

**Statement of Paul Bencal
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Grower-Owner National Grape Cooperative & Welch's**

**Testimony before the Senate Committee on Agriculture, Nutrition and Forestry
July 28, 2011**

Chairwoman Stabenow, Ranking Member Roberts, and Members of the Committee, thank you for the opportunity today to discuss grape grower priorities and the National Grape Cooperative as you work to develop the next Farm Bill.

Since 1973, I have grown Concord and Niagara grapes on 50 acres in Ransomville, N.Y. I serve as Chairman of the Lake Erie Regional Grape Extension Team and on the Board of Directors of New York State Farm Bureau. I am also a Delegate for National Grape Cooperative. Our cooperative's delegates are an important communication link between the cooperative's management and the grower community. National Grape is an agricultural cooperative owned by 1,075 members farming 43,800 acres of Concord and Niagara grapes in New York, Pennsylvania, Ohio, Michigan and Washington State. Welch's, National Grape's wholly owned marketing cooperative, processes and markets our members' grapes in the United States and 51 other countries. While Welch's is a well known American brand with a rich history, its owners are family farmers. The average farm size of a National Grape grower-owner is 40 acres.

On behalf of National Grape, Welch's and more than two million farmers and ranchers who belong to farmer cooperatives, I appreciate the opportunity to submit testimony

about issues facing grape farmers, and respectfully request that this statement be made part of the official hearing record.

The points I would like to discuss regarding the next Farm Bill include an adequate safety net including crop insurance, the Market Access Program (MAP) and research funding.

Safety Net – A strong, effective safety net is important to specialty crop farmers. This is especially true in the current climate cycle. Consider that these crops do not receive direct government subsidies and that each year, there's a significant chance that growers in one or more areas of our great nation will suffer crop damage from either spring frosts, winter freeze damage (when winter temperatures dip below -10° Fahrenheit) or from excessive rain or hail. Crop insurance indemnity payments have more than once helped me to cover the next year's operating expenses when I've suffered severe weather-related crop loss. Many farmers I know, including me, are in business today because of crop insurance and disaster relief.

The 2008 Farm Bill created the SURE program in an effort to eliminate the need for ad hoc disaster relief. While payments were slow in coming and did not provide enough relief, there were growers who benefitted from the program. We understand there is no baseline funding for the SURE program after September 30, 2011. I speak for more than myself when I tell you that it's critical to a continued U.S. grown food supply that growers are able to purchase adequate, affordable crop insurance and that the SURE

program is re-funded or that another disaster program is incorporated into the next farm bill.

It is important to note that there are inequitable differences between the program crops listed on the Chicago Board of Trade and specialty crops, which include a huge variety of the fruits and vegetables enjoyed by the American public. One example is that posted prices for grapes are calculated by first deducting the per ton costs for harvesting and hauling, while crops on the Chicago Board of Trade are insured at the harvested price, without deducting harvest costs from the insurable price. A more equitable treatment for grape growers would be to treat grapes in the same manner. This would mean that growers and an adjuster would determine the actual dollar amount of harvesting and hauling costs which were avoided because of the crop loss and then deduct it from the eligible indemnity payment. Grapes, like grains, are now mechanically harvested resulting in a per acre cost of harvest that doesn't change much just because the yield has been reduced by Mother Nature. A stronger crop insurance system will give me more certainty and security in raising grapes every year.

MAP – The Market Access Program (MAP) has had a positive effect on the U.S. trade deficit. Agriculture is one of the few areas in our economy that enjoys a trade surplus. According to USDA, between 1985, when MAP was created, and 2008, agriculture exports increased by 300 percent. As an example, MAP has significantly contributed to the increased consumption of Concord grape juice in Japan through advertising and sales promotions. Now, over 92 percent of retailers, or nearly 12,000 outlets, carry Welch's

brand of Concord grape juice. Since 2007, Welch's has seen exports to Japan grow by 46 percent, with our volume increasing from 857,000 cases in 2007 to 1,251,000 cases in 2009. The program, as you know, has been funded annually since FY 2006 at \$200 million, including in the 2008 Farm Bill. While Welch's and National Grape growers have directly benefitted, the matching funds that Welch's has invested in foreign markets has also helped to create a demand for generic (non-brand) grape juice. We request that MAP funds be maintained at least at current funding levels in the next farm bill and that branded cooperatives continue to be eligible for MAP funds.

Research Funds – Funding for the former Viticulture Consortium no longer exists.

Continued research is critical if U.S. growers are to successfully compete in the world marketplace. The Consortium, established in 1996, funded grape-related research from all states and from all disciplines. Proposals were submitted and competitively ranked by two groups of growers (east and west), extension specialists, processor and industry association representatives and researchers. Over the past 15 years, an average of \$1.24 million was distributed annually. The program has been especially valuable and effective for the grape growing industry because funds were directed to practical, applied research that was identified as top priority by the industry. While the largest single source of industry-directed research funding, the "seed" funds that the Consortium provided were often supplemented by state and private funds extending the reach and benefits of the program. Without the federal Viticulture Consortium funds, these additional state and private funds are also in danger of elimination. For these reasons, it is important that research funding is included in the next Farm Bill.

Other Issues – While not specific to the Farm Bill, Congress could greatly assist grape growers and the specialty crop community as a whole by quick passage of the three outstanding Free Trade Agreements – Colombia, South Korea and Panama.

Additionally, agriculture must have an adequate supply of farm labor. This issue is rapidly approaching a breaking point. The establishment of an immigration policy that supports the migrant labor force necessary to grow and harvest specialty crops is critical to our continued survival.

In recent years, multiple, aggressive regulatory and enforcement efforts have been initiated that affect nearly every aspect of US agriculture. As such, we appreciate the oversight this committee has done to closely monitor the impact of regulatory burdens on agriculture. In particular, I compliment this committee for acting on the *Reducing Regulatory Burdens Act* (H.R. 872). As you know, a 2009 decision of the Sixth Circuit U.S. Court of Appeals (*National Cotton Council v. EPA*) will impose on October 31, 2011, duplicative enforcement layers on thousands of pesticide applicators and expose them to legal jeopardy through citizen suits over paperwork violations. Action taken by this committee to approve H.R. 872 is an important step to fixing the duplicity created by the Sixth Circuit Court ruling and will help provide regulatory certainty to tens of thousands of farmers and growers across the country. With a fast-approaching court deadline to implement this new permitting structure, it is critical that the Senate pass this

legislation as soon as possible. We look forward to helping you get this legislation across the finish line.

And finally, as part of the Farm Bill debate, farmer-owned cooperatives are concerned that all forms of fruits, vegetables and tree nuts be eligible for all USDA programs.

In conclusion, thank you again for the opportunity to testify today before the Committee. And, thank you for your leadership in assisting American farmers and ranchers by supporting important specialty crop programs and policies. We appreciate your attention to these issues that will help maintain the United States as the leader in providing for the world's food needs.