

Testimony of

John Rice
Rice Fruit
Gardners, PA

U.S. Senate Committee
Agriculture, Nutrition, and Forestry Committee

April 24, 2007

Good Morning Chairman Harkin, Ranking Member Chambliss, my Senator Casey, and distinguished members of the Committee. My name is John Rice, and I am a seventh-generation fruit grower in Adams County, Pennsylvania.

Together with my three brothers, I own and operate R & L Orchards, which has about 1,000 acres of orchards, including 800 acres of apples, 160 acres of peaches and nectarines, and 40 acres of pears. Rice Fruit Company, a business established by my grandfather in 1913, stores, packs and markets fresh fruit produced by R & L Orchards and about 50 other fruit growers in Pennsylvania, as well as a few growers in Maryland and New York.

Today Rice Fruit Company is the largest fresh apple packing facility in the East. We have 115 full time employees and employ as many as 75 seasonal employees depending upon the time of year. In addition, we must add 150 harvest workers to this force for the months of August, September and October.

Thank you, Chairman Harkin for holding this hearing. It provides a real opportunity to assess the current needs of agriculture, ALL of American agriculture, with an eye toward the future. As a past chairman of the U.S. Apple Association and a current board member of that organization, I keep in close contact with apple industry leaders from coast to coast. I know firsthand that the challenges and opportunities facing the Pennsylvania industry are not unlike those experienced by growers in Michigan, New York, Idaho, California, Washington, New England and Virginia, to name but a few examples.

In many ways, it is an exciting time to be in the apple business. Demand seems to be growing. The USDA's new Dietary Guidelines call on Americans to double their servings of fruits and vegetables. A number of exciting new health research studies have found possible links between the consumption of apples and apple products with a lower risk of breast cancer, heart disease, asthma, Alzheimer's disease and other serious health issues. New great-tasting varieties and new products like convenient, bagged fresh-sliced apples may lead the way to expanding consumer demand and apple consumption.

At the same time, an unsure labor supply, high labor costs, world-wide competition, and ever-increasing regulations present unprecedented challenges for our industry.

I am here today representing what the government has designated as "specialty crops." This category includes all fresh fruits and vegetables. But this term would have puzzled many of our

ancestors who depended upon these so-called "specialty crops" for much of their diet. Much of this produce came from their own backyard gardens, and from their own fruit trees which they treasured, like their immigrant forbearers.

Some in agriculture have called for an extension of the current Farm Bill, but I believe that would be a mistake. The challenges and opportunities of today's global economy call for a new direction in agriculture policy and I welcome the opportunity to testify on this issue today.

If you examine the agricultural policies of this country over much of the past century, we have devoted a great deal of our national resources to support the production of a relative handful of crops and farm products, primarily produced in the nation's heartland. But if you ask a majority of nutritionists and health experts what most Americans should be eating for their good health, almost every expert would say that we should be eating more fresh fruits and vegetables. But if you compare what our country encourages in the way of agricultural production with what we know Americans should be eating, there is almost an inverse relationship. It is time that we rearranged our priorities with regard to American agricultural policy. And the 2007 Farm Bill provides an excellent opportunity to begin that process.

The produce industry historically has never relied upon direct payment programs to support grower income or market prices. Like a majority of fruit and vegetable growers, I do not believe that would be in the best interest of my business or of the industry as a whole. But we are strongly advocating for programs that will grow demand and consumption of our products, and build long-term competitiveness and sustainability for our industry.

The Specialty Crops Competition Act (S.1160), introduced last week by Senators Stabenow, Craig, Casey, and others, goes a long way toward achieving those goals. The strong marketing, research, nutrition and trade programs included in the legislation should be given serious consideration in the 2007 Farm Bill.

The produce industry is now facing a net trade deficit, after many years of contributing to our international trade balance. This makes programs such as the Specialty Crop Block Grant Program critical to our industry's survival. Authorized under the Specialty Crop Competitiveness Act of 2004, this program builds on the success of the 2001 State Block Grant Program.

The apple industry greatly benefited from the original block grant program which improved marketing, trade, and research programs throughout the country. In Pennsylvania, some of the funds were used for outreach to local foodservice companies to increase the sales of fresh apples and to raise the awareness of the benefits of eating locally-grown produce. In Michigan, some of the funds went into the development of the technology to improve fresh apples slices. In Virginia, funds were used to help negotiate trade protocols which led to the export of Virginia apples to Mexico. Mexico is now an important export market for Virginia apples.

I give these examples to illustrate the broad reach of the block grant program. The program allows states the flexibility to determine what types of programs best serve producers in each state. Local administration of this program is critical to its success, as the needs and challenges that specialty crop producers face vary from state to state. But the current program is seriously

under-funded. Pennsylvania received just over \$100,000 this past year, and that makes it nearly impossible to fund the types of projects that we were able to realize through the 2001 program. The block grant program is extremely important to apple growers in my state and to the entire "specialty crop" industry.

The export market is also critical to the health of the apple industry in Pennsylvania and nationally. Approximately 25% of the entire U.S. fresh apple crop is sold into foreign markets. The Market Access Program (MAP) has been very beneficial to our industry, helping to level the playing field as we compete with countries such as China and Chile. Because it operates with matching funds provided by American growers, and these producers help to direct and manage the way the funds are spent. MAP is a great example of a successful partnership between government and private business. It deserves your continued support with increased funding.

Pennsylvania in particular has realized important benefits from the MAP program in our primary export market, Central America. Because of MAP, annual trade missions, which have sent our local shippers to these overseas markets, and reverse trade missions, which have brought major fruit importers from Central America to visit our orchards and packing facilities, have helped to create the personal and business relationships which resulted in additional sales for Pennsylvania growers. All of the other major apple growing states have been able to utilize this program as well, with the same positive results.

The Central American Free Trade Agreement (CAFTA) has been very important in enabling Pennsylvania to remain competitive in this market. This year, as the implementation of CAFTA was nearly completed, Pennsylvania apple exports to the region increased approximately 15%, and we saw an extension of our normal shipping season by almost two months. The same containers which bring tropical fruits into this country are now being loaded back with American apples for our new friends and customers in Central America.

Apple producers and the entire specialty crop industry continue to face mounting pressures from the decrease in available crop protection tools. We know that our customers and consumers are placing an increased value on sustainability and conservation of our natural resources. Unfortunately for our growers and producers, investments in natural resource management and conservation programs can be very costly, and these costs are difficult or impossible to recoup in the marketplace. Therefore, the next Farm Bill should include expansion of conservation programs such as the Environmental Quality Incentives Program (EQIP) and the Conservation Security Program (CSP). Both programs encourage sound stewardship of the environment. But these programs need to be expanded with effective outreach to industries such as ours, since few of our growers presently know how to access and successfully apply for these programs.

In the area of food safety, we need help and assistance from our government to institute Good Agricultural Practices on our farms. The specialty crop industry is largely composed of family farms, such as ours. Collectively these farms have produced the safest and most economical food supply of any country in the world. USDA is now mandating that Good Agricultural Practices (GAPs) be established, documented, and certified, in order to sell our farm products

to government purchase programs. Educational programs and technical assistance are needed to assist growers to implement these GAPs. But no funds are being appropriated to pay for these new requirements, or the training required. The cost of certification will have to come from the industry itself. This will place a huge burden on an industry composed of small family farms, many of which will not have the resources to comply. Do we really want to put these family farms out of business with a new round of regulations, when the products they are contributing to society are improving the national health rather than putting it in jeopardy?

Federal farm policy today must emphasize the need for significant investment in specialty crop research and development in order to keep our fruit and vegetable producers competitive in a rapidly evolving and highly competitive global marketplace. Of particular interest to us as apple growers are research programs that improve labor productivity, rootstocks and varietal selection, production efficiency, and fruit quality. If we do not make this investment, there is a real possibility that apple production will be another American industry that is out-sourced to low-cost producers in other countries. China alone has the productive capacity and the desire to replace every American apple in the marketplace today. Is this what we want? Do we want all of our apples and other produce to come from overseas, where regulations with regard to food safety, chemical use, and environmental responsibility are lax or non-existent? With our present government policies of benign neglect of our specialty crops, this is a real possibility within the lifetimes of our children.

A vibrant fruit and vegetable industry in this country, on the other hand, will produce a strong return on investment for all of America, not just for our domestic producers. Food safety and national security are not the only reasons. Proper nutrition is critical in promoting good health, preventing disease, and improving quality of life. Yet studies show that the vast majority of Americans are not eating the recommended servings of fruits and vegetables. On any given day, 45% of children eat no fruit at all and 20% eat less than one serving of vegetables.

We need to reach consumers at an early age to help establish habits that will last a life time. Programs in schools, such as expansion of the Fruit and Vegetable program, are an important first step. We have been fortunate to have that program in Pennsylvania and I believe we should have it in all 50 states. Elmwood Elementary in Mechanicsburg, Pennsylvania, which is located near our orchards, has the program. The school foodservice director there reports that the students are excited about trying new fruits and vegetables and have found new favorite foods. At Elmwood they also incorporate nutrition education into the program, so students are learning about the items they eat. This is an example of a win-win program. It has the potential to create lifelong customers for our industry and in turn have a positive effect on the health of the next generation, and lower national health costs at the same time.

For these same reasons, I strongly support an expansion of the Section 32 purchases of fresh and processed fruits and vegetables. It is my understanding that the 2002 Farm Bill called for an expansion of this program by an additional \$200 million but that USDA has not interpreted it that way. I have had many years of experience selling to the USDA through this program, and I believe it is a great investment in the health of our children and the health of our industry.

In conclusion, the apple industry, and the whole specialty crop industry, hope and expect to remain an important part of the American agricultural economy, and the American way of life.

We are, after all "as American as apple pie." But to survive, we need the support of an agricultural policy that will promote our products and help our farmers, and not just weigh them down with regulations. The 2002 Farm Bill and legislation that followed, such as the passage of the Specialty Crops Competitiveness Act of 2004, and the introduction of the Specialty Crop Competition Act of 2007 represent a step toward this goal. The 2007 Farm Bill could help us open the door to a healthier produce industry, and a healthier America.

Thank you for allowing me to testify before this Committee.