price shall not be less than --

"(i) \$4.55 per bushel for any portion of the crop (as determined on the basis of the farm program acreage and the farm program payment yield) that does not exceed 20,000 bushels; and

"(ii) \$4.00 per bushel for any portion of the crop (so determined) that is more than 20,000 bushels.

"(H) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(I) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 1/3 percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for --

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that --

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph

with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For any crop of wheat for which marketing quotas are not in effect, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat for which marketing quotas are not in effect. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A)(i) The individual farm program acreage for each crop of wheat for which marketing quotas are not in effect shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(ii) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(iii) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(iv) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(B) For any crop of wheat for which marketing quotas are in effect, the individual farm program acreage shall be the acreage on the farm that the Secretary determines is sufficient to produce the quantity of wheat equal to the farm marketing quota established for the farm under section 334 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1334).

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop of wheat for which marketing quotas are not in effect either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of wheat, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such wheat acreage limitation program or set-aside program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(D) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (C) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each wheat-producing farm.

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include --

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of wheat planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to wheat. Such limitation shall be applied on a uniform basis to all wheat-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary

may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to --

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation or set-aside program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(5)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program, set-aside program, or marketing quotas for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if

the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers."

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

Sec. 408A. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan

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rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

Sec. 409A. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF LAND USE, WHEAT MARKETING ALLOCATION, AND PRODUCER CERTIFICATE PROVISIONS

Sec. 410A. (a) Sections 332, 333, 334, 335, 336, and 338 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1332-1336 and 1338) shall not be applicable to the 1986 crop of wheat.

(b) Sections 331, 339, 379b, and 379c of such Act (7 U.S.C. 1331, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF CERTAIN QUOTA PROVISIONS

Sec. 411A. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

Sec. 412A. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, WHEAT ACREAGE REDUCTION PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF WHEAT

Sec. 401B. Effective only for the 1986 through 1989 crops of wheat, the Agricultural Act of 1949 is amended by inserting after section 107C (7 U.S.C. 1445b-2) the following new section:

"Sec. 107D. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of wheat at such level as the Secretary determines will maintain the competitive relationship of wheat to other grains in domestic and export markets after taking into consideration the cost of producing wheat, supply and demand conditions, and world prices for wheat.

"(2)(A) Except as provided in subparagraph (B), the loan and purchase level determined under paragraph (1) shall

--

"(i) in the case of the 1986 crop of wheat, not be less than \$3.00 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of wheat, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of wheat, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(B)(i) Except as provided in clause (ii), if the Secretary determines that the average price of wheat received by producers in any marketing year is not more than 110 percent of the loan and purchase level for wheat for such marketing year, the Secretary may reduce the loan and purchase level for wheat for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for wheat under this subparagraph shall not be considered in determining the loan and purchase level for wheat for subsequent years.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the higher of --

"(I) 70 percent of such level;

"(II) if the loan level for a crop was reduced under paragraph (2)(B), 70 percent of the loan level that would have been in effect but for the reduction under paragraph (2)(B); or

"(III) the prevailing world market price for wheat, as determined by the Secretary.

"(B) The Secretary shall prescribe by regulation --

"(i) a formula to define the prevailing world market price for wheat; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for wheat.

"(4) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of wheat the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of wheat eligible to be placed under loan may not exceed the product obtained by multiplying --

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"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of wheat in an amount computed as provided in this subsection.

"(B) Payments for any such crop of wheat shall be computed by multiplying --

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of wheat planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the wheat acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(I) any portion of the wheat acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of wheat and the producers on a farm actually plant wheat or a nonprogram crop for harvest on at least 50 percent of the permitted wheat acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(I) any portion of the permitted wheat acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the wheat acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to wheat.

"(iii) Notwithstanding any other provision of this subparagraph, this subparagraph shall not apply in the case of producers who reduce by more than 20 percent the acreage planted to wheat on the farm for harvest from the acreage base under an acreage limitation program described in subsection (f)(2).

"(D) The payment rate for wheat shall be the amount by which the established price for the crop of wheat exceeds the higher of --

"(i) the lower of --

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) \$2.55 in the case of the 1986 crop of wheat; \$2.65 in the case of the 1987 crop of wheat; and \$2.82 in the case of the 1988 crop of wheat; or

"(ii) the loan level determined for such crop.

"(E)(i) In the case of each of the 1986 through 1988 crops of wheat, the established price applicable to the producers on a farm shall not be less than an amount determined on the basis of the percentage by which the producers reduce the acreage planted to wheat on the farm for harvest from the acreage base for the farm in accordance with an acreage limitation program described in subsection (f)(2), as provided in the following tables:"In the case of the 1986 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:

	The established price for the 1986 crop of wheat applicable to such producers shall not be less than:
15 percent	\$4.20 per bushel
20 percent	\$4.38 per bushel
25 percent	\$4.60 per bushel
30 percent	\$4.85 per bushel
35 percent	\$5.15 per bushel
40 percent	\$5.50 per bushel."

"In the case of the 1987 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by:

	The established price for the 1987 crop of wheat applicable to such producers shall not be less than:
15 percent	\$3.95 per bushel
20 percent	\$4.15 per bushel
25 percent	\$4.35 per bushel
30 percent	\$4.60 per bushel

35 percent	\$4.85 per bushel
40 percent	\$5.20 per bushel."In the case of the 1988 crop of wheat, if the producers on a farm reduce the acreage planted to wheat on the farm from the acreage base for the farm under an acreage limitation program by: The established price for the 1988 crop of wheat applicable to such producers shall not be less than:
10 percent	\$3.80 per bushel
15 percent	\$3.95 per bushel
20 percent	\$4.15 per bushel
25 percent	\$4.35 per bushel
30 percent	\$4.55 per bushel.

"(ii) In the case of the 1989 crop of wheat, the established price shall be such level as the Secretary determines to be appropriate taking into consideration the total supply of wheat, demand for wheat, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be less than 85 percent of the established price for the 1985 crop of wheat.

"(F) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(G) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for wheat to wheat or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(i) the number of acres so affected but not to exceed the acreage planted to wheat for harvest (including any acreage that the producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 1/3 percent of the average of the established prices for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of wheat that the producers are

able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the average of the established prices for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for --

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the wheat acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the wheat acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to producers on a farm under this paragraph if the Secretary determines that --

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting wheat or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) For each of the 1986 through 1989 crops of wheat, the Secretary shall proclaim a national program acreage. The proclamation shall be made not later than July 1 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for wheat shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of wheat are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of wheat. The allocation factor for wheat shall be determined by dividing the national program acreage for the crop by the number of acres that the

Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of wheat be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of wheat shall be determined by multiplying the allocation factor by the acreage of wheat planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of wheat planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of wheat planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for wheat, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of wheat shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for wheat was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law --

"(i) in the case of each of the 1986 through 1988 crops of wheat, the Secretary shall provide for an acreage limitation program as described in paragraph (2); and

"(ii) in the case of the 1989 crop of wheat, the Secretary may not provide for an acreage limitation program as described in paragraph (2).

"(B) The Secretary shall announce any such wheat acreage limitation program not later than July 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such

program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) Not later than July 31 prior to the calendar year in which the crop is harvested, the Secretary may make adjustments in an announcement made under subparagraph (B) if the Secretary determines that there has been a significant change in the total supply of wheat since the earlier announcement.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to wheat shall be achieved by applying the percentage reductions to the acreage base for each wheat-producing farm selected by producers under subsection (c)(1)(E)(i).

"(B) Producers who knowingly produce wheat in excess of the permitted wheat acreage for the farm shall be ineligible for wheat loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to wheat for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to wheat for harvest shall include --

"(I) any reduced acreage and diverted acreage; and

"(II) any acreage that producers were prevented from planting to wheat or other nonconserving crops in lieu of wheat because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of wheat times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of wheat, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to wheat for harvest within the permitted wheat acreage for the farm as established under this paragraph.

"(3)(A) The regulations issued by the Secretary under paragraph (2) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) Subject to subparagraph (C), the Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of

guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(C)(i) Except as provided in clause (ii), the Secretary shall permit, at the request of the State committee established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) for a State and subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage diverted from production by participating producers in such State to be devoted to --

"(I) in the case of the 1986 crop of wheat, hay and grazing; and

"(II) in the case of each of the 1987 through 1989 crops of wheat, grazing.

"(ii) Haying and grazing shall not be permitted for any crop of wheat under clause (i) during any 5-consecutive-month period that is established for such crop for a State by the State committee established under section 8(b) of such Act.

"(D) In determining the quantity of land to be devoted to conservation uses under an acreage limitation program with respect to land that has been farmed under summer fallow practices, as defined by the Secretary, the Secretary shall consider the effects of soil erosion and such other factors as the Secretary considers appropriate.

"(4)(A) The Secretary may make land diversion payments to producers of wheat, whether or not an acreage limitation program for wheat is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of wheat to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(5)(A) Any reduced acreage and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(6)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of wheat, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of wheat owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such wheat.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of wheat to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant wheat for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers."

STUDY OF LOAN AND DEFICIENCY PAYMENT RATES FOR WHEAT CLASSES

Sec. 402B. (a) The Secretary of Agriculture shall conduct a study of the feasibility of establishing separate loan rates and deficiency payment rates for (1) hard red winter wheat, (2) soft red winter wheat, (3) hard red spring wheat, (4) white wheat, and (5) durum wheat, as defined in the official United States standards for wheat established under the United States Grain Standards Act (7 U.S.C. 71 et seq.).

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(b) Not later than 18 months after the date of enactment of this Act, the Secretary shall report the results of the study required under subsection (a), together with any recommendations for necessary legislation, to the Committee on Agriculture of the House of Representatives and the Committee on Agriculture, Nutrition, and Forestry of the Senate.

NONAPPLICABILITY OF CERTIFICATE REQUIREMENTS

Sec. 403B. Sections 379d, 379e, 379f, 379g, 379h, 379i, and 379j of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379d-1379j) (relating to marketing certificate requirements for processors and exporters) shall not be applicable to wheat processors or exporters during the period June 1, 1986, through May 31, 1990.

SUSPENSION OF MARKETING QUOTAS AND PRODUCER CERTIFICATE PROVISIONS

Sec. 404B. Sections 331, 332, 333, 334, 335, 336, 338, 339, 379b, and 379c of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1331-1336, 1338, 1339, 1379b, and 1379c) shall not be applicable to the 1986 through 1989 crops of wheat.

SUSPENSION OF QUOTA PROVISIONS

Sec. 405B. The joint resolution entitled "A joint resolution relating to corn and wheat marketing quotas under the Agricultural Adjustment Act of 1938, as amended", approved May 26, 1941 (7 U.S.C. 1330 and 1340), shall not be applicable to the crops of wheat planted for harvest in the calendar years 1986 through 1989.

NONAPPLICABILITY OF SECTION 107 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF WHEAT

Sec. 406B. Section 107 of the Agricultural Act of 1949 (7 U.S.C. 1445a) shall not be applicable to the 1986 through 1989 crops of wheat.

TITLE V -- FEED GRAINS

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

Sec. 501A. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"Sec. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall

--

"(i) in the case of the 1986 crop of corn, not be less than \$2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in

which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of --

"(I) the loan level determined for such crop; or

"(II) the higher of --

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation --

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying --

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"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying --

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers

on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C)) --

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of --

"(i) the national weighted average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall not be less than \$3.03 per bushel.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to 33 1/3 percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for --

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that --

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program

acres are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of this section, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3) if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

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"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include --

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

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"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers."

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

Sec. 502A. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, FEED GRAIN ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

Sec. 501B. Effective only for the 1986 through 1989 crops of feed grains, the Agricultural Act of 1949 is amended by adding after section 105B (7 U.S.C. 1444d) the following new section:

"Sec. 105C. Notwithstanding any other provision of law:

"(a)(1)(A) Except as provided in subparagraphs (B) and (C), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of corn at such level as the Secretary determines will encourage the exportation of feed grains and not result in excessive total stocks of feed grains after taking into consideration the cost of producing corn, supply and demand conditions, and world prices for corn.

"(B) Except as provided in subparagraph (C), the loan and purchase level determined under subparagraph (A) shall

--

"(i) in the case of the 1986 crop of corn, not be less than \$2.40 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops of corn, not be less than 75 percent, nor more than 85 percent, of the simple average price received by producers of corn, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period, except that the loan and purchase level for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(C)(i) Except as provided in clause (ii), if the Secretary determines that the average price of corn received by producers in any marketing year is not more than 110 percent of the loan and purchase level for corn for such marketing year, the Secretary may reduce the loan and purchase level for corn for the next marketing year by the amount the Secretary determines necessary to maintain domestic and export markets for grain.

"(ii) The loan and purchase level may not be reduced under clause (i) by more than 20 percent in any year.

"(iii) Any reduction in the loan and purchase level for corn under this subparagraph shall not be considered in determining the loan and purchase level for corn for subsequent years.

"(D)(i) The Secretary shall permit a producer to repay a loan made under this paragraph or paragraph (2) for a feed grain crop at a level that is the lesser of --

"(I) the loan level determined for such crop; or

"(II) the higher of --

"(aa) 70 percent of the loan level determined for such crop;

"(bb) if the loan level for a crop was reduced under subparagraph (C), 70 percent of the loan level that would have been in effect but for the reduction under subparagraph (C); or

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"(cc) the prevailing world market price for such feed grain, as determined by the Secretary.

"(ii) The Secretary shall prescribe by regulation --

"(I) a formula to define the prevailing world market price for feed grains; and

"(II) a mechanism by which the Secretary shall announce periodically the prevailing world market price for feed grains.

"(E) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(2) The Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of grain sorghums, barley, oats, and rye, respectively, at such level as the Secretary determines is fair and reasonable in relation to the level that loans and purchases are made available for corn, taking into consideration the feeding value of such commodity in relation to corn and other factors specified in section 401(b).

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, barley, oats, and rye, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forego obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of such feed grains the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of feed grains eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop; by

"(ii) the farm program payment yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(1)(D).

"(c)(1)(A) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, in an amount computed as provided in this subsection.

"(B) Payments for any such crop of feed grains shall be computed by multiplying --

"(i) the payment rate; by

"(ii) the individual farm program acreage for the crop; by

"(iii) the farm program payment yield for the crop.

"(C)(i) Except as provided in clauses (ii) and (iii), if the producers on a farm reduce the acreage of feed grains planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the

announcement of the national program acreage and such producers actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the feed grain acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(I) any portion of the feed grain acreage base of the farm determined in accordance with subsection (f)(2)(D) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops, shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(ii) If an acreage limitation program under subsection (f)(2) is in effect for a crop of feed grains and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the permitted feed grain acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(I) any portion of the permitted feed grain acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(iii) If a set-aside program under subsection (f)(3) is in effect for a crop of feed grains, the Secretary has announced a limitation on the acreage planted to feed grains in accordance with subsection (f)(3)(C), and the producers on a farm actually plant feed grains or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (f)(3)(C)) --

"(I) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(II) the producers shall be eligible for payments under this paragraph with respect to the acreage referred to in subclause (I); and

"(III) any portion of the feed grain acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to feed grains.

"(D) The payment rate for corn shall be the amount by which the established price for the crop of corn exceeds the higher of --

"(i) the lower of --

"(I) the national weighted average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(II) \$2.04 in the case of the 1986 crop of corn; \$2.19 in the case of the 1987 crop of corn; and \$2.24 in the case of the 1988 crop of corn; or

"(ii) the loan level determined for such crop.

"(E) The established price for corn shall --

"(i) in the case of the 1986 crop, not be less than \$3.03 per bushel; and

"(ii) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of corn, demand for corn, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this clause may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(F) The payment rate for grain sorghums, oats, and, if designated by the Secretary, barley, shall be such rate as the Secretary determines is fair and reasonable in relation to the rate at which payments are made available for corn.

"(G) The total quantity on which payments would otherwise be payable to a producer on a farm for any crop under this paragraph shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under paragraph (2).

"(H) As used in this paragraph, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(2)(A) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for feed grains to feed grains or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(i) the number of acres so affected but not to exceed the acreage planted to feed grains for harvest (including any acreage that the producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(ii) 75 percent of the farm program payment yield established by the Secretary; by

"(iii) a payment rate equal to $33 \frac{1}{3}$ percent of the established price for the crop.

"(B) Except as provided in subparagraph (C), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of feed grains that the producers are able to harvest on any farm is less than the result of multiplying 60 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 50 percent of the established price for the crop for the deficiency in production below 60 percent for the crop.

"(C) Producers on a farm shall not be eligible for --

"(i) prevented planting disaster payments under subparagraph (A), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the feed grain acreage of the producers; or

"(ii) reduced yield disaster payments under subparagraph (B), if reduced yield crop insurance is available to the producers under such Act with respect to the feed grain acreage of the producers.

"(D)(i) Notwithstanding subparagraph (C), the Secretary may make a disaster payment to the producers on a farm under this paragraph if the Secretary determines that --

"(I) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting feed grains or other nonconserving crops or from reduced yields;

"(II) such losses have created an economic emergency for the producers;

"(III) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(IV) additional assistance must be made available to such producers to alleviate such economic emergency.

"(ii) The Secretary may make such adjustments in the amount of payments made available under this subparagraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(d)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of feed grains. The proclamation shall be made not later than November 15 of each calendar year for the crop harvested in the next succeeding calendar year, except that in the case of the 1986 crop, the proclamation shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines it necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for feed grains shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm program payment yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of feed grains are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of feed grains. The allocation factor for feed grains shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop, except that in no event shall the allocation factor for any crop of feed grains be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of feed grains shall be determined by multiplying the allocation factor by the acreage of feed grains planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage shall not be further reduced by application of the allocation factor if the producers reduce the acreage of feed grains planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of feed grains planted for harvest is less than the acreage base established for the farm under subsection (f)(2), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for feed grains, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this paragraph.

"(e)(1) The farm program payment yield for each crop of feed grains shall be the yield established for the farm for the previous crop year, adjusted by the Secretary to provide a fair and equitable yield. If no payment yield for feed grains was established for the farm in the previous crop year, the Secretary may determine such yield as the Secretary finds fair and reasonable.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, on the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the farm program payment yields shall balance to the national, State, or county program payment yields.

"(f)(1)(A) Notwithstanding any other provision of law --

"(i) in the case of each of the 1986 through 1988 crops of feed grains, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of feed grains, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of feed grains, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such feed grain acreage limitation program or set-aside program not later than November 15 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to feed grains shall be achieved by applying a uniform percentage reduction (not to exceed 15 percent) to the acreage base for each feed grain-producing farm.

"(B) Producers who knowingly produce feed grains in excess of the permitted feed grain acreage for the farm shall be ineligible for feed grain loans, purchases, and payments with respect to that farm.

"(C) The Secretary may provide that no producer of malting barley shall be required as a condition of eligibility for feed grain loans, purchases, and payments to comply with any acreage limitation under this paragraph if such producer has previously produced a malting variety of barley, plants barley only of an acceptable malting variety for harvest, and meets such other conditions as the Secretary may prescribe.

"(D)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be the average acreage planted to feed grains for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to feed grains for harvest shall include --

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to feed grains or other nonconserving crops in lieu of feed grains because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(E)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of feed grains times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres so determined is hereafter in this subsection referred to as 'reduced acreage'.

"(F) If an acreage limitation program is announced under paragraph (1) for a crop of feed grains, subsection (d) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to feed grains for harvest within the permitted feed grain acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 15 percent) of the acreage of feed grains planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to feed grains. Such limitation shall be applied on a uniform basis to all feed grain-producing farms.

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"(ii) The number of acres for each farm permitted to be planted to wheat, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of feed grains, whether or not an acreage limitation or set-aside program for feed grains is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of feed grains to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) Any reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

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"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of corn, grain sorghums, oats, and, if designated by the Secretary, barley, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of such feed grains, respectively, owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such feed grains.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of feed grains to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant feed grains for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h)(1) If the failure of a producer to comply fully with the terms and conditions of the program conducted under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(i) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(j) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(k) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers."

NONAPPLICABILITY OF SECTION 105 OF THE AGRICULTURAL ACT OF 1949 TO THE 1986 THROUGH 1989 CROPS OF FEED GRAINS

Sec. 502B. Section 105 of the Agricultural Act of 1949 (7 U.S.C. 1444b) shall not be applicable to the 1986 through 1989 crops of feed grains.

TITLE VI -- COTTON

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

Sec. 601A. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"Sec. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than --

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of --

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by

the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will --

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation --

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall --

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying --

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A)) --

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C)) --

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of --

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall not be less than \$0.81 per pound.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton to cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying

--

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to $33 \frac{1}{3}$ percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to $33 \frac{1}{3}$ percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for --

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that --

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the

actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

ERR11(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be --

ERR11(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

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ERR11(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

ERR11(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

ERR11(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

ERR11(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include --

ERR11(I) any reduced acreage, set-aside acreage, and diverted acreage; and

ERR11(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

ERR11(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

ERR11(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

ERR11(D)(i) A number of acres on the farm determined by dividing --

ERR11(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

ERR11(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

*ERR11*shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

ERR11(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such

limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

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"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth

inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of Agriculture, and the Department of the Treasury --

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means --

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of --

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period."

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

Sec. 602A. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

Sec. 603A. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

Sec. 604A. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

Sec. 605A. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

Sec. 606A. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

SUBTITLE B

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, COTTON ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF UPLAND COTTON

Sec. 601B. Effective only for the 1986 through 1989 crops of upland cotton, the Agricultural Act of 1949 is amended by inserting after section 103 (7 U.S.C. 1444) the following new section:

"Sec. 103A. Notwithstanding any other provision of law:

"(a)(1) The Secretary shall, on presentation of warehouse receipts reflecting accrued storage charges of not more than 60 days, make available for the 1986 through 1989 crops of upland cotton to producers nonrecourse loans for a term of 10 months from the first day of the month in which the loan is made at such level as will reflect for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) at average location in the United States a level that is not less than --

"(A) in the case of the 1986 crop of upland cotton, 55 cents per pound; and

"(B) in the case of each of the 1987 through 1989 crops of upland cotton, the higher of --

"(i) 85 percent of the average price (weighted by market and month) of such quality of cotton as quoted in the designated United States spot markets during 3 years of the 5-year period ending July 31 in the year in which the loan level is announced, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) 50 cents per pound.

"(2) The loan level for any crop determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3) The loan level for any crop of cotton shall be determined and announced by the Secretary not later than November 1 of the calendar year preceding the marketing year for which such loan is to be effective, except that in the case of the 1986 crop, such determination and announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such level shall not thereafter be changed.

"(4)(A) Except as provided in subparagraph (B), nonrecourse loans provided for in this section shall, on request of the producer during the 10th month of the loan period for the cotton, be made available for an additional term of 8 months.

"(B) A request to extend the loan period shall not be approved in any month in which the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for the preceding month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36-month period.

"(5)(A) Except as provided in subparagraph (B), the Secretary shall permit a producer to repay a loan made under this subsection for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the prevailing world market price for cotton (adjusted to United States quality and location), as determined by the Secretary.

"(B) For each of the 1987 through 1989 crops of cotton, if the world market price for cotton (adjusted to United States quality and location) as determined by the Secretary, is less than 80 percent of the loan level determined for such crop, the Secretary may permit a producer to repay a loan made under this subsection for a crop at such level (not in excess of 80 percent of the loan level determined for such crop) as the Secretary determines will --

"(i) minimize potential loan forfeitures;

"(ii) minimize the accumulation of cotton stocks by the Federal Government;

"(iii) minimize the cost incurred by the Federal Government in storing cotton; and

"(iv) allow cotton produced in the United States to be marketed freely and competitively, both domestically and internationally.

"(C)(i) The Secretary shall prescribe by regulation --

"(I) a formula to define the prevailing world market price for cotton; and

"(II) a mechanism by which the Secretary shall periodically announce the prevailing world market price for cotton.

"(ii) Not later than 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985, the Secretary shall --

"(I) publish in the Federal Register proposed regulations specifying such formula and mechanism; and

"(II) invite public comment on such proposal.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to

producers who, although eligible to obtain a loan under subsection (a), agree to forgo obtaining such loan in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of upland cotton the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of upland cotton eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop (determined under subsection (g) or (i)(2)); by

"(ii) the farm program payment yield (determined under subsection (h)).

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(5).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of upland cotton in an amount computed as provided in this subsection.

"(2) Payments for any such crop of upland cotton shall be computed by multiplying --

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the farm program payment yield for the crop (determined in accordance with subsection (h)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of cotton planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the upland cotton acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(i) any portion of the upland cotton acreage base of the farm determined in accordance with subsection (i)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(B) If an acreage limitation program under subsection (i)(2) is in effect for a crop of upland cotton and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the permitted upland cotton acreage of the farm (determined in accordance with subsection (i)(2)(A)) --

"(i) any portion of the permitted upland cotton acreage of the farm that is devoted to conserving uses or

nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(C) If a set-aside program under subsection (i)(3) is in effect for a crop of upland cotton, the Secretary has announced a limitation on the acreage planted to upland cotton in accordance with subsection (i)(3)(C), and the producers on a farm actually plant upland cotton or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance with subsection (i)(3)(C)) --

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the upland cotton acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to upland cotton.

"(4) The payment rate for upland cotton shall be the amount by which the established price per pound for the crop of upland cotton exceeds the higher of --

"(A) the average market price received by producers for upland cotton during the calendar year that includes the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for upland cotton shall --

"(A) in the case of the 1986 crop, not be less than \$0.81 per pound; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of upland cotton, demand for upland cotton, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The total quantity of upland cotton on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(7) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in subparagraph (C), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for cotton or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying

--

"(A) the number of acres so affected but not to exceed the acreage planted to cotton for harvest (including any acreage that the producers were prevented from planting to cotton or other nonconserving crops in lieu of cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 33 1/3 percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of cotton that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33 1/3 percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for --

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the cotton acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the cotton acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to the producers on a farm under this subsection if the Secretary determines that --

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers on a farm have suffered substantial losses of production either from being prevented from planting cotton or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses are insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1) The Secretary shall establish for each of the 1986 through 1989 crops of upland cotton a national program acreage. Such national program acreage shall be announced by the Secretary not later than November 1 of the calendar year preceding the year for which such acreage is established, except that in the case of the 1986 crop, such announcement shall be made as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2) The Secretary may revise the national program acreage first announced for any crop year for the purpose of determining the allocation factor under subsection (f) if the Secretary determines it necessary based on the latest information. The Secretary shall announce such revised national program acreage as soon as it has been made.

"(3) The national program acreage for upland cotton shall be the number of harvested acres the Secretary determines (on the basis of the estimated weighted national average of the farm program yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(4) The national program acreage shall be subject to such adjustment as the Secretary determines necessary, taking into consideration the estimated carryover supply, so as to provide for an adequate but not excessive total supply of cotton for the marketing year for the crop for which such national program acreage is established. In no event shall the national program acreage be less than 10 million acres.

"(f) The Secretary shall determine a program allocation factor for each crop of upland cotton. The allocation factor for upland cotton (not to exceed 100 percent) shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop.

"(g)(1) The individual farm program acreage for each crop of upland cotton shall be determined by multiplying the allocation factor by the acreage of cotton planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(2) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of cotton planted for harvest on the farm from the acreage base established for the farm under subsection (i)(2)(C) by at least the percentage recommended by the Secretary in the announcement of the national program acreage.

"(3) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of cotton planted for harvest is less than the acreage base established for the farm under subsection (i)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(4) In establishing the allocation factor for upland cotton, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(h)(1) The farm program payment yield for each crop of upland cotton shall be determined on the basis of the actual yields per harvested acre on the farm for the preceding 3 years, except that the actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, or other natural disaster, or other condition beyond the control of the producers. In case farm yield data for 1 or more years are unavailable or there was no production, the Secretary shall provide for appraisals to be made on the basis of actual yields and program payment yields for similar farms in the area for which data are available.

"(2) Notwithstanding paragraph (1) --

"(A) in the determination of yields, the Secretary shall take into account the actual yields proved by the producer; and

"(B) neither the actual yields nor the farm program payment yield established on the basis of such yields shall be reduced under other provisions of this subsection.

"(3) If the Secretary determines it necessary, the Secretary may establish national, State, or county program payment yields on the basis of --

"(A) historical yields, as adjusted by the Secretary to correct for abnormal factors affecting such yields in the historical period; or

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"(B) if such data are not available, the Secretary's estimate of actual yields for the crop year involved.

"(4) If national, State, or county program payment yields are established, the total farm program payment yields shall balance to the national, State, or county program payment yields.

"(i)(1)(A) Notwithstanding any other provision of law --

"(i) in the case of each of the 1986 through 1988 crops of upland cotton, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of upland cotton, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of upland cotton, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such upland cotton acreage limitation program or set-aside program not later than November 1 prior to the calendar year in which the crop is harvested, except that in the case of the 1986 crop, the Secretary shall announce such program as soon as practicable after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to upland cotton shall be achieved by applying a uniform percentage reduction (not to exceed 20 percent) to the acreage base for each cotton-producing farm.

"(B) Except as provided in subsection (j), producers who knowingly produce upland cotton in excess of the permitted upland cotton acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for upland cotton loans and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be --

"(I) in the case of the 1986 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of upland cotton, the average acreage planted to upland cotton for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to upland cotton for harvest shall include --

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to upland cotton or other nonconserving crops in lieu

of upland cotton because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of upland cotton times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of upland cotton, subsections (e), (f), and (g) shall not be applicable to such crop, including any prior announcement that may have been made under such subsections with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to upland cotton for harvest within the permitted upland cotton acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans and payments authorized by this section (except as provided in subsection (j)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 20 percent) of the acreage of upland cotton planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to upland cotton. Such limitation shall be applied on a uniform basis to all cotton-producing farms.

"(ii) The number of acres for each farm permitted to be planted to upland cotton, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of upland cotton, whether or not an acreage limitation or set-aside program for upland cotton is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of upland cotton to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(j)(1) The Secretary may, for each of the 1986 through 1989 crops of upland cotton, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of cotton owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such cotton.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of cotton to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant upland cotton for harvest in excess of the farm acreage base reduced by one-half of any acreage

required to be diverted from production under subsection (i); and

"(D) otherwise complies with this section.

"(k)(1) An operator of a farm desiring to participate in the program conducted under subsection (i) shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(2) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(l) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(m) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(n)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans and payments, the Secretary may, nevertheless, make such loans and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(o) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(p) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(q) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section.

"(r) In order to encourage and assist producers in the orderly ginning and marketing of their cotton production, the Secretary shall make recourse loans available to such producers on seed cotton in accordance with authority vested in the Secretary under the Commodity Credit Corporation Charter Act (15 U.S.C. 714 et seq.).

"(s)(1) Whenever the Secretary determines that the average price of Strict Low Middling one and one-sixteenth inch cotton (micronaire 3.5 through 4.9) in the designated spot markets for a month exceeded 130 percent of the average price of such quality of cotton in such markets for the preceding 36 months, notwithstanding any other provision of law, the President shall immediately establish and proclaim a special limited global import quota for upland cotton subject to the following conditions:

"(A) The quantity of the special quota shall be equal to 21 days of domestic mill consumption of upland cotton at the seasonally adjusted average rate of the most recent 3 months for which data are available.

"(B) If a special quota has been established under this subsection during the preceding 12 months, the quantity of the quota next established hereunder shall be the smaller of 21 days of domestic mill consumption calculated as set forth in subparagraph (A) or the quantity required to increase the supply to 130 percent of the demand.

"(C) As used in subparagraph (B):

"(i) The term 'supply' means, using the latest official data of the Bureau of the Census, the Department of

Agriculture, and the Department of the Treasury --

"(I) the carryover of upland cotton at the beginning of the marketing year (adjusted to 480-pound bales) in which the special quota is established; plus

"(II) production of the current crop; plus

"(III) imports to the latest date available during the marketing year.

"(ii) The term 'demand' means --

"(I) the average seasonally adjusted annual rate of domestic mill consumption in the most recent 3 months for which data are available; plus

"(II) the larger of --

"(aa) average exports of upland cotton during the preceding 6 marketing years; or

"(bb) cumulative exports of upland cotton plus outstanding export sales for the marketing year in which the special quota is established.

"(D) When a special quota is established under this subsection, cotton may be entered under such quota during the 90-day period beginning on the effective date of the proclamation.

"(2) Notwithstanding paragraph (1), a special quota period may not be established that overlaps an existing quota period."

SUSPENSION OF BASE ACREAGE ALLOTMENTS, MARKETING QUOTAS, AND RELATED PROVISIONS

Sec. 602B. Sections 342, 343, 344, 345, 346, and 377 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1342-1346 and 1377) shall not be applicable to any of the 1986 through 1989 crops of upland cotton.

COMMODITY CREDIT CORPORATION SALES PRICE RESTRICTIONS

Sec. 603B. Effective only with respect to the period beginning August 1, 1978, and ending July 31, 1990, the tenth sentence of section 407 of the Agricultural Act of 1949 (7 U.S.C. 1427) is amended by striking out all of that sentence through the words "110 per centum of the loan rate, and (2)" and inserting in lieu thereof the following:

"Notwithstanding any other provision of law, (1) the Commodity Credit Corporation shall sell upland cotton for unrestricted use at the same prices as it sells upland cotton for export, in no event, however, at less than (A) 115 percent of the loan rate for Strict Low Middling one and one-sixteenth inch upland cotton (micronaire 3.5 through 4.9) adjusted for such current market differentials reflecting grade, quality, location, and other value factors as the Secretary determines appropriate plus reasonable carrying charges, or (B) if the Secretary permits the repayment of loans made for a crop of cotton at a rate that is less than the loan level determined for such crop, 115 percent of the average loan repayment rate that is determined for such crop during the period of such loans, and (2)".

MISCELLANEOUS COTTON PROVISIONS

Sec. 604B. Sections 103(a) and 203 of the Agricultural Act of 1949 (7 U.S.C. 1444(a) and 1446d) shall not be applicable to the 1986 through 1989 crops.

SKIPROW PRACTICES

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Sec. 605B. Section 374(a) of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1374(a)) is amended by striking out "1985" and inserting in lieu thereof "1989".

PRELIMINARY ALLOTMENTS FOR 1990 CROP OF UPLAND COTTON

Sec. 606B. Notwithstanding any other provision of law, the permanent State, county, and farm base acreage allotments for the 1977 crop of upland cotton, adjusted for any underplantings in 1977 and reconstituted as provided in section 379 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1379), shall be the preliminary allotments for the 1990 crop.

TITLE VII -- RICE

SUBTITLE A

LOAN RATES, TARGET PRICES, DISASTER PAYMENTS, RICE ACREAGE REDUCTION AND SET-ASIDE PROGRAM, AND LAND DIVERSION FOR THE 1986 THROUGH 1989 CROPS OF RICE

Sec. 701A. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"Sec. 101A. Notwithstanding any other provision of law:

"(a)(1) Except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than --

"(A) in the case of the 1986 crop of rice, \$7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of --

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) \$6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the higher of --

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by --

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 62 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

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"(B) The Secretary shall prescribe by regulation --

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop; by

"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying --

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance

with subsection (f)(3)(C)) --

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of --

"(A) the national average market price received by producers during the first 5 months of the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall not be less than \$11.90 per hundredweight.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33 1/3 percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the

producers at a rate equal to 33 1/3 percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for --

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that --

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) Notwithstanding any other provision of law, the Secretary may provide for any crop either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, would be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency.

"(B) In making a determination under subparagraph (A), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be --

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include --

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"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to allow such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(c)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

"(2) Such payments shall be --

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the

payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(l) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section."

MARKETING LOAN FOR THE 1985 CROP OF RICE

Sec. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended --

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of --

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation --

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"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificates shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying --

"(aa) the loan payment rate; by

"(bb) the quality of rice the producer is eligible to place under loan.

"(II) For purpose of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying --

"(aa) the individual farm program acreage for the crop; by

"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which --

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

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"(iii) The Secretary may make all or part of a payment under this subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) the payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to --

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (b); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

SUBTITLE B

loan rates, target prices, disaster payments, rice acreage reduction and set-aside program, and land diversion for the 1986 through 1989 of rice

Sec. 701B. Effective only for the 1986 through 1989 crops of rice, the Agricultural Act of 1949 is amended by inserting after section 101 (7 U.S.C. 1441) the following new section:

"Sec. 101A. Notwithstanding any other provision of law:

"(a)(1) except as provided in paragraph (2), the Secretary shall make available to producers loans and purchases for each of the 1986 through 1989 crops of rice at a level that is not less than --

"(A) in the case of the 1986 crop of rice, \$7.20 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops of rice, the higher of --

"(i) 85 percent of the simple average price received by producers, as determined by the Secretary, during the immediately preceding 5 marketing years, excluding the year in which the average price was the highest and the year in which the average price was the lowest in such period; or

"(ii) \$6.50 per hundredweight.

"(2) The loan level for a crop of rice determined under paragraph (1)(B) may not be reduced by more than 5 percent from the loan level determined for the preceding crop.

"(3)(A) The Secretary shall permit a producer to repay a loan made under paragraph (1) for a crop at a level that is the lesser of --

"(i) the loan level determined for such crop; or

"(ii) the higher of --

"(I) the prevailing world market price for rice, as determined by the Secretary; or

"(II) the loan level determined for such crop multiplied by --

"(aa) 50 percent for each of the 1986 and 1987 crops;

"(bb) 60 percent for the 1988 crop; and

"(cc) 70 percent for the 1989 crop.

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"(B) The Secretary shall prescribe by regulation --

"(i) a formula to define the prevailing world market price for rice; and

"(ii) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(C)(i)(I) As a condition to permitting a producer to repay a loan as provided in subparagraph (A), the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed one-half the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(ii)(I) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this subparagraph in the redemption or marketing of such certificates.

"(II) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(III) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(4) A loan made under this section shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(5) For purposes of this section, the average price received by producers for the immediately preceding marketing year shall be based on the latest information available to the Secretary at the time of the determination.

"(6) The loan and purchase level and the established price for each of the 1986 through 1989 crops of rice shall be announced not later than March 1 of each calendar year for the crop harvested in that calendar year.

"(b)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under subsection (a), agree to forgo obtaining such loan or agreement in return for such payments.

"(2)(A) A payment under this subsection shall be computed by multiplying --

"(i) the loan payment rate; by

"(ii) the quantity of rice the producer is eligible to place under loan.

"(B) For purposes of this subsection, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying --

"(i) the individual farm program acreage for the crop; by

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"(ii) the yield established for the farm.

"(3) For purposes of this subsection, the loan payment rate shall be the amount by which --

"(i) the loan level determined for such crop under subsection (a); exceeds

"(ii) the level at which a loan may be repaid under subsection (a)(3).

"(4) The Secretary shall make up to one-half the amount of a payment under this subsection available in the form of negotiable payment-in-kind certificates, subject to the terms and conditions provided in subsection (a)(3)(C).

"(c)(1) The Secretary shall make available to producers payments for each of the 1986 through 1989 crops of rice in an amount computed as provided in this subsection.

"(2) Payments for any such crop of rice shall be computed by multiplying --

"(A) the payment rate; by

"(B) the individual farm program acreage; by

"(C) the yield established for the farm for the crop (determined in accordance with paragraph (5)).

"(3)(A) Except as provided in subparagraphs (B) and (C), if the producers on a farm reduce the acreage of rice planted for harvest on the farm from the acreage base by at least the percentage recommended by the Secretary in the announcement of the national program acreage and such producers actually plant rice or a nonprogram crop for harvest on at least 50 percent of the rice acreage base of the farm (reduced by the percentage recommended by the Secretary) --

"(i) any portion of the rice acreage base of the farm determined in accordance with subsection (f)(2)(C) (reduced by the percentage recommended by the Secretary) that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(B) If an acreage limitation program under subsection (f)(2) is in effect for a crop of rice and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the permitted rice acreage of the farm (determined in accordance with subsection (f)(2)(A)) --

"(i) any portion of the permitted rice acreage of the farm that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses on nonprogram crops shall be considered to be planted to rice.

"(C) If a set-aside program under subsection (f)(3) is in effect for a crop of rice, the Secretary has announced a limitation on the acreage planted to rice in accordance with subsection (f)(3)(C), and the producers on a farm actually plant rice or a nonprogram crop for harvest on at least 50 percent of the limited farm acreage (determined in accordance

with subsection (f)(3)(C)) --

"(i) any portion of the limited farm acreage that is devoted to conserving uses or nonprogram crops shall be considered as part of the individual farm program acreage;

"(ii) the producers shall be eligible for payments under this subsection with respect to the acreage referred to in clause (i); and

"(iii) any portion of the rice acreage base of the farm that is devoted to conserving uses or nonprogram crops shall be considered to be planted to rice.

"(4) The payment rate for rice shall be the amount by which the established price for the crop of rice exceeds the higher of --

"(A) the national average market price received by producers during the marketing year for such crop, as determined by the Secretary; or

"(B) the loan level determined for such crop.

"(5) The established price for rice shall --

"(A) in the case of the 1986 crop, not be less than \$11.90 per hundredweight; and

"(B) in the case of each of the 1987 through 1989 crops, not be less than such level as the Secretary determines to be appropriate taking into consideration the total supply of rice, demand for rice, total program costs, and such other factors as the Secretary determines to be appropriate, except that the established price for a crop determined under this subparagraph may not be reduced by more than 5 percent from the level determined for the preceding crop.

"(6) The yield established for the farm for any year shall be determined on the basis of the actual yields per harvested acre for the 3 preceding years. The actual yields shall be adjusted by the Secretary for abnormal yields in any year caused by drought, flood, other natural disaster, or other condition beyond the control of the producers. If no rice was produced on the farm during such period, the yield shall be determined taking into consideration the yield of comparable farms in the surrounding area and such other factors as the Secretary determines will produce a fair and equitable yield.

"(7) The total quantity of rice on which payments would otherwise be payable to a producer on a farm for any crop under this subsection shall be reduced by the quantity on which any disaster payment is made to the producer for the crop under subsection (d).

"(8) As used in this subsection, the term 'nonprogram crop' means any agricultural commodity other than wheat, feed grains, upland cotton, extra long staple cotton, rice, or soybeans.

"(d)(1) Except as provided in paragraph (3), if the Secretary determines that the producers on a farm are prevented from planting any portion of the acreage intended for rice to rice or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary shall make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(A) the number of acres so affected but not to exceed the acreage planted to rice for harvest (including any acreage that the producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the yield established for the farm by the Secretary; by

"(C) a payment rate equal to 33 1/3 percent of the established price for the crop.

"(2) Except as provided in paragraph (3), if the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of rice that the producers are able to harvest on any farm is less than the result of multiplying 75 percent of the yield established for the farm for such crop by the acreage planted for harvest for such crop, the Secretary shall make a reduced yield disaster payment to the producers at a rate equal to 33 1/3 percent of the established price for the crop for the deficiency in production below 75 percent for the crop.

"(3) Producers on a farm shall not be eligible for --

"(A) prevented planting disaster payments under paragraph (1), if prevented planting crop insurance is available to the producers under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) with respect to the rice acreage of the producers; or

"(B) reduced yield disaster payments under paragraph (2), if reduced yield crop insurance is available to the producers under such Act with respect to the rice acreage of the producers.

"(4)(A) Notwithstanding paragraph (3), the Secretary may make a disaster payment to producers on a farm under this subsection if the Secretary determines that --

"(i) as the result of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the producers have suffered substantial losses of production either from being prevented from planting rice or other nonconserving crops or from reduced yields;

"(ii) such losses have created an economic emergency for the producers;

"(iii) crop insurance indemnity payments under the Federal Crop Insurance Act (7 U.S.C. 1501 et seq.) and other forms of assistance made available by the Federal Government to such producers for such losses is insufficient to alleviate such economic emergency; and

"(iv) additional assistance must be made available to such producers to alleviate such economic emergency.

"(B) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm so as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved.

"(e)(1)(A) The Secretary shall proclaim a national program acreage for each of the 1986 through 1989 crops of rice. The proclamation shall be made not later than January 31 of each calendar year for the crop harvested in that calendar year.

"(B) The Secretary may revise the national program acreage first proclaimed for any crop year for the purpose of determining the allocation factor under paragraph (2) if the Secretary determines a revision is necessary based on the latest information. The Secretary shall proclaim such revised national program acreage as soon as it is made.

"(C) The national program acreage for rice shall be the number of harvested acres the Secretary determines (on the basis of the weighted national average of the farm established yields for the crop for which the determination is made) will produce the quantity (less imports) that the Secretary estimates will be utilized domestically and for export during the marketing year for such crop.

"(D) If the Secretary determines that carryover stocks of rice are excessive or an increase in stocks is needed to assure desirable carryover, the Secretary may adjust the national program acreage by the quantity the Secretary determines will accomplish the desired increase or decrease in carryover stocks.

"(2) The Secretary shall determine a program allocation factor for each crop of rice. The allocation factor for rice shall be determined by dividing the national program acreage for the crop by the number of acres that the Secretary estimates will be harvested for such crop. In no event may the allocation factor for any crop of rice be more than 100 percent nor less than 80 percent.

"(3)(A) The individual farm program acreage for each crop of rice shall be determined by multiplying the allocation factor by the acreage of rice planted for harvest on the farms for which individual farm program acreages are required to be determined.

"(B) The individual farm program acreage may not be further reduced by application of the allocation factor if the producers reduce the acreage of rice planted for harvest on the farm from the acreage base established for the farm under subsection (f)(2)(C) by at least the percentage recommended by the Secretary in the proclamation of the national program acreage.

"(C) The Secretary shall provide fair and equitable treatment for producers on farms on which the acreage of rice planted for harvest is less than the acreage base established for the farm under subsection (f)(2)(C), but for which the reduction is insufficient to exempt the farm from the application of the allocation factor.

"(D) In establishing the allocation factor for rice, the Secretary may make such adjustment as the Secretary deems necessary to take into account the extent of exemption of farms under the foregoing provisions of this subsection.

"(f)(1)(A) Notwithstanding any other provision of law --

"(i) in the case of each of the 1986 through 1988 crops of rice, the Secretary may provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3), if the Secretary determines that the total supply of rice, in the absence of such a program, will be excessive, taking into account the need for an adequate carryover to maintain reasonable and stable supplies and prices and to meet a national emergency; and

"(ii) in the case of the 1989 crop of rice, the Secretary may not provide either for an acreage limitation program as described in paragraph (2) or a set-aside program as described in paragraph (3).

"(B) In making a determination under subparagraph (A)(i), the Secretary shall take into consideration the number of acres placed in the conservation acreage reserve established under the Agriculture, Food, Trade, and Conservation Act of 1985.

"(C) The Secretary shall announce any such rice acreage limitation program or set-aside program not later than January 31 of the calendar year in which the crop for which the announcement is made is harvested.

"(2)(A) If an acreage limitation program is announced under paragraph (1), the limitation on the acreage planted to rice shall be achieved by applying a uniform percentage reduction (not to exceed 35 percent) to the acreage base for each rice-producing farm.

"(B) Except as provided in subsection (g), producers who knowingly produce rice in excess of the permitted rice acreage for the farm, as established in accordance with subparagraph (A), shall be ineligible for rice loans, purchases, and payments with respect to that farm.

"(C)(i) For the purpose of determining any reduction required to be made for any year as the result of a limitation under this paragraph, the acreage base for any farm shall be --

"(I) in the case of the 1986 crop of rice, the average acreage planted to rice for harvest in the 2 crop years immediately preceding the year for which the determination is made;

"(II) in the case of the 1987 crop of rice, the average acreage planted to rice for harvest in the 3 crop years

immediately preceding the year for which the determination is made;

"(III) in the case of the 1988 crop of rice, the average acreage planted to rice for harvest in the 4 crop years immediately preceding the year for which the determination is made; and

"(IV) in the case of the 1989 crop of rice, the average acreage planted to rice for harvest in the 5 crop years immediately preceding the year for which the determination is made.

"(ii) For the purpose of clause (i), acreage planted to rice for harvest shall include --

"(I) any reduced acreage, set-aside acreage, and diverted acreage; and

"(II) any acreage that producers were prevented from planting to rice or other nonconserving crops in lieu of rice because of drought, flood, or other natural disaster, or other condition beyond the control of the producers.

"(iii) The Secretary may make adjustments to reflect established crop-rotation practices and to reflect such other factors as the Secretary determines should be considered in determining a fair and equitable base.

"(iv) In no event may the total of all crop acreage bases for any farm exceed the total acreage of cropland on the farm.

"(D)(i) A number of acres on the farm determined by dividing --

"(I) the product obtained by multiplying the number of acres required to be withdrawn from the production of rice times the number of acres actually planted to such commodity; by

"(II) the number of acres authorized to be planted to such commodity under the limitation established by the Secretary,

shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(ii) The number of acres determined under clause (i) is hereafter in this subsection referred to as 'reduced acreage'.

"(E) If an acreage limitation program is announced under paragraph (1) for a crop of rice, subsection (e) shall not be applicable to such crop, including any prior announcement that may have been made under such subsection with respect to such crop. The individual farm program acreage shall be the acreage planted on the farm to rice for harvest within the permitted rice acreage for the farm as established under this paragraph.

"(3)(A) If a set-aside program is announced under paragraph (1), then as a condition of eligibility for loans, purchases, and payments authorized by this section (except as provided in subsection (g)), the producers on a farm must --

"(i) set aside and devote to conservation uses an acreage of cropland equal to a specified percentage (not to exceed 35 percent) of the acreage of rice planted for harvest for the crop for which the set-aside is in effect; and

"(ii) otherwise comply with such program.

"(B) The set-aside acreage shall be devoted to conservation uses, in accordance with regulations issued by the Secretary.

"(C)(i) If a set-aside program is established, the Secretary may limit the acreage planted to rice. Such limitation shall be applied on a uniform basis to all rice-producing farms.

"(ii) The number of acres for each farm permitted to be planted to rice, as determined in accordance with this

subparagraph, shall be referred to as 'limited farm acreage'.

"(D) The Secretary may make such adjustments in individual set-aside acreages under this section as the Secretary determines necessary --

"(i) to correct for abnormal factors affecting production; and

"(ii) to give due consideration to tillable acreage, crop-rotation practices, types of soil, soil and water conservation measures, topography, and such other factors as the Secretary determines necessary.

"(4)(A) The regulations issued by the Secretary under paragraphs (2) and (3) with respect to acreage required to be devoted to conservation uses shall assure protection of such acreage from weeds and wind and water erosion.

"(B) The Secretary may permit, subject to such terms and conditions as the Secretary may prescribe, all or any part of such acreage to be devoted to sweet sorghum, hay and grazing, or the production of guar, sesame, safflower, sunflower, castor beans, mustard seed, crambe, plantago ovato, flaxseed, triticale, rye, or other commodity, if the Secretary determines that such production is needed to provide an adequate supply of such commodities, is not likely to increase the cost of the price support program, and will not affect farm income adversely.

"(5)(A) The Secretary may make land diversion payments to producers of rice, whether or not an acreage limitation or set-aside program for rice is in effect, if the Secretary determines that such land diversion payments are necessary to assist in adjusting the total national acreage of rice to desirable goals. Such land diversion payments shall be made to producers who, to the extent prescribed by the Secretary, devote to approved conservation uses an acreage of cropland on the farm in accordance with land diversion contracts entered into by the Secretary with such producers.

"(B) The amounts payable to producers under land diversion contracts may be determined through the submission of bids for such contracts by producers in such manner as the Secretary may prescribe or through such other means as the Secretary determines appropriate. In determining the acceptability of contract offers, the Secretary shall take into consideration the extent of the diversion to be undertaken by the producers and the productivity of the acreage diverted.

"(C) The Secretary shall limit the total acreage to be diverted under agreements in any county or local community so as not to affect adversely the economy of the county or local community.

"(6)(A) The reduced acreage, set-aside acreage, and additional diverted acreage may be devoted to wildlife food plots or wildlife habitat in conformity with standards established by the Secretary in consultation with wildlife agencies.

"(B) The Secretary may pay an appropriate share of the cost of practices designed to carry out the purposes of subparagraph (A).

"(C) The Secretary may provide for an additional payment on such acreage in an amount determined by the Secretary to be appropriate in relation to the benefit to the general public if the producer agrees to permit, without other compensation, access to all or such portion of the farm, as the Secretary may prescribe, by the general public, for hunting, trapping, fishing, and hiking, subject to applicable State and Federal regulations.

"(7)(A) An operator of a farm desiring to participate in the program conducted under this subsection shall execute an agreement with the Secretary providing for such participation not later than such date as the Secretary may prescribe.

"(B) The Secretary may, by mutual agreement with producers on a farm, terminate or modify any such agreement if the Secretary determines such action necessary because of an emergency created by drought or other disaster or to prevent or alleviate a shortage in the supply of agricultural commodities.

"(g)(1) The Secretary may, for each of the 1986 through 1989 crops of rice, make payments available to producers who meet the requirements of this section.

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"(2) Such payments shall be --

"(A) made in the form of rice owned by the Commodity Credit Corporation; and

"(B) subject to the availability of such rice.

"(3)(A) Payments under this subsection shall be determined in the same manner as provided in subsection (b).

"(B) The quantity of rice to be made available to a producer under this subsection shall be equal in value to the payments so determined under such subsection.

"(4) A producer shall be eligible to receive a payment under this subsection for a crop if the producer --

"(A) agrees to forgo obtaining a loan or purchase agreement under subsection (a);

"(B) agrees to forgo receiving payments under subsection (c);

"(C) does not plant rice for harvest in excess of the farm acreage base reduced by one-half of any acreage required to be diverted from production under subsection (f); and

"(D) otherwise complies with this section.

"(h) The Secretary shall provide for the sharing of payments made under this section for any farm among the producers on the farm on a fair and equitable basis.

"(i) The Secretary shall provide adequate safeguards to protect the interests of tenants and sharecroppers.

"(j)(1) If the failure of a producer to comply fully with the terms and conditions of the program formulated under this section precludes the making of loans, purchases, and payments, the Secretary may, nevertheless, make such loans, purchases, and payments in such amounts as the Secretary determines are equitable in relation to the seriousness of the failure.

"(2) The Secretary may authorize the county and State committees established under section 8(b) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(b)) to waive or modify deadlines and other program requirements in cases in which lateness or failure to meet such other requirements does not affect adversely the operation of the program.

"(k) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(1) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(m) The provisions of section 8(g) of the Soil Conservation and Domestic Allotment Act (16 U.S.C. 590h(g)) (relating to assignment of payments) shall apply to payments under this section."

MARKETING LOAN FOR THE 1985 CROP OF RICE

Sec. 702. Effective for the 1985 crop of rice, section 101(i)(1) of the Agricultural Act of 1949 (7 U.S.C. 1441(i)(1)) is amended --

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

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"(B)(i)(I) The Secretary shall permit a producer to repay a loan made under subparagraph (A) with respect to the 1985 crop at a level that is the lesser of --

"(aa) the loan level determined for such crop; or

"(bb) the prevailing world market price for rice, as determined by the Secretary.

"(II) The Secretary shall prescribe by regulation --

"(aa) a formula to define the prevailing world market price for rice; and

"(bb) a mechanism by which the Secretary shall announce periodically the prevailing world market price for rice.

"(III) A loan made under this subsection shall be repaid not later than 9 months after the month in which the application for the loan is made.

"(ii)(I) As a condition to permitting a producer to repay a loan as provided in this subparagraph, the Secretary may require a producer to purchase payment-in-kind certificates equal in value to an amount that does not exceed the difference, as determined by the Secretary, between the amount of the loan obtained by the producer and the amount of the loan repayment.

"(II) Such certificates shall be negotiable.

"(III) Such certificates shall be redeemable for rice owned by the Commodity Credit Corporation valued at the prevailing market price, as determined by the Secretary.

"(IV) If such rice is not available in the State in which the rice pledged as collateral for the loan was produced or at such other location as may be approved by the owner of such certificate, such certificate shall be redeemable in cash.

"(V) The Commodity Credit Corporation, under regulations prescribed by the Secretary, shall assist any person receiving payment-in-kind certificates under this paragraph in the redemption or marketing of such certificates.

"(VI) Insofar as practicable, the Secretary shall permit an owner of a certificate to designate the storage facility at which such owner would prefer to receive rice in exchange for such certificate.

"(VII) If any such certificate is not presented for redemption or marketing within a reasonable number of days after issuance, as determined by the Secretary, reasonable costs of storage and other carrying charges, as determined by the Secretary, shall be deducted from the value of the certificate for the period beginning after such reasonable number of days and ending with the date of the presentation of such certificate to the Commodity Credit Corporation.

"(C)(i) The Secretary may, for the 1985 crop of rice, make payments available to producers who, although eligible to obtain a loan or purchase agreement under this subsection, agree to forgo obtaining such loan or agreement in return for such payments.

"(ii)(I) A payment under this subparagraph shall be computed by multiplying --

"(aa) the loan payment rate; by

"(bb) the quantity of rice the producer is eligible to place under loan.

"(II) For purposes of this subparagraph, the quantity of rice eligible to be placed under loan may not exceed the product obtained by multiplying --

"(aa) the individual farm program acreage for the crop; by

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"(bb) the yield established for the farm.

"(III) For purposes of this subparagraph, the loan payment rate shall be the amount by which --

"(aa) the loan level determined for the 1985 crop; exceeds

"(bb) the level at which a loan may be repaid under subparagraph (B).

"(iii) The Secretary may make all or part of a payment under this subparagraph in the form of payment-in-kind certificates, subject to the terms and conditions provided in subparagraph (B).

"(D) The payment limitation provided in section 1101 of the Agriculture and Food Act of 1981 (7 U.S.C. 1308) shall not apply to --

"(i) any gain realized by a producer from repaying a loan for the 1985 crop of rice at the rate permitted under subparagraph (B); or

"(ii) any loan deficiency payment received for a crop of rice under subparagraph (C).".

On page 208, strike out the comma on line 24 and all that follows through "bushel" on line 25.

On page 210, between lines 9 and 10, insert the following new section:

SOYBEAN PAYMENTS

Sec. 902. Section 201(g)(1) of the Agricultural Act of 1949 (7 U.S.C. 1446(g)(1)) is amended --

(1) by inserting "(A)" after the paragraph designation; and

(2) by adding at the end thereof the following new subparagraphs:

"(B) Notwithstanding any other provision of law, any producer who redeems soybeans pledged as collateral for 1985-crop loans within 60 days after the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 shall not be required to pay interest with respect to such loan indebtedness.

"(C)(i)(I) The Secretary shall make available payments as provided in this clause to any producer who has an outstanding price support loan secured by 1985-crop soybeans on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985 and who redeems such loan collateral. Payments provided by this subparagraph shall be determined in accordance with subclause (II).

(II) The payments authorized by this subparagraph shall be computed by multiplying the number of acres planted to soybeans for harvest in 1985 by \$35.00.

"(ii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who, although eligible to obtain a loan or purchase agreement under subparagraph (A), agree to forgo obtaining such loan or purchase agreement in return for such payments. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iii) The Secretary shall make available payments to producers of the 1985 crop of soybeans who have marketed such crop on the date of enactment of the Agriculture, Food, Trade, and Conservation Act of 1985. Such payments shall be computed in the same manner as the payments authorized by clause (i)(I).

"(iv) The Secretary may, with respect to any producer, make up to one-seventh of the payments authorized by this subparagraph in the form of in kind payments of soybeans owned by the Commodity Credit Corporation. Such

payments shall be valued at \$5.02 per bushel."

On page 212, between lines 6 and 7, insert the following new section:

PREVENTION OF SUGAR LOAN FORFEITURES

Sec. 1002. The President shall use all authorities available to the President, including section 22 of the Agricultural Adjustment Act of 1933 (7 U.S.C. 624) and headnote 2 of subpart A of part 10 of schedule 1 of the Tariff Schedules of the United States, as may be necessary to enable the Secretary of Agriculture to operate the sugar program established under section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) at no cost to the Federal Government by preventing the accumulation of sugar acquired by the Commodity Credit Corporation.

Beginning on page 228, strike out line 1 and all that follows through line 23 on page 230 and insert in lieu thereof the following new section:

ADVANCE PAYMENTS

Sec. 1308. Effective only for the 1986 through 1989 crops of wheat, feed grains, upland cotton, and rice, section 107C of the Agricultural Act of 1949 (7 U.S.C. 1445b-2) is amended to read as follows:

"Sec. 107C. (a)(1) If the Secretary establishes an acreage limitation or set-aside program for any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice under this Act and determines that deficiency payments will likely be made for such commodity for such crop, the Secretary may make available advance deficiency payments to producers who agree to participate in such program.

"(2) Advance deficiency payments under paragraph (1) shall be made to the producer under the following terms and conditions:

"(A) Such payments may be made available in the form of --

"(i) cash;

"(ii) commodities owned by the Commodity Credit Corporation and negotiable certificates redeemable in a commodity owned by the Commodity Credit Corporation; or

"(iii) any combination of clauses (i) and (ii).

"(B) If payments are made available to producers as provided for under subparagraph (A)(ii), such producers may elect to receive such payments either in the form of --

"(i) such commodities; or

"(ii) such certificates.

"(C) Such a certificate shall be redeemable for a period not to exceed 3 years from the date such certificate is issued.

"(D) The Commodity Credit Corporation shall pay the cost of storing a commodity that may be received under such a certificate until such time as the certificate is redeemed.

"(E) Such payments shall be made available as soon as practicable after the producer enters into a contract with the Secretary to participate in such program.

"(F) Such payments shall be made available in such amounts as the Secretary determines appropriate to encourage

adequate participation in such program, except that such amount may not exceed an amount determined by multiplying

--

"(i) the estimated farm program acreage for the crop; by

"(ii) the farm program payment yield for the crop; by

"(iii) 90 percent of the projected payment rate on the basis of the estimated national weighted average market price received by producers during the first 5 months of the marketing year for the crop,

as determined by the Secretary.

"(G) If the deficiency payment payable to a producer for a crop, as finally determined by the Secretary under this Act, is less than the amount paid to the producer as an advance deficiency payment for the crop under this subsection, the producer shall refund an amount equal to the difference between the amount advanced and the amount finally determined by the Secretary to be payable to the producer as a deficiency payment for the crop concerned.

"(H) If the Secretary determines under this Act that deficiency payments will not be made available to producers on a crop with respect to which advance deficiency payments already have been made under this subsection, the producers who received such advance payments shall refund such payments.

"(I) Any refund required under subparagraph (G) or (H) shall be due at the end of the marketing year for the crop with respect to which such payments were made.

"(J) If a producer fails to comply with requirements established under the acreage limitation or set-aside program involved after obtaining an advance deficiency payment under this subsection, the producer shall repay immediately the amount of the advance, plus interest thereon in such amount as the Secretary shall prescribe by regulation.

"(3) The Secretary may issue such regulations as the Secretary determines necessary to carry out this section.

"(4) The Secretary shall carry out the program authorized by this section through the Commodity Credit Corporation.

"(5) The authority provided in this section shall be in addition to, and not in place of, any authority granted to the Secretary or the Commodity Credit Corporation under any other provisions of law.

"(b) If the Secretary makes land diversion payments under this Act to assist in adjusting the total national acreage of any of the 1986 through 1989 crops of wheat, feed grains, upland cotton, or rice to desirable levels, the Secretary may make at least 52 percent of such payments available to a producer as soon as possible after the producer agrees to undertake the diversion of land in return for such payments."

On page 231, insert between lines 4 and 5 the following new section:

SUNFLOWER PAYMENT PROGRAM

Sec. 1310(a) The Secretary of Agriculture shall make available to producers of the 1985 crop of sunflowers payments computed by multiplying \$35.00 by the number of acres planted to sunflowers for the 1985 crop.

(b) The Secretary is authorized to issue such rules and regulations as are necessary to carry out this section.

(c) The Secretary shall make payments available under this section through the Commodity Credit Corporation.

Or page 231, strike out line 5 and insert in lieu thereof the following new section:

DISASTER PAYMENTS FOR 1985 THROUGH 1989 CROPS OF SOYBEANS AND SUGAR

Sec. . Effective only for the 1985 through 1989 crops of soybeans, sugar beets, and sugarcane, section 201 of the Agricultural Act of 1949 (7 U.S.C. 1446) (as amended by section 1001 of this Act) is further amended by adding at the end thereof the following new subsection:

"(k)(1) If the Secretary determines that the producers of a farm are prevented from planting any portion of the acreage intended for soybeans, sugar beets, or sugarcane to soybeans, sugar beets, sugarcane, or other nonconserving crops because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the Secretary may make a prevented planting disaster payment to the producers in an amount equal to the product obtained by multiplying --

"(A) the number of acres so affected but not to exceed the acreage planted to soybeans, sugar beets, or sugarcane for harvest (including any acreage that the producers were prevented from planting to soybeans, sugar beets, sugarcane, or other nonconserving crops in lieu of soybeans, sugar beets, or sugarcane because of drought, flood, or other natural disaster, or other condition beyond the control of the producers) in the immediately preceding year; by

"(B) 75 percent of the farm program payment yield established by the Secretary; by

"(C) a payment rate equal to 52 percent of the loan and purchase level for the crop.

"(2) If the Secretary determines that because of drought, flood, or other natural disaster, or other condition beyond the control of the producers, the total quantity of soybeans, sugar beets, or sugarcane, that the producers are able to harvest on any farm is less than the result of multiplying 52 percent of the farm program payment yield established by the Secretary for such crop by the acreage planted for harvest for such crop, the Secretary may make a reduced yield disaster payment to the producers at a rate equal to 52 percent of the loan and purchase level for the crop for the deficiency in production below 60 percent for the crop.

"(3) The Secretary may make such adjustments in the amount of payments made available under this paragraph with respect to an individual farm as to assure the equitable allotment of such payments among producers, taking into account other forms of Federal disaster assistance provided to the producers for the crop involved."

On page 231, between lines 5 and 6, insert the following new section:

INCREASE IN ACREAGE LIMITATIONS

Sec. . Notwithstanding any other provision of subtitle B of titles IV, V, VI, and VII, the Secretary of Agriculture may increase the acreage limitation percentages for any of the 1986 through 1988 crops of wheat, feed grains, upland cotton, and rice by not to exceed 5 percent if the Secretary determines that the carryover stocks of wheat, feed grains, upland cotton, or rice, as the case may be, at the end of the crop year for which the determination is being made will exceed annual usage of such commodity by 33 percent or more.

Beginning on page 327, strike out line 21 and all that follows through line 8 on page 328 and insert in lieu thereof the following new subsection:

(c) The Secretary shall enter into contracts with owners and operators of farms and ranches containing eligible erosion-prone land to place in the conservation acreage reserve --

(1) during the 1986 crop year, not less than 5, nor more than 45, million acres;

(2) during the 1986 through 1987 crop years, a total of not less than 15, nor more than 45, million acres;

(3) during the 1986 through 1988 crop years, a total of not less than 25, nor more than 45, million acres;

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(4) during the 1986 through 1989 crop years, a total of not less than 35, nor more than 45, million acres; and

(5) during the 1986 through 1990 crop years, a total of not less than 40, nor more than 45, million acres.

On page 331, strike out lines 8 through 19 and insert in lieu thereof the following:

"(c) Not less than 5 million acres of land that is placed in the conservation acreage reserve under this subtitle during the 1986 through 1990 crop years shall be devoted to trees."

On page 331, line 20, strike out "(e)" and insert in lieu thereof "(d)".

On page 332, line 11, insert "not more than 50 percent of" after "share".

On page 334, strike out lines 14 through 18 and insert in lieu thereof the following:

(d) The Secretary shall provide payment for obligations incurred by the Secretary under a contract entered into under this subtitle as follows:

(1) Any cost-sharing obligation shall be paid as soon as possible after the obligation is incurred.

(2) An annual rental payment obligation shall be paid --

(A) as soon as practicable after October 1 of each calendar year; or

(B) at the discretion of the Secretary, at any time prior to such date during the year for which the obligation is incurred.

(e)(1) Notwithstanding any other provision of law, the annual rental payment under a contract entered into under this subtitle shall be made --

(A) for the first year in which the contract is in effect, in cash; and

(B) for any subsequent year in which the contract is in effect, in the form of in-kind commodities in such amounts as are agreed on and specified in the contract, except that such payment shall be made in cash to the extent that the use of commodities is limited under paragraph (2).

On page 357, line 1, strike out "(1)".

On page 357, line 3, strike out "\$200,000" and insert in lieu thereof "\$500,000".

On page 357, line 3, after the period, insert closed quotation marks and a period.

On page 357, strike out lines 4 through 6.

On page 357, between lines 10 and 11, insert the following new subsection:

(d) Section 329 of such Act (7 U.S.C. 1970) is amended to read as follows:

"Sec. 329. (a) The Secretary shall make financial assistance under this subtitle available to any applicant seeking assistance based on production losses if the applicant shows that --

"(1) a single enterprise that constitutes a basic part of the farming, ranching, or aquaculture operation of the applicant has sustained at least a 30 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the

previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle; or

"(e) beginning with the 1985 crop of an agricultural commodity, a crop of an agricultural commodity produced by the applicant under an established practice of double cropping has sustained at least a 50 percent loss of normal per acre or per animal production, or such lesser percentage of loss as the Secretary may determine, as a result of the disaster based on the average monthly price in effect for the previous year and the applicant otherwise meets the conditions of eligibility prescribed under this subtitle.

"(b) Such loans shall be made available based on 80 percent, or such greater percent as the Secretary may determine, of the total calculated actual production loss sustained by the applicant."

On page 357, line 11, strike out "(d)" and insert in lieu thereof "(e)".

On page 357, line 12, strike out "(e)" and insert in lieu thereof "(f)".

On page 372, line 16, strike out "25" and insert in lieu thereof "20".

Mr. DOLE. Mr. President, I yield the floor.

Mr. BYRD. Mr. President, I ask for the yeas and nays.

The PRESIDING OFFICER. Is there a sufficient second? There appears to be a sufficient second.

The yeas and nays were ordered.

Mr. BYRD. So, Mr. President, now the yeas and nays have been ordered on the motion to recommit and on the amendment in the first degree and the amendment as modified in the second degree?

The PRESIDING OFFICER. The Senator is correct.

Mr. BYRD. I thank the Chair. I yield the floor.

Mr. MELCHER. Mr. President, the package that is before us of almost 300 pages, contains some elements of cost that must be scored by the Congressional Budget Office. That has not been done so far. We have asked the Congressional Budget Office to examine the features in this amendment offered by the majority leader that have as yet not been scored because some of these are new, some of them have not been examined by the Congressional Budget Office, and whether or not the cost savings add up to the amounts that were described by the majority leader prior to his introducing the amendment should be evaluated and scored by CBO. The figures that were mentioned as cost savings by the majority leader, I am told, are savings that were computed by the Department of Agriculture using different assumptions than what CBO has been using.

Perhaps this is a technicality, Mr. President, but nevertheless, the cost savings that have been in the bill are an important element of how we vote on amendments and in order to keep it uniform so we can all talk about the same set of figures and the same set of assumptions we feel is necessary to have the CBO make these comparisons and make these cost-scoring analyses. That should be available toward the end of the day.

There are different elements in this amendment that change some of the farm programs. There is a different deal here for sugar, I am told, a different deal for soybeans that was briefly described by the majority leader on the introduction of the amendment, and a little different deal for corn, if I understood his remarks correctly, all of which need to be examined and compared as to how the language reads to determine just what it means.

Of course, on questions like that, ordinarily, we have a committee report. We have this one sitting on our desks, a committee report to S. 1714. The bill is long enough in itself as was reported out of the Committee on Agriculture last

September, but, of course, the report is much longer. It is about 900 pages of report to explain what the language in the committee-reported farm bill really means. So when we have something of this nature, an amendment with 300 pages to go through, it does take some time in order to figure out what this new language -- where it is new;

Not all of it is new; only a portion of it is new but where it is new, to see what it means.

Having said all that, Mr. President, it is obvious that it is going to take most of the day, I suppose, to do these two things. Nevertheless, I am of the opinion that we ought to get to a vote on this as quickly as possible. I think those two things need to be done -- cost scoring it by CBO, then an examination of the new language to see just what it means so we know what we are voting on. I think those two things should be done. Perhaps there can be a vote on it before the day is out.

We are told in one of the Gospels in the New Testament that not even a sparrow can fall but the Almighty is aware of it. I think that is probably something that works around this Senate floor, too. I think that the understanding that we extend to each other as Senators, kindnesses and courtesies, the overall comity we extend to each other, is somehow scored up there somewhere. Maybe that eagle up there catches all in one claw, all the nice things that we do to each other and the understandings and the courtesies that we extend to each other. It catches that in one claw and maybe in the other claw, the eagle catches all the discourtesies, all the lack of consideration, all the lack of comity that occurs here, too.

I want to explain, Mr. President, now why I wanted to get some assurance of getting this floor, with some idea of when I could make a short statement. It was for only one purpose, to make this short statement and then get on to the business of seeing what CBO is going to say after scoring this, what is the cost effect, the savings effect contained in this amendment, getting on with the business of looking at the language that is new, covering one commodity or the other that has not been covered in the bill and is not covered by any report, so we can accommodate the majority on this and be ready for a vote as quickly as possible. It is an unending process. We have had difficulty in finding out when we were going to get to the bill, first of all, and then after bill was up when we were going to stay with the bill and when we could offer amendments. We have had difficulty finding those things out. We have been in quorum calls for hours at a time. This is the second large, very lengthy amendment offered, using the parliamentary procedure where nothing could be modified, nothing could be amended, until it is dealt with.

But our time comes. To each Senator there comes a time when he can be heard and offer amendments. We cannot have this procedure where nothing can be offered except by the majority. But after their proposal has been voted upon, accepted or rejected, other amendments can be offered. No bill can leave the Chamber until every Senator has had that opportunity because we preserve those rights and that is what makes this process a very meaningful process and one that has worked quite well, a system that has protected the country from time to time, protected it in very crucial times from bad legislation or inadequate legislation; it killed some legislation or passed better legislation because the process was there and each Senator got his opportunity.

We are still going to get it. The time that is taken up now will not obliterate that chance. There will not be any stampede in here come tomorrow night or Friday evening, Saturday morning, whatever, that says that we run out of time, your amendments cannot be offered, cannot be considered, you cannot make your statement, because to all of us that time comes when we can do all these things.

I personally hope that we can proceed expeditiously with the matter at hand and not be blocked forever or continuously, for interminable lengths of time from offering our amendments and getting our chance to see whether we cannot work out a better bill than is before us, to modify something, change something, strengthen something, clarify it, whatever is necessary to make a good bill. There are some facts of life that just have to be dealt with. There are some facts of life concerning the approaching collapse of a good chunk of American agricultural production because of low prices and restricted credit that neither the administration nor the Senate Republican majority can avoid. None of us can avoid it.

131 Cong Rec S 15863 Wednesday, November 20, 1985;(Legislative day of Monday, November 18, 1985)

Serious consideration of the magnitude of America's farm, ranch, and rural crisis has been avoided by both the administration and the Senate. They have delayed the farm bill with schemes of rewriting on paper some unworkable plans and have shrouded their schemes from public scrutiny. This delay has not helped anyone. It has hurt all of rural America. The magnitude of the problems of America's farm and ranch country grows worse by the week. Out in my country, in Montana, those cold winds of winter have set in. They have set in through the Midwest also, and the Great Plains country. The harvest is completely over. The farmers and ranchers are facing that cold, bleak finality of slipping financial solvency and credit. That problem can no longer be ignored. It is worsening as we sit here. Farm prices are low and land, machinery and livestock equities continue to decline. The times are so tough but the disaster of the farm-ranch rural collapse has not been adequately considered or evaluated by the administration or I am sad to say, apparently by the Senate majority. They have only evaluated sums and figures of the farm bill, stalled for 2 months here in the Senate while the facts of life across the rural countryside of America have grown more grim.

Time has been wasted here in the Senate and down at the Department of Agriculture palavered on minor points, avoiding the real crisis. While time marches toward the inevitable agricultural doom, games have been played. The chairman of the Agriculture Committee speaks of "playing on a level field" in a puzzling statement that the administration must stand firm on farm bill costs, even while he blocks -- he says for the administration's benefit -- the consideration of steps to trim the costs of the Farm Program while leaving the bone and muscle necessary to stabilize the decline of both farm prices and farm credit. But even of more importance is the critical need to incorporate and resolve at this time the provisions that are necessary to keep agricultural credit available for the collapsing agricultural producing sector of the country.

We started the year with emergency steps to provide some sustenance to farm credit, only to have the bill vetoed by the President. That was last spring. Continuously since then, both the House and the Senate have talked and talked, echoed and re-echoed, the urgent need to pass meaningful farm credit legislation. The Farm Credit Administration said they needed more time; the Department of Agriculture said they were waiting on the Farm Credit Administration; the Senate Agriculture Committee chairman and the majority leader said they were waiting on the administration; and now I say, there is no longer time to wait or to waste as the farm credit collapse continues to worsen.

The Farm Credit Administration has made known a month ago what they consider to be the minimum backing that is required, the administration says they have been considering that statement, and the House now is beginning the process of implementing the necessary legislation to save what can be saved, to rescue what can be rescued, to sustain what can be sustained of farm and ranch producers so that the collapse of rural America can be stymied. When individual farm and ranch operations are liquidated, all surrounding land and equipment equities are diminished; the communities involved with these farm and ranch operators in the agricultural producing areas are weaker; and the businesses and services of those communities are diminished. It is the rural domino effect staggering community after community, county after county, and State after State of the Nation.

We have been delayed here in the Senate for 2 months by the chairman and the majority leader's attempts to wait on the administration's recognition of the calamity and chaos affecting agriculture. We cannot wait any longer. Whatever must be done for the farm crisis and the credit collapse must be done now.

This so-called "level playing field" gamesmanship that has been practiced for the past several weeks by the chairman and the majority leader cannot be allowed to be the final outcome of the responsibility of Congress to meet this crisis. For us taking time off for Thanksgiving or Christmas is irrelevant in consideration of that crisis. The delay that has been fostered to allow the administration to gain Senate support in terms of a majority vote to legislate the administration's inadequate plan, at least for the farm bill.

I believe that scheme or that gamesmanship will be a failure. I believe it will be a failure because a majority of the Senate will want to provide the minimum that is necessary in the farm bill to sustain as much as possible of the rural viability of America. We can do no less than that in the farm bill.

Too much time has gone by to allow us to consider the farm credit situation apart and separate from the farm bill. Now they must be linked together.

The 300-page amendment that has just been submitted by the majority leader is a painful face-saving proposal for the administration. It says that we will have a 1-year freeze on target prices. Then, in another section, we will have a 4-year target price freeze. Both are mandatory. Both would be required under the terms of the bill. That is what this amendment does. It rewrites big chunks of the bill before us. Perhaps that is a face-saving proposal for the administration.

But what are we voting on? Are we voting to have it both ways? What kind of process is it? It is ridiculous. The outcome supposedly would be resolved in conference. How do you start the conference? Is that the No. 1 item? If so, which position does the Senate take, having passed it? If that is the No. 1 item, it seems to be the biggest argument around here. What would be the position of the Senate -- 1 year or 4 years? How would it be possible for the Senate conferees to represent the Senate's viewpoint?

Mr. President, I do not believe that such a provision is truly worthy of the serious consideration that the Senate must apply to this crisis. It is not a game. That crisis is not a game. It is a reality. It is harsh, cold, wintertime reality. These farmers cannot avoid it. They have to face the reality that is there. Does it have much to do with the final outcome of all this? It has a lot to do with it. They have to have an answer.

Our responsibility can only be met if we act as quickly as we can, getting beyond this stalling game, and getting into the meat of the real problem: To enact legislation that takes the minimum steps necessary to stabilize farm credit. To do that requires doing that which we have known all this year must be done. That is that farm credit has to have some stability and certainty tied into the farm bill. That is the real need for keeping the target prices in the bill at the present level. From my point of view, I believe they must be kept in the bill at the present level for the life of the bill.

This requirement -- "freezing the target prices" -- has been the argument that farmers have had with the administration all during this year. This is not a new argument. This is one that started in the Agriculture Committee or started when we took up this bill. It started at the beginning of the year, with farmers saying, "This situation we are in is tough, and it looks like it's getting tougher." That certainly has been true. All year long, it has gotten worse.

So, winning on this argument or solving this argument is just the minimum required in the farm bill. Without it, there is no stability nor certainty to evaluate cash flow for the purposes of farm credit. They are always intertwined. Farmers have constantly said they have been intertwined.

We have known all year that the administration was wrong on the farm credit crisis; and while we failed to stem the tides when the President vetoed the farm credit bill last spring, we have known that action must be taken before the year is out on the farm credit crisis. That action cannot be delayed any longer, because the year's end is fast approaching.

We can and should develop the proper legislation here in the Senate on a bipartisan basis. That we have not been allowed to do up to this point, but we must delay no longer. That bipartisan approach must be allowed to go forward.

We started talking earlier about the comity of one Senator to another, one side of the aisle to the other. The other side of it is when we do not have comity. Past actions lacking comity seem to come down and catch us -- past actions of not allowing comity, not allowing each Senator on each side to be properly recognized and properly allowed to exercise the rights of Senators. They come down, too. They seem to have been catching up with us.

So let us get on with this bipartisanship. Let us see where that is. Let us see when we are going to work together here, knowing what the costs are, knowing what the CBO costs are, rather than the Department of Agriculture costs. I have no quarrel with using the Department of Agriculture costs if that is what we are going to use. The whole Congress has said otherwise. We are not going to use the cost analysis of individual agencies for the budget process. We bound ourselves into that. We use the Congressional Budget Office. We get away from just using the Department of

Agriculture for agriculture bills, or the Department of Transportation bills. We get away from that. We have decided that. We use the Congressional Budget Office. Whatever system we are using, we have to use, and it has to be scored the same.

We are not gaining anything by this delay. We know what we have to do here. What we have to do is pass a bill meeting the minimal needs of a farm bill. We must persist to enact those minimal needs.

We have now available that which the administration is willing to recommend for the farm credit system -- or at least I am told we have that available now. That is good. Whatever it is, let us review it. Let us see how we fit it into a bill.

If we are going to get rid of this farm bill, put it into conference, then we have to address the farm credit system. Let us admit that they are going to be in conference at the same time, and start the process in a bipartisan way, so that we get done and take some action. We will not have to have all this fuss about how long it takes us, who is causing the delay, why have we not acted before.

I am pleased that the administration, if what I have been told is correct, does have some recommendations for solving the lack of credit through the Farm Credit Administration.

I am pleased that the House of Representatives has started out on the process and has started their action. We must also start meaningful legislation to accomplish that which can be obtained, if the chairman and majority leader will relent in their pursuit of delaying tactics.

I do believe we have a majority of Senators, both Democrat and Republican, who want this process to move forward toward final Senate action on the farm bill, coupled with whatever is necessary for emergency farm credit and for that process to go forward here in the Senate until we get into conference with the House of Representatives, and to get final enactment for the President's signature.

The threat of veto by the President if this or that is not included in the farm bill is certainly irrelevant at this time because we have not shown the President what needs to be done by developing a farm bill package that we can get into conference to see whether we can get an agreement with the House of Representatives and get something we can show the President.

Now I have to add that that also applies for farm credit. I believe, and I hope I am correct on this, that the administration now has their recommendations or their regulations available and ready for us.

We have not yet passed a bill that contains the minimum needs for farmers and no new attempt on resolving the farm credit crisis.

When we do that and what we can agree on, we can show it to the President.

But to do any less than that that is necessary to address both the farm problem and the farm credit crisis will not provide any opportunity for any answer for all those people out in rural America who are waiting for us to do just that.

Mr. President, unless someone else seeks the floor, I suggest the absence of a quorum.

The PRESIDING OFFICE. The clerk will call the roll.

The assistant legislative clerk proceeded to call the roll.

(Mrs. Kassebaum assumed the chair during the call of the roll.)

Mr. BOSCHWITZ. Madam President, I ask unanimous consent that the order for the quorum call be dispensed

with.

Mr. HART. Madam President, reserving the right to object, will the distinguished Senator from Minnesota assure the Senator from Colorado that the request is a standard unanimous-consent request cleared by both sides of the aisle?

Mr. BOSCHWITZ. That is correct.

Mr. HART. It does not pertain to the pending legislation.

Mr. BOSCHWITZ. The only thing the Senator from Minnesota would ask is to show the Senator from Colorado that it has been cleared, and then we will go back into a quorum call.

Mr. HART. I thank the Senator.

I have no objection.

The PRESIDING OFFICER. Is there objection? Without objection, it is so ordered.

SUBJECT: VETO (79%); LEGISLATIVE BODIES (79%); LEGISLATION (79%); AGRICULTURAL LAW (79%); RURAL DEVELOPMENT (59%); AGRICULTURAL SUBSIDIES (59%); AGRICULTURAL PRICES (59%); GRAIN FARMING (59%); FARMERS & RANCHERS (59%); AGRICULTURE & ENVIRONMENT (59%); GOVERNMENT GRANTS & SUBSIDIES (59%); CONFERENCES & CONVENTIONS (59%); EXPORT TRADE (59%);