Mr. Chairman and Members of the Committee, Thank you for the opportunity to testify today. My name is Ray Rogers. I am a farmer and own and operate Rogers Timber Company in Nashville, Arkansas. I am currently serving as Chairman of Arkansas Farm Bureau's State Forestry Committee.

Our forests constitute one of our country's most valuable renewable resources. Farm Bureau favors a privately owned, sustained-yield forest industry assisted by essential public services such as research, fire protection and pest control. Forestry should continue to be recognized as an environmentally beneficial and economically significant agricultural enterprise.

The Forestry Industry is extremely important to Arkansas. The pulp and paper industry is the state's largest manufacturer. There are 18,778,660 acres of forest land within the state, which represents approximately 56 percent of the total land base. 58 percent of these forested acres are owned by private landowners.

I believe the main purpose of a national agricultural policy is to maintain a stable, high quality, affordable food and fiber supply for our nation. I strongly believe it is time we increase our efforts in the area of bioenergy in order to reduce our dependence on volatile foreign oil.

The 2002 Farm Bill was carefully crafted to provide a safety net to farmers and ranchers while also supporting the rural economy. The conservation provisions resulted in the "greenest" farm bill ever. The farm bill strengthened our economy by encouraging more than $62 billion in agricultural exports in 2005. Current farm programs enable the U.S. to export production from approximately one out of every four acres. More than 17 percent of the total American workforce produces, processes and sells the nation's food and fiber. By any measure, agriculture is the backbone of our nation's economy and a invaluable component to our national security.

I know the budget situation is drastically different going into the 2007 Farm Bill debate in comparison to the 2002 Farm Bill. I also understand the United States spends less than one percent of the total budget on the agriculture policies and programs which support our abundant and safe food and fiber supply.

First, I would like to address The Environmental Quality Incentives Program (EQIP) within Title II of the 2002 Farm Bill. Farm Bureau supports farmers and ranchers in their efforts to voluntarily develop private resource management plans to manage their agricultural resources while meeting their production, economic and environmental objectives. EQIP provides forest landowners critical financial support on conservation practices that help to maintain a healthy forest.

Arkansas's EQIP activity in the forest funding category are as follows: in 2004, 268 applications were requested and 119 were funded using $1,434,980, in 2005, 210 applications were requested and 168 were funded using $1,542,546, and in 2006, 160 applications were requested and 150 were funded using $1,482,776.

Funds should continue to be prioritized and distributed on a local level, with the primary emphasis being water quality and soil conservation.

Landowners can apply for EQIP funds for the following practices: firebreaks, prescribed burns, best management practices (water bars, diversion ditches, landings, and firebreaks), forest stand improvements, tree/shrub planting, and stream crossings. The maximum project amount is $450,000 and the contract period can be up to 10 years. I would like to see the program continued within the 2007 Farm Bill though with price adjustments included so that the escalating prices of materials are accounted for.

The Forest Land Enhancement Program (FLEP) is under Title VII, Forestry, totaling $100 million. Arkansas allocation should have been approximately $500,000 annually. In 2003, $473,000 went to Arkansas landowners. In 2004, we didn't receive any money. In 2005, $328,500 was used to fund 225 applications and this year we received $112,000 and are still accepting applications. As you can see the funding has dropped off considerably since 2003. If the program would have been funded at expected levels, Arkansas would have had the potential to fund an approximately 900 applications covering 30,000 acres.

The main advantage of FLEP is the assistance it provides for small landowners. Since 2003 the average application acreage is 31 acres.

I believe this program should have been funded fully to meet the priorities set forth in the Farm Bill. The goals of the program are to enhance and sustain long-term productivity of timber and non-timber resources through a variety of forest management practices. FLEP pays 50 percent of program implementation costs (75% for certain practices). This federal program is managed in my state by the Arkansas Forestry Commission through its county offices. The commission did an outstanding job in managing the program and the forest land owners would like the commission to manage the program in the future, if we can get the program fully funded. I sincerely hope this program will be continued in the 2007 Farm Bill, as it truly helps forest landowners in Arkansas, and throughout the U.S.

To be eligible for FLEP payments, the landowner must have a forest management plan for their property. Under the program, the following conservation practices are eligible for cost share reimbursement: reforestation, improvement of poorly stocked forest stands, forest health, practices to improve seedling growth or survival, and habitat improvement for game and non-game wildlife species. Best Management Practices during timber harvesting to reduce erosion and protect water quality are also eligible. The most common practice the landowners in Arkansas used under this program was tree planting.

FLEP applications were not ranked as in other programs. Priorities for FLEP were recommended by the Arkansas Forest Stewardship Committee for Arkansas Forestry Commission Districts. Each applicant will have a maximum of $7,500 cost share they can receive during each federal fiscal year (October 1 - September 30).

The last issue I would like to address is Energy. Outdated U.S. energy policies led to over-dependence on foreign sources to meet our country's energy needs and resulted in severe energy price volatility. I own and operate a small timber company in south Arkansas. My operation uses 2500 gallons of off-road diesel per month. In 2004, I was paying .99 cents per gallon of diesel. This past month I paid $2.59 per gallon, which is a 161 percent increase in a 2 year period. I don't have the luxury to charge a fuel surcharge to the mills. The fuel increase comes off my bottom line, like all other farmers and ranchers.

Should there be an Alternative Energy Title within the 2007 Farm Bill? I don't have the answer, but that is one of the many questions that will be asked within Farm Bureau's policy development process this year.

I can say we support full research and development for the increased production of all forms of renewable fuels from agricultural resource for energy use, including biomass, which includes waste wood products. We favor biodiesel incentives through tax credits of at least 10 years in duration and through other appropriate measures such as a renewable fuels standard. Farm Bureau also support the "25 x 25" vision, which calls for 25 percent of America's energy needs to be produced from working lands by the year 2025.

USDA and Department of Energy's (DOE) assessment of the potential pay-off from expanded production of biomass indicate that an expanding conversion industry would:

Generate demand for as much as 40 million acres of land for bioenergy crops. A larger biomass industry would depend on bioenergy crops-that is, crops produced specifically for use as biomass for energy production. This acreage would be drawn from existing cropland, idled acres, and conservation reserve acres managed to avoid any environmental damage. With crops ranging from switch grass to poplars, bioenergy crops could become the fourth most important crop market from an area standpoint after wheat, corn and soybeans;

Generate higher commodity prices. USDA's feasibility studies suggest crop prices would be up to 14 percent higher with bioenergy crops using 40 million acres;

Boost farm incomes $3 to $6 billion due to higher receipts for existing crops and receipts from new bioenergy crops.

Mr. Chairman, as you know new international rules and disciplines on domestic support programs currently are being debated as part of the Doha round of trade negotiations in the World Trade Organization (WTO). The negotiations will not be concluded before 2007. The results of the negotiations, in particular the results on domestic support commitments and market access, must be known and taken into account as farm programs are developed for the future.

Farm planning is a multi-year process. The 2002 Farm Bill not only established a safety net for our producers, but it also provides leverage for international trade negotiators and needed conservation program support. Farm Bureau supports the concepts of the 2002 Farm Bill for inclusion in the 2007 legislation. It is important that the negotiations on market access and domestic support be clearly defined before we draft a new farm bill or accept significant budget reductions.