

**Kansas Cotton Association
Kent Goyen testimony
Senator Pat Roberts Ag Committee Field Hearing
Wichita, KS
August 25, 2011**

Senator Roberts, thank you for the invitation to discuss policy issues before this committee today regarding the 2012 Farm Bill. I am Kent Goyen, a cotton and grain farmer from Pratt, Kansas. Our farm has been producing cotton since 1999 when cotton production came to Kansas. I am here today representing the Kansas Cotton Association and our 2,000 members who produce cotton or have cotton grown on their land in the 23 southern tier Kansas Counties.

Economic Importance: While cotton production is certainly not the cornerstone of Kansas agriculture, for Kansas growers who have invested over 60 million dollars since 2000 in gins, warehouses and cotton specific farm equipment, policy relating to cotton in farm legislation is vital to us and the commitment we have made to cotton production in Kansas. Nationally, cotton has a footprint on approximately 19,000 growers who plant between 10 and 13 million acres in 17 cotton producing states. Direct and indirect employment within the cotton industry surpasses 420,000 and generates economic activity in excess of \$100 billion.

Farm Bill Environment: The debate over this legislation will take place in an environment of limited budget outlays, and a perception that high prices negate the need for a safety net as well as trade policy negotiations.

- 1. Record deficits: The agriculture community is willing to contribute its fair share to deficit reduction. But, reduction should consider savings already achieved**

and reductions should not dictate policy changes to the authorizing committees. Committees should be allowed to develop policy that complies with the mandatory reductions. Policy should allow farm programs to continue as a viable safety net.

2. The WTO-Brazil case puts cotton's marketing loan and counter-cyclical programs under special scrutiny. It is imperative that the Framework Agreement negotiated by the respective governments remain in effect until the 2012 Farm Bill is enacted and the dispute resolved.

Farm Bill Principles: We believe effective farm policy should:

1. Be market-oriented
2. Allow for full production to meet market demand
3. Provide for an effective safety net
4. Ensure availability of competitively-priced US cotton domestically and internationally
5. Encourage maximum participation without regard to farm size or structure

We support the 2008 Farm Bill's approach to the cotton program and all of its components, from the marketing loan to direct and counter-cyclical payments. The centerpiece of the upland cotton program has been the **effective marketing loan program**.

1. Provides a safety net for producers but does not harm the competitiveness of cotton
2. It gives rural lenders the confidence they need to make critical operating loans available.
3. It has been the lever to move other important reforms such as standardized bales and bale packaging, electronic warehouse receipts and heightened standards for cotton warehousing and shipping.

Direct payments: Direct payments are an integral part of the current farm program safety net. Opponents look at high commodity prices and seek to cut or eliminate these payments. However, farm bills are written for the longer term and elimination of these payments could prove disastrous when prices fall. Direct payments provide a level of stability for our food and fiber supply, and financial stability required by lenders and suppliers without distorting production decisions. It is critical to preserve as much baseline spending authority as possible for this primary piece of the safety net.

Crop Insurance: Crop insurance is an essential risk management tool for cotton producers. Our industry continues to examine concepts that improve the various cotton crop insurance products. Revenue coverage, enterprise policy rates and group risk products are examples of improved products that can provide a menu of risk options for growers.

Summary: The cotton provisions of the 2008 Farm Bill work well. If Policy changes are inevitable in the 2012 bill, the cotton industry remains ready to work with the Agriculture Committees to explore alternative programs that provide the needed safety net to our industry in a manner that is consistent with our international trade obligations and within budget constraints.

Thank you for the opportunity to present these comments.