

Mr. Chairman and members of the committee, I want to thank you for the opportunity to testify before you today. My name is Barry Bushue and I am currently serving as President of the Oregon Farm Bureau Federation (OFBF). It is a privilege to represent all members of the Oregon Farm Bureau and the agriculture community in the great State of Oregon.

OFBF is the largest agriculture organization in the state. We represent all aspects of agriculture. Consequently our interests are wide and diverse. I would like to take this opportunity to touch on a few of the many areas of significance this upcoming Farm Bill, your committee and Congress has to our community.

In light of the indefinite suspension of the World Trade Organization talks, Oregon Farm Bureau supports an extension of the current farm bill. Despite an ambitious offer by the United States to reduce spending on trade distorting domestic supports, no progress was made to allow increased market access for American food and fiber products. Extending the current farm program, with minor changes to take into account recent trade rulings, will help ensure U.S. farmers have the support they need to survive in today's contentious global trading environment. Farmers and ranchers are generally pleased with the current farm program. The 2002 Farm Bill has worked, however, trade negotiations are critical to the success of producers.

The Market Access Program (MAP) uses funds from the U.S. Department of Agriculture's (USDA) Commodity Credit Corporation (CCC) to help U.S. producers, exporters, private companies, and other trade organizations finance promotional activities for U.S. agricultural products. The MAP encourages the development, maintenance, and expansion of commercial export markets for agricultural commodities. Activities financed include consumer promotions, market research, technical assistance, and trade servicing.

The program forms a partnership between non-profit U.S. agricultural trade associations, U.S. agricultural cooperatives, non-profit state-regional trade groups, small U.S. businesses, and USDA's Commodity Credit Corporation to share the costs of overseas marketing and promotional activities such as consumer promotions, market research, trade shows, and trade servicing.

Each year, MAP helps launch and expand sales of U.S. agricultural, fish, and forest products overseas. Rural American farmers and ranchers, as the primary suppliers of commodities, benefit from MAP. All regions of the country benefit from the program's employment and economic effects from expanded agricultural export markets.

USDA has approved MAP proposals to promote a wide variety of U.S. commodities in almost every region of the world. Among those U.S. food and fiber products, many of which Oregon is famous for, are apples, asparagus, canned peaches and fruit cocktail, catfish, cherries, citrus, cotton, dairy products, dry beans, eggs, feed grains, frozen potatoes, grapes, honey, hops, kiwifruit, meat, peanuts, pears, pet food, pistachios, poultry meat, prunes, raisins, rice, salmon, soybeans, strawberries, sunflower seeds, surimi, tallow, tomato products, walnuts, watermelons, and wheat.

Commodity programs, focused in Title I of the current legislation, are also working well. Three

programs, fixed direct payments, counter cyclical income support payments and commodity loan programs all generate income support for a variety of commodities including wheat, feed grain and rice. The Commodity Title allows farmers to benefit from the market, but had some reliable income during times of low prices.

Fixed direct payments are not tied to production of specific crops, the amount of production, or the price of the crop. With planting flexibility, farmers and eligible landowners are not confined to producing crops for which they are receiving direct payments. They could receive a payment for one commodity, but in any given year, plant another on the acres in which they are receiving payments. Thus, farmers' planting decisions are based on expected market prices and variable costs of production.

The fruit and vegetable industry is a very important part of Oregon's agriculture. It is a very competitive and fragile industry impacted by spikes in plantings, production, weather, availability of labor and foreign competition.

Primarily by choice, the fruit and vegetable industry has neither asked for, nor received commodity specific programs. The tradeoff has been planting prohibition on base acres under Title I commodity programs. Recent WTO rulings have put the prohibition at risk. In fairness to the industry I hope the extension of the 2002 Farm Bill will be able to address this issue and make fruit and vegetable growers whole.

Counter cyclical payments (CCP's) support and stabilize farm income when commodity prices are less than target prices. Payments linked to past production may lead to expectations that benefits in the future will be linked to then-past, but now-current, production. Such expectations may affect current production decisions. CCP's provide farmers with incentives to build a planting history for program crops, constraining their response to market prices and focusing their response to market signals augmented by expected benefits of future programs and future program changes.

Commodity loan programs allow producers of designated crops to receive a loan from the Government at a commodity-specific loan rate per unit of production using production as loan collateral. After harvest, a farmer may obtain a loan for all or part of the new commodity production. When commodity prices are below commodity loan rates, loan benefits clearly counter market receipts.

Environmental conservation is of the utmost importance to farmers and ranchers. I am thankful everyday that I am able to enjoy Oregon's beautiful surroundings. It is too often that farmers and ranchers are labeled as anti-environmentalists, but the exact opposite is the case. Farmers and ranchers are directly involved in the protection and utilization of the environment surrounding us. Preservation of land and conservation of other natural resources is necessary if we are to live and professionally thrive.

The conservation programs (Title II) within the current farm bill are extremely important for Oregon producers. Not only do they strengthen the ties farmers and ranchers have to their land, but they also promote and assist improving and enhancing those surroundings.

The Conservation Security Program (CSP), new in the 2002 Farm Act, further expands the objective and role of agri-environmental policy. The CSP rewards producers who are meeting

the highest standards of conservation and environmental management by providing payments for a wide range of structural and land management practices. The new program has allowed for farmers and ranchers a broader array and greater flexibility to address natural resource concerns while promoting both conservation and continued agricultural production.

Conservation Reserve Program (CRP), Environmental Quality Incentives Program (EQIP) and Wildlife Habitat Incentives Program (WHIP) are all examples of how government and private landowners can work together. CRP offers annual payments and cost sharing to establish long-term, resource-conserving cover on environmentally sensitive land, EQIP provides technical assistance, cost sharing, and incentive payments to assist livestock and crop producers with conservation and environmental improvements and WHIP provides cost sharing to landowners and producers to develop and improve wildlife habitat.

Providing producers the choice of a wide range of voluntary conservation and environmental programs creates multiple benefits. It allows land to remain agriculturally productive, which in turn creates a situation where land can be passed down from one generation to the next. Farmers and ranchers aren't getting any younger. In 2002 the average age of a farmer was 55 and that number continues to rise. It is becoming increasingly difficult to attract young people back to the farms. Interest in the lifestyle doesn't present itself as the problem. The ability to raise a family while providing everyday needs is another matter. The long term consequences of this are daunting. The backbone of any nation is the ability to provide its own food supply. Without continued agricultural output our nation faces the all too serious threat of depending on foreign fresh fruits, vegetables and meat.

The dependence on any food supply also includes food safety. The concept of the Country of Origin Labeling is an important one and should continue to be addressed. In addition, the implementation of the National Animal Identification System (NAIS) is designed to protect agriculture by enhancing emergency and response capabilities. This system is not without merit or concern. Although currently a voluntary system, the timeline for reaching 100% producer participation is 2009.

One paramount concern is cost. Estimated costs to implement an identification system are as high as \$100 million annually and current appropriations are not meeting those needs. In FY 2006 USDA received one-third of the dollars needed. The United States Animal Identification Organization (USAIO) prices its animal movement database at approximately 30 cents per head for the life of an animal. This figure does not include identification tags and other on-farm costs.

The third phase in an animal identification system is the development and maintenance of a national database. Producers recognize that for the system to work, the government must be able to access the data it needs to track a diseased animal. However the legitimate concern of having the ability to protect private business information must be addressed.

Energy issues should be a priority in the next Farm Bill. Farmers are facing increased expenses due to energy prices. This is not only felt from the energy our farms directly consume, but in price increases on production inputs. Since 2002, we have faced a nearly doubling in fertilizer prices. Agriculture also sees opportunity in developing renewable energy. However, we need a

continued investment in technology development along with grants and loans programs promoting farmer investment.

As an ambassador for Oregon agriculture I am deeply concerned about the Farm Bill. In addition, there are many other issues affecting producers that are outside the scope of both the Farm Bill and the committee, but the impact on agriculture is significant.

Permitting the drilling of natural gas in the outer continental shelf will provide future relief for farmers and ranchers are now facing historically high energy costs. High natural gas prices are particularly onerous because they factor into fertilizer, irrigation and heating costs. For a number of years, Federal energy policy has encouraged use of natural gas, particularly as a fuel for generating electricity, without increasing domestic supplies.

Estate taxes are a tremendous burden on farmers and ranchers. Individuals, family partnerships or family corporations own 99 percent of the two million farms that dot America's rural landscape. Farms face a common problem of being land rich, but cash poor. The burden of the estate tax too often forces farmers and ranchers to sell land, buildings or equipment needed to operate their businesses. When farms and ranches disappear, the rural communities and businesses they support also suffer.

The Reauthorization of the Secure Rural Schools Act is essential. This funding is vital for rural schools, roads and county services across the nation; Oregon counties will receive \$1.6 billion in county payments funding over the life of this legislation that will expire in September of this year. More than 100 years ago, Congress recognized that these counties and communities with federally owned forestland within their boundaries would not be able to provide basic services because of the reduction in local property tax base. Congress also recognized that national forests exist for the benefit of an entire nation, and therefore, the entire nation has a role in maintaining the health of our forests and their surrounding communities.

This is an exciting time for US agriculture. So much of what happens in Congress has a direct impact on the industry. As farmers and ranchers continue to utilize cutting edge technology, yields will increase while maintaining our international reputation of providing American's with the lowest cost of food in the world. I would also like to take a moment to thank the Chair for his efforts to provide agriculture with a guest worker program. A usable, common sense immigration reform package that includes border security and a guest worker program is critical to agriculture. It is with sincere gratitude that I thank you for not only the opportunity to share with you the many challenges facing agriculture today, but also for the great work you do day in and day out.