



UNITED TO GROW FAMILY AGRICULTURE

**TESTIMONY OF ROGER JOHNSON
PRESIDENT
NATIONAL FARMERS UNION**

**SUBMITTED TO THE
U.S. HOUSE OF REPRESENTATIVES
AGRICULTURE SUBCOMMITTEE
ON
LIVESTOCK, RURAL DEVELOPMENT AND CREDIT**

REGARDING THE STATE OF THE LIVESTOCK INDUSTRY

**APRIL 30, 2014
WASHINGTON, D.C.**

**Submitted Testimony of Roger Johnson
President, National Farmers Union
Before the House Agriculture Subcommittee on Livestock, Rural Development and Credit
Concerning the State of the Livestock Industry
April 30, 2014**

Introduction

On behalf of the family farmers, ranchers, fishermen and rural members of National Farmers Union (NFU), thank you for the opportunity to testify regarding the state of the livestock industry. NFU was organized in 1902. We work to improve the well-being and quality of life of family farmers, ranchers and rural communities by advocating for grassroots-driven policy adopted annually by our membership. As a general farm organization, we represent producers in all segments of the livestock industry. This hearing is very important to our members and the U.S. economy, as cash receipts to farmers and ranchers from the sale of meat animals totaled \$90.1 billion in 2012. Thus, it is certainly wise for this committee to regularly consider livestock issues.

Decreasing market competition poses a threat to livestock producers. Consumers are demanding significantly more accurate information about the food they purchase and consume. Trade policy changes present challenges and opportunities. Congress must carefully consider all of these developments. It is important that this subcommittee provides oversight and sound policy that will foster strong family farmers and ranchers and vibrant rural communities.

An Overview of the Livestock Industry

Although cattle prices have been high and feed prices have been low in recent months, the profits from those market conditions are just now beginning to have an effect on the expansion of the beef cattle industry. This comes after a seven-year-long slide, which has resulted in a U.S. cattle herd that at the start of 2014 was the smallest since 1951: 87.7 million head, a 2 percent decline from the beginning of 2013 (figure 1).

At the depth of the drought in September 2012, 58 percent of the pastures and ranges in the U.S. were rated poor to very poor. By mid-June 2013, the situation had improved so that less than one-fourth of pasture and rangeland were in drought conditions. As a result, cattle feed supplies were limited, costs increased and total beef production fell. As the beef supply declines, prices will likely remain strong and feed prices are projected to remain low. The U.S. Department of Agriculture (USDA) projects commercial cow slaughter in 2014 to be the lowest since 2008.

Annual U.S. Livestock Herd Size, 1980-2014

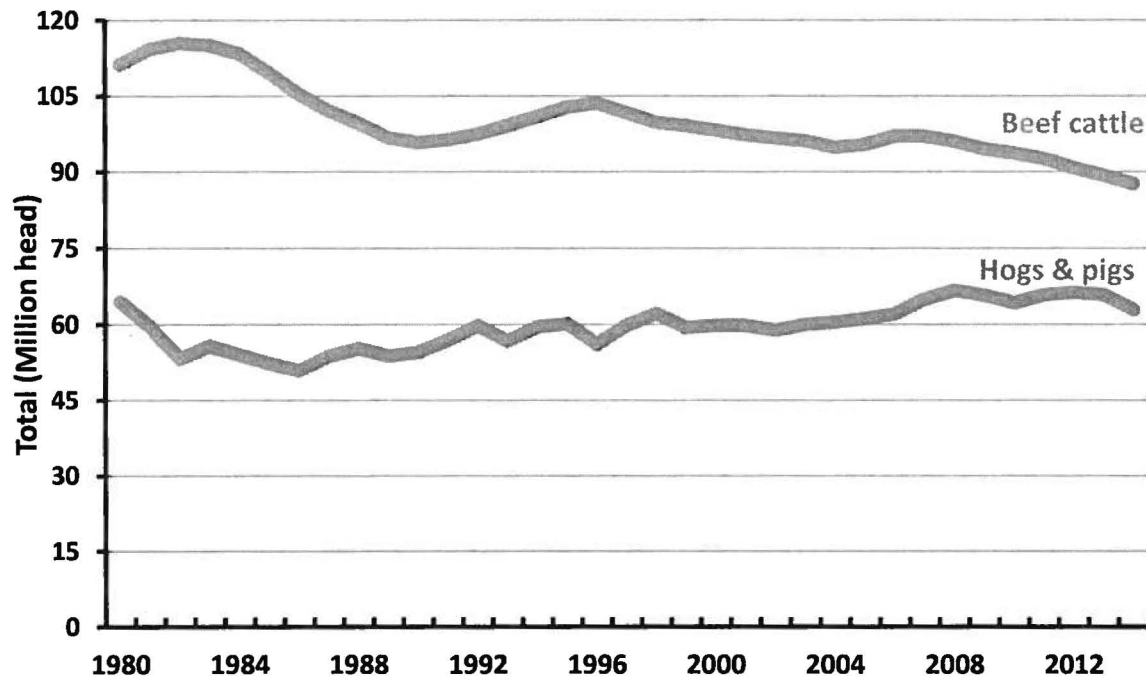


Figure 1

Source: USDA

Lower feed costs are also expected to result in increased pork production over the next ten years, although in the short term, USDA projects porcine epidemic diarrhea virus (PEDV) will push pork production down by about 2 percent in 2014 and has already reduced the nation's pig population by 10 percent. This issue is further discussed later in the testimony. In contrast to beef, hog numbers have remained stable to slightly increasing in recent years (figure 1).

For lamb, prices remained at record-high levels throughout the first few months of 2014. This price has weakened and USDA predicts a decline as demand for lambs is expected to fall off. Despite this, a tight supply will likely keep prices well above 2013 levels.

Concentration in the Livestock Industry

The livestock marketplace experienced a marked decline in the number of family farms and ranches over the last 30 years. According to the USDA National Agricultural Statistics Service, in 1980, there were approximately 1,285,570 beef cattle operations across the country but as of 2012, only 729,000 remained (figure 2). This is a decline of approximately 34 percent. In swine, the reduction has been even more dramatic. In 1980, there were 666,550 hog farms but in 2012 there were only about 60,200 – a decline of 91 percent (figure 2). Between the losses of pork and beef operations, rural America has witnessed the closure of about 1.1 million livestock farms in thirty years. As more and more livestock operations have closed, concentration among livestock sellers has become an increasingly important issue, not only for producers, but also for rural communities and consumers.

Shrinking Number of Livestock Operations

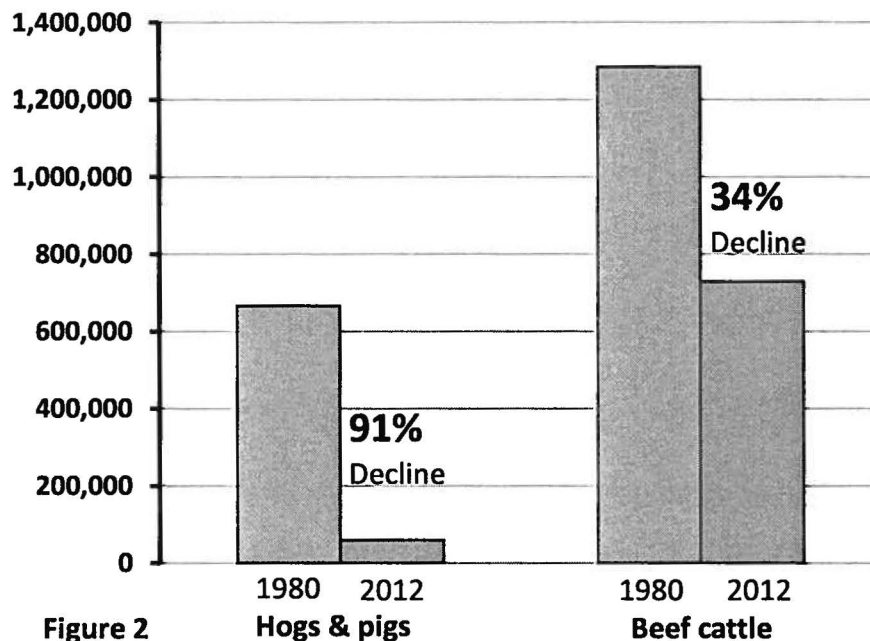


Figure 2

Source: USDA

As the number of livestock producers has shrunk, there are fewer large buyers of livestock today than any other time in recent history. Economists say an industry loses competitive character when the concentration ratio of the top four firms (CR4) is 40 percent or greater, and often very little competition remains if the CR4 exceeds 60 percent. According to studies by the University of Missouri, the top four beef packers have control over 81 percent of the sales of cattle for slaughter in the United States, and the top four swine processors control about 65 percent of hog sales. Fewer buyers result in less competition and greater opportunity for antitrust violations. These trends underscore the need for USDA to even more carefully monitor conditions in these highly concentrated industries to guard against discriminatory or anti-competitive business practices.

Not coincidentally, the farmers' and ranchers' share of the consumer retail dollar for purchases of meat is shrinking. In 1980 beef producers received 62 percent of the retail dollar, according to USDA's meat price spread calculations. That portion has fallen to about 42 percent today. Over the same time frame, hog producers saw their share shrink from 50 percent of the retail dollar to about 24 percent. For many years NFU has published "the farmer's share of the food dollar" for selected consumer products (attachment 1), which underscores the small percentage that farmers and ranchers receive across all segments of agriculture.

The chart on the preceding page that illustrates the relatively slight decline in the beef herd and consistency in the number of pigs and hogs over the last 30 years shows that smaller producers have been forced out of business. These statistics are a clear indication of the scant market power of family farmers and ranchers in today's livestock sector as consolidation is on the rise and competition is declining.

Enforcement of the Packers and Stockyards Act

Family farmers and ranchers routinely feel the negative effects of a consolidated agricultural marketplace that too often fails to provide a fair price. NFU has sought solutions to this problem since the formation of our organization in 1902. For example, in 1956 NFU adopted policy that asked federal regulators to start “a continuous congressional investigation into the widening spread between prices received by farmers and those paid by consumers. If necessary, regulatory measures should be instituted.” In 1982 NFU policy urged Congress to “amend the Packers and Stockyards Act (PSA) to strengthen its enforcement provisions, with effective penalties for violations.” And in 1997 NFU’s policy called for regulatory agencies with “jurisdiction over the PSA” to “vigorously prosecute and break up existing monopolistic entities, fully investigate all proposed mergers in the livestock industry, and prevent further monopolistic concentration with the use of effective penalties.” Farmers and ranchers need strong and continuous oversight of the livestock marketplace.

Budget constraints and appropriations riders have made enforcement of the PSA more difficult in recent years. In 2000 the Packers and Stockyards Program of the USDA Grain Inspection, Packers and Stockyards Administration (GIPSA) had 188 full-time employees who conducted and completed a total of 579 investigations, which resulted in a total of 13 formal complaints decided by an administrative law judge. Last year the program closed more than four times as many cases (2,335) as in 2000 and with only 147 full-time employees. An additional 133 cases were closed and referred to the USDA’s Office of the General Counsel, and 12 more were closed after being referred to the U.S. Department of Justice. What is not known, however, is if these cases were satisfactorily resolved for farmers and ranchers or if the livestock market is any more competitive as a result of these actions. NFU calls on this subcommittee to commission a study to determine the qualitative results of the PSA and if current enforcement levels are ensuring a competitive marketplace.

Given the greater consolidation in the marketplace outlined in the previous section, it is clear that the work of GIPSA is more important than ever before. The information collected during the joint hearings held around the country in 2010 by USDA and the Department of Justice demonstrated the need for antitrust investigations across all sectors of agriculture. Further long-term cuts and prohibitions on GIPSA’s activities will impede the agency’s ability to enforce the PSA and to protect farmers and ranchers against abusive market practices. Instead, Congress must allow GIPSA to do its job.

The 2014 Farm Bill allows GIPSA the authority to enforce certain competition provisions. NFU appreciates the work of the agriculture committees in reaching this decision. GIPSA will now be able to prohibit deceptive or fraudulent buying practices by processors and may protect farmers and ranchers if they have been harmed by unfair trade practices. Appropriations riders over the last three years had kept GIPSA from implementing these basic fairness rules. NFU recently sent a letter (attachment 2) to appropriators in both the House and Senate demanding that any future riders that limit GIPSA’s authority be rejected.

Country-of-Origin Labeling

I commend Congress for maintaining current Country-of-Origin Labeling (COOL) standards in the 2014 Farm Bill. Consumers want to know more about the food they purchase, while U.S. farmers and ranchers are proud of what they produce. A 2008 Consumer Reports poll found that 95 percent of consumers believe that processed or packaged food should be labeled with the country of origin and that that information should always be available at point of purchase. Now is not the time to deny consumers vital information that will allow them to make informed buying decisions and to remain confident in the integrity of our food supply.

The 2002 Farm Bill required retailers to notify customers through labeling of the source of nearly all muscle cuts and ground meat, along with fish, fruits, vegetables, nuts and a variety of other generally unprocessed products. For five years, appropriations riders prohibited the implementation of COOL, which was again included in the 2008 Farm Bill. After that show of congressional support, COOL went into full effect in 2009. Canada and Mexico then brought forward a challenge in the World Trade Organization (WTO) alleging that COOL did not comply with trade agreements, despite the fact that Canada and at least 70 other WTO countries have COOL requirements of their own. A WTO appellate body found that, while the COOL statute itself complies with our trade obligations and informing consumers about the origin of their food is a legitimate objective, the way in which the COOL rule was originally implemented did not achieve that goal.

In May 2013, in order to resolve the implementation issues that arose in the WTO dispute, USDA enacted rules that require the labeling of production steps – for example, “Born, Raised, and Harvested in the U.S.” This modification addresses concerns brought forward by the WTO’s appellate body while providing consumers with enhanced information that reduces confusion about the food they buy. The inclusion of production steps does not require additional recordkeeping to transfer information from one marketing step to the next. A lawsuit is now pending in U.S. court regarding implementation of the new labels. Initial attempts to enjoin the new COOL requirements were defeated, but the litigation continues.

The COOL rules, as enacted in 2013, are being enforced by USDA through the Agriculture Marketing Service (AMS) Country of Origin Labeling Division. The USDA has established cooperative agreements with agencies, generally state departments of agriculture, in all 50 states. These state-federal partnerships are cost-effective and avoid duplication by working with agencies that already conduct assessments in retail store establishments, so that COOL surveillance activities are a suitable addition to other retail responsibilities of the state agency. According to USDA and state cooperators, 2,061 initial retail reviews were completed last year, and at least 3,300 reviews are planned for 2014. Retail stores have approximately 300 COOL-covered commodity types available for sale on a given day and the overall retail compliance is about 96 percent. Compliance in the supply chain is also consistently favorable, averaging 97 percent since the inception of the COOL final rule. COOL has been fully implemented and is working as intended.

Meatpackers have complained that COOL would be expensive and cost many workers their jobs: two claims that have not come true. COOL opponents called the 2013 rules “onerous, disruptive and expensive.” These same groups commissioned studies in the last decade that claimed COOL would cost upwards of \$1.6 billion for the beef and pork industries alone. These cost estimates proved to be vastly overinflated. A 2013 analysis by USDA found that changing COOL labels and eliminating flexibility for meatpackers to comingle animals would cost between \$53.1 million to \$137.8 million – far short of the unrealistic predictions made by those fighting against COOL.

Ongoing proceedings at the World Trade Organization and in the U.S. District Court for the District of Columbia have not found the COOL statute and current implementation to be out of compliance. Even in the event of a decision against COOL, the appeals process and compliance period would allow for further consideration of regulatory adjustments to COOL. NFU strongly opposes the use of an appropriations rider or other legislative vehicle to deny consumers access to information about their food. NFU expressed this view to House and Senate appropriators in a letter (attachment 2) last month.

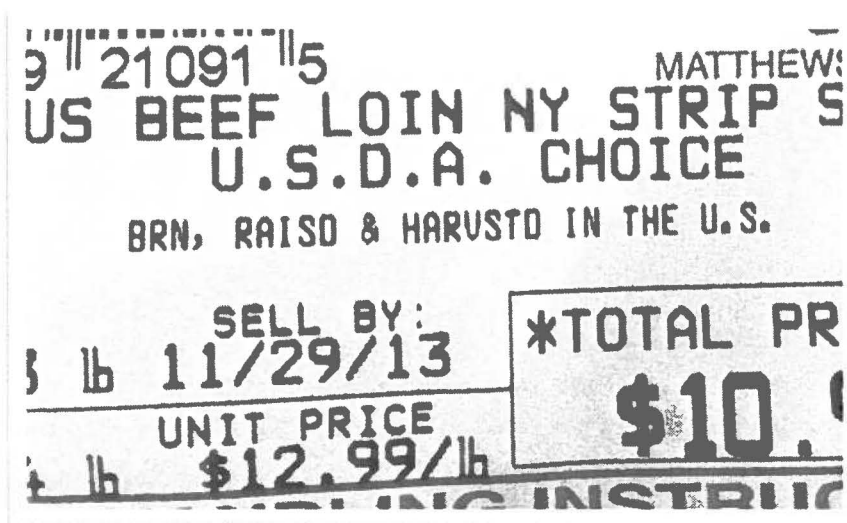


Figure 3: A compliant COOL label, 2013.

Renewable Fuels Standard

NFU is a general farm organization with a significant livestock presence in many of our states. Despite the fact that many of our members raise livestock, our organization is a strong supporter of biofuel production and the Renewable Fuel Standard (RFS). Ranchers understand that biofuels don't just help corn farmers – the success of the ethanol industry helps the rural economy as a whole. According to USDA, net farm income in the United States has risen significantly since the passage of the RFS. Net farm income was \$57.4 billion in 2006 and \$112.8 billion in 2012. Within the livestock sector, meat production has not declined significantly since the enactment of the RFS. There was a slight downturn in beef production due to drought, but the price received for livestock has increased since RFS enactment. The ethanol industry also

supports jobs in the rural economy. According to a study by ABF Economics, the industry employs 386,781 Americans, mostly in rural areas.

Some interest groups contend that biofuels drive up the price of food. Our farmer and rancher members know that these groups would do well to look elsewhere. As earlier stated, each month NFU releases its “farmer’s share of the food dollar” report (attachment 1), which shows how much farmers and ranchers receive for each dollar of food sold at the grocery store. Overall, farmers and ranchers receive only 15.8 cents of every food dollar. According to USDA, off-farm costs, including marketing, processing, wholesaling, distribution and retailing, account for more than 80 cents of every dollar spent on food in the United States. Furthermore, only 16 percent of grocery costs can be traced back to the price of farm inputs, like corn. Indeed, the World Bank found that crude oil is the number one determinant of global food prices (figure 4). It seems logical, then, that the United States should be working to reduce our nation’s dependence on oil consumption if it wants to become more food secure. Biofuel production is an excellent way to offset oil consumption.

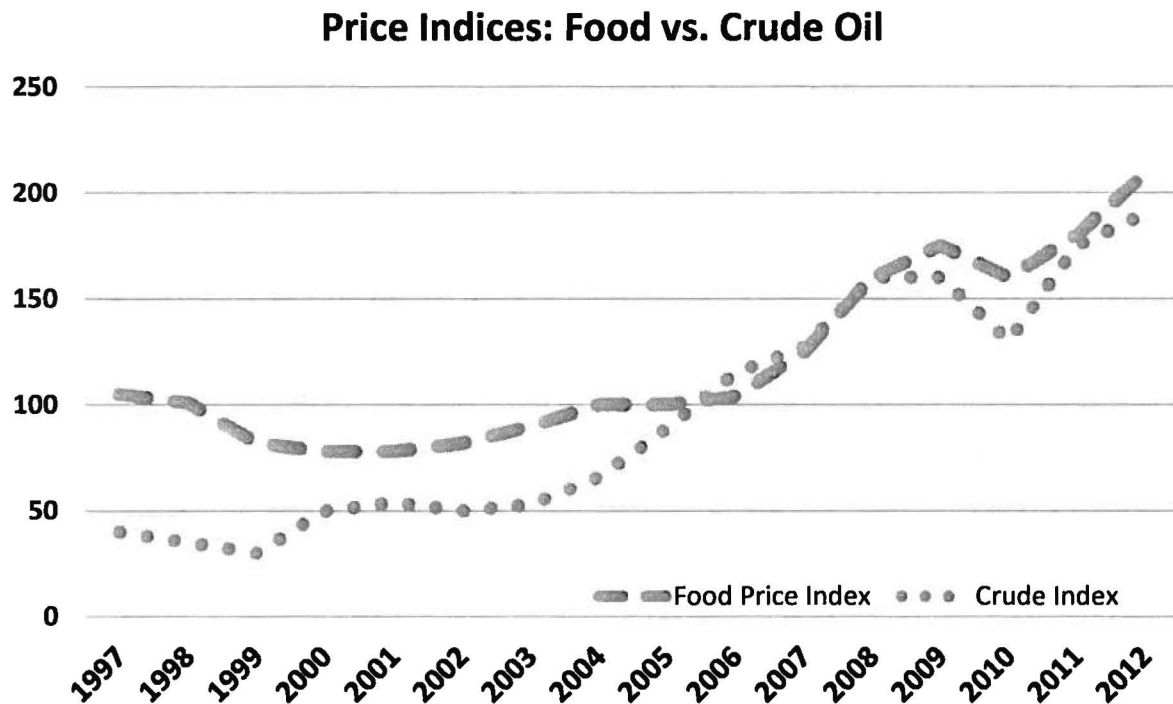


Figure 4

Source: The World Bank

Animal Health Threats

NFU policy is clear regarding importation of livestock products from countries that have a history of unresolved foot and mouth disease (FMD). The following is an excerpt from the recently adopted grassroots policy statement from NFU members:

“Livestock health is critical to production agriculture and our nation’s ability to provide a safe food supply. Achieving the

necessary means to ensure livestock health is a priority for NFU. We support good animal husbandry practices as the primary means of livestock health maintenance, as well as the following initiatives to ensure livestock health:

Ban livestock, animal protein products and meat imports that would jeopardize U.S. efforts to eradicate livestock diseases including BSE and Foot and Mouth Disease (FMD);”

NFU strongly opposes the recent proposal from APHIS to resume importation of fresh beef from 14 Brazilian states. FMD from that region of Brazil still poses a significant threat to U.S. livestock herds. Any changes to the current ban could pose substantial threats to family farmers, ranchers and the general public due to the very real possibility of transmission of FMD to U.S. livestock, resulting in reduced consumer confidence in our food supply.

Inconsistencies between animal health disclosures reported by APHIS and the World Organization for Animal Health (OIE) further erode NFU’s confidence in the safety of beef imports from countries with a history of FMD presence and a poor food safety record. Vaccinations against FMD are still occurring in the Brazilian states in question. In addition, the U.S. Food and Drug Administration (FDA) recalled Brazilian cooked and canned meat on three occasions in 2010 due to drug contamination.

The last case of FMD in the 14-state region in Brazil occurred in 2001. Even though the 14 Brazilian states in question are considered to be “FMD-free” by the OIE, Brazil has not been able to prevent the spread of FMD into its borders from neighboring countries, and as recently as 2011, Paraguay reported two outbreaks of FMD within 250 miles of the Brazilian border.

In contrast, the United States has not had a confirmed case of FMD since 1929 due to its effective disease prevention system and high food safety standards. This reputation must not be put at risk. In the rare instances when disease has impacted a portion of the livestock herd, economic devastation has followed. When bovine spongiform encephalopathy (BSE) was first identified in the United States in December 2003, 65 of our trading partners eventually imposed partial or full bans on U.S. beef. According to a Kansas State University study, the U.S. beef industry lost between \$2.9 billion and \$4.2 billion in 2004 alone because of BSE. Rural America should not again be subjected to severe losses simply because of lax standards for animal imports.

The economic costs of an FMD outbreak in the United States would be enormous. A 2002 study conducted by Purdue University and the Centers for Epidemiology and Animal Health at APHIS found that if an epidemic similar to the outbreak that occurred in the U.K. in 2001 were to strike the United States, a loss of \$14 billion in U.S. farm income (in 2002 dollars) would result. This includes costs of quarantine and eradication of animals, a ban on exports, and reduced consumer confidence. In addition, the disease could spread to any cloven-hoofed animals, endangering other domestic livestock like sheep or pigs, as well as wild deer and antelope that form the basis of the U.S. hunting industry.

There are very few positives associated with allowing livestock products from regions of Brazil that are known to have a history of FMD to be brought into our country, but many possible undesirable outcomes from such an arrangement. Importing Brazilian beef and other livestock products is a risk not worth taking.

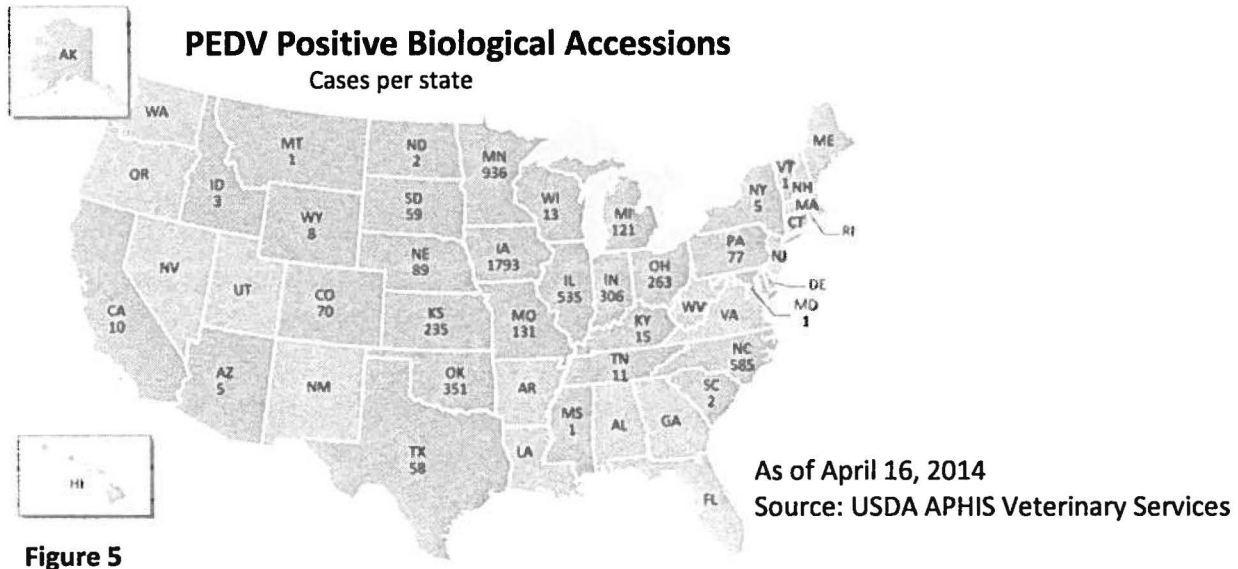


Figure 5

The consequences of a wide-spread animal health outbreak are beginning to be felt with a recent outbreak in the pork sector. The OIE issued an alert on April 21, 2014, regarding the novel swine enteric coronavirus (SECoV) that has emerged in the United States over the last year. SECoV, which is thought to have originated in China, causes PEDV. Recent reports from APHIS say there are now 5,978 cases of PEDV in 29 states (figure 5). This underscores the importance of close monitoring of animal disease outbreaks in order to safeguard the reputation and integrity of U.S. animal agriculture.

Structure of the Beef Checkoff

Checkoff programs have served as an effective tool to promote the consumption and research of commodity products. Twenty different commodity checkoff programs collect funds, including beef, lamb and pork. The checkoff assessment, paid by a farmer, rancher, grower or processor at the point of sale, is a worthwhile investment if the program is properly administered. The beef checkoff operates unlike most of the other programs, in that it was specifically authorized by an act of Congress with a complicated structure that allows for significant involvement from policy organizations. Additionally, funds for the beef checkoff have dwindled in recent years and there has been talk of increasing the assessment on cattle sales.

Figure 6: USDA Commodity Checkoff Programs, as of 2014

Beef	Blueberries
Cotton	Dairy
Eggs	Fluid Milk
Hass Avocados	Honey Packers & Importers
Lamb	Mangos
Mushrooms	Peanuts
Popcorn	Pork
Potatoes	Processed Raspberries
Softwood Lumber	Sorghum
Soybeans	Watermelons

Family farmers and ranchers need meaningful reform of the beef checkoff that offers a governance structure that is more representative of all livestock producers. The beef checkoff ought to function separately from policy organizations in the way that other checkoff programs operate. Producers must have confidence in the integrity of the way in which their contributions to research and promotion initiatives are spent. NFU will not support an increase in the beef checkoff assessment until improvements are made to the structure and oversight of the program.

The Impact of Trade on the Livestock Sector

NFU supports fair, mutually beneficial trade that seeks to increase human welfare and respects sovereign nations' need for food and national security. NFU has historically opposed free trade agreements on the basis that the agreements were more likely to increase imports rather than open new markets to U.S. goods, even for livestock and agricultural products.

Free trade agreements are typically justified by claims that the agreements will grant American producers access to previously closed markets and thus create jobs. U.S. agriculture, including the livestock sector, does have a history of generating a trade surplus (figure 7). Long-term agricultural surpluses have occurred because of our efficient system and effective farm safety net.

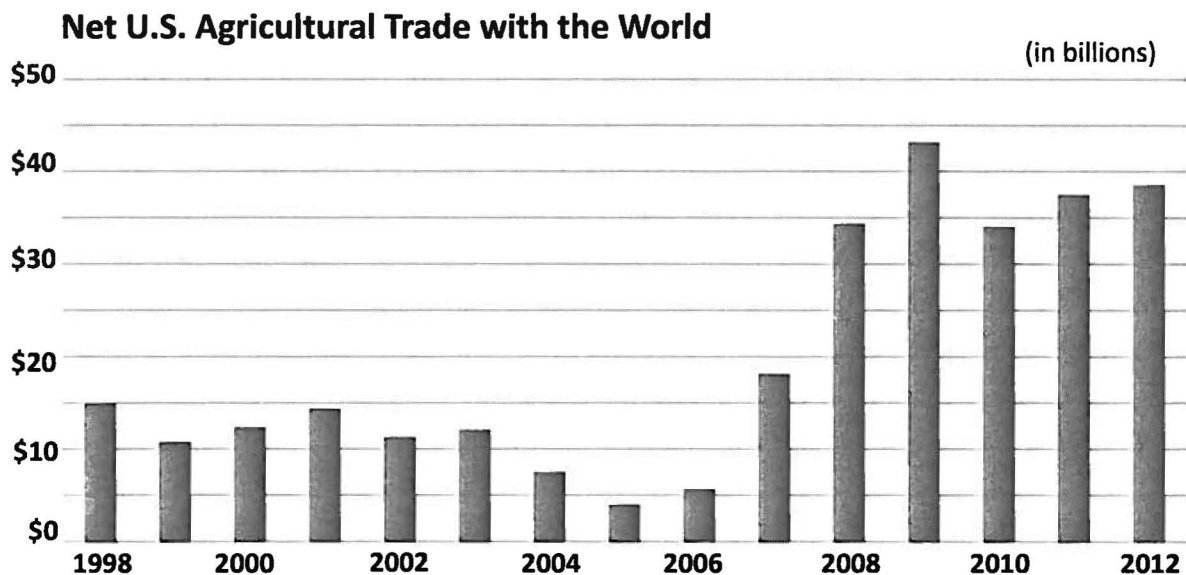


Figure 7

Source: USDA Economic Research Service

On the other hand, the U.S. economy as a whole has a history of generating trade deficits (figure 8). Free trade agreements have worsened the situation by making American businesses compete with countries that have lower environmental, health and food safety standards. Furthermore, vague promises of market access are made to U.S. trade stakeholders in order to encourage domestic support for a trade deal. These promises are meaningless, however, when there are no mechanisms to prevent countries from devaluing their currency, which hurts U.S. exports and total trade balance.

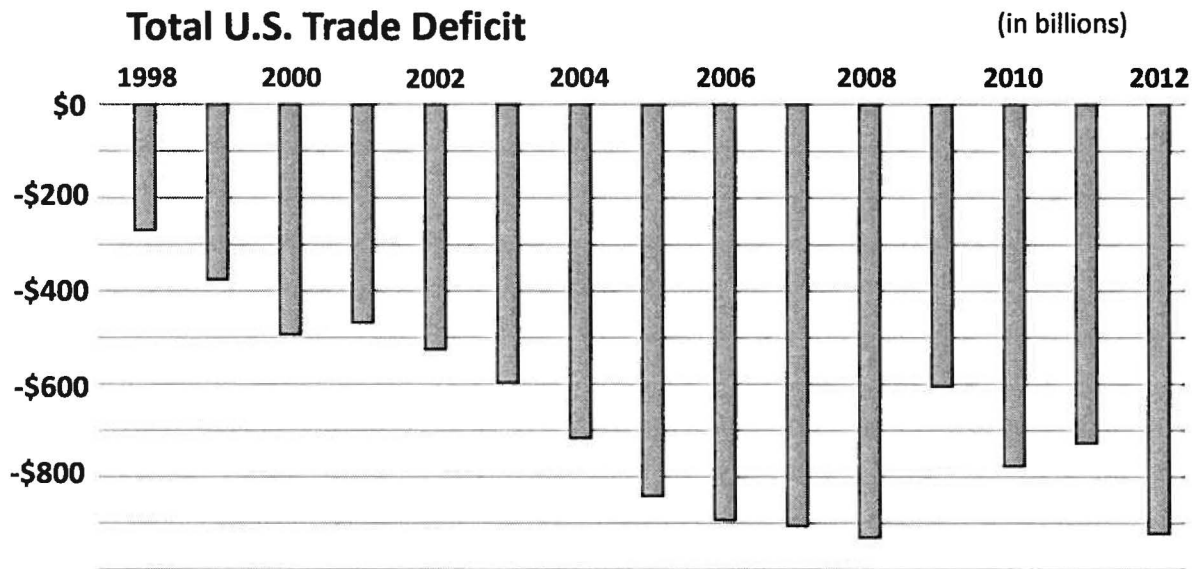


Figure 8

Source: USDA Economic Research Service

U.S. free trade agreements have a poor track record. During the North American Free Trade Agreement (NAFTA) negotiations, for instance, American farmers were promised increased market access in the form of reduced tariffs on crops in Mexico. In reality, those tariff cut benefits were eliminated when Mexico devalued the peso by 50 percent shortly after NAFTA went into effect. Similarly, USDA analysts predicted an increase in U.S. exports of beef products to Mexico. The reality is that beef and pork, two projected NAFTA winners, saw their exports to Mexico fall 13 percent and 20 percent, respectively, in the three years after NAFTA was implemented compared to the three years prior to NAFTA. In the 20 years since the agreement, agricultural exports have indeed increased to Canada and Mexico. But, agricultural imports from these countries have increased even more, leading to an agricultural trade deficit.

South Korea provides the most recent example of a country with which the United States has a trade agreement. Proponents of the U.S.-Korea FTA again promised increased market access for U.S. agricultural products and increased exports. In reality, exports in agricultural products dropped from around \$6 billion in 2012, the year the agreement went into effect, to around \$5 billion in 2013, according to the National Agricultural Statistics Service.

The International Trade Commission estimated that the U.S. goods trade balance with South Korea would improve by \$3.3 billion to \$4 billion. Since the FTA went into force, however, U.S. goods trade balance has decreased by around \$4 billion. U.S. total trade deficit with South Korea also increased from \$8.7 billion in 2012 to \$10.6 billion in 2013. Unfortunately, the promised increases in agricultural exports did not take into consideration the effect of a Korean devaluation of its currency, which wipes out any gains made by reduced tariffs. In a recent report, the Peterson Institute for International Economics lists South Korea as one of the eight worst currency manipulators. It goes on to say that foreign currency manipulation is responsible for a \$200 billion to \$500 billion per year increase in account deficits, and attributes between 1 million and 5 million job losses to foreign currency manipulation. It is therefore vital that there

be safeguards in place in any trade agreement that counteract currency manipulation by foreign governments.

On the whole, U.S. agriculture has actually done worse after entering into FTAs. The chart below (figure 9) shows the net agriculture trade surplus (deficit) with countries that have entered into trade agreements with the United States. Each year only includes trade data from countries with which the United States had an FTA in that year. This subpar performance contrasts with U.S. agriculture's performance as a whole.

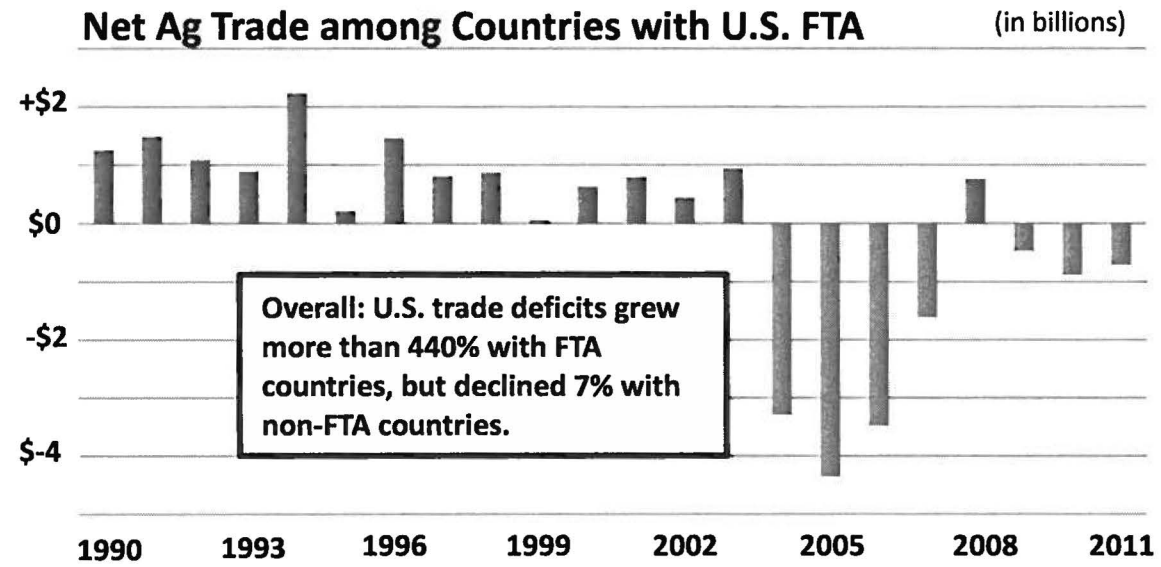


Figure 9 Source: International Trade Commission Figures, Global Trade Watch Calculations

Livestock Marketing Improvement Efforts

With the growth in local and regional food markets in recent years, greater information and communication is needed for farmers and ranchers to better understand the economic conditions in which they are operating. Over the last year, USDA's Market News released 30 new reports to better serve the agriculture industry, including livestock. Market News will add "local" as an element to current retail reports, which is similar to the way in which organic commodities were recently added. Additionally, AMS began publishing a Market News report covering the grass fed beef industry. These reports provide timely information to assist in marketing decisions and help small and local livestock producers to plan for the future.

The Grass Fed Verification program for Small and Very Small Producers (SVS) is another noteworthy new marketing initiative. This program provides verification assistance to those farmers and ranchers who market fewer than 50 cattle each year. This segment of producers accounts for 11.5 percent of the total number of cattle and calf operations but has been previously underserved by AMS certification processes. This is a welcome improvement that will help an emerging segment of tomorrow's diversified livestock industry.

Conclusion

NFU's policy statement, which is revised and adopted each year through a grassroots process among Farmers Union members at all levels, includes a section on "national food and fiber policy." The following excerpt from the 2014 NFU policy statement provides a clear goal for what this subcommittee and Congress as a whole ought to do in order to provide for a strong livestock and family farm economy:

"The decline in the number of family-sized commercial farms must be reversed. Programs that encourage sustainable agriculture through diversified production, improved marketing strategies, and enhanced value-added opportunities can be keys to reversing this trend... Farmers and consumers need stability and fairness in a farm program. Farmers, rural communities and consumers are at the mercy of a marketplace that is increasingly dominated by vertically integrated, multinational grain and food conglomerates."

Reliable access to accurate information is essential to providing farmers, ranchers and consumers a level playing field. Consumers ought to know where their food comes from and individual producers need to know the prevailing market trends and prices. Furthermore, regulators must oversee and prohibit anti-competitive behavior by the most powerful companies and interests. Budding sectors of the agriculture economy, including small livestock production and biofuels, should be strongly supported in their development. Trade negotiators must keep the well-being of farmers, ranchers and consumers in mind, and animal health import restrictions should not be relaxed simply to please foreign trading partners.

I look forward to working with the House Agriculture Subcommittee on Livestock, Rural Development and Credit to achieve these goals. Thank you for your consideration and the opportunity to testify today.



Farmer's Share of Retail Food Dollar

Did you know that farmers and ranchers receive only 15.8* cents of every food dollar that consumers spend on food at home and away from home?

According to USDA, off farm costs including marketing, processing, wholesaling, distribution and retailing account for more than 80 cents of every food dollar spent in the United States.

Bacon
1 Pound



Retail: \$6.06
Farmer: \$1.03

Top Sirloin Steak
1 Pound



Retail: \$7.99
Farmer: \$2.37

Bread
1 Pound



Retail: \$2.19
Farmer: \$0.16

Fresh Carrots
5 Pounds



Retail: \$4.39
Farmer: \$1.54***

Beer
6-Pack Cans



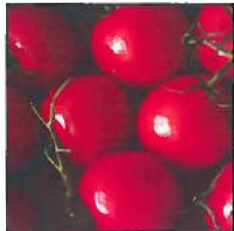
Retail: \$5.99
Farmer: \$0.06

Cereal
18 Ounce Box



Retail: \$4.69
Farmer: \$0.07

Tomatoes
1 Pound



Retail: \$3.59
Farmer: \$0.54***

Eggs
1 Dozen



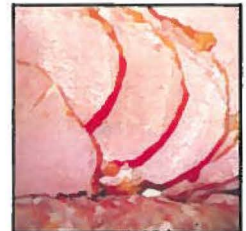
Retail: \$2.89
Farmer: \$1.18

Flour
5 Pounds



Retail: \$2.39
Farmer: \$0.82

Boneless Ham
Price per Pound



Retail: \$4.09
Farmer: \$1.03

Lettuce
1 Head (2 Pounds)



Retail: \$2.19
Farmer: \$0.94***

Milk
1 Gallon, Fat Free



Retail: \$4.29
Farmer: \$2.18

Potato Chips
Lays Classic, 10.5 oz



Retail: \$4.79
Farmer: \$0.24**

Fresh Potatoes
Russet, 5 Pounds



Retail: \$4.60
Farmer: \$0.46**

Soda
Two Liter Bottle



Retail: \$1.49
Farmer: \$0.08

Farmer's share derived from USDA, NASS "Agricultural Prices," 2014.

Retail based on Safeway (SE) brand except where noted.

*Figure according to U.S. Department of Agriculture Economic Research Service

**Reflects February 2014 price.

***Reflects March 2013 price.

www.nfu.org

March 28, 2014

March 20, 2014

**Testimony of Roger Johnson, President, National Farmers Union
To the House Agriculture Appropriations Subcommittee
Regarding Fiscal Year 2015 Funding for Agricultural Programs
Contact: Mike Stranz, Senior Government Relations Representative (mstranz@nfudc.org)**

On behalf of the family farmer and rancher members of National Farmers Union (NFU), thank you for the opportunity to present funding requests for Fiscal Year 2015. As a general farm organization, NFU has a broad array of interests in the agricultural appropriations process. This letter enumerates a few of the highest priorities for our members.

Additionally, the recent passage of the 2014 Farm Bill deserves the attention of the subcommittee. We ask that programs that were granted discretionary funding through the farm bill receive their full appropriations, and that the subcommittee not reduce other program funding through changes in mandatory programs.

**AGENCY: USDA Agricultural Marketing Service (AMS)
REQUEST: No legislative riders or targeted funding reductions to limit or restrict the enforcement, legal defense or study of Country-of-Origin Labeling (COOL).**

The 2008 Farm Bill requires retailers to notify customers through labeling of the source of nearly all muscle cuts and ground meat, along with fish, fruits, vegetables, nuts and a variety of other generally unprocessed products. As of 2013, the U.S. Department of Agriculture (USDA) enacted rules that require the labeling of production steps – for example, “Born, Raised, and Harvested in the U.S.” – as directed by a World Trade Organization (WTO) dispute. Another WTO proceeding is currently under way to review the new COOL regulations’ compliance with

trade laws, and a lawsuit is pending in U.S. court regarding implementation of the new labels. Additionally, the 2014 Farm Bill requires a study on the economic impact of COOL.

NFU opposes any funding cuts or legislative riders that would circumvent enforcement, implementation, legal defense or study of COOL. Studies have found that more than 90 percent of consumers support COOL. Any threats of retaliation from Canada and Mexico are extremely premature, as WTO appeals are slow moving and typically last for years.

AGENCY: USDA Grain Inspection, Packers and Stockyards Administration (GIPSA)
REQUEST: No legislative riders to limit or restrict the USDA's rulemaking and enforcement authority under the Packers and Stockyards Act of 1921.

Because of appropriations riders in the last three years, USDA has not been allowed to write rules that would provide greater fairness for livestock sellers and poultry growers in the agriculture marketplace, as directed by the 2008 Farm Bill. This includes prohibiting deceptive or fraudulent buying practices and permitting farmers and ranchers to seek protection under the Packers and Stockyards Act if they have been harmed by unfair trade practices.

While the last three legislative riders on GIPSA have varied, they each have significantly undermined important protections for livestock and poultry ranchers and growers. These provisions must not be prevented; thus, NFU strongly urges the Subcommittee to reject any legislative riders that would undermine GIPSA's authority and ignore congressional intent.

AGENCY: Agriculture and Food Research Initiative (AFRI)
REQUEST: Report language on public cultivar development.

The 2008 Farm Bill created the Agriculture and Food Research Initiative (AFRI), which called for AFRI to make "conventional" plant and animal breeding a priority for research grants. Implementation of these directives has been slow. NFU asks that the FY 2015 appropriations bill

include report language that reiterates the need to prioritize funding for classical plant and animal breeding within the AFRI process.

AGENCY: Agriculture Research Service (ARS) – Genetic Improvement and Translational Breeding Initiative

REQUEST: \$25.9 million with report language directing funds to the development and release of regionally adapted, public cultivars.

The administration's FY 2015 budget requests \$25.9 million for a new Genetic Improvement and Translational Breeding Initiative to be administered by ARS. Given the huge private and public investment in genomics and the lack of funding for classical breeding for public cultivar development, clear language ought to be included to direct ARS to focus all of the funding provided for this initiative on the development and release of regionally adapted, publicly held, cultivars to benefit farmers and ranchers across the country.

AGENCY: USDA Rural Development

REQUEST: Fully fund farm bill energy title programs at discretionary funding levels and do not reduce program funding through changes in mandatory programs. Also, allow 2014 Biomass Crop Assistance Program (BCAP) funds to carry over into 2015 if they are not expended.

The 2014 Farm Bill makes substantial investments in existing energy programs such as the Rural Energy for America Program (REAP), Biomass Crop Assistance Program (BCAP), and Biorefinery Assistance Program (BAP). NFU asks that the subcommittee not reduce any of the funds allocated to these programs. In addition, because USDA may not expend all funds for BCAP in 2014, NFU asks that language be inserted allowing for unexpended 2014 BCAP funds to be carried over into 2015.

Thank you for your consideration of these requests.



BIOGRAPHICAL SKETCH – Roger Johnson

*President
National Farmers Union*

Roger Johnson was elected National Farmers Union's 14th president during the organization's 107th anniversary convention in 2009.

Prior to leading the family farm organization, Johnson, a third-generation family farmer from Turtle Lake, N.D., served as North Dakota Agriculture Commissioner, a position he was first elected to in 1996. While Agriculture Commissioner, Johnson served on the State Industrial Commission, the North Dakota Trade Office Advisory Board, and the State Board of Agricultural Research and Education, among many other boards and commissions.

From 2007-2008, Johnson served as president of the National Association of State Departments of Agriculture (NASDA). As NASDA president, he played a key role in crafting the 2008 Farm Bill, pressing for provisions that benefit agricultural producers, such as a permanent disaster program, ending the ban on interstate shipment of state-inspected meat, the re-balancing of loan rates for program crops and farm-based renewable energy. Johnson was chairman of NASDA's Rural Development and Financial Security Committee from 2000 to 2007.

Johnson is a past president of the Midwestern Association of State Departments of Agriculture (MASDA), past president of the Food Export Association of the Midwest and a former chairman of the Interstate Pest Control Compact.

Johnson grew up in Farmers Union, participating in the organization's youth programs, serving as a county president and chairman of the board of a local Farmers Union cooperative. Johnson graduated from North Dakota State University with a degree in agricultural economics.

Johnson and his wife, Anita, are the proud parents of a daughter and two sons and three grandchildren.

**Committee on Agriculture
U.S. House of Representatives
Required Witness Disclosure Form**

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2011.

Name: ROGER JOHNSON

Organization you represent (if any): NATIONAL FARMERS UNION

- 1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2011, as well as the source and the amount of each grant or contract. House Rules do NOT require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:**

Source: NONE **Amount:** _____

Source: _____ **Amount:** _____

- 2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2011, as well as the source and the amount of each grant or contract:**

Source: NONE **Amount:** _____

Source: _____ **Amount:** _____

Please check here if this form is NOT applicable to you: _____

Signature: 

* Rule XI, clause 2(g)(5) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.

