

Mr. Chairman, Members of Committee: Thank you for the invitation to testify today about the policies canola producers would like to see included in the next farm bill. I am the Past-President of the U.S. Canola Association (USCA) and am here today on behalf of the Association. I farm near Moore, Montana, where we grow canola, wheat, barley, dry peas, oats, hay and we also run a cow/calf operation.

Canola is one of the "minor oilseed" program crops, known for its low saturated, but high unsaturated fat content. Canola growers pride themselves in growing the healthiest cooking oil available for human consumption in that the 7 percent saturated fat content is the lowest of any vegetable oil. However, the United States does not currently grow enough canola to meet domestic demand, since 925,000 metric tons are projected to be imported in 2006/07, up from 500,000 metric tons imported the previous year. These imports complement the current annual production of 500-600 thousand metric tons that are grown on about 1 million acres in the United States. This production comes primarily from the Northern Plains, but there is much interest in growing canola by producers in many regions of the country. Most notably, the Southern Plains Region of Oklahoma and Kansas has seen recent acreage expand from less than a thousand acres in 2002 to 60,000 acres in 2006.

The safety-net provided for canola by the 2002 Farm Bill, as with the other oilseeds, relies primarily on the Marketing Loan Program. There is strong interest among canola growers to keep a viable Marketing Loan option available in the new farm program. However, if WTO concerns were to mandate diminishing the importance of the Marketing Loan, a viable alternative would need to be developed to provide a safety net for producers. A Revenue Assurance concept has been explored by some commodity groups, and the USCA is open to looking further into the viability of this, as well as other options, should it be necessary.

USCA urges the Committee to construct the supports provided by the next farm bill in a manner that is equitable amongst the eligible crops. We continue to support planting flexibility, and with that flexibility, farmers should make their planting decisions based on market demand rather than program opportunities. The USCA also supports the continuation of Direct Payments for program crops.

While canola producers have been faced with a drought this year, especially in the Southern Plains; in previous years, excessive rainfall has also been a problem. For this reason, the USCA supports the development and inclusion of a permanent disaster provision in the next farm bill. Such a provision would help mitigate the shallow losses producers incur when crops do not exceed the standard 30 percent loss threshold of most crop insurance policies. USCA also strongly supports current legislation now being considered by Congress to provide disaster assistance for the 2005 crop year, and would encourage Congress to include the 2006 crop year in the legislation.

To help the United States decrease its energy dependence on imported crude oil, the USCA also supports a stronger Energy Title in the next farm bill, perhaps even the consideration of an "energy incentive" for planting a bio-fuel crop. USCA also encourages the Committee to develop and include options to bring Conservation Reserve Program acres back into bio-energy production to help meet the country's growing energy needs.

In closing, I want to again thank the Committee for the opportunity to testify about the make-up of the next farm bill. The USCA fully understands that the WTO negotiations as well as budget deficits may complicate the Committee's work when developing the next farm bill. However, the ever-growing financial risk in today's agriculture requires that farmers be provided with some protection from collapsed markets, surging input costs and adverse weather if the United States is to maintain a viable domestically grown supply of food. USCA is prepared to work with Congress to find workable provisions for the next farm bill and look forward to working with you. I will be happy to address any questions you may have at this time.