

**Day 2 Opening Remarks by Deputy Secretary of Agriculture Kathleen Merrigan
and Secretary of Agriculture Tom Vilsack**

(Extracted from transcripts.)

10 DEPUTY SECRETARY KATHLEEN MERRIGAN: Thank you, Cindy.

11 Good morning. I see a lot of familiar faces out in the
12 crowd and that may be because I'm a veteran of these
13 sort of meetings.

14 When the Secretary and I walked in and we saw
15 those white pages and we said, "Oh, my goodness."
16 We're familiar with this process, and it's a really
17 important process in terms of trying to pull together
18 diverse viewpoints to help us figure out this next
19 generation of regulations for APHIS, incredibly
20 important work.

21 I think I started in biotech with a keystone
22 dialogue back in 1987, went through that whole process

1 and then I was with the stakeholders at the Ag Biotech
2 Forum. I see Gregg Jaffe is here. Ray Dobert, you
3 were a part of that, maybe others in the room. I don't
4 know if, Michael, if you participated in that.

5 But we see a lot of value in bringing people
6 together with diverse viewpoints to try to get at all
7 the issues and you had a very productive day yesterday,
8 as I understand it. Today, we're asking you to really
9 tackle some difficult issues around notification and
10 permitting.

11 We're asking for your views on really tough
12 questions having to do with this next generation of
13 plants that have pharmaceutical properties, potential
14 industrial uses. We're asking you some really hairy
15 questions about low-level presence and how that fits
16 into our thinking about these regulations that we want
17 to finalize in the near future.

18 So tough work ahead of you but a really
19 important job and the Secretary and I couldn't be more
20 pleased to show up at your meeting in the midst of
21 everything that's going on, H1N1 has taken over USDA,
22 as you might imagine, but the work that you're doing

1 here is really important. We want to support you. We
2 want to listen to what's being said and work with
3 APHIS, with Cindy and her team, they're doing a great
4 job, to bring this to some sort of completion in the
5 not-so-distant future, is that correct?

6 I know that this has been a very active
7 comment period. We're still in the public comment
8 period, and bringing together the experts in this room
9 is really going to help us reach the next stage of our
10 deliberations and so I appreciate all of that.

11 It's my pleasure to introduce to you Secretary
12 Tom Vilsack, although he really needs no introduction
13 in this crowd, but as I think most of you know, he was
14 the Governor of Iowa before he meandered over to USDA
15 and joined the Cabinet and there biotech is a big, big
16 issue in his state. So he's got a lot of experience.
17 He's long in the tooth, as we say, in these arenas, and
18 I think he's going to work quite closely as well with
19 Cindy.

20 We're going to try to work this together and
21 help figure these things out. He was confirmed on the
22 very first day a Cabinet official can be confirmed, on

1 January 20 . He hit the ground running. There has not
2 been a moment of peace in his life but he's an
3 incredible hard-worker. He brings these huge notebooks
4 home every night and studies up and comes back the next
5 morning. He got in the car this morning. He didn't
6 even quite get out the hello before he started asking
7 questions. That's the kind of guy he is.

8 Coming from an academic environment, I thought
9 I would miss that kind of constant questioning,
10 constant learning stage, and I find that I'm right back
11 in it right here in Washington, D.C., with a terrific
12 leader by my side, and so without further ado, I
13 introduce you to Secretary Vilsack.

14 [Applause.]

15 SECRETARY TOM VILSACK: Well, let me, first of
16 all, start off properly.

17 Good morning, Kathleen.

18 [Laughter.]

19 SECRETARY TOM VILSACK: I realized I didn't
20 actually say good morning when I got in the car.

21 And good morning to all of you, and I want to
22 take this opportunity, it's, I think, the first public

1 opportunity that I've had to thank Cindy for her work
2 and effort. You know, it's difficult enough to have
3 one job but then when you're asked to basically step in
4 and be the Acting Under Secretary for an extended
5 period of time, it puts a lot of pressure and burden on
6 an individual and Cindy has been in my office quite a
7 bit for a multitude of issues and has really done a
8 good job for us, allowing the new people in our office
9 to sort of get into the swing of things.

10 So, Cindy, thank you very much for your hard
11 work.

12 And I'm here today, first and foremost, to
13 thank all of you for the work that you're doing today.
14 You know, these are, as the Deputy indicated, very,
15 very extraordinarily important but also extremely
16 difficult issues.

17 I think it's safe to say that biotechnology,
18 regardless of where you may stand on the nature of
19 biotechnology, the science is here to stay. The
20 question is how should it co-exist with other ways to
21 participate in what's important for our country and for
22 the globe and that is producing enough food and fiber

1 to feed six billion people and that number continues to
2 grow, and as we deal and learn more about biology and
3 as we deal and learn more about science, one thing we
4 know for sure is it's constantly changing and it's very
5 difficult because it's constantly changing for a
6 regulatory structure to be able to respond and adjust
7 appropriately and so here you are today to try to
8 figure out whether or not it in fact can create a
9 system in which different ways to approach agriculture
10 can co-exist and, if so, how and how do you set up a
11 regulatory structure that has enough flexibility so
12 that it can respond appropriately to science as science
13 mature and as we gain greater understanding of science.

14 The biotechnology rules, for all intents and
15 purposes, have not seen this kind of significant review
16 and update for around 20 years. So a lot has changed
17 obviously in that time period, and the Obama
18 Administration, the president has been very clear to
19 his Cabinet members. He wants processes to be
20 transparent.

21 Just the other day, I was in a meeting and I
22 couldn't figure out why there was a staff person, a

1 particular staff person in this meeting. All
2 throughout the entire meeting I'm thinking why is my
3 advance guy sitting in this meeting. I mean, he's the
4 guy that arranges for me to get to places and why is he
5 here and as the meeting ended, I sort of asked
6 somebody. I said, "Why is Roan in this meeting? I
7 mean, he's an advance guy. He's a scheduler. He's the
8 guy who takes care of making sure I get to places on
9 time." "He was there for one reason, sir. If anybody
10 started talking about the stimulus bill, he was
11 supposed to shut off the conversation because the
12 ethics rules that President Obama's put in place
13 prevent you from talking about the stimulus to any
14 registered lobbyist."

15 You know, it's that minute, it's that
16 detailed, and it's that specific in terms of how we
17 want to act on behalf of the public.

18 So, first and foremost, the process has to be
19 transparent and we're here today to reinforce that
20 message, and it also has to be participatory. The
21 President feels very, very strongly about the necessity
22 of trying to get as much input from people who have

1 interests and concerns about issues that involve their
2 lives and their government and that's because he wants
3 to reconnect people with government.

4 As you sit here today, you may be thinking of
5 yourself as facilitators in a regulatory process, but
6 you are also sort of citizens reconnecting with your
7 government and helping to shape your government, and
8 the president is very anxious to see more of that take
9 place in America because for far too long we've been
10 sort of separated from our government. We've looked at
11 government as something that's the enemy or something
12 that is not to be respected or something that's not to
13 be appreciated. You all are engaged in a process that
14 allows for that reconnection to take place.

15 And he also wants it to be collaborative which
16 is why the people in this room have perhaps come from
17 different perspectives as relates to these rules and
18 regulations, but to the extent that reasonable people
19 sitting in a room like this, dedicated to trying to find
20 difficult but oftentimes common solutions can actually
21 achieve really good regulations, good direction.

22 APHIS needs that direction. We've received

1 over 20,000 comments about the proposed rules and some
2 of them have suggested that we need to be more clear
3 about the rules, and some have suggested that those
4 rules need to be more flexible, and in some cases the
5 comments have suggested less flexibility. But I think
6 it's very instructive in the process that people are
7 engaged in this issue and have very definite opinions
8 about it and your job, with the help of facilitators
9 and these white boards, is to try to figure out where
10 the common ground is, and the importance is that we
11 have a system that allows folks to co-exist, that
12 allows folks choices, that allows folks to pursue their
13 dream and their hopes as relates to how land in this
14 country is to be used and how we're to feed our
15 population and how we are to continue to make
16 opportunities to feed the rest of the world.

17 Let me finish by saying that yesterday I was
18 in a breakfast meeting with Secretary Clinton. She
19 hosted a first-ever meeting at the State Department of
20 congressional leaders, of other Cabinet members, and
21 other government officials focused on food security.

22 As we begin the process of rebranding the

1 United States to the rest of the world, one area where
2 we'll be able potentially to do that is in the area of
3 food security, a different approach, not just simply
4 providing the excess food that we can grow and produce
5 in this country in the form of emergency aid but how we
6 provide the technical assistance and the knowledge and
7 the information that allow people to grow what they can
8 grow best and hopefully create opportunities for their
9 trade, as well, to grow revenues and grow incomes and
10 grow the capacity for people to have available food and
11 access that food and be able to utilize it properly.

12 The work you're doing here may be about the
13 United States, it may be about the USDA's regulations,
14 but the reality is it has a global impact because there
15 will be people who will ultimately follow and try to
16 learn from your experiences and your discussions here.

17 So this is pretty important work in and of
18 what you're doing for the country but now you've also
19 got some responsibility to try to figure out how to do
20 it as well as you possibly can because it will have an
21 impact on the rest of the world.

22 So the Deputy and I thought it was appropriate

1 for us to be here this morning to thank you. We're not
2 going to be able to respond to very many of the
3 questions that you might have simply because it's still
4 in the process of open comment. We're still trying to
5 solicit information, still trying to get your thoughts
6 and ideas.

7 I don't know that there are any preconceived
8 answers. That's what this process is about, but we did
9 want to tell you we are both supporting each other in
10 this effort, and we're very, very anxious to see your
11 work.

12 So with that, let me stop and I guess we open
13 it up to questions, and I told Kathleen that any
14 question that's tough goes to her. She is, by the way,
15 the one with the Ph.D., not me.

16 So questions. This is a kind crowd. Let me
17 open it up to say questions about anything related to
18 USDA. How's that? There we go. That was enough.

19 RAY DOBERT: I wonder if you'd comment,
20 Secretary, a little bit about the recent -- you've made
21 recent comments with regard to the importance of
22 assuring that export markets remain open to U.S.

1 commodities, especially those commodities which include
2 biotech-derived products.

3 SECRETARY TOM VILSACK: Sure.

4 RAY DOBERT: Just how that work is going and
5 what the goals are for that work.

6 SECRETARY TOM VILSACK: Okay. Thanks for the
7 question.

8 Let me start by saying that part of our
9 responsibility at USDA, as I see it, and one of the
10 reasons I took this job was to make sure that the
11 people of the United States fully understand and
12 appreciate that the USDA is not solely about the
13 producer community.

14 I think oftentimes the perception is that
15 we're about farmers and ranchers and we are, but we
16 like to think of ourselves as an every-day/every-way
17 Department, and if you look at the massive scope of what
18 USDA is involved in, from providing broadband to
19 helping to build houses, helping to furnish healthcare
20 clinics, to equipping fire stations, to doing
21 wastewater treatment, to food safety, to food
22 assistance, you see that our responsibilities are much

1 broader.

2 Part of those responsibilities do involve,
3 however, us having a keen understanding of what's
4 happening in terms of agriculture in the country and so
5 every five years we do a Census and the Census
6 basically was just completed. I think I was in office
7 for less than a month and I had brought in this big
8 huge book and I started reading it which is what I do
9 when people put big huge books on my desk.

10 I started reading it and I saw five basic
11 trends which are important for people generally to
12 understand about what's going on out there in the
13 countryside.

14 The first trend is that there is an enormous
15 growth in what I'll refer to as small-income farm
16 operations. Now remember, farms are defined fairly
17 liberally in this country as any activity that has more
18 than a thousand dollars in sales. So it doesn't take a
19 lot to be a farm, but we had a 108,000 new farming
20 operations in that small-income area of less than, say,
21 \$5,000 in sales.

22 Well, who are these people? These folks are,

1 I think, growing, for the most part, fruits and
2 vegetables and nuts and they are a critical component
3 to the future of USDA and, for that matter, the future
4 of the country.

5 We want to encourage their growth and
6 expansion which why is you're seeing us talk a lot
7 about more nutritious food in the diets of children,
8 particularly as we reauthorize school lunch and school
9 breakfast. We're going to try to link those local
10 producers up with local purchasers, particularly
11 institutional purchasers. That's one trend.

12 The second trend was the farms in the middle,
13 the farms that have somewhere between \$10,000 in sales
14 and maybe a half million dollars in sales. We saw a
15 decline in their number, about 80,000 fewer operations
16 than there were five years ago.

17 Now some of those operations migrated into
18 larger operations, but for the most part I think we saw
19 an actual decline in that number.

20 So USDA has to think, continue to think of
21 ways in which we can support those mid-sized and mid-
22 income-sized operations so that we keep populating and

1 repopulating rural communities.

2 One way we're going to do that, try to do that
3 is a continued effort to do what the President has
4 asked us to do which is to expand the reliance in Farm
5 Country on biofuels and renewable energy. We want to
6 do audits of farm operations to figure out ways in
7 which farmers might incorporate renewable energy into
8 their operations, might be able to produce renewable
9 energy and therefore create additional income
10 opportunities for them that may not exist today.

11 Then there are the large operations, the
12 operations that have more than \$500,000 in sales. They
13 are what most people refer to as "production
14 agriculture." Those folks are extremely important, in
15 that five percent, the top five percent of those farms,
16 about a 125,000 of them, produce 75 percent of the food
17 that we eat.

18 The question is how do those folks survive?
19 One of the strategies for their survival is the
20 capacity not just simply to grow what we need but also
21 to be able to export whatever surplus we have to
22 countries that are not capable or not able to grow what

1 we can grow in great abundance.

2 Likewise, we have to be able to import into
3 our country those things which we don't grow or raise
4 in abundance. That's the notion of trade.

5 The reality is that when you look at what's
6 being grown in America today, a substantial percentage
7 of the grains that are being grown are GMOs and there
8 are, indeed, differing opinions about that worldwide.

9 What we are seeing, I believe it's fair to
10 say, is a recognition on the part of many globally that
11 we are headed towards a train wreck in terms of our
12 capacity to grow enough and raise enough food and the
13 rising world population and so more countries now are
14 looking at how science can be part of the answer to
15 that and so there's become a bit more acceptance of
16 GMOs from countries in South America, from some African
17 countries, from a few Asian countries, and even many of
18 the Eastern European countries are growing in
19 acceptance.

20 And so the question is how does America work
21 with our friends to overcome whatever barriers may
22 exist, real or not, in other countries so that we have

1 trading routes that are free and where the barriers
2 that are not artificially constructed and we've got
3 work to do on this. We have relationships that have to
4 be built. There needs to be a trusting relationship
5 that's built with this new Administration, with
6 existing administrations, which is why I traveled to
7 Italy two weeks ago to visit with the G8 ag ministers
8 and several other ag ministers of other countries to
9 begin that dialogue and conversation.

10 I think it's already in a sense, if you will,
11 -- I'll take a little side route here. I think it's
12 bearing fruit already. Those relationships are
13 important because when the H1N1 outbreak occurs
14 initially, Japan in particular made a very strong
15 statement about the capacity and the safety of American
16 pork products and they weren't going to ban those
17 products.

18 That ultimately impacts those hard-working
19 farmers out there are just trying to do what they do
20 and trying to help raise their families and help feed
21 our families.

22 So part of the strategy is involved in

1 building relationships, finding out what those barriers
2 are, trying to educate folks as best we can that
3 whatever rules, whatever regulations, whatever barriers
4 exist have to be science-based, and if they're science-
5 based, if there's a problem with the science, we need
6 to solve it. If there isn't a problem with the
7 science, then people shouldn't be constructing
8 artificial barriers.

9 I think there's a growing recognition on the
10 part of many in the EU generally that perhaps they need
11 to rethink or take a slightly different view than what
12 they have with GMOs. Is this going to solve the
13 problem? Is this going to open up that market widely?
14 Perhaps not. Will there still be a strong desire on
15 the part of folks to know precisely where food's coming
16 from and precisely what it's made of? Absolutely.

17 In fact, we are in USDA talking about know
18 your food/know your farmer because I think consumers in
19 this country are becoming more aware every day of the
20 need for their awareness about what they're consuming,
21 what their families are consuming.

22 So that's the third trend, large increases in

1 the production agricultural side, about 40,000 new
2 operations in that side.

3 Two final trends for your benefit. One has to
4 do with the aging nature of farmers in this country and
5 as we think about trying to migrate those small
6 operations into mid-sized operations, just think about
7 the fact that right now the age of farmers in five
8 years, the average age went from 55 to 57, so we aged
9 two years on average in five years. That is not a good
10 trend, and the reason we aged is because we had, I
11 believe, a 30-percent increase in the number of farmers
12 over the age of 75 and a 20-percent decrease in the
13 number of farmers under the age of 25.

14 Now, you know, I don't know about you but if
15 I'm 75, God bless those folks who are still farming.
16 That's hard work, but I don't know that we can continue
17 to rely on 75-year-old farmers to produce the food that
18 we need to eat. So we need to figure out ways in which
19 we can encourage beginning farmers.

20 One of the things we did is announced more
21 additional resources for beginning farmers. We had the
22 stimulus money that came about. About 50 percent of it

1 went from direct-to-farm loans went to beginning
2 farmers. So we're trying to figure out ways in which
3 we can keep people on the farm, encourage young people
4 to get into farming and migrate those people who are
5 small entrepreneurs and getting started, making them,
6 you know, sustain their operations.

7 The last trend has to do with rural
8 development and that trend is that a substantial
9 percentage of farmers today and farm families require
10 off-farm income to survive.

11 At least almost half, 900,000 of the 2.2
12 million farmers in the country today, 900,000 of them,
13 they themselves, the farmer, not the spouse but the
14 farmer has to work at least 200 days off the farm to
15 keep the farm.

16 So what was probably true when I was kid,
17 which was that the countryside's economy was ruled by
18 agriculture, is probably reversed now and that is that
19 the rural economy allows farmers to stay in business.
20 So USDA's got to be about not just helping that
21 producer and farmer out but it also has to be about
22 producing job opportunities in rural areas so farmers

1 can stay on the farm so what we don't end up with is a
2 half a dozen really mega humongous farms that are
3 controlled by a small number of people.

4 Well, that spurred some thoughts and ideas.

5 JIM BAIR: Good morning. I'm Jim Bair from
6 the Millers Association.

7 The power of biotechnology has caused huge
8 shifts in planning decisions for growers. For example,
9 in North Dakota where they never used to grow corn and
10 soybeans, biotech is now allowing them to grow corn and
11 soybeans.

12 Coupled with the biofuels push, what's
13 happened is we already import 100 percent of the oats
14 we consume in this country and we're importing more and
15 more quantities of wheat every day as we push food
16 grain production offshore.

17 So I'd be interested in your comments, Mr.
18 Secretary, on how we can reconcile and help the public
19 to understand that we grow fewer acres of wheat today
20 than we did in 1898. So how do we reconcile these
21 production shifts with the consumer's desire to not be
22 dependent on imports for basic staple food commodities?

1 SECRETARY TOM VILSACK: You know, that's an
2 interesting question you've asked and let me answer it
3 a couple different ways.

4 First of all, when I went over to Italy to
5 talk about food security, the one thing that was
6 impressed upon me in preparation for that trip is that
7 the American view of agriculture is not necessarily to
8 promote the concept of self-sufficiency.

9 We have a lot of our trading partners who are
10 sort of wedded to the notion that they ought to be
11 self-sufficient in their capacity to produce their own
12 food. The problem with that is if everybody maintains
13 a self-sufficiency attitude, then basically what we
14 have is no trade, no inter-relationship, no interaction
15 with the rest of the world because we're all sort of
16 taking care of ourselves and not worrying about what
17 other folks are up to. So the U.S. view has always
18 been that we want exchanges. We want trade to take
19 place and we want people to do what they do best.

20 So I'm not so sure that Americans have sort of
21 bought into the notion that they want to be totally
22 self-sufficient in terms of their food production. In

1 fact, I think we import more food than we -- I think
2 that we import more than 50 percent of the food that we
3 consume.

4 Secondly, sort of on the opposite end of that
5 answer is the notion that we want to maintain diversity
6 in what we grow, and I think what we're going to see is
7 a move back to that and the reason, I think what's
8 going to move us back to that, is the discussion about
9 climate change.

10 I think as we begin the process of looking at
11 cap and trade systems, we're going to see people make
12 perhaps different decisions than they've made in the
13 past because there's going to be an economic reason for
14 them to think about the possibility of rotation of
15 crops that they haven't necessarily been thinking about
16 up to this point.

17 They may be economically incented to think
18 about rotation of crops, to think about using their
19 land differently than they have been using it, not
20 because it's the simplest, easiest, cheapest thing to
21 grow and therefore the easiest way to make a profit
22 from your farming operation, but because you're

1 actually being rewarded for doing something different
2 each year or doing something differently than you have
3 done it in the past.

4 What am I talking about? If you've got a cap
5 and trade system, you're putting a price on carbon.
6 You put a price on carbon, it makes fossil fuels a bit
7 more expensive than they've been. As part of that cap
8 and trade system, you're going to have an offset
9 process. You're going to have a way in which those who
10 can't meet their cap or can't purchase enough credits
11 to emit whatever they have to emit to stay in business,
12 they're going to be looking for the purchasing of
13 offset credits and one great opportunity for purchase
14 of offset credits is agriculture and forestry because,
15 as we know, it's much less of a problem than a lot of
16 other industries.

17 You've got nitrous oxide and methane which are
18 two key problems for agriculture, far less on the CO₂
19 side, but you've got power companies, you've got heavy
20 manufacturing where they are really concerned about how
21 they're going to meet their requirements.

22 There will, I believe, be a system in which

1 farmers will be paid to fertilize their farms
2 differently. They may be paid for raising different
3 cover crops. They may be paid for trees that are
4 growing on their property. They may be paid for ways
5 in which to produce livestock differently or to feed
6 livestock differently.

7 There is a lot of interesting research being
8 done on feed to livestock in terms of reduction of
9 methane from basically the digestive process that it goes
10 through. All of that may change the calculation
11 farmers are going to make over time. So you may
12 actually see a move back towards greater crop diversity
13 than you see today.

14 At the same time that's going on, there's
15 going to be a continued effort, I think, for Americans
16 to rethink their own personal diets and that of their
17 families because we're faced with an obesity epidemic
18 in this country that is absolutely affecting and
19 impacting our children.

20 Somewhere between 30 and 35 percent of our
21 youngsters are either at risk of being overweight or
22 are in fact overweight. We've seen Type II diabetes

1 which is not necessarily genetic, it's something that
2 comes with the lifestyle, we're seeing a rise in that
3 among children, and we're seeing a healthcare system
4 that is burdening our economy to the point where we're
5 not going to be able to sustain it.

6 That's going to lead people to focus on
7 strategies for reducing healthcare costs and one way to
8 do that obviously is more nutritious eating focused on
9 prevention and wellness and that's going to, I think,
10 lead to a desire on the part of Americans to consume
11 hopefully more fruits and more vegetables, you know, a
12 more balanced diet than they are consuming today. That
13 may also lead to different strategies and different
14 choices being made.

15 So I think we're sort of in an evolutionary
16 circumstance and situation where we have sort of two
17 major movements taking place. One is to continue
18 trying to figure out how we're going to feed an ever-
19 increasing population as the amount of land available
20 for production shrinking and at the same time how do we
21 make sure that our diets are more nutritious than
22 they've been and how do we do a better job in

1 preventing illness and disease through wellness and so

2 you've got that going on. It's complicated.

3 Yes, sir? One more question, I'm told. Okay.

4 Did I have two hands up? We'll do two more.

5 NEHRA NARENDER: Okay. I'm glad you opened it

6 up for, you know, all kinds of questions.

7 I know for President Obama, energy and, you

8 know, the biofuel and bioenergy was very high on the

9 agenda, and now some can argue that the oil prices have

10 gone down, they're one-third what they were before.

11 I just want to know if the President and

12 yourself, you still have the same type of commitment

13 and the long-term vision for the biofuel and bioenergy.

14 SECRETARY TOM VILSACK: Well, you know, I've

15 only had one job interview in my life. It was the one

16 I had with him. I married the boss's daughter, so that

17 was a relatively simple way to get a job --

18 [Laughter.]

19 -- in my law practice and so I was very keenly

20 aware of listening to my boss when he offered me this

21 job and he said two things to me at the job interview

22 after he said, "You're my guy," and I sort of fumbled

1 around and I said, "Excuse me, sir? Your guy?" He
2 goes, "My Secretary of Agriculture." He said, "You
3 have to go through the vetting process." He said,
4 "Don't tell anybody but you're my selection."

5 So then my heart's pounding about 200 beats a
6 minute and I'm just really excited and thrilled. He
7 said two things. Number 1. "I want our children to
8 have more nutritious diets." He said, "Whatever we
9 have to do, we have to get our kids more physically
10 active, focused more on fruits and vegetables, get more
11 nutrition in their diets because we can't sustain
12 what's going on here in the country."

13 That's the first thing he said to me. He
14 didn't say, you know, I'm worried about crop prices or
15 I'm worried about farm subsidies. He said more
16 nutrition for our children and he understood
17 intuitively that at USDA two-thirds of our budget goes
18 to food assistance. If you look at our job in terms of
19 money, that's what our job is, food assistance, right?

20 The second thing he said to me, he said, "We
21 want to make sure that we continue to promote renewable
22 energy and fuel." The reason he said that, the second

1 thing, is that he is aware of the fact that there are
2 23 oil-producing countries in the world, 15 have peaked
3 in production. You've got a China economy that
4 continues to grow while the rest of the world's
5 contracting. You've got an Indian economy that will
6 grow over time because eventually it will have the
7 youngest workforce in the world and over take China and
8 there will be a lot of activity going on in that part
9 of the world, and then you've got these African nations
10 that at some point in time, as they get their act
11 together, there's going to be economic activity and
12 it's all going to be -- it's all going to need energy.
13 It's going to need power and a lot of it's going to be
14 still relying on fossil fuels, regardless of what the
15 world does about climate change.

16 So there's going to be greater demand with
17 less supply. So obviously the price of that commodity
18 is going to go up and so, you know, what we have to do
19 is move Americans away from looking at gas prices today
20 to realizing that it's in our long-term best interests
21 from an economy standpoint to begin transitioning our
22 economy away from as much of a reliance on fossil fuels

1 that we had.

2 The third thing he said to me in our first
3 Cabinet meeting, this big Cabinet meeting and we talked
4 about a whole series of issues and I was sitting right
5 next to him and he turned to me as he was about ready
6 to leave, and he said, “Oh, by the way, I want you to”
7 -- he said, “This is long term, but I want you to work
8 hard to reduce farmers’ reliance on fossil fuels.”

9 So my boss has given me three direct
10 instructions. So I’m on a plane with him the other day
11 flying to Iowa. He repeats those three instructions.
12 So that tells me he’s focused on those three things.
13 So that means I’m focused in part on those three
14 things.

15 I realize that we cannot, and I’m coming from
16 a corn country, I’m coming from a country that has
17 built 20 some ethanol production facilities based on
18 corn, we are not going to be able to sustain biofuels
19 long term on corn. We are going to have to transition
20 to second- and third-generation feedstocks and then,
21 ultimately, we’re going to have to transition to
22 completely different kind of combustion systems and

1 different kinds of ways of transporting ourselves here,
2 there and everywhere.

3 But in the meantime, we're going to look at
4 biofuels. In the meantime, we're going to try to
5 accelerate research on alternative feedstocks so we're
6 using waste product from corn production, we're using
7 grasses or we're using woody biomass or we're figuring
8 out how to better manage our forests and use that
9 timber that we're going to be extracting from our
10 forests so that we don't have these massive wildfires
11 in a proper way to manage forests to provide more
12 fuels.

13 So you're going to see a continued effort,
14 make no mistake about that. The Farm Bill that was
15 passed in 2008 has a substantial amount of resource
16 designed to fuel biofuels, the biofuels industry, and
17 you have a tremendous amount of money coming through
18 the stimulus, through the Department of Energy, to do
19 the same. So there's no question about that,
20 regardless of what the oil prices do.

21 Quickly, sir.

22 ZELIG GOLDEN: Thank you again for being

1 here. My name is Zelig Golden from the Center for
2 Food Safety and I represent folks who eat organic food
3 and farmers who grow organic food.

4 Concerning the rules, we're curious to know
5 how in the effort of coexistence with the knowledge
6 that when genetically-engineered crops are created,
7 it's inevitable that they get into non-GM crops and
8 organic standards prohibit GM crops, so we're curious
9 to see how we're going to protect the organic food
10 sector.

11 And as a corollary, during the campaign
12 President Obama suggested that he'd be a proponent of
13 labeling for GM food and I'd like to hear just what the
14 position of the USDA is on that currently.

15 SECRETARY TOM VILSACK: Well, let me answer
16 that question. I've not had a chance to talk to the
17 Deputy about the issue of labeling and so I'm a little
18 bit hesitant to give you a specific answer on that
19 without having a chance have her weigh in on this.

20 I don't really want to comment on any aspect
21 of the current rulemaking process that you all are
22 engaged in because we really are interested in your

1 best work, helping to create our best work.

2 But let me just say this. The two of us, I
3 think, I think it is fair to say and if it is not,
4 she's absolutely -- she can stand up and go that's not
5 right.

6 We are strong believers in the need for
7 maintaining and expanding and growing our organic
8 industry. There are two reasons. One, because there's
9 a lot of consumer demand and I think there will be
10 increasing consumer demand for it. Two, economically,
11 it's one of the fastest-growing aspects of our ag
12 economy and, you know, the reality is the consumers are
13 happy, at least at this point, some consumers are happy
14 to pay a slightly higher rate which means producers get
15 a slightly -- well, in some cases, a significant return
16 on their investment which is why you're seeing a lot of
17 these small entrepreneurial activities get involved and
18 engaged in organic farming. They need to stay in
19 business. They need to be given the opportunity to
20 expand. They need to be given the opportunity to have
21 that choice.

22 The challenge for all of us is to recognize

1 that we are not tomorrow or in the foreseeable future
2 going to be a land of only organic agriculture and
3 that's -- you all may disagree with me on that, but the
4 way I see things, that ain't going to happen. If it
5 happens, it's going to take a long, long time, right?

6 So the question is how do we create structures
7 and systems and regulations that allow you the choice
8 that you have made for yourself which I value and I
9 think is important and at the same time recognize that
10 production agriculture farmer somewhere down the road
11 has made a different choice?

12 I wish I had -- if I had all the answers to
13 this, shoot, I wouldn't have this job, I'd be selling
14 myself off as a consultant and making a ton of money.
15 But that's a challenge you all have, is you have to
16 help us move that dialogue, move that problem-solving
17 one step closer to figuring that problem out and, you
18 know, it's complex because you are dealing with
19 liability issues, you're dealing with economic issues,
20 you're dealing with a whole series of issues that are
21 very, very hard, and you are dealing with people that
22 are very passionate on both sides.

1 It isn't just -- you know, the passion is
2 often expressed on the organic side, but there is
3 passion on the other side, as well, and that's
4 sometimes a tough combination in which to get answers
5 which is why we create structures like this and
6 processes like this to figure out how do we move that
7 forward.

8 You may walk out of here at the end of this
9 day and you may have worked hard and you may feel like
10 you haven't found the answer, but if you get us one
11 step closer to the answer, that makes your work
12 beneficial and helpful and it's an evolving process.

13 I don't think we're going -- you know, I think
14 it's an evolving process, which is why we're doing this
15 and probably should have done it more than 20 years
16 ago. We waited 20 years to do it. We should be doing
17 this in a way in which we are able to -- those answers
18 are able to evolve over time.

19 So, you know, I want coexistence. You all
20 have to figure out how to help us get there because
21 that's the world, that's the real world we live in.
22 Those choices need to be protected on both sides

1 because people are going to continue to make those

2 choices and it's not today an either/or situation.

3 Thank you all very much.

4 [Applause.]

5 SECRETARY TOM VILSACK: Let me thank Mike

6 Gregoire for his work here in terms of overseeing this

7 and Kevin Shea, thank you. You're also an Acting

8 Administrator. You're sort of like doing the same

9 thing that Cindy's doing. So I want to thank both of

10 you for your involvement with this and for the work

11 that you're doing for us.

12 Thank you, all.