



New Markets Forum
November 2005
Ayrshire Farm, Upperville, Virginia

Executive Summary

On November 16 and 17, American Farmland Trust (AFT) convened a meeting of 50 leaders—representing the local food system, new markets, and sustainable agriculture communities—at Ayrshire Farm in Virginia to discuss policy options for the 2007 Farm Bill. Participants hailed from across the country and represented a diverse range of agricultural interests: farmers and ranchers; lenders; state departments of agriculture; and advocates for organic, local, humane, sustainable, limited resource, immigrant and value-added agriculture.

Speakers at the forum included Chef Cathal Armstrong from Restaurant Eve in Alexandria, Virginia, who reminded participants of the important relationship between producer and consumer. Allen Hance from the Northeast Midwest Institute and Cris Coffin of AFT provided an overview of the issues and policy options related to new markets. Four panelists—representing a state department of agriculture, a lender, an organic vegetable farmer and a bison rancher—shared their successes and most pressing challenges. And AFT President Ralph Grossi brought the forum to its conclusion with a discussion of the changing nature of American agriculture and the prospects for policy reform.

Participants in the forum identified a number of priorities for farm policy reform: improving local and regional processing and marketing infrastructure; increasing support for new market and new product research; encouraging entrepreneurship among farmers and ranchers; and assisting communities with rural economic development. A detailed list of the identified priorities is available from AFT.

After being divided into six work teams, participants were asked to rank the priorities identified in the first session and propose policy recommendations. Several groups addressed the importance of promoting on-farm energy and bio-based products, an issue which addresses environmental and national security needs and presents the potential for forming broad-based alliances of producers and consumers. Policy recommendations included establishing pilot programs in areas with large amounts of agricultural byproducts (such as animal waste or leftovers from plant processing) or air pollution concerns; encouraging automobile manufacturers to install ethanol converters in all vehicles; and increasing funding for basic research into bio-based products and biomass.

Several teams prioritized the improvement of infrastructure that would strengthen local food systems and enable small producers to better reach the market. One policy recommendation was the creation of a “Planning for Agriculture” Block Grant Program that could help communities address local food security needs by encouraging land use planning and protection and improving agricultural and food distribution infrastructure. Such block grants would combine the interests of farmers, planners, nutrition and health professionals and local governments into a single program with the critical mass to effect real change at the community level. Another proposal involved the creation of a two-stage grant program that would fund business planning and feasibility studies and provide competitive grants to assist in implementing the most promising infrastructure development plans. This program would encourage public-private partnerships and be targeted towards regional priorities and solutions. A final proposal, which focused on the lack of livestock processing facilities in some areas, called for revision of the regulatory framework

that governs federal meat inspection and interstate shipment of meat products. It also called for providing federal grants or tax incentives to spur construction of processing facilities that serve small and mid-sized producers.

A third area that received attention from several groups was finding ways to encourage local and regional food systems. One option proposed was to provide procurement preferences for local food and farm products, perhaps to targeted subgroups in the agricultural sector (such as limited resource and socially disadvantaged producers). This reform would allow institutional purchasers to support local and regional food systems through their food procurement decisions. Another policy recommendation was to provide block grants to states to promote state or local sourcing, multi-stakeholder decision-making, and greater ownership and equity for the farmer and the community.

The fourth issue addressed by the work teams was the need to provide more assistance to beginning and socially and historically disadvantaged farmers. One policy proposal called for rewriting federal credit, conservation, and value-added producer grant programs to give preferences to beginning farmers. A second proposal was to help socially and historically disadvantaged groups by making credit more accessible, providing debt restructuring, and increasing funding for the 2501 program, which provides technical assistance and outreach to socially disadvantaged farmers.

Several teams proposed policy options to increase rural entrepreneurship by providing farmers with technical assistance on market and product development, business plans, feasibility studies, and loan and grant applications. One proposal encouraged increasing funding for a revised Agricultural Innovation Center concept that would bring together state departments of agriculture, land grant universities and non-profits to provide research and technical assistance to farmers seeking to expand into new markets.

To address the varied needs of specialty crop producers, one group recommended creating a \$500 million Innovation Partnership Grant program that would provide state departments of agriculture with funding to support marketing, research, promotions, inspections, food safety and nutrition education. Besides providing support to the specialty crops sector, which produces over 50 percent of farm gate income nationwide, these initiatives could create important alliances with nutrition and health advocates. In addition, a portion of the grant to each state could be used for generic marketing purposes, offering states a means to fund marketing projects related to either specialty or commodity program crops.

To address the need to preserve the genetic diversity of plants and livestock and allow free access to those genetic varieties, one team proposed the creation of a public plant and animal breeding program that would combine grants to promote the release of new public varieties with those rewarding the conservation of varieties by farmers and institutions.

Finally, the last major issue that received attention was the proliferation of agricultural contracts. The policy proposal recommended methods of reforming contract requirements to better protect producers across the nation.

These policy options and the issues they address will be considered by both the Kellogg Farm and Food Policy Project and by American Farmland Trust as they continue to refine their proposals for farm policy reform. For more information on the New Markets Forum or for a detailed summary of the proposals, please contact AFT.