

Mr. Chairman, welcome to Montana. I appreciate the opportunity to provide input to your Committee as you continue the process of determining farmers needs as you begin the process of developing the policies that will be incorporated into the 2007 Farm Bill. I am a potato seed grower from Manhattan, Montana. Along with my sons I operate a 1400 acre farm where we grow 250 acres of seed potatoes and 100 acres of rotational crops including wheat, barley, edible peas and alfalfa. My family is committed to agriculture today and to providing the opportunity for my sons to continue to farm and farm profitably.

Today I am representing the National Potato Council of which I am a member of the Board of Directors. The NPC represents U.S. potato growers in Washington, D.C., on implementing public policy that helps to secure a healthy future for the U.S. potato industry. I want to highlight the involvement of the NPC with fruit and vegetable and specialty crop growers from all areas of the country that have joined together to develop a consensus on the needs of our varied industries and are developing our priorities for the 2007 Farm Bill that will address those needs.

As you and the other members of the Committee are aware so-called Specialty crops (fruit, vegetable and tree nuts) production in the United States accounts for \$34 billion in farm gate value, or 30 percent of farm cash receipts for crops. With the addition of nursery and greenhouse production, overall specialty crops account for over 44 percent of farm gate value for crops. From a more parochial point of view potatoes account for around \$3.4 billion or ten percent of that farm gate value. As the Congress develops the 2007 Farm Bill we believe it is appropriate that specialty crops, including potatoes, are included as full partners in the policy discussion.

I want to address several general issues related to the 2007 Farm Bill, then highlight some of the principles that we believe must be addressed in the 2007 legislation to allow potato growers and their counterparts growing specialty crops and fruits and vegetables to remain or in most cases to become profitable in the long term. Finally, I have included in my statement a more specific list of farm bill priorities being used by the broader industry groups to develop specific recommendations.

I want to be perfectly clear on the type and nature of involvement that potato growers and the fruit and vegetable industry will be looking to the Congress to provide. Potato growers do not want, or are we seeking direct payments of any kind. We believe those payments will only distort our markets. We are asking the Congress to help provide indirect support to improving the competitiveness of our industry by funding programs for fruits and vegetables that will help improve the quality of the infrastructure, expand use of conservation programs, improve our export possibilities, provide protection from invasive pests and expand research.

Currently, the farm bill legislation contains language that creates balance and applies a sense of fairness between those producers who receive direct program payments on acres that have a history of being planted to program crops. It is critical that your committee understand clearly the importance of these provisions to potato growers. The demand for potatoes is very inelastic. Small changes in supply can result in dramatic reductions in price and resulting collapses in producer income. We believe it is a fundamental issue of fairness to preserve the restrictions that prevent the planting of fruits and vegetables on acres that are the basis for direct, indirect or

counter cyclical payments to growers. We strongly support maintaining the planting flexibility provisions contained in the current farm bill.

Currently, one in ten rows of potatoes enter export markets in a variety of forms. Our industry is supportive of trade and was hopeful that the Doha Round of trade negotiations would produce dramatic increases in market access. The collapse of the Doha round is a disappointment but it is no reason to postpone adoption of the next generation of farm policy in the United States. We urge you to continue to move forward with the goal of completing the 2007 Farm Bill for implementation for the 2008 crop year. The policy options being offered by the potato industry and our specialty crop coalition partners are a good template for the future. We should act on them now.

The following principles set forth the broad principles of the specialty crop coalition. They will provide the Committee with a solid understanding of the core concerns of the potato industry in the 2007 Farm Bill.

? The specialty crop industry is a critical and growing component of U.S. agriculture, deserving of full and equal consideration as other agricultural sectors in the Farm Bill. That demands a significant financial investment in mandatory spending.

? The specialty crop industry would not be well served by direct program payments to growers. Rather, our emphasis must be on building the long-term competitiveness and sustainability of U.S. specialty crop production.

? Government investment in the competitiveness and sustainability of the U.S. specialty crop industry will produce a strong return on investment for all of America, not just farmers. By expanding access and availability of safe, wholesome, healthy and affordable fruits and vegetables, the Farm Bill will be a critical component in reaching the mandate of doubling fruit and vegetable consumption called for in the United States Department of Agriculture (USDA)/ United States Health and Human Services (HHS) 2005 Dietary Guidelines. That makes the 2007 Farm Bill more relevant to every Congressional district in the country than ever before.

? Government investment in this agriculture industry is required to create a fair, level playing field with international competitors who do not face the regulatory burdens of U.S. producers. With the government's mandate that domestic producers must meet the very highest standards in environmental regulation, labor and other areas comes the responsibility to help those producers achieve cost-effective compliance. Without appropriate assistance U.S. production will re-locate to less restrictive foreign growing areas.

? Consumers in U.S. export markets are increasingly demanding high value food products as their disposable income rises. A thriving and competitive U.S. specialty crop industry will support strong growth in export markets and improve our agricultural balance of trade. In order to realize the goal of increasing exports, it is critical that federal policy and resources support efforts to remove the many existing international trade barriers that continue to block U.S. specialty crop exports.

The following are specific priorities developed from the principles that focus on more specific

policy areas and provide the Committee with additional understanding of the potato industries goals in specific areas.

? Restrictions on Planting Flexibility - We support this long-standing provision as a fundamental matter of equity among farmers. As long as some farmers receive direct payments from the government, they should not be allowed to plant crops on that subsidized land that competes with unsubsidized farmers.

? Nutrition Programs - We support a strong new focus within the 2007 Farm Bill on increasing the access and availability of fruits and vegetables, particularly to children. We support expansion of the school fruit and vegetable snack program, increased commodity purchases, higher allocation to the Department of Defense (DOD) Fresh program for schools, development of a new nutrition promotion program to assist producers in enhancing their markets, and a general requirement that USDA feeding programs and commodity purchasing comply with the 2005 Dietary Guidelines.

? State Block Grants - We support an expansion of the State Block Grants for Specialty Crops program originally authorized in the Specialty Crop Competitiveness Act of 2004, and funded through appropriations in the Fiscal Year (FY) 2006 Agricultural Appropriations bill. Due to the wide diversity and localized needs in specialty crop production, state departments of agriculture are uniquely able to assist local growers with the specific investments they need to increase competitiveness.

? International Trade -- We support programs to increase foreign market access, to increase funding for the Technical Assistance for Specialty Crops program, and creating a new Export Division within Animal, Plant, Health, and Inspection Service (APHIS) to attack with much greater vigor the real but too often hidden trade barriers facing our industry in Sanitary and Phytosanitary (SPS) issues. We will also work with allies to seek continued support for the Market Access Program (MAP).

? Invasive Pests and Disease - We support significant new investments in prevention of the unintentional introduction of plant pests and diseases as well as an emergency response fund to effectively and immediately deal with pest and disease outbreaks in the U.S.. Investment in prevention is more cost-effective than mitigation.

? Research - We support significant new investment in research for specialty crops, through both the National Research Initiative and programs within Cooperative State Research, Education and Extension Service (CSREES) and Agriculture Research Service (ARS).

? Conservation Programs - We support a mandatory allotment of funding for specialty crop production within the Environmental Quality Incentive Program (EQUIP) similar to what currently exists for the livestock industry. We will work with all allies to expand general support for conservation programs.

? Unique Attributes of Specialty Crop Producers - Due to the nature of high-value specialty crop production, many current Farm Bill programs and disaster programs are of limited benefit to specialty producers due to payment caps, limits on Adjusted Gross Income, limits on off-farm income even if integral to farming operations, etc. We support a thorough review of all

farm programs to ensure that specialty crop producers have access to benefits comparable to other farmers, rather than being excluded or limited simply due to a higher-cost of production.

Thank you for the opportunity to provide input. We look forward to the opportunity to work with you and the Committee to develop a farm policy that meets the needs of all agriculture producers in the United States.