Good Morning, Mr. Chairman and Members of the Committee. My name is Michael Beltz. I am a farmer from Hillsboro, North Dakota where I farm about 1000 acres. I am here to testify in that capacity and on behalf of the United States Dry Bean Council (USDBC). While I have been a farmer for the last 25 years, I have been growing dry beans for the past 13 years. I currently serve as Chairman of the North Dakota Dry Bean Council, serve as the Vice-Chairman of the US Dry Bean Council's Agricultural Issues/Government Affairs Committee, and serve on several committees of the Northarvest Bean Growers Association (grower association representing the largest single dry bean production area in the US).

Mr. Chairman, I am pleased to have this opportunity to present views on the upcoming farm bill as it relates to our domestic dry bean industry, both from the perspective of a grower and on behalf of the domestic dry bean industry as represented by USDBC. By way of background, USDBC is a trade association representing farmers, processors, canners, dealers, distributors, and others involved with all aspects of growing, processing, marketing, and distributing of dry beans produced in the U.S. It is composed of state and regional grower and dealer associations from all the major production areas of the US and individual companies involved in all aspect of the domestic dry bean industry.

Nearly 20 different classes of dry beans are grown in the US, including pinto, navy, kidneys, black, great northern, small red, pink, lima, and other classes of dry beans. Dry beans are grown in about 20 states with major production areas being in North Dakota, Michigan, Nebraska, Minnesota, Colorado, Idaho, and California. In 2005, USDA NASS statistics indicate that harvested US dry bean acreage was nearly 1.57 million acres, and that production was about 1.37 million short tons for all classes of dry beans grown in the US. Annually, about 30 percent of dry bean production is exported with major importing countries for US dry beans being Mexico, the UK, and Japan.

FARM BILL CONSIDERATIONS AND POSITIONS

In looking at the upcoming farm bill, the dry bean industry in general, and growers specifically, are primarily interested in maintaining equity and a level playing field among commodities as it relates to dry beans. We feel strongly that the farm bill should provide a foundation for maintaining the present stability for dry bean growers and the industry, and for achieving long term growth and health for both growers and the industry. Above all we believe it should do no harm to any commodity or producer group, and that it should provide fair and equitable treatment to all segments that comprise the commodities that make up US agriculture. In this regard, it should be kept in mind that dry beans are not a program crop, and that dry bean growers are not presently receiving support payments from the government. In fact, dry bean growers have strongly opposed establishing a loan or other type support program in previous farm bills. As discussed in greater detail later, we strongly support maintaining the status quo for dry bean growers, which includes the retention of planting restrictions on non-program crops on program crop acres for producers who receive support payments on those acres. Because of the unique situation of growing dry beans, any change in the present status quo would require establishing offsetting direct economic compensation to historical dry bean producers to maintain fairness and equity.

Additionally, USDBC believes that it is the continuing proper role of government and government programs to provide general support in a number of areas that contribute to the overall health and long term growth of production agriculture and agribusiness that benefits producers and consumers well into the future. Consequently, we support the farm bill and believe it should provide adequate mandatory annual funding for existing programs that benefit fruit and vegetable producers. It should also establish and fund new programs that are devoted to dry bean research, nutrition information, consumer education, promotion, risk management, conservation practices, and other related activities that will sustain the vitality over time of agriculture generally, and dry beans specifically. Our views and suggestions with regard to specific programs and policies follow:

--Fruit and Vegetable Planting Restrictions for Non-program Crops on Program Crop Acres. We strongly support maintaining present restrictions on planting non-program crops, such as dry beans, on program crop contract acres for producers who receive program crop subsidy payments on such contract acres. While this restriction has been beneficial to all non-program and specialty crops, it is most important to dry bean growers because of the unique situation of dry beans. Dry beans are typically grown in rotations with, or in areas where, major program crops are grown. While dry beans represent nearly 20 percent of non-program or specialty crop acreage, dry bean acreage is only a fraction of the acreage of major program crops (about 2% of soybean acreage, for example). So, even a small percentage shift in program crop acreage to a non-program crop with an existing delicate supply/demand balance, such as dry beans, will lead to overproduction and price erosion. Further, unlike other non-program crops or specialty crops, very little, if any, economic barriers to entry exist in converting program crop acres to dry bean production. This is so because other non-program or specialty crops, most of which are perishable, typically require high levels of investment in equipment to plant, maintain, harvest, and store the crop, along with technical expertise, marketing channels, and specialized labor needs. Unfortunately, such economic barriers to entry do not exist with dry bean production, i.e. any existing farmer with equipment to plant and harvest grains, such as soybeans and corn, can use the same equipment to plant, tend and harvest dry beans. Eliminating the planting restriction would disadvantage the historical dry bean grower by subsidizing a likely new significant level of dry bean production on program acres--a result which would be neither fair, nor equitable.

Consequently, the United States Dry Bean Council has historically opposed any action that would allow farm program crop producers to receive program crop subsidies for planting non-program crops, like dry beans, on program crop contract acres. As just described, such a practice would have the effect of allowing unfair competition from subsidized producers against unsubsidized non-program crop producers and would likely result in a severe disruption of the present delicate supply/demand balance for dry beans. It would disrupt the present open and competitive market in dry beans, especially since few, if any, economic barriers exist to entering the production of dry beans. As such, dry bean growers across the US oppose any legislative, administrative, or any other action that would eliminate the present restrictions on planting non-program crops, such as dry beans, on program crop contract acres for producers who receive program crop subsidy payments on such contract acres. This position was recently unanimously affirmed by USDBC's membership at its annual summer meeting.

Dry bean growers are concerned, however, that recent legislative initiatives and a World Trade Organization ruling have caused some to question continuation of the present planting restrictions in the 2007 Farm Bill. We strongly question whether the WTO ruling justifies concern over maintaining the planting restrictions, especially since the ruling's reference to the restrictions was only an added comment in the ruling and not determinative in the case. As I mentioned earlier, however, we want to insure a level economic playing field for all future producers of dry beans, whether they are new producers who receive program crop subsidies when growing dry beans on program crop contract acres, or they are growers with a history of producing non-program crop dry beans. Consequently, while dry bean growers continue to strongly support the present dry bean planting restrictions on program crop acres, should serious consideration be given to eliminating the restrictions, we believe establishing a program that would be WTO compliant and that would provide offsetting direct economic compensation to dry bean producers with a proven history of production must be given like consideration. Indeed, we believe that establishing such compensation for existing dry bean growers should be considered a condition to any effort to eliminate the planting restrictions. It would only be fair and equitable to historical unsubsidized dry bean growers in an effort to equalize competition with new producers who will effectively receive a program crop subsidy for growing dry beans on program crop acres. Additionally, such an action would increase the need for greater government involvement in other supportive activities. This, along with the recent enhanced recognition of dry bean nutritional value, i.e. FDA authorizing a dietary guidance message for dry beans and dry beans appearing twice on USDA's new Food Pyramid, has heightened the need for enhancing existing, and establishing effective new, federal programs that are annually funded and are devoted to dry bean research, nutrition information, consumer education, promotion, conservation practices, risk management, and other dry bean related activities. Again, at its recent annual meeting, USDBC members unanimously voted to support equitable direct economic compensation for historical dry bean growers and for enhancing general governmentally backed supportive activities as minimally acceptable offsetting equitable alternatives to possible loss of planting restrictions.

--Maintaining and Enhancing Export Market Assistance Programs. We strongly support continuation of the Market Access Program (MAP) and the Foreign Market Development (FMD) Program as administered by USDA at full funding levels as provided in the 2002 Farm Bill. Dry bean growers and the industry are heavily dependent on exports, which account for as much or more than one-third of annual domestic production. The dry bean industry, through USDBC, has extensively utilized both MAP and FMP programs and has found them to be tremendously successful and extremely cost-effective in helping maintain and expand exports, protect American jobs, and strengthen farm income.
They are sophisticated and progressive cost-sharing programs, in which the U.S. government and industry work in close cooperation to achieve strategic gains in foreign markets. Export markets provide some of the best economic support to the farm community overall, and the U.S. needs to continue to include these valuable export promotion programs in the "safety net" for farmers.

USDBC supports, at least, continued minimum annual funding of $200 million for MAP and

$34.5 million for FMD.

--Continuation and Enhancement of Existing Overseas Food Aid Programs. USDBC has continuously supported the continuation of in-kind US commodity donations and full funding levels for our highly successful overseas food aid programs- specifically PL 480 Title II, Food for Progress, and the Global Food for Education Initiative. Since the worldwide demand far outstrips present donations, USDBC also has opposed any proposals that would further reduce or transfer the present base level of funding for these valuable programs. Although the future of the present negotiation is in limbo, USDBC believes that food aid is humanitarian assistance and should not be used as a negotiating tool in the WTO or other trade negotiations. As such, it strongly supports the efforts of the US Trade Representative to exclude food aid from such negotiations; to reject the "cash only" approach of the European Community to food aid; to maintain the world leading US in-kind commodity donation food aid programs as they have been successfully developed and delivered for years; and to continue the dual objective of US food aid programs--to provide in-kind commodities for humanitarian relief for emergencies, and for continuing development relief efforts.

--Funding and Enhancing Specialty Crop Competitiveness Act of 2004. The dry bean industry believes it is very important to fully fund and enhance the existing block grant program for states set out in the Specialty Crop Competitiveness Act of 2004. A previous block grant program was successfully utilized by states to conduct valuable dry bean research, promotion, nutrition, and information activities needed to enhance competitiveness. Such an approach is very valuable in that state and local entities are uniquely able to assess areas of need and to apply programs tailored to help growers and others in the industry make advancements on issues of local and regional concern. Unfortunately, the program has only been funded at minimal levels ($7 million), while the program was envisioned to have annual funding of about $50 million. USDBC strongly supports full mandatory funding of this valuable program, and would encourage consideration to its expansion.

In summary, Mr. Chairman, the dry bean industry and its growers believe the next farm bill should strive to provide equity among commodities, while maintaining stability for growers, both now and in the future. Being a non-program crop, we are especially concerned that actions not be taken that are perceived to be solutions to problems facing program crops, but that will have serious unintended consequences and repercussions on non-program crops such as dry beans. Should that occur, equity will demand that offsetting actions must be taken to minimize the harm to growers of other commodities, such as dry beans, that will be impacted. Thank you again for the opportunity to express these views on behalf of the US dry bean industry and, especially its growers.