



SPECIALTY CROPS

Background

President Bush signed the Specialty Crop Competitiveness Act of 2004 (Act) on December 21, 2004. The Act seeks to promote increased consumption of specialty crops and increase the competitiveness of specialty crop producers. Specialty crops are defined as fruits and vegetables, tree nuts, dried fruits, and nursery crops (including floriculture). The Act authorizes \$54 million annually for the next 5 fiscal years to help meet these goals.

The Act authorizes: (1) specialty crop block grants to States through 2009; (2) technical assistance for specialty crops through 2009; (3) efforts to reduce the backlog of agricultural export petitions; (4) publication of a report on sanitary and phytosanitary export issues; (5) research on methyl bromide alternatives; (6) a national specialty crop research program; (7) a specialty crop committee; (8) a pest and disease response fund; (9) a peer review of import and export regulations; and (10) maintenance of a USDA training facility for USDA fresh fruit and vegetable inspectors.

The 2006 Agricultural Appropriations Act provided funding for one of the Act's initiatives by authorizing USDA to provide State agencies with \$7 million in specialty crop block grants to be used solely to enhance the competitiveness of specialty crops. USDA is drafting regulations that will implement the grant program in early 2006.

In addition to the Act, the 2002 farm bill authorized a Fruit and Vegetable Snack Program which provides free fresh produce to schools to encourage children to snack on fruits and vegetables. The program began as a pilot program covering over 100 schools in 4 States and 7 schools on Indian reservations. The program was funded by a one-time allocation of \$6 million from funds available under Section 32 of the Act of August 24, 1935 (Section 32). In 2004, the program was expanded, through the Child Nutrition and WIC Reauthorization Act, to include additional schools in four additional States and on two additional reservations. This law also provided mandatory funding of \$9 million annually through fiscal year (FY) 2008. In November 2005, the 2006 Agriculture Appropriations Act added Utah, Wisconsin, New Mexico, Texas, Connecticut, and Idaho to the existing program. These States are funded at \$6 million for FY 2006.

The 2002 farm bill also required the Secretary of Agriculture to use not less than \$200 million of Section 32 funds to purchase fruit, vegetables, and specialty crops starting in FY 2002 and each subsequent year. Of this \$200 million, not less than \$50 million is allocated to the Secretary of Defense to purchase fruit, vegetables, and specialty crops.

Specialty crops production represents approximately 50 percent of the total value of U.S. crop production. For 2005, the retail value of U.S. specialty crops is estimated to have been around \$60 billion.

General Opinions Expressed

- Many commenters stated that USDA should encourage additional specialty crop production, as fruit and vegetable consumption is vital to the health of all Americans and is a major component of USDA's newly released food pyramid.
- Several comments noted that it is difficult for specialty crop growers to compete against heavily subsidized and minimally regulated foreign producers. U.S. specialty crop growers face tariff and nontariff trade barriers in international markets.
- Many comments suggested that the next farm bill should expand upon the Specialty Crops Competitiveness Act of 2004, including continuing and increasing the block grants to States.
- Several comments, referencing the 2002 farm bill's fruit and vegetable planting restrictions, stated that farmers should have the flexibility to plant fruits and vegetables without being penalized if they do not have a history of growing such commodities or if their acres are enrolled in Federal farm programs that provide direct payments.
- A few comments supported the current restriction on the growing of fruits and vegetables on subsidized acreage enrolled in USDA farm programs, while also encouraging the effective enforcement of this restriction.
- Some comments encouraged more funding for specialty crops research and market development.
- Many comments suggested expanding the USDA Fruit and Vegetable Snack Program to all 50 States.
- A few comments stated that Federal farm policy has basically ignored specialty crop producers.
- Many comments supported the expansion of the Department of Defense Fresh Fruit and Vegetable Program.
- Several comments stated that Hawaiian foliage crops should be included in the Specialty Crops Competitiveness Act.
- A few commented that it should be easier to purchase crop insurance for specialty crops.

Detailed Suggestions Expressed

- The Specialty Crop Regulatory Initiative should be funded in order to help obtain regulatory approvals for biotechnology-derived specialty crops.
- Low-interest loans and tax incentives should be provided to encourage specialty crop production.
- USDA should promote specialty crops such as colored cotton and heirloom varieties.
- USDA should move expeditiously in implementing the Specialty Crops Competitiveness Act of 2004.
- The farm bill should address the following specialty crop issues: block grants, international trade, nutrition, marketing, invasive pests and diseases, research, competitive grants, and conservation programs.

- USDA should help develop domestic markets for Asian specialty crops.
- U.S. raisin producers face serious obstacles in competing with foreign raisin producers.
- High-value specialty crops such as nursery crops should receive support.
- Ethnic crops such as lemon grass and sinqua should have access to specialty crop grants.
- Farmers should be allowed to opt out of the Federal farm program, without penalty, on a yearly basis in order to raise fruits and vegetables.
- Marketing orders should continue to be used to promote fruit and vegetable consumption.
- Amending Federal law to allow marketing orders to implement food safety programs would help promote fruit and vegetable production and consumption by assuring consumers of the safety of the products.
- \$1.5 million should be appropriated for the Agricultural Marketing Service (AMS) National Training and Development Center in Fredericksburg, Virginia, for the training of fresh produce inspectors.
- For FY 2007, \$9 million should be allocated from the Commodity Credit Corporation to fund AMS market news information for U.S. fruit and vegetable growers.
- A new fruit and vegetable marketing program to encourage consumption of these commodities should be created.
- Support was expressed for the Farming Flexibility Act of 2005 which would allow the growing of fruits and vegetables on farm program acres.
- The Fruit and Vegetable Snack Program should be expanded not only to every State, but to 100 schools in each State.
- Funding should be increased for USDA's Technical Assistance for Specialty Crops program.
- The farm bill should include the California Institute for the Study of Specialty Crops at Cal Poly's recommendations for maintaining and improving the competitiveness of specialty crops.