

Good morning, Mr. Chairman, Senator Talent, members of the committee. Thank you for the opportunity to testify here today. My name is Mike Briggs, and I am president of Willow Brook in Springfield, Mo., and the 2006 chairman of the National Turkey Federation. NTF represents all segments of the U.S. turkey industry, including growers, processors, breeders, hatchery owners and allied companies. NTF is the only national trade association representing the turkey industry exclusively.

Overview of the Turkey Industry

The turkey industry today is vibrant. American turkey growers this year will raise nearly 270 million turkeys, which companies like Willow Brook Foods will process into five billion pounds of ready to cook turkey meat valued at almost \$8 billion. I should mention that Missouri is now the nation's fourth-largest turkey producing state, having raised 22.5 million birds here last year.

Our industry has grown and enjoyed success because of changes in the way Americans consume turkey and other meat proteins. Less than 40 years ago, the overwhelming majority of Americans consumed turkey in the form of a whole bird during the fourth quarter of the year. Annual turkey consumption was well below 10 pounds per capita.

Today, two-thirds of all turkey is consumed outside the traditional Thanksgiving-Christmas season, and it is consumed in the form of parts or further processed items like ground turkey, turkey bacon or deli meats. Per capita consumption has risen to almost 18 pounds.

That said, the growth in domestic consumption has flattened somewhat in recent years. Exports have become a major new growth market for the industry. Before 1990, the U.S. turkey industry exported about 1 percent of all we produced. Last year, we exported about 10 percent of our product. Mexico by far is our biggest foreign customer, purchasing almost 50 percent of all exports. Other significant markets include Russia, Hong Kong and Canada.

While the industry's outlook - taken as a whole - is bright, there are challenges that could darken our horizon very quickly. Obviously, the industry bears the primary responsibility for securing a prosperous future, but by building on the success of the last two Farm Bills, Congress can play a role in helping us meet those challenges.

Feed Policy

The biggest key to our industry's profitability is access to a plentiful, reliable supply of feed, which accounts for 70 percent of the cost of turkey production. Turkeys' diets consist of corn and soybeans, with corn being the most critical ingredient.

To give you a sense of our industry's sensitivity to feed costs, let's look at two very different situations from the recent past. In 1995 and 1996, short corn crops reduced the stocks-to-use ratio for corn to almost 5 percent, an unprecedented low. That led to the highest feed costs this industry has experienced in the last 20 years and, not surprisingly, to record losses in the industry. Conversely, in 2000, the stocks-to-use ratio was well above 15 percent, and feed costs were much lower. Net returns for the industry were at a 10-year high.

Demand for corn worldwide is on the rise. Two factors stand out - the increased use of corn as

an energy source and China's move from a net exporter to a net importer of corn. These developments will stretch the corn supply, even during this period of record yields and record overall crops. And, that in turn will put upward pressure on corn prices.

Does this mean we advocate cheap corn, or that we oppose the corn producers' efforts to develop new markets? Not at all. Many of our growers also raise corn, so we understand the corn farmers' desire to diversify the customer base and to maximize price and profitability. Our concern is access to a reliable domestic feed supply where, in years when crops might be short and the market is rationing a tight supply, we can bid on a level playing field for our key feed ingredients - corn and soybeans. We do not want to repeat 1996, when we faced a very real danger of exhausting our existing corn stocks.

As you write the next Farm Bill, we ask you to remember the singular way in which the last two Farm Bills have helped the traditional feed consumers. By de-coupling support payments and allowing farmers to respond to the growing world demand for corn, we have - in most years - enjoyed U.S. corn crops large enough to fill the needs of new and existing corn consumers.

We also must recognize that many new corn acres have come at the expense of soybean acres. For several years now, turkey, chicken and hog producers in some feed-deficit states have been importing soybean meal from Brazil. In fairness, this has not always occurred because of a shortage of soybean meal in the United States. The problem in feed-deficit areas has been exacerbated by antiquated transportation laws that leave the rail a near monopoly on transporting feed ingredients within the United States. Those laws, of course, are outside the scope of this bill and your committee's jurisdiction.

Regardless of the cause, the importation of soybean meal has profound implications for the future of poultry and meat production in the United States. Unless new arable land is found, more feed ingredients may have to be imported. At some point, producers begin to ask the logical question: does it make more sense to bring the feed to where the livestock and poultry are being raised, or does it make more sense to raise the livestock and poultry where there is an ample supply of feed?

To assure a continued, robust poultry and meat industry in the United States, we urge you to do two things when writing the next Farm Bill:

? Maintain the de-coupled payments so that farmers have maximum freedom to respond to market signals; and

? Take a close look at the Conservation Reserve Program to ensure that the CRP is being used strictly to keep environmentally sensitive land out of production.

Environmental Challenges

Another major challenge is in the environmental arena. Turkey producers operate under a complex, stringent set of federal, state and local laws designed to minimize and even negate the impact of our operations on the environment. The federal laws with which we must comply include the Clean Water Act, the Clean Air Act and, in some areas, the Coastal Zone Management Act. We accept our agricultural environmental laws as part of our responsibility to be good stewards of the land, and we are proud of our track record in responding as scientific

research identifies new production practices that can enhance the environment.

Many of you also are aware that some are trying to extend two industrial environmental laws to agriculture - the Comprehensive Environmental Response, Compensation and Liability Act (CERCLA) and the Emergency Planning and Community Right-to-Know Act (EPCRA). These laws were written by Congress in the 1980s and were designed to respond to real environmental problems caused by industrial activities. We believe the legislative record clearly indicates that Congress did not contemplate the inclusion of animal agriculture production in either act. Again, we recognize this issue is outside the jurisdiction of your committee, but many of you have been vocal supporters of legislation that would make it clear CERCLA and EPCRA do not apply to animal agriculture. The turkey industry is very grateful for that support.

Whatever environmental rules are on the books, poultry and livestock producers will need help with compliance if they are to continue to prosper. This committee has played a vital role in in this respect by creating the Environmental Quality Incentives Program (EQIP) in the 1996 Farm Bill, and expanding EQIP in the 2002 Farm Bill. In particular, your decision in 2002 to reserve 60 percent of funds for poultry and livestock issues has been very beneficial. While some may have concerns with the delivery of some EQIP funding and services, the turkey industry believes it is a valuable program.

In writing the next Farm Bill, we would urge you to:

- ? Increase EQIP funding to the maximum extent possible;
- ? Consider increasing the percentage of EQIP funds that are reserved for livestock and poultry operations; and
- ? Examine ways EQIP funding could be used to facilitate projects that turn animal waste into fuel.

Trade, Research and Competition

Finally, I would mention three other matters - trade, research and the so-called "competition" issues.

Foreign markets are our fastest-growing markets. As noted earlier, the percentage of turkey production that is exported has increased tenfold in the last 15 years. The Foreign Market Development program and Market Access Program have played a significant role in increasing exports of value-added poultry and meat. We urge you to maintain these programs' 2002 Farm Bill funding levels and, if possible, increase them.

Directly related to this are the competition issues. I want to make two points here.

First, the family farmer remains the backbone of our industry. The overwhelming majority of turkey produced in the United States is raised by family farmers working under contract with companies like Willow Brook Foods. As with any business relationship, there will be occasional strains, but most family farmers who have been raising turkey under contract have been doing so for years. The low turnover rate among growers indicates that the relationship is basically sound. We also would note that growers receive considerable risk protection through contracts. In the bad year of 1996, when turkey processors were averaging net losses of around 10 cents per pound, turkey growers still made a net profit on every pound of turkey they raised.

Also, we recognize that some raise objections to the meat and poultry industry's current

structure, but this structure didn't happen by accident or as the result of some conspiracy in a corporate boardroom. Americans have dramatically changed the way they purchase poultry and meat - all food, really - in the last 40 years. Think about where your family bought your groceries in 1966 and where your family buys them now. Think about how many meals you ate out then versus now, and the types of restaurants where you ate them. The nature of the retail grocery and food service industries have changed significantly - to meet consumer demand - and the types of agribusiness companies that can meet their orders changed as well. It is clear the current industry structure evolved specifically to meet the changing demands of our domestic and foreign customers.

Trying to roll back the clock by imposing statutory restrictions on one narrow segment of the farm-to-table food chain makes little sense, and it certainly will not achieve the results the proponents of agribusiness reform desire. American consumers are going to continue to demand low-cost food and they - not Congress - will dictate where they purchase and consume this food. The same goes for foreign consumers as well.

The turkey industry is not shutting the door to a discussion of industry structure, but we must remain grounded in reality. If the laws of our country make it impossible for the U.S. industry to organize itself in a way that serves our customers, competitors from other nations will step in quickly to fill the void. Were that to happen, everyone involved in American agriculture would suffer.

Finally, federal agriculture research is a vital to our ability to provide safe wholesome food. One example is the work being done in Georgia on avian influenza. USDA researchers have played a vital role in helping U.S. growers prevent the Asian strain of avian influenza, and they have helped other nations tackle their AI problems. We urge you to maintain and, if possible, increase research funding, especially in the areas of food safety and animal disease control.

Again, thank you for the opportunity to testify. I look forward to answering your questions.