

*Recommendation I new version 8-27-12 9:30 pm*

*To strengthen the understanding of the impact of unintended GE presence in identity-preserved products, USDA should evaluate data it has gathered under Recommendation IV regarding actual economic losses by farmers who grow crops for identity-preserved markets. If the Secretary, in considering the loss data, determines that the situation warrants development of a compensation mechanism to help address such losses, the Secretary should implement such a mechanism based on a crop insurance model. Concurrent with this data gathering, USDA should conduct an additional research program which would attempt to identify appropriate actuarial parameters from which a compensation mechanism could be developed. When a compensation mechanism is to be implemented, it should be tested through a "pilot(s)" established in a region(s) where unintended presence-related economic losses have been determined to have occurred. Such a pilot program(s) would have a finite lifespan and would be developed based on data on the frequency and types of losses in the region. The pilot program(s) would include incentives for the development of joint coexistence plans by neighboring farmers as well as a new crop insurance tool developed to address economic losses caused by unintended presence incurred by farmers who grow crops for IP markets.*

*Under such a program, farmers growing crops for IP markets would have the option of purchasing insurance, engaging in a joint coexistence activity with his/her neighbor(s), or both. Farmers growing for IP markets who develop an approved joint coexistence plan with their neighbor(s) would be offered a reduction in their IP insurance premium. Non-IP growers who enter into an approved joint coexistence plan with an IP producer neighbor would be offered a reduction in their conventional crop insurance premium or a preferred status under USDA conservation programs. Special attention should be paid to ensure that incentives offered are sufficient to encourage wide participation in coexistence plans. Standards for eligible joint coexistence plans would be established by USDA but evaluation of the acceptability of particular plans might be evaluated by USDA personnel or other parties, perhaps by USDA personnel in the Natural Resource Conservation Service, the Farm Services Agency, or Extension, by local conservation district technicians, by cooperating State agricultural officials, or by appropriate accredited third-party providers. USDA should seek public input on what those acceptability criteria should be. Any pilot activity would be considered to sunset automatically unless all the criteria for success were met. In developing the crop insurance portion of the pilot program, the Secretary should take into account domestic and global policy implications, as well as the potential trade/economic implications of instituting such a mechanism.*

*Even if a compensation mechanism is not ultimately established, USDA should implement the mechanism to facilitate development of joint coexistence plans by neighboring farmers. In the absence of a compensation mechanism, farmers who develop an approved joint coexistence plan with their neighbor(s), if the plan included at least one IP producer, would be offered a reduction in their conventional crop insurance premium or a preferred status under USDA conservation programs.*

The AC21 believes that compensation mechanisms should be modeled on existing crop insurance. To obtain compensation, a farmer would need to demonstrate: 1) prior intent to

produce an identity-preserved product; 2) use of practices appropriate for the production of the product; 3) that the product specifications were reasonable and fell within the range of insurable products set forth in the insurance product; and 4) that an actual financial loss was incurred and the magnitude of that loss. Only those farmers who obtained such insurance prior to planting a crop would be eligible to receive such compensation if the above criteria were met. USDA should enlist the assistance of its Office of the Chief Economist to ensure that the program is designed in such a way that it minimizes any potential adverse impacts on innovation or trade.

The AC21 also recognizes that current crop insurance products available to producers who are not growing commodity crops are limited in availability, coverage, and affordability. As such, it is also recommended that the Secretary work with agricultural producers and insurers to address these limitations and provide more comparable base coverage for these producers for their risks.

### **Recommendation III.**

***USDA should work with agricultural stakeholders to develop a package of specific mechanisms that: (1) foster good crop stewardship and mitigate potential economic risks derived from unintended gene flow between crop varieties; and (2) promote and incentivize farmer adoption of appropriate stewardship practices.***

USDA, in collaboration with agricultural stakeholders, should work to strengthen mechanisms that foster communication and collaboration across the value chain and between different sectors of agriculture. Through this collaboration, USDA should build and provide access to “toolkits” or resources that encourage farmers and neighbors to adopt good farming practices that support identity-preserved production and minimize unwanted gene flow, addressing, for example, farmer-to-farmer communication, cropping plans, temporal and physical isolation, harvesting techniques, and inspections. USDA should promote the use of third-party verification of appropriate stewardship practices. USDA should encourage seed providers to include information about **the importance of coexistence and the benefits of effective communication with their neighbors about their planting intentions as a means to address potential conflicts as part of commercial seed purchases and/or technology contracts** ~~and monitor adoption.~~ USDA should support appropriate measures to strengthen the clarity of contract requirements and of actions that may be taken to meet the requirements set out in those contracts. USDA should create incentives for joint activities by neighbors or regionally to provide buffer strips or zones that facilitate identity-preserved crop production through existing conservation programs.