

Agricultural Act of 2014

Managers' Statements

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Commodity Credit Corporation, \$72,500,000 for fiscal years 2014 through 2017 and \$85,000,000 for fiscal year 2018 is authorized. (Section 10007)

The Senate amendment is similar to the House language. However, it requires the Secretary to issue guidance for the purpose of making grants for projects involving food safety, plant pests and disease and crop-specific projects. Of the funds of the Commodity Credit Corporation, \$70,000,000 for fiscal year 2014 and each fiscal year thereafter is authorized. (Section 10008)

The Conference substitute adopts the House provision with amendment. The amendment eliminates the House language on the State supplement for equipment or capital-related research costs. The amendment further established the mandatory funding level for fiscal year 2018 and each of the fiscal years thereafter. (Section 10010)

The Managers recognize the difficulty in coordinating and funding multi-state projects within the block grant program, and the Managers expect the USDA to issue guidance and work with states in making grants available for such projects. These multi-state projects may include food safety, research, plant pest and disease, and crop specific projects. These projects have the ability to link growers across state lines and promote much needed collaborative research. The Managers also encourage the Department to work with states to allow for funding for priority research objectives that are supported by the states and that comply with the purposes of the Specialty Crops Competitiveness Act.

 The Managers believe that many specialty crop growers benefit from the programs dedicated to the production and marketing of specialty crops and products derived from them. Throughout this legislation, the Managers have sought to bolster support for the specialty crop sector, but recognize that some specialty crop products continue to have production and marketing concerns outside of the policies specifically addressed in this legislation. One such specialty crop product is olive oil. In addition to the challenges associated with the production of an agriculture commodity, olive growers and olive oil processors face additional concerns related to trade and product standards of identity. With reference to international trade, tariff disparities pose a significant barrier to our export potential.

Regarding standards, the International Olive Council, an intergovernmental organization under the auspices of the United Nations, has traditionally set standards for olive oil throughout the world. USDA standards for olive oil closely match those of the IOC, even though the United States is not an IOC member.

However, testing standards continue to be an area of dispute due to differences in naturally occurring compounds, rapid chemical decomposition in olive oil, challenges related to sensory testing, and disagreement over what constitutes adulteration. Because of the difficulty in establishing an enforceable national standard of identity, there is potential for consumer confusion in cases where blending of oils and lesser quality oils into extra virgin olive oil is alleged to have occurred. In fact, Connecticut, New York, and Oregon have recently enacted olive oil grade standards to address consumer concerns.

A recent U.S. International Trade Commission report, "Olive Oil: Conditions of Competition between U.S. and Major Foreign Supplier Industries (Investigation No. 332-537)," issued September 12, 2013, at the behest of the U.S. House of Representatives Committee on Ways and Means documents some of these concerns.

The Commission's staff interviewed U.S. olive oil importers, European olive oil producers and exporters, U.S. olive growers and processors, government officials and others involved in the world olive oil industry. In the U.S. the total value of domestic and imported

olive oil exceeds \$1 billion and at the retail level the value is in excess of \$5 billion. The report provided evidence of different olive oil standards in the U.S. and in foreign markets, which adds to the confusion.

Highlights from the report point indicate that:

Current international standards for extra virgin olive oil allow a wide range of oil qualities to be marketed as extra virgin. In addition, the standards are widely unenforced. Mandatory testing with penalties for noncompliance exists only in Canada and the European Union. However, testing in the EU is only mandatory for a very small share of production (0.1 percent). Broad and unforced standards lead to adulterated and mislabeled products, weakening the competitiveness of high-quality producers, such as those in the United States, who try to differentiate their product based on quality.

Olive oil consumption has risen due to a recent focus on the benefits of a healthy diet, and as a result, the olive oil industry has great potential for our nation's farmers. However, barriers remain for domestic production. Many consumers also make purchasing decisions based on price. The Managers acknowledge that additional testing procedures could have an effect on olive oil importers and consumers.

The Managers urge the U.S. Department of Agriculture, U.S. Trade Representative and the U.S. Food and Drug Administration to study the U.S. International Trade Commission report and take action to remove the obstacles that are preventing the U.S. olive oil industry from reaching its potential. The Managers encourage USDA to collaborate with industry officials to determine if a marketing order for olive oil would effectively address concerns, benefit the U.S. consumer, and protect domestic growers and importers.

The Managers expect the Secretary to enforce the regulations contained in 7 CFR Part 46.44, Good Delivery Standards for Lettuce. The Managers are particularly concerned about contracts and invoices that use disclaimers to exempt product from the condition standards for damages due to bruising and discoloration following bruising. The Managers expect the Secretary to investigate any contracts or invoices that violate standards and leave perishable product receivers no recourse for damages beyond the Good Delivery Standards for Lettuce.

Another important issue to the specialty crop industry is the challenges surrounding a federal standard of identity for honey.

The conference substitute requires the Secretary to consult with honey industry stakeholders, including the American Honey Producers Association, the American Beekeeping Federation, the National Honey Packers and Dealers Association, the Sioux Honey Association, and the Western States Honey Packers and Dealers Association, on a report describing the contents of a new federal standard of identity for honey. The honey industry is currently faced with a number of major challenges, including the dilution of honey with increased quantities of other substances as well as the addition or substitution of substances in order to mask dilution. The subsection requires that this report be submitted to the Commissioner of the Food and Drug Administration (FDA) within 180 days of enactment.

A citizens' petition was filed with the FDA in March 2006, which represents the honey industry's previous effort to develop a federal honey standard of identity. Since 2006, a number of states have enacted differing honey standards raising concerns about inconsistencies, the flow of commerce within the honey industry, confusion in the market place and unanticipated legal