

Opening Remarks
Honorable Michael M. Reyna
FCA Public Meeting on the Farm Credit System's
"Other Financing Institutions" Authority
Des Moines, Iowa
August 3, 2001

I want to speak for just a moment about what I hope this meeting will accomplish.

First, however, I'd like to say this meeting will not result in higher commodity prices ... nor will this meeting result in a change in the amount of support payments the federal government provides to agriculture.

I believe this meeting will help the Farm Credit Administration identify regulatory revisions that will improve the flow of funds from the money market to agriculture and rural America.

Specifically, this meeting will elicit suggestions on possible changes to the funding and discount relationship between Farm Credit System banks and other financing institutions (OFIs).

We will also explore regulatory approaches that will allow System and non-System lending institutions to form alliances and partnerships to give farmers, ranchers, cooperatives, farm-related businesses and rural utilities more flexible credit opportunities.

I believe it is particularly important to note that Congress has given our agency and the FCA Board explicit instructions in the Farm Credit Act. Those instructions state the agency shall "continue the comprehensive review of regulations governing the Farm Credit System to identify and eliminate, consistent with law, safety and soundness, all regulations that are unnecessary, unduly burdensome or costly, or not based on law."

So, I believe our mandate for today ... indeed for every day ... is clear. We need to make sure our regulations are part of the solution and not part of the problem.

It is my sincere hope and interest that suggestions offered here today will enable our agency to chart a clear course of action ... a course of action that will in turn enable the Farm Credit System to more fully meet its congressional mandate to be a dependable and competitive source of funding for agriculture and rural America; provide non-System lenders a dependable source of liquidity and an alternative way to deal with credit lending limits; and give FCA a way to encourage greater risk diversification for safety and soundness reasons.

Most of all, however, I hope the biggest beneficiary of today's suggestions will be agriculture and rural America.