

STATEMENT

OF

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BEFORE THE  
U.S. SENATE COMMITTEE ON AGRICULTURE, NUTRITION AND FORESTRY

APRIL 24, 2007

Good morning Chairman Harkin, Ranking Member Chambliss and Members of the Committee. My name is Bill Brim. I am a vegetable grower from Tift County, Georgia. Lewis Taylor Farms is a diversified transplant and vegetable production farm operation. We have 352,000 square feet of greenhouse production space and 4000 acres of vegetable production including cantaloupe, tomato, bell pepper, specialty peppers, eggplant, squash, cucumber, greens and cabbage. Our greenhouse operation produces over 85 million vegetable transplants a year and over 15 million pine seedlings. I am here today representing over 200 producer members of the Georgia Fruit and Vegetable Growers Association.

The fruit and vegetable industry is growing at a rapid pace in the State of Georgia. We are adding jobs and dollars to rural economies throughout the State. In Georgia, the 2005 farm gate value of vegetables was almost one billion dollars. But this growth is not limited to our State. Specialty crop growers produce approximately 50% of the farm gate value of total plant agricultural production in the United States.

Over the past two years Georgia Fruit and Vegetable Growers Association members and staff have worked cooperatively with more than 80 other specialty crop associations to develop the industry's 2007 farm bill policy recommendations. My comments are directed at those areas we believe are the most critical to growers in the southeast. We support the Specialty Crop Coalition recommendations because they include a number of very important programs such as nutrition, invasive pest intervention, conservation, crop insurance and others. The four areas which I wish to address in detail include,

1. Maintaining the fruit and vegetable planting flexibility restriction
2. Restructuring disaster assistance payment limits
3. Expanding specialty crop state block grants
4. Increasing specialty crop research

Fruit and Vegetable Planting Flexibility Restriction

Production and input costs of fruit and vegetables is vastly different than agricultural practices for traditional agricultural program crops such as cotton, corn, soybeans and others. The input

cost per acre is \$4,000 to \$10,000 per acre for vegetables as compared to \$500 to \$750 per acre for cotton or corn. The vast majority of the fruit and vegetable acres in the southeast are grown for the fresh market. Crops must be harvested when the fruit is at its maximum. Harvest cannot be delayed due to weather, labor shortage or market conditions. Growers have little control over our selling prices, we are offered a price based on demand and the amount of product on the market. If the market is oversupplied farmers receive a much lower price, than if the product is in high demand.

Fruit and vegetable growers are extremely concerned over the possibility of removing the planting restriction on fruits and vegetables. Our concern is evidenced by the fact that twelve grower organizations, including the Georgia Fruit and Vegetable Growers Association funded a study by 'INFORMA Economics' an international recognized firm with offices in McLean, Virginia. Much of the data that is being presented in this statement came from the INFORMA study released in February of 2007.

There are two primary reasons that we are concerned about removing the planting restrictions.

First, removing the planting restrictions on base acres, while retaining the program benefits at the current level, would allow program crop producers to continue to receive support payments even if they produced fruits and vegetables on their program crop base acreage. This new fruit and vegetable acreage would be directly subsidized with payments intended to support program crops, while existing fruit and vegetable growers with no program crop base, would receive no similar benefits.

If this is allowed, my neighbor that grows 1000 acres of cotton could convert 200 acres of his cotton acres to fruit or vegetables. INFORMA estimates the average Direct and Counter Cyclical Program payment to be approximately \$76/A (U.S. average). In Georgia the DCCP payment is actually \$92.66/A. Using the national average, rather than the Georgia payment, this payment subsidy on my neighbor's 200 acres would place my crop at a \$15,000 competitive disadvantage before a single seedling was planted. In other words, my neighbor will have a \$15,000 margin of error to reduce his selling prices before his operation would suffer.

While starting off a growing season at a \$76/A competitive disadvantage is bad enough, the second reason is of greater concern to Georgia growers than the subsidy issue.

By allowing program crop producers to enter the market with no penalty, the supply of fresh produce is almost certain to increase. If we have a larger supply of product without an increase in demand the result is lower prices. Even though the planting restriction was not designed to limit supply, this regulation is one of the many factors that effect production and ultimately prices.

Plain and simple - we believe removing the planting restrictions provision, will result in overproduction in Georgia. If cotton prices continue to be depressed, cotton growers in Georgia are going to plant vegetables if they are allowed. Most leaders in the industry believe this will happen not just in Georgia but across the United States.

According to the INFORMA report,

"Estimating the market impact of removing the planting restrictions is complicated by many factors, including the broad range of crops that could be potentially being affected and the various agronomic and market forces that ultimately determine which crops can feasibly - - and profitably - be produced in different location. But for all specialty crops, even small changes in supply - given the small acreage already devoted to specialty crop production - could have large market impacts. With over 220 million acres of land currently enrolled in Direct and Counter-Cyclical program, if only 1 % of this land shifted to specialty crops it would translate into a more than 20% increase in specialty crop acreage. Given the inelastic demand conditions that tend to characterize most specialty crop markets, even modest increases in supply can have proportionately much larger impacts on prices and total revenues. . .

Removing the planting restrictions is predicted to attract roughly 1.03 million acres into production of specialty crops. While this accounts for less than one half of 1 percent of the total program crop acreage base, it represents a 10% increase in total specialty acreage."

In Georgia it is estimated we have over 300,000 acres in fruit, nut and vegetable production. Based on the study's projections by lifting the planting restriction it would result in more than 26,000 new acres going into fruit, nut and vegetable production in Georgia or an increase of 8.6%.

We know with increased production, and no increase in consumer demand, prices will suffer. For the crops we produce in Georgia the report projects cucumbers to be reduced by 13%; squash - 12%; peaches - 8.5%; nuts - 7.5% and watermelon - 9%. Nation wide potatoes, apples, pears, and peas would be hit the hardest - 19% to 24%. With the expected increases in supply, existing fruit and vegetable producers could expect to experience a decline in revenue of slightly over \$3.1 billion dollars.

#### Restructuring Disaster Assistance Payment Limits

The rationale for traditional Farm Program payment limits is obvious, i.e., not to subsidize wealthy "farmers". However, there is no apparent reason why Congress in 1988 set the limit for disaster payments at \$100,000. Twenty years later, there has been no allowance for inflation and in fact the payment limit has actually been reduced to \$80,000. Like other payment limits in farm programs, it is not specific to a given commodity. Disaster assistance is paid based on the estimated NASS crop value per acre not the actual input costs to the grower. The very nature of specialty crops makes them more expensive to grow so the fundamental problem is the crop, not necessarily the way growers operate.

Most vegetable crops grown in the southeast can be divided into two categories of cultivation practices: plastic mulch and bare ground. Most crop insurance policies and USDA production costs models are outdated. Examples from a University of Florida study shows bare ground sweet corn pre-harvest cost is \$3,093 per acre and plasticulture green peppers pre-harvest cost is \$9,142 per acre. A \$80,000 payment limit would only cover about 26 acres of sweet corn and less than 9 acres of green peppers. This is fundamentally unfair.

It is our recommendation USDA devise a program that provides for flexible payments based upon the production costs of the crop. We support restructuring the current disaster assistance payments to allow producers of specialty crops with higher cost of production to receive

proportionally larger disaster assistance. The current \$80,000 payment limit on disaster payments is not equitable for specialty crop producers. Due to higher input and labor costs, possible loss per acre experienced by specialty crop producers as a result of a disaster is generally significantly greater than for program crops.

#### Expanding Specialty Crop State Block Grants

In 2001, Congress provided approximately \$159.4 million in mandatory funding for Specialty Crop block grants as part of the Agricultural Economic Assistance Act of 2001. The funding was distributed by the state departments of Agriculture in 2002.

The Specialty Crop Competitiveness Act of 2004 was aimed at building on the success of the 2001 block grants by reauthorizing the block grants. Congress provided \$7 million in appropriations for the specialty crop block grants in FY2006. The FY07 appropriations bills contain block grant funding of \$15.6 million in the House version and \$10 million in the Senate version.

Block grants have been tremendously beneficial to Georgia's specialty crops. With funds from the 2001 block grant our association was able to establish a food safety initiative that has trained over 300 growers and certified more than 50 farm operations. As a cooperative program between the Georgia Department of Agriculture, University of Georgia, the Georgia Crop Improvement Association and our association, Georgia GAP provides on farm training, consultation and third party audit to our growers. In addition the block grant provided assistance to expand the 'Georgia Grown' marketing program and fund intra-structure for a multi-discipline specialty crop field research lab.

We believe the state block grants provide the centerpiece of a fruit and vegetable farm bill program. Each specialty crop and each geographic area have unique challenges and attributes which must be addressed individually, the block grants are critical in helping to improve the competitiveness of our specialty crop producers. It is at the state level that growers, shippers and packers working together with industry and government, have the expertise to identify programs that can enhance the competitiveness of specialty crop producers. Innovative programs developed at the state level could include production related research, nutritional focus on youth, commodity promotion, food safety and inspections, and other items.

Our industry is in a crisis at the moment as it relates to food safety concerns. Block grant funds would help states develop more aggressive food safety educational programs as we have done in Georgia. The produce industry must move forward to establish the proper protocol to restore this nation's consumer confidence in fresh produce. Research is needed to develop economical traceability solutions, reduce field contamination and improve post harvest handling. Block grants can address this on the state level where it is desperately needed.

We recommend that no more than 50% of the block grant be devoted to in-state program marketing.

#### Increasing Specialty Crop Research

Research provides a foundation for the growth of any industry and acts as catalyst for change. Federal investment in specialty crop research to assure the economic vitality and long-term

viability of the specialty crop industry has been limited, despite the fact that specialty crops and their research needs are unique and important. These crops are typically characterized by high production input costs, unique market challenges and the fact that there are a plethora of specialty crops produced in numerous growing regions throughout the country, each with specific challenges. The new USDA/DHHS Dietary Guidelines have recommended the daily dietary intake of Americans be at least 52% fruits, vegetables and foods derived from specialty crops. Federal investments in agriculture should be allocated to reflect the national importance of these products to the American diet.

Over the past five years our association has worked the system as hard as we can to secure state, private and federal funds for research projects critical to our industry. We believe two factors must be addressed in the 2007 farm bill.

First, research funding to the National Research Initiative (NRI) and other USDA programs should be significantly increased and reallocated to appropriately and proportionally represent the important role that specialty crops play in the maintenance of human health. The NRI Competitive Grants Program, which was established in 1991, is the office in the USDA's State Research, Education and Extension Service (CSREES) that is responsible for research of key problems of national and regional importance relevant to agriculture, food, and the environment. Because NRI awards research grants based on an emphasis area as well as competitiveness, the specialty crop industry is often overlooked because it is not included in the NRI's list of emphasis areas. We believe there should be a "Specialty Crop priority area" within the overall areas of emphasis of the NRI so that specialty crop research initiatives are considered and become higher priority level. As part of this priority area, funding should be dedicated to applied research and extension programs. The goal of this action would be to increase the priority level and quality of specialty crop research.

Secondly, we support the establishment of a new competitive grants program within the CSREES to improve the efficiency and competitiveness of specialty crops producers in the world marketplace. The program will be utilized to fund research that addresses the short-term, intermediate, and long term needs of the specialty crop industry in production technology (such as, but not limited to, plant breeding, pest management, production, physiology, food science), mechanization, marketing, product development, food security, and food safety to improve the competitiveness of the specialty crop industry. This program is needed because other competitive grants programs of the CSREES do not have adequate mission specific commitments and are therefore less useful to the diverse crops and regional differences which characterize American specialty crops production.

The wide diversity of specialty crops and the unique challenges growers of those crops face require intensive research investments in order to improve quality, reduce costs and enhanced the competitiveness of those crops. In order to gain maximum competitive advantage, it is extremely important that specialty crop producers engage in both short and long term planning and focus their development, marketing and research efforts within an appropriate framework in order to efficiently gain the maximum effect.

Mr. Chairman, Senator Chambliss, thank you for the opportunity to present our thoughts and views today. We look forward to working together to craft a farm bill that will address all of

the concerns I have address today. Thank you.