

Thank you, Chairman Chambliss and committee members, for the opportunity to present the views and recommendations of the Georgia Poultry Federation on the very important and timely issue of reauthorization of the farm bill. The Federation appreciates your special effort to reach out with field hearings to gain information, insights and ideas that can contribute to having a strong, vital farm program that addresses the needs and goals of all farmers, ranchers, and agribusinesses.

My name is Mike Giles, and I am Senior Vice President of the Georgia Poultry Federation. The Federation's primary mission is to advance the position of poultry producers in Georgia by advocating the interests of poultry growers, companies and allied industries. We have spent considerable time and resources on issues important to poultry growers such as working to ensure that farm level environmental regulations are reasonable while being protective of the environment. We also strive to make sure that growers have the tools and training needed to adhere to state and federal regulations and to take the steps necessary to be proactive in the area of environmental stewardship. We take these responsibilities very seriously and are proud of the track record that Georgia poultry producers have in this area.

In 2005, Georgia produced poultry and eggs valued at more than \$2.3 billion at the farm gate. Last year Georgia produced more than 1.3 billion broilers weighing over 6.7 billion pounds, liveweight. For chicken eggs, Georgia ranks as a major player with a value of \$340.7 million at the farm level. Processing Georgia's poultry and eggs into market-ready products added considerably more dollars to the Georgia economy. A recent University of Georgia study indicates that poultry has a nearly \$17 billion impact on the Georgia economy and that the jobs of over 115,000 Georgians depend on poultry. Georgia is the top producer of broilers in the United States, contributing over 14 percent of U.S. broiler production. These figures translate into farming opportunities for approximately 4,000 poultry growers throughout the state. We are hopeful that the next farm bill will set the foundation for expanded opportunities for existing and future poultry growers.

We have been pleased with the focus on conservation programs over the life of the current farm bill. Although some of our poultry growers have diversified farming operations that allow them to participate in traditional farm programs, the most common connection with the farm bill for many poultry growers is through conservation programs such as the Environmental Quality Incentive Program (EQIP) through NRCS. The Federation is an active participant on the NRCS State Technical Committee which provides advice to the agency on how to most effectively deliver these important programs. Unfortunately, media attention and public perception sometimes unfairly paint the picture of agriculture's negative impact on the environment, while those familiar with the environmental stewardship record of poultry growers and other farmers know that the opposite is true. Well managed farms are our best hope to ensure clean water and air for generations to come. Cost share programs such as EQIP allow poultry growers to be proactive and share in the investment in practices that have a benefit to the public. We encourage the committee to continue to support these types of conservation programs when setting authorizations for the new farm bill.

Exports are vital for Georgia poultry growers and companies. While the U.S. broiler industry exports almost 15 percent of its production, Georgia's share of broilers being exported is

greater than 15 percent. Georgia's favorable cost-of-production, superior location for overseas shipments and poultry company managers with global expertise help Georgia lead in the international market.

The importance of agricultural exports can be noted by recognizing that USDA is estimating a record level of \$67 billion for agricultural exports for fiscal 2006. U.S. agricultural exports were \$62.4 billion during both 2004 and 2005. Increasing agricultural exports can help move the United States closer to balancing the large, overall trade imbalance our country has with the rest of the world.

Each farm export dollar stimulates an additional \$1.48 in economic activity, according to a recent Economic Research Service (ERS)/USDA study. Also, each one billion dollars of agricultural exports adds over 13,400 full-time civilian jobs, of which 7,100 jobs are in the non-farm sector. It is also important to note that exporting value-added products, such as poultry, when compared with bulk agricultural commodities, generates even more economic activity and employment. ERS found value-added exports contributed about 16 percent more economic activity than bulk, agricultural commodity exports. Similarly, employment expanded significantly (more than 22 percent), compared with non-value added farm exports.

While many of us recognize the vital importance of agricultural exports to our farm economy and overall U.S. economy, we think it is important to be ever mindful of the positive economic impact of agricultural exports which helps set the stage for certain of our recommendations for provisions in the new farm bill.

Competing in international markets is becoming more intense, especially for U.S. poultry producers who see lower cost countries, like Brazil, gaining in the world market. At the same time, meeting international obligations and responsibilities of being a leader in the World Trade Organization will be greater in the future than in the past. Domestically, government budgetary pressures create challenges to adequately supporting agriculture. Given these two considerations and other concerns, such as energy and the environment, we think it is time to think more broadly about crafting a new farm bill that provides a different approach to helping protect a farmer's income while expanding agriculture's ability to meet new marketing opportunities. Enhancing flexibility for a farmer's production decisions and options is increasingly important. Incentives to generate energy on the farm and at central locations is worthy of consideration in the new farm bill. Also, a farm policy that is more compatible with World Trade Organization's rules and obligations is prudent and necessary.

In addition to considerations for providing a safety net for farm income, rather than protecting specific revenues from certain crops, the new farm bill should recognize the need to meet the evolving and expanding global market. Supply/demand conditions are changing for many crops and animal agriculture products. Producers should be encouraged to be forward-looking to the extent possible.

A critical component to help ensure cost-competitiveness of U.S. animal agriculture is encouraging sufficient cropland to meet feedgrains/oilseeds users needs for domestic demand and export sales both now and in the future. There is a growing need, driven by market

demand, to bring additional farmland back into agricultural production. With continuing loss of land to urbanization around major cities and the large amount of farm land currently enrolled in the Conservation Reserve Program (CRP), the ability of U.S. agriculture to expand crop acreage is severely limited. This impact of this limitation will only grow more serious as a result of increased demand for grains and oilseeds due to ethanol and biodiesel production in the coming years, as well as the growing number of other products produced from corn and soybeans. With the always present risk of drought and crop diseases, such as soybean rust, this limitation on expanding crop acreage within the United States raises questions about U.S. ability to remain a dependable, stable, long-term supplier of grains and oilseeds for domestic and global customers. It is vitally important to poultry growers that U.S. poultry companies and other U.S. animal agriculture producers be able to purchase corn, soybeans and other necessary feed ingredients at price levels that allow U.S. producers to be cost-competitive at-home and abroad.

Provisions in a new farm bill that encourage biofuels, such as ethanol and biodiesel, are understandable as we strive towards the goal of greater energy independence. However, provisions should be in place to protect animal agriculture in the event of a severe shortfall in corn and soybean production. While there are a number of creative mechanisms that can be designed to address this issue, the use of land enrolled in the Conservation Reserve Program (CRP) should be an option available in the event the market signals for more production. Deciding between crops for fuel and crops for animal feed is not a decision that needs to be made in a time of crisis, if proper measures are in-place before the crisis. With respect to using CRP land, consideration should be given to permitting crops, such as switchgrass, that can be harvested for ethanol production. Of course, using CRP land must be done in an environmentally sound way.

With regard to the federal crop insurance program, we think it is appropriate to build on the evaluations already begun by USDA's Risk Management Agency in the area of insurance products for animal agriculture. Various hazards, such as weather and disease, pose a risk for animal agricultural producers. We believe that insurance products designed to protect against these risks would be helpful to poultry growers and other animal producers.

Underpinning these recommendations and considerations is the on-going need to adequately fund U.S. Department of Agriculture's critical responsibilities. Support for the Foreign Agricultural Service to enhance and build on record farm exports is very important. At the same time, the needs of the Animal and Plant Health Inspection Service (APHIS) are expanding, especially internationally. With tariff trade barriers being reduced, foreign governments increasingly use non-science based sanitary and veterinary provisions to slow or halt U.S. agricultural exports. Agricultural animal diseases, such as avian influenza and BSE, continue to challenge APHIS' personnel and budget resources.

Georgia poultry and egg producers/processors look forward to working with the committee to assist in crafting a new farm bill that does not just meet the current challenges and opportunities but truly helps set the foundation for generations of American farmers to not only survive but thrive and enjoy the success of an expanding world demand for food and fiber.

Thank you again for the opportunity to share the thoughts and recommendations of not only the

Georgia Poultry Federation but, we believe, also poultry and egg producers and processors across the country.