

Testimony of

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Chairwoman Stabenow and Ranking Member Roberts, thank you for allowing me the opportunity to testify on federal Farm Bill policy.

Senator Stabenow, I want to personally thank you for your strong leadership during the last Farm Bill. When I testified at a House field hearing five years ago, the programs that were ultimately included in the Specialty Crop title of the Farm Bill were just concepts. Today, they are fully implemented and yielding significant results for the apple industry and other specialty crop producers. We know this is directly attributed to your efforts on our behalf.

Senator Roberts, thank you for your strong leadership on behalf of agriculture. I may represent a different segment of the industry than many of your constituents; however, all of my farming ancestors began as either beef producers or dairy farmers, and many of my relatives are still involved to this day. On a personal side note, I want to thank you for your military service to our country and your continued advocacy on behalf of the armed forces. My son is a Captain in the Army, a member of the 82nd Airborne Division, stationed at Ft. Bragg, North Carolina. He will be re-deploying to Iraq within the next month. Hooah! Or is it Oorah?

My name is Julia Baehre Rothwell and I am the daughter of a family that has been growing apples and cherries for well over one hundred years. Baehre Orchards owns 200 acres of apples and cherries and is located north of Grand Rapids, in the heart of Michigan's Fruit Ridge. I am married to Michael Rothwell who is the President, General Manager, and a shareholder of Belding Fruit Storage and BelleHarvest Sales in Belding, Michigan. Belding Fruit Storage owns orchards as well as storing, packing, marketing, and shipping apples for approximately 120 growers throughout Michigan and is one of the largest apple shippers east of the Mississippi.

Apples are grown commercially in over 30 states, from Michigan to North Carolina and Washington to Maine – even Kansas. Our \$2.2 billion crop is produced on approximately 350,000 acres. As chair of the U.S. Apple Association (USApple), I represent our national organization which includes all segments of the apple industry, including growers, packers, marketers, processors and exporters. I keep in close contact with apple industry leaders from coast to coast. I know firsthand that the challenges and opportunities facing the Michigan industry are not unlike those experienced by growers in Pennsylvania, New York, California, Washington, New England and Kansas, to name but a few examples.

I am also currently Chair of the Michigan Apple Association and a past chair of the Michigan Apple Committee (MAC), I have been a member of and an advocate for the Michigan apple industry my entire life.

Agriculture is emerging as the largest industry in Michigan with annual contributions of over 70 billion dollars to the state's economy. Michigan is ranked second in the nation for its diversity in specialty crops after the state of California. We are the top producers of several crops including tart cherries, blueberries, dry beans, cucumbers, squash, Niagara grapes, and flowering plants. Michigan ranks in the top five nationally in the production of celery, apples, asparagus, snap beans, carrots, concord grapes, radishes, sweet cherries, plums, sugar beets, tomatoes and pumpkins. Apples are the largest fruit crop grown in the state of Michigan with an annual economic impact of approximately 800 million dollars!

Specialty crop programs are a good investment in our industry, especially in these tough economic times. While the economic strength of my industry is a top concern and may appear somewhat self-serving, it really is not. The economic health of rural communities here in Michigan is directly tied to the apple industry and other specialty crops. The survival of agriculture in the United States touches every citizen and many of their basic concerns about life – good health – and having enough good tasting, nutritious, and safe food to feed themselves and their families.

There are several Farm Bill programs I would like to highlight:

Specialty Crop Block Grants

The **Specialty Crop Block Grant Program** focuses on regional and local priorities for specialty crop producers. These are being used by growers at the state level and are tailored to meet specific local needs. This approach is critical as a one-size-fits-all approach would not work within the apple industry – as the needs of a New York apple grower might be different from a grower in Washington State or in Ohio – let alone across the entire specialty crop industry of over 300 crops.

For the apple industry, these block grants are funding important projects ranging from research, to marketing, nutrition and food safety initiatives. The program is working quite well. We strongly support maintaining and expanding the program if at all possible.

In Michigan, we partnered with the Michigan Farm Market & Agri-Tourism Association, to promote apples and apple-related tourism (on-farm markets, cider mills) to visitors at Michigan hotels. The Michigan Apple Committee (MAC) has grown the program to include about 400 hotels, and four food service partners. Michigan apples are delivered to the hotels to greet guests at the front desk along with copies of Michigan's Farm Market & Agriculture Directory.

This past year MAC also participated in a cooperative effort to promote the four major Michigan fruits (apples, cherries, blueberries and peaches) at the National Restaurant Show. We brought in chefs who were expert at desserts, entrees and beverages that utilized processed fruit including applesauce. It is often difficult to promote nonbranded, processed fruit. Having chefs cooking on-site attracted many of the show's buyers to watch, which resulted in hundreds of leads, which were shared among all Michigan fruit processors - and remain part of a working database at the Michigan Apple Committee.

The Michigan apple industry gives much credit to the Michigan Department of Agriculture for successfully implementing the Block Grant Program. They have included

specialty crop stakeholders in the evaluation process and have worked very hard to fairly implement the program.

Specialty Crop Research Initiative

The **Specialty Crop Research Initiative (SCRI)** is a competitive funding program that supports the kind of research and extension activities specialty crop industries have been seeking for decades. For the first time, the nation's producers, processors and handlers of fruits and vegetables have had access to a competitive funding program of sufficient magnitude to effectively address a range of technical barriers that limit their sustainability, competitiveness, and profitability. Researchers and extension professionals in the apple industry have created multi-disciplinary, multi-institutional, and multistate teams focused on stakeholder priorities.

Project participants span the country and include such disparate institutions as Carnegie Mellon University, Cornell University, Michigan State University, Oregon State University, Penn State University, Purdue University, USDA-Agricultural Research Service, University of Arkansas, University of California, University of Minnesota, and Washington State University.

Michigan State University scientists will lead a four-year research effort involving scientists from 11 U.S. research institutions in a \$14.4 million SCRI research grant project. The grant is the largest ever awarded by the U.S. Department of Agriculture's Specialty Crop Research Initiative since its inception in 2007. Michigan Agricultural Experiment Station scientist Amy Iezzoni heads this RosBREED project, aiming to combine emerging DNA sequence and research findings to improve the quality of apples, peaches, cherries and strawberries.

Another important effort on behalf of Michigan's specialty crop industry is a SCRI research grant awarded to Michigan State University's Department of Entomology focused on solving problems related to bee pollination. The project will help identify barriers to the adoption of bee conservation practices and will design integrated research

and extension-outreach programs to guide specialty crop grower pollination-related management decisions.

Researchers at Michigan State University have spearheaded a SCRI grant proposal, with participants from Cornell University and Washington State University, for a multi-commodity (cherries, apples) project that seeks to use water-based delivery systems and irrigation-type sprinkler heads (instead of tractors) to deliver irrigation water, pesticide sprays, frost protection, and other crop inputs. This concept, which is already being tested on a very small scale in New York State, would enhance the environment and lower costs for growers.

Invasive Pests and Diseases

The Farm Bill created and funded new USDA programs to combat invasive insects and plant diseases. These programs provide for a more thorough and coordinated approach to detection, mitigation, and management of quarantine pests and disease. They are joint efforts among USDA, industry, and state departments of agriculture. One of these programs, called the **National Clean Plant Network**, has stabilized and expanded capacity for the safe importation and distribution of the newest varieties of important crops like apples, peaches, and grapes. These increased efforts to combat serious threats to the specialty crop industries, including apples, should be a priority to continue and fund in the next Farm Bill.

A foreign pest or disease can easily devastate our orchards. In Michigan, we have seen the impact first hand with the Emerald Ash Borer. Now the Brown Marmorated Stink Bug (BMSB) is in over 30 states and destroying crops from apples, peaches and wine grapes to corn and soybeans. As one apple grower said to me recently, this is the “biggest threat of our generation.” Researchers are hard at work to develop control methods for this newly invasive pest. The Specialty Crop Research Initiative is playing a critical role in those efforts, as over 50 researchers from 11 research institutions across the U.S. developed a comprehensive \$9.7 million research proposal that has been

submitted to the USDA to develop short, intermediate and long term methods of controlling this devastating pest.

As the Congress grapples with huge budget deficits and we are all here today to -- on some level – ask that important programs not be cut, please think of the economic impact that even one pest or disease -- like the BMSB has not only on the industry but on state and federal resources.

As I know you are aware Chairwoman Stabenow, China has requested access to the U.S. market for their fresh apples. This fall the U.S. government moved a little closer toward granting that request when they completed work on the “pest list.” This list includes over 60 quarantined pests and diseases that China has that we do not – and each one of them could be the next Emerald Ash Borer or BMSB.

The Michigan apple industry is very concerned about the impact that allowing Chinese apples here could have and the potential pests and diseases that could arrive with them. I realize that this may not seem like a Farm Bill issue, but the programs - such as funds for pests and diseases and the Specialty Crop Research Initiative – that would be used to fight these pests and diseases are Farm Bill programs. They are programs that are underfunded now and we worry will be cut.

Trade Promotion

Exports are extremely important for the apple industry, with about 25 percent of our crop sold overseas. Important, exports offer excellent potential for further growth. Apple growers use two programs - the **Market Access Program (MAP)** and the **Technical Assistance for Specialty Crops Program (TASC)** – to help grow exports. MAP provides critical funding, more than matched by industry contributions, to operate programs which promote American apple consumption around the world. MAP funding should be maintained and where possible, expanded. TASC funding is also helping our industry reduce foreign phytosanitary barriers to apple exports. These programs have helped level the playing field as we compete in the export market against countries such

as China and Chile that have much lower production costs. Since the MAP program began in 1986, the U.S. apple industry has expanded fresh market exports by nearly 150%.

Critical to the success of MAP and TASC is the support of the Foreign Agriculture Service (FAS) at USDA which administers these programs. FAS staff provide “boots on the ground” in overseas markets while the staff in DC offer invaluable guidance. Both are critical. The apple industry is very concerned about further cuts to FAS and discussion of consolidating trade programs within the Administration.

For Michigan these programs have been critical in that our growers and packer shippers do not have the resources on their own to fund trade missions to countries like Russia and Singapore much less contract with an in-country consultant on their own. The MAP program enables Michigan growers to export to these countries. This means the difference between a good year and a bad one as they allow a profitable channel for varieties that are less popular in the U.S. as well as large apples (Russia) and small apples (Central America).

The TASC program has allowed shippers from Michigan, Virginia and California to bring the required Mexican inspectors to each state. Simultaneously, the TASC program has funded efforts for these shippers to bring in technical experts and to work with APHIS and our Mexican counterparts to find ways to reduce this onerous inspection requirement. Mexico is the largest export market for U.S. apples and it offers a tremendous opportunity. Without the TASC and MAP programs Michigan apples would not be in Mexico or many of our other export markets.

Apples in Schools and Federal Nutrition Programs

Our industry believes that our agriculture and food policy should better reflect the *Dietary Guidelines for Americans*. The 2008 Farm Bill began this process with the expansion of the **Fresh Fruit and Vegetable Program** and a **direction to USDA to buy**

more fruits and vegetables in all forms from fresh to processed, dried and juice for federal nutrition programs.

We strongly support the continuation and expansion of these important programs.

Studies have shown that good habits started in elementary school will last a lifetime. Yet we also know that on a typical day, 45% of children eat no fruit at all and 20% eat less than one serving of vegetables. My niece, who attended school in the Detroit area, informed me that this program was wildly successful in her school. She said that they literally “could not keep the bowls full” with the many fresh fruits and vegetables that were provided to students in the classroom. She also expressed disappointment when her school’s allotment for those funds ran out. One of my colleagues from New York told me the story of going to a school with the Fresh Fruit and Vegetable Program -- in the middle of apple country – and seeing students who had never experienced eating a fresh, whole apple. Many students rely on school meals as their primary source of nutrition. We are making an investment in our future. These programs cost money, but the long-term returns are well worth it.

Disaster Assistance and Crop Insurance

The apple industry strongly supports the **Tree Assistance Program (TAP)** which was made permanent under the 2008 Farm Bill. Chairwoman Stabenow, you played a key role in appropriating funds for this program a number of years ago for Michigan growers who suffered losses due to fire blight. Securing those funds was a challenge and so we were very pleased that TAP received mandatory funding in the Farm Bill. However, the threshold for losses under the program makes it difficult for many growers to qualify even when they have suffered significant losses. I would ask the Committee to consider some minor changes to the program that would facilitate greater participation to achieve the goal of the program.

For more than a decade, USApple has worked with USDA’s Risk Management Agency (RMA) on ways to improve the **apple crop insurance policy**. A significant number of

our recommendations have been adopted by the RMA, including the ability for apple growers to split production unit coverage for fresh apple production and processed apple production. However, there continue to be challenges with the program and issues of concern to many growers. The newest version of the apple crop insurance policy is in place for the 2011 growing season. We will continue to monitor it, seeking input from our growers on what works and what needs improvement.

Labor

While I recognize that immigration issues do not fall under the jurisdiction of this Committee, I would be incredibly remiss if I did not take the time to comment on the issue of immigration reform and specialty crop agriculture. Our industry strongly favors securing our borders. However, if in the process we do not develop a workable guest worker program for agriculture, the time spent here will be for naught because *we will absolutely cease to exist. This is, in my opinion, the greatest immediate threat to my family's farm and to the whole specialty crop sector.* Furthermore, I believe that most people are completely unaware of the repercussions for our national security of moving our fruit, vegetable, and other intensive labor crop production to foreign countries.

Conclusion

Today's specialty crop industry faces challenges never imagined by the producers of my Grandpa and Grandma Baehre's generation. Our industry is prepared to meet these challenges head-on. In order to be successful, we need programs that invest now to grow demand and build long-term competitiveness.

Without these kinds of programs, we could see U.S. specialty crop production – U.S. apple production -- relocate to foreign growing areas with far fewer regulations, abundant labor, and lower production costs. The outsourcing of our food supply would not only economically devastate our production areas, but pose a serious threat to our national security. Remember my earlier comments: When it comes right down to it, Americans have very basic needs. They want to be in good health, have enough to eat, and be secure in the knowledge that what they feed themselves and their children is safe.

Thank you for allowing me to testify today, we look forward to working with you in the development of the next Farm Bill. I will be happy to answer any questions.