

Good morning, Chairman Chambliss, Ranking Member Harkin and Members of the Committee. I am Robert Ruth, a pork producer from Harrisburg, Pennsylvania. I work for a Company called Country View Family Farms. It is a Division of Hatfield Quality Meats, a pork processor. Hatfield Quality Meats is a Family owned business that has been in operation since 1895. The Clemens Family, who is still actively involved in the business, owns it. Country View Family Farms is a Farrow to Finish operation that produces about 750,000 market hogs per year. I am also responsible for the procurement of all the animals that Hatfield harvests on a daily basis. Hatfield buys an addition 1,200,000 hogs per year from farmers in a five state area around Pennsylvania. I am very grateful to you for holding this field hearing and for this opportunity to provide you with my views on what is working and what we need to improve upon as we consider the reauthorization of the 2002 Farm Bill.

Pork producers are keenly aware of the importance that the 2007 Farm Bill will have on our ability to maintain the world leadership we have enjoyed.

Pork producers make an investment in the industry to maintain a competitive edge domestically and globally. The 2007 Farm Bill should also make an investment in competitiveness, opening access to new markets, enhancing conservation efforts and rewarding producers for good practices. Taking these important steps will maintain a vibrant agriculture sector that provides a safe and secure food supply, innovative fuel options using our natural resources and continued abundant feed for our animals.

I want to thank you Mr. Chairman and Members of this Committee for the opportunity to address you today.

As your committee evaluates the reauthorization of the 2002 Farm Bill, I have points that I would like for Congress to consider. One: to remain a world leader in agricultural production, we must maintain our competitive advantage. Two: to keep up with globalization of world trade, we must strengthen our competitiveness. Three: we must not let activist groups do harm to our industry.

MAINTAIN OUR COMPETITIVE ADVANTAGE

The next Farm Bill should help the U.S. pork industry maintain its current points of competitive advantage. These include low production costs, unparalleled food safety, and consumer-driven further processing.

Low Production Costs

Low production costs are the result of affordable feed ingredients and efficient production units. The Farm Bill can help the U.S. industry on both counts by maintaining and enhancing programs that keep feed ingredient prices competitive with the rest of the world. I am concerned about the impact on our industry of the increased use - sometimes through mandates - of corn-based (ethanol) fuels.

I fully agree that our country needs a strong renewable energy policy for our security. The

current focus on renewable fuels is laudable, but markets must be neither distorted by subsidies and taxes nor constrained by mandates to the point where they cannot send effective price signals. There appears to be much more competitive alternatives for our Country to use for renewable fuels, such as using animal manure and fat and biomass, including switchgrass and corn stover. I would encourage more research dollars be invested in those areas. We certainly do not want to exchange an energy dependency into a food dependency. I want to emphasize that the right balance is needed to meet the needs of fuel and feed security.

Unparalleled Food Safety

U.S. pork producers and processors have made unparalleled food safety their highest priority. The pork industry has been very responsive to the issue of residues in the food supply and will continue to be vigilant in these efforts. Residues are found in less than .02 percent of all animals marketed. Success in reaching this small percentage is due in part to industry-sponsored producer education programs that help producers understand how and why we need to reach these goals. I believe that adequate funding for the Agricultural Research Service (ARS) and Food Safety Inspection Service (FSIS) is needed to allow those agencies to do what it takes to continue their work in keeping the U.S. pork supply safe and wholesome. Unlike what is portrayed in the media or by activist groups the U.S. food system is the envy of the world and we should continue to invest dollars to improve and upgrade our system.

Consumer-Driven Further Processing

The pork industry must continue to meet the demands of our consumers. Therefore, we should allow the structure of the production and packing sectors to change with the demands of the marketplace. This includes allowing producers and packers to change to adopt new technologies and capture economies of size and scope. The U.S. pork-packing sector is the envy of the world in terms of efficiency, and Congress must be careful not to take away or hamper this source of international advantage. In all other sectors of our economy we view technology and advancement as progress, however in Agribusiness these advancements have been viewed negatively. What other business in our Country still adapts business practices that were used 10/15/20 years ago? Allowing producers and packers the freedom to develop new ways of doing business will only enhance the value of U.S. pork products, home and abroad, and reduce costs and risks.

STRENGTHEN OUR COMPETITIVENESS

In addition to maintaining our competitive advantage, the next Farm Bill should strengthen that position by expanding and including such elements as trade assistance, and science-based conservation and environmental programs.

Trade

Although my company is relatively small and we do not do a sizable export business, we realize that a "rising tide lifts all ships". It is very important that our Country maintains and

strengthens the progress we have made in exporting pork abroad.

Here are some revealing statistics about U.S. pork trade and the important role of trade agreements:

? U.S. exports of pork and pork products have increased by more than 332 percent in volume terms and by more than 289 percent in value terms since the implementation of NAFTA in 1994 and the Uruguay Round Agreement in 1995.

? The U.S. has exported a new record amount of pork each year for the last 15 years and now exports over 15 percent of its total production.

? Exports to Mexico, our number one volume market and number two value market, have increased by 279 percent in volume terms and by 406 percent in value terms since NAFTA.

? China, a recent entrant to the WTO, has become, due to diverse cultural preferences and tastes, a huge marketplace for U.S. pork variety meats that have very little value at home. Shipments of pork variety meats to China exploded by 690 percent in volume and 750 percent in value in 2004 before growing by 27 percent and 33 percent, respectively, in 2005.

? The Center for Agriculture and Rural Development at Iowa State University estimates that U.S. pork prices were \$33.60 per hog higher in 2005 than they would have been in the absence of exports.

U.S. pork producers have been and continue to be strong supporters of trade agreements. We support open markets. We support the Market Access Program (MAP) and the Foreign Market Development Program (FMD), which help expand opportunities for U.S. pork, and we urge continued funding for these programs that have long-term market benefits. It is important to emphasize the need to strengthen the ability of U.S. agriculture to compete in the global marketplace.

American agriculture is among the most competitive industries in the world, but it should not be expected to compete alone in the export markets against foreign governments. Reductions of MAP and FMD funding would put American farmers at a substantial competitive disadvantage.

Regardless of the discussions of timing in writing the new Farm Bill, Congress should extend Trade Promotion Authority or TPA. TPA is very important to U.S. agriculture and the U.S. livestock sector - it provides new avenues for trade and sends the following message to our trading partners that the U.S. is a willing and open trading partner. As pork producers, we should emphasize the need to strengthen the ability of U.S. agriculture to compete efficiently in the global and domestic marketplace.

Conservation and the Environment

Conservation and natural resource stewardship is an area that is very important to our

company. Nationally and in Pennsylvania pork producers are committed to running productive pork operations while they meet and exceed environmental regulations. We have fought hard for science-based, affordable and effective regulatory policies that meet the goals of today's environmental statutes. In order for us to meet these costly demands while maintaining production, we believe that the federal government must provide cost-share support to help us defray some of the costs of compliance through conservation programs of the Farm Bill, namely through the Environmental Quality Incentives Program (EQIP) of the 2002 Farm Bill.

PREVENT HARM TO OUR INDUSTRY

The next Farm Bill should not harm the competitive position of the U.S. pork industry by imposing costs on and restricting the industry from meeting consumer demands in an economical manner. Government intervention must not stand in the way of market-based demands. We must work against efforts to ban marketing contracts, activists' positions on animal care and housing and other efforts that will harm the agriculture sector.

Marketing Practices

I understand that the issue of banning packer ownership of livestock or eliminating forward contracting continues to be discussed. However, I do not believe that U.S. pork industry is being well served by having Congress eliminate certain types of contracting mechanisms. This only forces the livestock markets to revert back to an inefficient system used more than half a century ago in which livestock was traded in small lots and at prices determined in an open-market bid system. This system was inefficient and makes no economic sense in today's economy--it died out in the '70s and '80s because it was inefficient. Today, the U.S. pork industry has developed a wider variety of marketing and pricing methods, including contracts, to meet the changing needs of a diverse marketplace.

Industry Structure

We should allow economics to determine the structure of production and processing, including the ownership of both. We are the envy of the world with our production systems and we should not let a vocal minority dictate that we reverse the progress we have made. What other sector of our economy is reverting to the way they did business 25 or 50 years ago?

Miscellaneous

Mr. Chairman and Members of the Committee, it is not news to you or the U.S. livestock sector that activist groups and special interest groups will be watching this 2007 Farm Bill debate and will attempt to push their particular agenda by adding regulations to our business practices, be it a social or animal rights or welfare or obesity agenda. We must be cautious about allowing these issues and alternative agendas to be added to the 2007 Farm Bill - a piece of legislation that has been aimed for the past 50 years at maintaining the competitiveness of U.S. agriculture and the U.S. livestock sectors.

The U.S. pork industry has developed and implemented strict animal care practices and

judicious use guidelines for animal drugs. These programs are now part of the industry's pork quality assurance and trucker quality assurance programs. These programs require producers and handlers to be trained and certified to care and transport our animals with the utmost concern. We do not believe that Congress should legislate on these issues as part of the 2007 Farm Bill.

CONCLUSION

In conclusion, Mr. Chairman and Members of this Committee, I want to again thank you for the time you have taken to listen as you craft the next Farm Bill. Together, I believe we can craft a Farm Bill in 2007 that keeps our industry competitive in both domestic and world meat markets. We look forward to working with you and believe your leadership will allow the U.S. agriculture sector to continue to prosper for many years to come.