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An Economic Solution for Rural Community Development
And
Limited Resource and Minority Farmers

The barriers and problems faced by today’s limited resource and minority farmers have been extensively discussed and repeatedly documented. The comparison of operator and farm characteristics for Blacks and Whites, points to a continuing uphill struggle to sustain their farms by many Black operators. Across an eight southern state region, Black farmers tend to:

- Operate smaller farms, with more than four out of every five having less than 180 acres.
- Generate, on a per acre basis, about half of the sales and government payments as their White neighbors
- Rarely have annual farm revenues of more than \$25,000 a year
- Be disproportionately older than their White counterparts.

Table 1: Farm and Farm Operator Characteristics by Race and State, 2002

	Number of farms	Pct with 180 acres or more	Sales & govt payments per acre	Pct receiving govt payments	Pct with \$25000 or more sales & govt payments	Operators age 65 or older	Pct of operators with no days worked off farm
Alabama							
White	42176	26.1	387	28.9	19.0	24.0	45.0
Black	2350	15.0	107	21.4	5.6	30.1	46.5
Arkansas							
White	45555	36.8	360	16.5	27.2	20.9	44.5

Black	982	24.2	152	20.3	15.1	26.5	46.0
Georgia							
White	46966	26.4	472	31.5	21.8	23.8	45.3
Black	1988	18.9	249	32.3	16.3	32.8	44.0
Louisiana							
White	25332	30.6	249	28.1	24.4	19.7	47.6
Black	1856	12.8	197	22.7	9.9	29.6	46.2
Mississippi							
White	36882	31.0	306	30.7	18.8	26.2	45.5
Black	5324	15.4	94	19.6	5.6	32.5	47.6
N. Carolina							
White	51524	19.4	785	22.8	26.0	23.3	47.8
Black	1686	11.5	459	24.9	17.9	37.2	51.9
S. Carolina							
White	22441	24.7	322	25.2	13.7	23.7	43.8
Black	1829	11.9	175	21.4	9.3	38.6	46.8
Tennessee							
White	86008	17.4	192	18.3	11.3	23.6	40.8
Black	1054	10.8	198	24.5	8.3	33.9	48.3

We contend that the further development of the fresh produce industry in Arkansas and the region can be a vital tool in the revitalization of the African American farm sector in the South and a spur to local economic development in our rural communities. Our experience has taught us that this development can only occur if we successful address certain issues such as:

1. A continuing instability in minority land ownership due to accumulated debts, low farm earnings, and retirement of existing land owners.
2. A lack of sustained entry-level training and support for beginning farmers or farmers converting to fruit and vegetable production.
3. A continuing lack of technical service to access needed public and private financing.
4. Slow adoption and under-utilization of newer production and post-harvest handling technologies, safe food handling practices, and other appropriate risk management tools.

Inadequate infrastructure to efficiently move current and potential production into mainstream marketing channels for fresh produce production by limited resource and socially disadvantaged farmers present additional challenges. Additionally, these limited resource minority producers face a number of other barriers that have kept them out of national markets.

- ◆ An under-developed market structure and an over-reliance on small, easily saturated local markets
- ◆ Inadequate post-harvest processing, packing and storage facilities
- ◆ Inability to comply with increasingly complex food safety; trace back, packing, and labeling requirements.
- ◆ Inability to access operating capital for irrigation, equipment & machinery for the conversion to nontraditional crop production
- ◆ Lack of a safety net price or price support mechanism to mitigate market risks.

To realize the full potential of the fresh produce industry in Arkansas and other southern states, strong partnership and collaboration must be established between the USDA and Community Base Organizations (CBO) to meet the following three challenges over the next several years.

Challenge 1 – Providing Training and Technical Assistance to Producers and Local Packing and Grading Facilities

Full development of fresh produce production among minority and limited resource farmers will require continuing efforts to provide training and technical assistance in farm development, crop production, risk management and local co-op or LLC development. Training and technical assistance (TA) that focus on farm improvements and production issues must go hand-in-hand with market development activities. TA should include support to new co-ops who are seeking first time Good Agricultural Practices/Good Handling Practices (GAP/GHP).

Importantly, this ongoing training and technical assistance should be predicated on producers formation of a co-op or other collective structure to finance and operate appropriate packing and grading facilities when sufficient production in a local area has developed. These post-harvest handling facilities must be designed, equipped, and operated so that they qualify for “Safe Food” certification and can then participate in regional marketing.

Challenge 2-Successfully Compete in the Market Place

Continuing consolidation and concentration in grocery retailing largely drives the increasing concentration of the wholesale fresh produce industry. In 1997, the 50 largest supermarket firms controlled 61.7% of market share; by 2002, their share had grown to 68.3%. As these retail grocery chains have increased in size they have worked to streamline their supply chains and have sought to enter into season-long market

agreements with suppliers as close to the field as possible. This industry trend is driven by several factors:

- ◆ Increasing consumer demand for higher quality, fresher produce, which requires tighter more direct delivery schedules.
- ◆ Increasing concerns about microbial and chemical contamination in produce.
- ◆ Increasing requirements for produce to be delivered in consumer-ready packaging.

In order to successfully compete in this market environment limited resource farmers must have access to and control a marketing entity that can do the following:

- ◆ Develop longer-term, stable supply agreements with selected retail grocery chains and food service wholesalers. This will involve negotiating produce and packaging specifications and delivery schedules with prospective customers.
- ◆ Develop a brand identity and branding strategy that differentiates its products from commodity vegetables and signifies high quality, safe, fresh produce.
- ◆ Provide quality assurance and quality improvement support and technical assistance to associated growers and packinghouse operators to ensure full identity preservation and traceback capability. This will include internal “safe food” auditing and inspection services.
- ◆ Provide growers with guidance on varieties to be planted, planting and production recommendations, and harvest schedules in order to meet market conditions and timing requirement.
- ◆ Increase its aggregate produce volume by recruiting new groups of producers.

Challenge 3 – Facilitate Additional Farm Conversions by Limiting Market Risk

A major deterrence that keeps limited resource and minority farmers from converting to vegetable and other higher value crops is that they have little ability to absorb the risks involved in undertaking a new farm enterprise and limited assets to invest in the effort. These factors are compounded by the reluctance of local lenders to make operating loans for nontraditional crops, especially for new producers.

While this testimony presents in short the challenges and issues facing limited resource and minority farmers the intent is to bring attention to initiatives, strategies and opportunities to foster rural economic development.

In summary, the fore mentioned challenges facing limited resource and minority farmers cannot be overcome without government support, as the government has continuously supported traditional row crop agriculture.