Testimony of Glenn Abbett

on behalf of the

American Fruit and Vegetable

Processors and Growers Coalition

Before the

U.S. Senate Committee on Agriculture, Nutrition and Forestry

July 28, 2011

Hearing To Review Domestic Policies Affecting The Specialty Crop Industry

Introduction

Good morning. My name is Glenn Abbett. I am honored to present testimony today.

I am a farmer from LaCrosse, Indiana, and I have a mechanical engineering degree from Purdue University. I grew up farming with my father, and it is my hope that one day, my four children will be able to take over our family farm operation. My dad and I farm approximately 4,300 acres, of which more than half is leased. I grow corn, seed corn, soybeans, green beans, wheat, and about 650 acres of processed tomatoes. My tomato production is under contract with Red Gold, Inc., an Indiana tomato processing company.

I am here today on behalf of the American Fruit and Vegetable Processors and Growers Coalition (AFVPGC). We have come together to seek a modification of Federal law that restricts Midwestern farmers from growing fruits and vegetables on program acres.

The Issue

Since 1996, farm policy generally has prohibited the production of fruits and vegetables on base acreage. This restriction was adopted to prevent producers receiving farm program support from competing with farmers growing for the fresh fruit and vegetable market. There are three exceptions to this general prohibition. It does not apply to:

1. counties with a history of double cropping;
2. farms to the extent there is a USDA recognized history of fruit or vegetables production; and
3. producers to the extent the producer has a recognized history of a specific fruit or vegetable production. Of course, as producers leave farming, their producer history is lost.

The prohibition on growing fruit and vegetables was not a significant problem until the 2002 Farm Bill made soybeans a program crop. Until that time, there was sufficient non-

program quality farm ground to permit fruit and vegetable production and desirable crop rotations. However, because soybeans became a program crop in 2002, virtually all of the quality farmland in states like Indiana now have program base.

The problem has three dimensions.

First, program restrictions. I am personally affected by the prohibition on growing fruits and vegetables. I have gradually taken over our family farm from my father. Even though my family has been raising processing tomatoes for nearly 30 years, the regulations as they stand allow for me to have a very limited portion of the fruit and vegetable history that was created by my father. My dad often said that he only hoped to give me a better life through agriculture than he had. That clearly is in jeopardy. I cannot help but think about how I could do the same for my kids.

Second, fear of base acreage loss. I have struggled to get rented ground for growing my processing tomatoes. In the

Midwest, most family farms rely on rented acres to grow their crops. I have found that landlords who I have approached fear, and rationally so, that fruit or vegetable production could result in loss of base acres on their farms. Due to my tomato production, I have lost base acreage and some of my landlords and neighbors have lost base acreage. This base acreage experience is why my landlords generally will not let me grow vegetables on leased land. My neighbors who grow vegetables are facing the same issues. Most family farms have significant production on leased land. On this note, I should add that I have had the most success leasing from those who lost base acreage and are economically trapped in having to produce vegetables. This means that my ability to rotate crops and to fulfill my traditional contract obligation to Red Gold is severely restricted.

Third, the restriction is a threat to my market. As time goes on, about 5% of Midwest vegetables producers stop

growing vegetables each year. That means that each year it will be harder for our processor market to stay in business because they cannot contract for enough production.

We want to thank Senator Lugar for introducing the Farming Flexibility Act of 2011, as well as Chairwoman Stabenow, who has previously co-sponsored the legislation. The Farming Flexibility Act of 2011 would fix this threefold problem by amending Title I of the Farm Bill to allow acre-for-acre opt out from the farm programs for production of fruits or vegetables under contract for processing. Also, it would declare a policy that vegetable production for processing on program base acres will not cause future loss of base acreage. Since it would only permit additional production of fruits and vegetables that are under contract for processing, there is no potential for impact on the fresh produce markets.

The last Farm Bill addressed these problems by creating a pilot project where specific acreage limits for fruit or

vegetables were allowed for various Midwest states. Also, fruit and vegetable production under the pilot project is required to be under contract for processing. In reviewing performance of the pilot project, USDA concluded that it showed modest consumer benefit, real benefit to fruit and vegetable growers and processors in the Midwest, and no harm to the fresh produce industry. Of course, participation in the pilot program also saved the taxpayer money because producers opted out of program participation on those acres. So, the pilot program has been a success.

It should be noted that the pilot project authorized much greater acreage than was utilized. That is due to limited demand for processing fruit and vegetables, plus a significant hassle factor in the annual sign up for pilot project participation. The processor that I grow for has about 29% of the total production it processes produced under the pilot project. So, while participation in the pilot project has been

limited, the planting flexibility provided by the pilot project has been very important.

Without the project, Midwest fruit and vegetable production for processing would have faced continued reductions in producer history. In addition, the availability of rental land for fruit and vegetable production would have been tighter. Processors would have faced higher costs to the extent they could contract for the production they needed, leaving domestic processed fruit and vegetables at a disadvantage to our real competition – imported canned products.

Permit me to elaborate on why the Farming Flexibility Act would not pose a threat to the fresh produce industry.

The Farming Flexibility Act is narrowly tailored. It would not hurt fresh producers.

- First, it would be against the law for us to grow vegetables for fresh markets. The Farming Flexibility Act would only allow opt

out for FAV production FOR PROCESSING. The production would have to be for processing.

- Penalties for program violations are very heavy -- I would be crazy to intentionally violate program rules. (Penalties are equal to twice the per acre value of the tomato crop produced in violation.)

- Second, vegetables for processing are not the vegetable varieties produced for fresh anyway. My family has been growing processed tomatoes for nearly 30 years and, even though it has been legal to sell them to fresh markets, we never have.

  - They are the wrong variety – not right for the fresh market.

- So, there is no market for them.
- Where there is no market, there is no market distribution system.

- Third, the Farming Flexibility Act would just take us back to the 1996 Farm Bill situation. Under the 1996 Farm Bill and even before that, the Midwest processing industry was getting smaller, not expanding.

I respectfully submit that Midwest farmers should be allowed to opt out of the farm program on an acre-for-acre basis in order to produce fruit or vegetables for processing. It would save taxpayer dollars, help with American jobs, allow environmentally desirable crop rotations, and benefit the consumer, all without harm to the fresh produce industry. That is precisely what the Farming Flexibility Act would do.

Thank you for considering our views.