National Farmers Union

Testimony of Tom Buis

Before the
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Economic Challenges and Opportunities
Facing American Agriculture Producers Today

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STATEMENT OF TOM BUIS

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

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Chairman Harkin, Senator Chambliss and members of the committee, thank you for the opportunity to testify on challenges and opportunities for producers. My name is Tom Buis and I am the President of the National Farmers Union. I commend you for holding this important hearing and look forward to working with you to craft an efficient and effective 2007 Farm Bill.

NFU is proud to be an organization whose policy positions actually come from producers. Polices are written on local, regional, state and then on the national level. Last year, NFU held a series of farm bill listening sessions around the nation to gather input from farmers, ranchers and people who live and work in rural America. Our policies were formally adopted at our annual convention in early March of this year.

The general principles for the next Farm Bill as approved by our convention state that the independent family farmer and rancher owned and operated food, fuel, and fiber production is the most economically, socially, and environmentally beneficial way to meet the needs of our nation. We recognize that the economy of rural America continues to face the challenges of increasing input expenses, weather-related disasters and inadequate market competition. We are concerned the 2002 Farm Bill suffered disproportionate budget reductions during the 2006 budget reconciliation process and year appropriations bills, despite saving more than $23 billion as a result of the commodity title. As part of the next farm bill, NFU encourages Congress to establish programs that return profitability and economic opportunity to production agriculture and rural communities.

Without a doubt, the number one priority for the new farm bill should be profitability. Profits from the marketplace are where every farmer or rancher wants to receive their income - not from the government. Specifically, we support a new Farm Bill that includes the following provisions:

? A farm income safety net that uses counter-cyclical payments indexed to the cost of production to support family farmers during periods of low commodity prices;
? A farmer-owned Strategic Biofuels Feedstock Reserve tied to the needs of producers who utilize agricultural products, livestock feed consumers and food manufacturers, which protects against years of poor crop production, with storage payments set at levels equal to commercial storage and adequate release levels that encourage fair market prices;
? A renewable energy title that makes energy independence a national priority, one that prioritizes and facilitates farmer, rancher, and community ownership of renewable energy and value-added projects, including ethanol, biodiesel, and farmer and community-owned wind energy;
? A comprehensive competition title that addresses current anti-trust practices and ensures anti-trust laws will be enforced;
? A permanent disaster program, funded from the general treasury in the same manner as other natural disasters so that agricultural disaster assistance does not require "offsets";
? A conservation title that provides adequate funding to support the authorized programs, as intended by Congress. The title should include full funding for the Conservation Security Program, substantial increase in the funding for the Natural Resources Conservation Service (NRCS) technical services to assist farmers and ranchers in the development and implementation of conservation cost-share programs;

? A strong nutrition title to help provide basic food and nutrition needs for citizens of all ages, especially our young, elderly, and physically handicapped;
? Dairy programs that include a strong safety net and a supply management system to protect producers from a market collapse. Dairy prices should reflect cost of production shifts for producers;
? A rural development title that helps farmers, ranchers, and members of the rural communities develop new and better economic opportunities to support and build the economic base of rural America.
? New resources and other efforts to add differentiated value to family farms for the sustainability and competitiveness of specialty crops, livestock and seafood; and
? Budget scoring that is not based upon World Trade Organization (WTO) methodology.

Two Key Economic Opportunities

Fuels from the Farm

There are two very exciting economic opportunities for producers in rural America. The first is renewable energy or fuels from the farm. This is being led by ethanol, but also includes wind, cellulosic and biodiesel efforts. This effort is not new. Farmers have wanted to be part of our energy solution for more than 30 years. Through decades of toil, they have finally become full partners in this important effort. They are helping to alleviate our reliance on some of the most troubled regions of the world and produce fuels from the farm that will continue to assist us in the future.

But, as I said, this did not happen overnight. It took all these years to combine public policy with farmers' initiative and risk taking. In the early days, ethanol for example was not even energy efficient or economically viable. But today, it is different, due, in great part though the work and investments of farmers. In fact, in my opinion we have the greatest economic opportunity for farmers and rural communities in my lifetime. Not only is it driving higher prices for corn - it is bringing along soybeans, wheat, milo, oats, and rye.

As we move forward into issues that question if we should be growing fuels or feed, I am hopeful that we will remember that cheap corn gets you cheap hogs, cattle, dairy and poultry. But that a transition to a new energy economy using fuels from the farm will ultimately be better for all farmers and ranchers. Eventually, this transition to a rising tide in grain prices will lift all boats.

I understand that some in the livestock sector -- hog, chicken, pork and beef producers and meatpackers have complained about the higher cost of corn and therefore the higher cost feed. I have been pointing out however, that corn and feed costs have been very low for years. In fact, it might interest the Committee to learn about a study released by Tufts University this past February ("Industrial Livestock Companies' Gains from Low Feed Prices" by Timothy A. Wise and Elanor Starmer). The study undertook an econometric analysis, which documented that the broiler chicken and pork production industries have benefited significantly from low prices. From 1997 to 2005, soybeans were priced 15 percent below the average cost of production while corn was priced 23 percent below. This equates to feed prices at 21 percent below cost for poultry and 26 percent below cost of production for the hog industry. To put it in more concrete terms, the Tufts study estimates that due to the low cost of production, the broiler chicken industry saved $11.25 billion and the industrial hog industry saved approximately $8.5 billion over the nine year period.

We shouldn't let anything get in the way of using fuels from the farm and becoming more and more energy independent. But as we do so, one thing I respectfully urge you to do is to ensure that ownership remains in the hands of local farmers and rural residents. When the money stays in communities, it makes a difference. All too often we see where large conglomerates invest in a rural area, but all of the profits leave without being re-invested in the local economy. The renewable fuels sector is different, and we need to keep it that way. I urge the Committee to ensure that USDA rural development and other departmental programs that are used for renewable fuels give a competitive advantage to farmer-owner and locally-owned efforts. This is one significant, but important, provision that can be added to the 2007 Farm Bill. Incidentally, I also believe that any tax polices should offer a similar incentive for farmer-owned and locally-owned enterprises.

Buy Fresh -- Buy Local

The second exciting economic opportunity for producers is the consumer demand for fresh, source verified, direct from the farm food. It is the fastest growing segment of the food business.

A producers' price is based upon quality and freshness; in turn, consumers and their families receive high quality, fresh products they want and can trust. That is why there has been an explosion in urban farmers markets and direct selling by farmers to consumers, retailers and restaurants. It is why restaurants like Agraria in Georgetown -- owned by Farmers Union members, is doing so well.

Consumers want to know where the food they feed their families comes from. And, they are willing to pay for it. Producers no longer have to go on bended knee asking what they can receive for a product. They are now beginning to be price-makers not price-takers. In fact, a poll conducted shows that 83 percent of consumers want to at least know what country their food comes from. And, 81 percent say they are willing to pay more for it. That is one of the reasons that we urge Congress to ensure that mandatory country-of-origin labeling (COOL) is implemented as soon as possible. As you know, it is working well for seafood. There is no reason it should not be working for the other covered commodities. I have taken the liberty of including with my testimony a very large coalition letter in support of immediate implementation of COOL at the conclusion of my testimony. This is, in fact, the largest group coalition letter from agriculture and rural-related organizations that I have ever seen.

Mr. Chairman, fuels from the farm, and the buy fresh -- buy local movement represent enormously positive developments for producers and our nation. This Congress should do all it can to encourage those efforts in a thoughtful fashion to ensure both are continued into decades to come.

A New Counter Cyclical Program with Permanent Disaster Assistance Could Save Money

Most would agree that the 2002 Farm Bill has worked well. The irony is that the program worked so well, relying primarily on the counter-cyclical nature of the program, that it did not actually expend the resources contemplated. As a result, under current budget guidelines, Congress has a reduced budget baseline for which to write the 2007 Farm Bill. It is a shame that budget rules short-change fiscally responsible programs such as the 2002 Farm Bill. The 2002 legislation actually saved billions of dollars while producers received their income from the place they want to -- the market. If all federal programs were as fiscally responsible, we would have a budget surplus, not a deficit.

Since this Committee and Congress are faced with crafting a new farm bill with significantly diminished resources, it appears that we will not have the resources to keep the current safety net. When it became apparent that the budget baseline for commodity programs would be less, NFU started looking at other alternative safety net proposals that would cost less, but still provide the same level of support as the current commodity programs. We commissioned an economic study that looked at adding a cost of production component, set at 95 percent of the cost of production, to a purely counter-cyclical safety net.

This proposal allows for increased input costs to be reflected in a counter-cyclical payment in the event that prices drop below a certain level. It would guard, for example, against sharp increases in energy prices like we witnessed in 2005 and are seeing again this year.

According to the economic analysis and modeling conducted by Dr. Daryll Ray, at the Agricultural Policy Analysis Center, University of Tennessee, the proposal would provide the same level of safety net as provided by the current farm bill, plus save $2 to $3 billion per year. This level of protection and savings is achieved because it would only provide federal assistance if commodity prices are low, and would eliminate the difficult-to-defend direct, de-coupled, guaranteed payments of the current program. Direct payments are difficult to defend when prices are high; when prices are low, the direct payment isn't adequate protection for producers.

The University of Tennessee study, which used the February 2007 USDA Baseline updated to include the March 30, 2007 planting intentions, documents that the amount of savings under this proposal could also provide the resources to fund a permanent disaster program and allow other saved resources to be used for high priority programs.

NFU considers permanent disaster assistance a critical and inseparable part of an adequate safety net. We urge Congress to approve a permanent disaster provision so that ad hoc disaster legislation becomes a thing of the past. Producers need some certainty. But again, under the proposal suggested, the savings from the direct payments can be used for the cost of production based counter-cyclical program and a permanent disaster program and still yield savings. These savings could be used for priorities such as renewable energy, conservation, specialty crop producers, rural development and research.

I will be providing the committee with additional information related to this study, but it is our hope that the proposal will be seriously considered.

Dairy

With regard to dairy, NFU believes that Congress should:
? Establish a one percent loan program for dairy producers who lose their milk checks due to a financial default by a milk marketer. The fund should extend low-interest loans to producers for the amount of money lost in the default for a term of up to three years.
? Mandate commodity promotion programs board of directors be elected by producers that are assessed to fund the program. USDA's Office of Inspector General should investigate whether the National Dairy Promotion and Research Board has violated rules by approving grants/loans to wholly-owned subsidiaries of the cooperatives to which they belong.
? Immediately cease all imports of Grade A dairy products that do not meet the same high standards as met in the U.S.
? Prohibit imports of dairy and meat products from any nation with an active outbreak of Foot and Mouth Disease (FMD); and maintain a one-year prohibition of imports from any country following an announcement of eradication of FMD.
? Make adequate reforms to the Federal Milk Marketing Order (FMMO):
o Enforce rules of the FMMO to ensure adequate competition exist in all Orders;
o Include California and all areas of the U.S. into the FMMO system.
o Require USDA to act upon the mandate found in U.S. C. 7 Chapter 26, Subchapter III, Section 608c. 18 to adjust milk prices within the FMMO system based upon regional grain prices;
o Reject efforts to increase the manufacturer's make-allowance, which would reduce producer income at a time when producer income is declining.

? Require all foods and commodities utilized in federally-subsidized nutrition programs, including the School Lunch Program contain only domestically-produced dairy products and ingredients that have been certified as safe under FDA's Generally Recognized as Safe program (GRAS).
? Require dairy products provided to members of the Armed Services be supplied by U.S. producers and processors, as an effort to create additional marketing opportunities for U.S. producers while reducing the potential for bioterrorism and further promote domestic dairy products.
? Full reinstatement of dairy products of the Women's Infants and Children (WIC) program.
? Extend the MILC program to expire in tandem with the remainder of the 2002 Farm Bill programs and fully restore funding levels and to be considered in the 2007 Farm Bill.
? Immediately pass legislation to address the rapidly increasing imports of MPC and other protein concentrates that distort the U.S. milk market.
? Prohibit the Food and Drug Administration from changing the definition of milk for cheese, ice cream and any other dairy product, which would reduce the nutritional value of those products and have a devastating economic impact on American dairy producers.
? Immediately investigate and review reporting procedures for the values of nonfat dry milk from July 2006 to present and establish an indemnity fund to compensate producers that have lost revenues from proven and documented incidents of under-reporting nonfat dry milk values. Both USDA and the California Department of Food and Agriculture should review

pricing programs to assure dairy commodity values are accurately and fairly reported.

NFU Dairy Summit

On March 23, NFU hosted a Dairy Summit for producers to have an opportunity to collaborate and unite as development of future dairy policy is considered. A past history of geographical differences had resulted in a policy divide among producers. Our dairy summit revealed that dairy producers face similar challenges regardless of size or geographic location, and that producers can work together in order to develop proactive solutions to the challenges we face.

More than 20 producer organizations participated in the Summit and agreed upon a set of principles, which I hope resonate during consideration of the next farm bill. The principles include:

? Return on investment greater than cost of production, plus a profit from the market as a result of public policy.
Options to achieve principle:
? Establish efficient transmission of price signals. Today's dairy market is non-functioning with an imbalance of buyers and sellers.
? Restore competitive price discovery mechanisms through market reform or revise the basic pricing formula to include producers' cost-of-production.
? Continuation of a counter-cyclical safety-net.
? Establish safety-net support price that is fair and equitable to all producers.
? Immediately address the unlimited imports of dairy proteins flooding the U.S. market, by passing legislation such as the Milk Import Tariff Equity Act.

? Reform Federal Milk Marketing Order system.
Options to achieve principle:
? Incorporate California and all regions of the country into the FMMO system;
? Correct pooling/de-pooling provisions;
? Eliminate bloc voting;
? Allow "no" vote on amendments, yet maintain Order;
? Do not place financial burden of transportation onto producers;
? Eliminate processor make-allowance. If not eliminated, the make-allowance should be variable and tied to producers' cost-of-production;
? Establish three-part pricing formula to include: producers' cost-of-production, the Consumer Price Index and the Chicago Mercantile Exchange;
? Resolve distribution and supply management challenges;
? Prohibit forward contracting;

? Restore competition to a non-competitive dairy market. A lack of competition at the retail and processor levels breeds a need for policies to support producers.
Options to achieve principle:
? Support funding for academic antitrust research;
? Require the NASS survey to be audited periodically;
? Intensify review process for proposed mergers;
? Promote smaller coops and increase oversight of coop management to ensure interests of

producers are met;
? Maintain standards of identity on dairy products and move to increase standards to be "closer to the cow" by raising the fat content in fluid milk.

Forward Contracting

My testimony has been focused on creating opportunities for farmers and ranchers to gain a profit from the marketplace and supporting public policies that encourage such opportunities. One policy that will do the opposite is to allow the forward contracting of milk within the Federal Milk Marketing Order (FMMO) system. Dairy farmers across the country, big and small, oppose forward contracting of milk, which was made clear during our Dairy Summit.

Passage of federal dairy forward contracting legislation would give processors the ability to lock in a fixed price and shift all the risk of price fluctuations to the producer. The goal of proponents of forward contracting is simply to pay the producer less than the minimum price established in the FMMO system. Forward contracting milk sales will give milk processors a captive supply of milk. As highlighted in my previous testimony, other sectors of agriculture have felt the devastating impact of consolidated markets and producers have shouldered the financial burden alternative marketing arrangements. As we have witnessed in the beef, pork and poultry industries, as processors amass captive supplies of a particular commodity, purchases on the cash market decrease - resulting in the disappearance of competition and reduced producer prices.

Today, dairy processors and producers have the ability to utilize futures contracts and options on the Chicago Mercantile Exchange (CME). As of Friday, April 20, 2007, seven billion pounds of milk were recorded under futures contracts at the CME. Proponents of forward contracting regulated milk are not concerned with what will happen if they are permitted to forward contract regulated milk, which is increased consolidation of the dairy industry, lower prices paid to producers and significant numbers of producers going out of business.

Non-Fat Dry Milk Misreporting

Recently, I sent a letter to USDA Inspector General Fong, requesting an investigation regarding the potential misreporting of weekly non fat dry milk (NFDM) sales and review all milk pricing programs. It is believed that USDA's National Agricultural Statistics Service (NASS) has been reporting NFDM prices below the market price for nearly eight months. This is extraordinarily troubling because USDA uses NASS data to calculate prices for dairy commodities sold within the FMMO system. Producers, therefore, receive less than the fair market value for their milk. On April 13, USDA's Agriculture Marketing Service revised the NASS weekly NFDM survey prices for the three final weeks of March 2007, which is an estimated market loss of $3.2 million!

NFU believes since the misreporting began, dairy farmers have lost hundreds of millions of dollars and are being held economically liable for USDA's improper administration of its programs. The 2002 farm bill directed USDA to implement an audit system for mandatory price reporting of dairy products; to date, no such audit verification system has been put into place. This is unacceptable. If America's dairy producers are to receive a fair and equitable return on their milk, OIG needs to immediately conduct a full investigation, including plans to refund lost revenues to producers and the department needs to implement and enforce an audit verification system to ensure this does not occur in the future.

The Challenges and Opportunities for the Livestock Sector -- Ensuring Fair Competition

NFU has commissioned an ongoing study on concentration levels throughout different agricultural sectors. We started tracking this data in 1999 because there was no such information about concentration available. NFU continues to commission the research, which after all these years is also giving us some historical information. The results of our updated study on concentration were released last week. The study was conducted by Drs. Mary Hendrickson and William Heffernan from the University of Missouri - Department of Rural Sociology. This updated information reveals that the top four firms in most agricultural sectors have continued to increase their stronghold since our last study in 2005.

I am submitting a chart here that shows the top four beef packers dominate 83.5 percent of the market, four pork packers control 66 percent of that market, and the top four poultry companies' process 58.5 percent of the broilers in the United States.

Interestingly, ethanol production -- as I discussed earlier -- is an area of agricultural sector in which concentration has steadily decreased. A decade ago, the top four companies owned 73 percent of the ethanol market. Today, the top four companies control 31.5 percent of the ethanol produced. The increase in ethanol production competition is in direct relationship to the high number of farmer-owned ethanol cooperatives built across the country. Farmer-owned ethanol plants account for 39 percent of total capacity. This is a clear example of the impact and potential for public policies that encourage diversification and discourage monopolization in our food system.

As I mentioned, NFU has helped provide financial support to track agricultural concentration data since 1999, yet Dr. Heffernan has been tracking concentration data since 1987. I have included the updated tables in my testimony but wanted to bring to the Committee's attention the difficulty our researchers had in obtaining the data. Congress should direct the Departments of Agriculture and Justice to collect and publish concentration information; corporations currently consider the data proprietary, and the public has limited, if any, access to the data.

The information contained in this new research is further reason for Congress to take up the challenge and immediately pass legislation to address a true challenge to producers and restore true competition in the marketplace for U.S. farmers and ranchers. Independent producers cannot be successful in the absence of protection from unfair and anti-competitive practices.

I have talked about how produces want to get a price from the marketplace. This is especially true in the livestock sector. The new Farm Bill should focus on creating the structure to help farmers and ranchers receive a profit from the marketplace. It is the key component that is often missing. Farm bill legislation has often focused on symptoms, not causes. NFU recommends the 2007 Farm Bill include a new title to help restore competition to our markets and end the fast-pace of consolidation in agricultural markets.

A non-competitive marketplace is just another way of saying farmers and ranchers are not being paid a fair price. Many cite the free market as a basis for not taking action, yet I ask: how can you have a free market when there is no competition? How can one rely upon a free market without recognizing when it needs fixing?

NFU believes a comprehensive Competition Title should include the following:

? As discussed earlier, immediate implementation of mandatory country-of-origin labeling (COOL) for meat, produce and peanuts;
? Require USDA and all federal agencies enforce the Packers and Stockyards Act and other antitrust laws;
? Ban packer ownership of livestock to ensure independent producers have a place in the future of livestock production;
? Restore competition by requiring contracts be traded in open, transparent and public markets where all buyers and sellers have access to the same information;
? Increase oversight and enforcement of the Livestock Mandatory Price Reporting Act;
? End the ban on interstate shipment of meat to increase competition and economic, marketing and trade opportunities for rural America;
? Reform mandatory checkoff programs to ensure only U.S. products are promoted and further reform to restore accountability of these programs;
? Enhance contract producer protections by allowing adequate time to review contracts, prohibit mandatory arbitration, protect producers membership in an organization or cooperative and prohibit confidentiality clauses; and
? Prohibit forward contracting of dairy products within the Federal Milk Marketing Order system.

Challenges and Opportunities Related to the Environment

Mr. Chairman, another challenge and opportunity lies in the area of conservation. NFU believes the 2007 Farm Bill should build upon existing programs, while encouraging further investment in new efforts. By coupling the environmental needs of our fragile farm lands, with the socioeconomic goals of our farming communities, the new Farm Bill can do even more to create the opportunity to reward stewardship, discourage speculative development of fragile land resources, and strengthen family farming and rural communities.

Your Conservation Security Program (CSP) has been a great success, despite the limited resources. CSP is one of the most innovative attempts to reward producers for conservation practices on working lands and NFU supports full funding of the program.

NFU also supports full funding of the Environmental Quality Incentives Program (EQIP). EQIP has proven to be a valued program and we urge the committee to consider changing the EQIP langue to ensure that even better use of limited funds is made by allowing states to set priorities based upon local environmental challenges.

In addition, NFU supports the development of a one-stop conservation planning system for agriculture through the Natural Resources Conservation Service (NRCS). We recommend a single conservation plan, one that is developed by the farm operator, in conjunction with NRCS, in order to assure compliance with the myriad of land and water regulations established by various governmental agencies.

NFU also supports the Conservation Reserve Program and urges you to do all you can to ensure that CRP is not reduced below the current 39.2 million acres.

I want to bring to your attention two new initiatives for the committee's consideration.

The first is our desire to seek a nationwide buffer strip initiative. Buffer strips play a key role in maintaining healthy, productive farms, as well as protecting fragile and vital waterways throughout the country. When designated appropriately, buffer strips help producers maintain their best land in crop production and make good use of marginal land. We urge you to consider a new nationwide buffer strip initiative that builds upon the proven success of past buffer strip initiatives.

Some would say this would be an expensive endeavor, but we already spend billions of dollars through the U.S. Army Corps of Engineers budget and other budgets on addressing problems that could be alleviated as a result of such a buffer strip initiative.

NFU urges the committee to work with the appropriate committees in Congress to see if there are ways to institute such a program. Perhaps the reserve fund contained in the budget resolution could be used to fund such an initiative using other committees' resources. The challenge here is finding the resources to implement such a program. The benefits for producers and our nation as a whole are incredible opportunities that I urge the committee to consider.

I also want to mention NFU's innovative carbon credit trading program. As we all know, there is growing public concern about global climate change. NFU has been addressing this challenge by proving producers with an opportunity to play a key role. Our newly established Carbon Credit Program is a voluntary, private-sector approach to conservation that allows producers to earn income in the carbon credit market for storing carbon in their soil through no-till crop production. I am pleased to report that our program, which began only half way through last year, has already enrolled over a million acres. NFU aggregates the credits for our members and the credits are then traded on the Chicago Climate Exchange.

We believe that the carbon credit program and buffer strip initiative could be established to work within the existing tier system of CSP or adopted as new tiers of participation. Interactions with our nation's natural resources do not need to set agricultural producers in opposition to the environment. As NFU members have demonstrated for many generations, farmers, ranchers and fishermen are our best environmental stewards and their astute understanding of the natural world deserves to be recognized and rewarded.

Other Challenges

Mr. Chairman, it is a shame that anyone lacks for food in our world. Farmers are shocked that roughly 800 million people go to bed hungry every night, while at the same time we have the capacity to overproduce almost every commodity. This situation should stop both here and abroad; NFU supports strong and fully funded nutrition and feeding programs at home and abroad.

NFU supports the continuation of the current sugar program for our nation's sugar beet and cane producers.

I am pleased that there appears to be a majority in Congress who want to ensure that the 2007 Farm Bill will be written in Congress and not at the World Trade Organization. Agricultural trade has been a losing battle for our nation and especially for farmers and ranchers. While agriculture exports have risen, agricultural imports have risen at a far greater pace. We are just barely a net agricultural exporter and many suggest that we will soon import more agricultural goods than we exports.

The trade agreements that have been approved and are in place may have assisted international food conglomerates, but family framers have lost out. Trade policies have pitted farmer against farmer throughout the world, in a race to the bottom. It has been a race to see who can produce the cheapest food regardless of environmental, labor or health and safety standards. The race must stop.

We support efforts to put our nation on a smart track toward thoughtful trade polices, a track that ensures environmental, labor and health and safety standards in agriculture are considered during international trade negotiations. That said we oppose reauthorizing Fast Track, otherwise known as Trade Promotion Authority (TPA).

NFU supports a strong 2007 Farm Bill that includes key provisions to ensure farmers, ranchers and rural Americans can make a profit from the market. We are especially interested in the two areas I mentioned at the beginning of my testimony: fuels from the farm, and buy fresh buy local efforts. NFU urges Congress to develop and fund critical research, rural development programs to ensure that these important efforts move forward.

Mr. Chairman, I again thank you for holding this hearing and for the opportunity to testify. I would be pleased to take any questions at the appropriate point and look forward to working with you and all members of the Committee to craft a thoughtful new farm bill for our nation.