

I want to thank you for taking the time to come to Texas to listen and speak to those of us who are producers and truly depend on the Farm Bill to allow us and our families to stay in the business of producing food in the United States.

My family raises sugarcane and my son Ryan wonders what the future holds for agriculture in general. We also produce cotton, grain sorghum, corn, citrus and vegetables.

Being a farmer for 25 years, I have been active in several farm organizations and currently sit on the board of the Rio Grande Valley Sugar Growers, Inc. This is a sugarcane cooperative that's fully owned by the growers.

Why is sugar policy so important to Texas? Simply put, stability.

Farming is kinda like bull riding. It's a lot of fun, but a lot can go wrong. Just like a rider can't control the bucking bull, farmers can't control Mother Nature, or commodity markets, or subsidized foreign competitors.

The U.S. sugar program works even under the most uncontrollable of situations. Look no further than last year. Hurricanes, flooding and drought challenged us like never before. But this country's sugar farmers passed that test, and our no-cost sugar program is one of the main reasons why.

Immediately following Katrina, sugar policy gave the United States Department of Agriculture (USDA) the flexibility it needed to address supply interruptions. Surplus domestic sugar was quickly released from an industry-funded reserve to address short-term supply challenges.

For more long-term issues, the policy helped USDA bring in additional imports. And because U.S. prices are fairer than prices on the world dump market, foreign suppliers put America first. Amazingly, we have more sugar on the U.S. market today than we had before the hurricanes.

For proof of how well the program worked, visit any grocery store. Shoppers didn't face a run up in retail sugar prices last fall because of the stability our policy provided. I wish I could say the same for gas prices.

Other countries aren't so lucky and don't have this kind of control when disaster strikes. Thailand experienced its worst drought in recent memory last year and went from being one of the world's largest sugar exporters to actually having to ration sugar at home.

Countries that depend on Brazilian sugar are now feeling the squeeze because Brazil is turning half of its sugarcane crop into ethanol in the face of high oil prices. Consumers looking to Australia for supplies are finding shortages there too because Australian cane fields were battered by storms, causing losses on an unprecedented scale.

It doesn't take an economist to figure out that these events have had a dramatic effect on the world sugar market. And it doesn't take a genius to see that America cannot become dependent on such unreliable foreign sugar supplies. This country needs homegrown sugar, and

America's sugar farmers need a strong sugar policy.

We are gravely concerned about talks of buying out the U.S. sugar program and converting it to a traditional row crop program. Such talks are illogical and ill informed. In times of tight federal budgets, should Congress really ask the taxpayers to take on the extra burden of converting the current no-cost program to a taxpayer-funded subsidy program? The yearly cost of such a conversion would be in addition to the billions of dollars that a buy-out itself would cost.

We are also looking at the Congressional Budget Office's sugar program score of up to \$300 million per year by 2013. We do not know what assumptions they are using but we are skeptical that that amount of sugar would be forfeited to the government. We hope to meet with CBO to discuss the methodology they used to determine those numbers.

Additionally, funding for the new farm bill is going to be tighter than ever. Are other crops going to give up portions of their program funding so that sugar can have an income support? It seems highly unlikely that they would.

Another major concern for us is the ongoing debate over the WTO legality of income support programs. We don't think it is in our interest to consider converting the sugar program to a row crop loan style program, because we fear we could be setting ourselves up for international challenges. The corn, cotton, rice and soybean loan programs may face challenges from other countries as early as next year.

Sugar is not like other crops. We grow cane but we sell sugar. All of the other traditional programs set a loan rate based on the raw bulk commodity. We have to mill our cane to produce raw sugar in order to have a product. Furthermore, that raw sugar has to be refined in order for it to have value for the sugar users.

Also, because many of our growers produce cotton and other row crops in addition to sugar, payment limits would come into effect and make a traditional program unworkable for sugar.

Some have mentioned a different payment limit for sugar or even suggested that sugar could be exempt from limits in this case. Because the payment limits discussion is such a divisive one that trends toward decreasing payments, this does not seem a realistic solution to me.

I also need to point out that the recent tariff rate quota announcement by USDA has many of us concerned because this allows too much sugar to be imported into the U.S. The Department is allowing more sugar into the U.S. than needed and we producers are concerned that this could create considerable market uncertainty and the danger of a disorderly transition to free trade with Mexico in 2008.

The current sugar program is working well. It has kept prices low and stable for grocery shoppers in times of a national emergency. It is not costing America's taxpayers anything. It makes sure that we're not dependent on foreign supplies. And, it helps support thousands of sugar farmers and factory workers across the country.

As Congress looks to re-authorize a new farm bill, we humbly ask that the current program be extended.