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PERSPECTIVES FROM THE FIELD: FARMER AND RANCHER VIEWS ON THE AGRICULTURAL ECONOMY, PART 1

HEARING

BEFORE THE

COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

UNITED STATES SENATE

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C O N T E N T S

Wednesday, February 5, 2025

STATEMENTS PRESENTED BY SENATORS

WITNESSES

Panel I

Panel II

APPENDIX

PERSPECTIVES FROM THE FIELD: FARMER AND RANCHER VIEWS ON THE AGRICULTURAL ECONOMY, PART 1

WEDNESDAY, FEBRUARY 5, 2025

U.S. SENATE
COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY
Washington, DC.

The Committee met, pursuant to notice, at 10:36 a.m., in Room SD–106, Dirksen Senate Office Building, Hon. John Boozman, Chairman of the Committee, presiding.

Present: Senators Boozman [presiding], McConnell, Hoeven, Ernst, Hyde-Smith, Marshall, Tuberville, Justice, Grassley, Moran, Klobuchar, Bennet, Smith, Durbin, Booker, Ljuán, Warnock, Welch, and Schiff.

STATEMENT OF HON. JOHN BOOZMAN, U.S. SENATOR FROM THE STATE OF ARKANSAS, CHAIRMAN, U.S. COMMITTEE ON AGRICULTURE, NUTRITION, AND FORESTRY

Chairman BOOZMAN. I am delighted now to call the hearing to order, and I would like to thank our witnesses for being here today. Thank you for leaving your farms and families to travel to Washington to share your experiences with us. As a proud Arkansan, I am delighted to have Nathan Reed and Jennifer James here on today's second panel.

This hearing is the first in our series of the Committee that we will be holding on the current state of America's rural economy from the perspective of our farmers, ranchers, and rural leaders. These hearings are intended to help inform our decisions as we draft a new farm bill and to ensure we are putting forward policies that will help current and future generations of farm families survive and ultimately thrive in a very unpredictable world.

Every Member of this Committee has heard directly from farmers in their States about the current difficulties that they face. I have been blessed to join Members of the Committee to be part of some of these conversations, and I look forward to continuing the dialog.

High interest rates, elevated production cost, and depressed commodity prices coupled with a frayed safety net worn out over time have left many producers exposed to financial ruin. Since 2022, producers have lost more than $50 billion in net income and net farm income is forecast to continue to decline. Farmers are experiencing a scenario where there is no room for error. Farm families are looking for the next generation and trying to determine if this career, that requires more sacrifice than most careers, is viable. I fear that across the country we are at risk of losing untold numbers of family farms.

Recently, the Agriculture and Food Policy Center of Texas A&M University stated that, “In 42 years that the food center has been projecting farm financial performance, the most recent crop outlook for the representative farms is the worst in terms of the number of farms in each of the four commodity types-feed grains, cotton, rice, and wheat-that are not currently expected to have a positive cash-flow over the next five years.”

My highest priority for the next farm bill is to improve the Farm Safety Net, whereby every farmer, in every region, will have access to modernized risk management tools regardless of the commodity that they grow. If we fail to modernize the safety net, agriculture will see further consolidation as farm families leave the business and the ripple effects to our country will be truly profound.

The task before us is great. I look forward to hearing from today’s witnesses, and I now turn to Ranking Member Klobuchar for opening comments.

STATEMENT OF HON. AMY KLOBUCHAR, U.S. SENATOR FROM THE STATE OF MINNESOTTA

Senator KLOBUCHAR. Well, thank you very much, Senator Boozman, thank you to our incredible group of witnesses, including some from the State of Minnesota and I especially want to welcome Mr. Duvall and Mr. Larew. Most importantly, your street creds are, you have both been to Minnesota’s Farm Fest, so we thank you for that.

I join the Chairman in appreciating the work this Committee has done so far, and we have gotten to a good, strong bipartisan support our nation’s farmers to continue to produce the world’s safest and most abundant food supply. We know that our farmers take on significant risks and operate on razor thin margins to feed America and the world and it is our job to make sure that continues.

I have heard consistently from Minnesota farmers that they need certainty, and part of that certainty, of course, as we all know, is getting a farm bill in place. There are changes we need to make from the last farm bill to make it even better and our Committee has an opportunity at a time when we have got high input costs, where we have got avian flu, we have an opportunity to pass a bipartisan farm bill and deliver that certainty.

A strong farm bill, of course, requires a coalition of farm, food, research, rural nutrition and conservation interests, things we care deeply about. Farmers depend on all parts of the farm bill from energy programs that create new markets to research to dealing with emerging threats. We are ready to work with all of our colleagues to get that done.

I do want to take a moment to talk about what happened this past week when we are talking about certainty. I am very concerned about the administration’s first moves on tariffs. While I support targeted tariffs like many on this Committee, I have serious concerns about sweeping across the board tariffs that threaten our farmers livelihoods.

Both the American Farm Bureau and the National Farmers Union have expressed concerns about the tariffs and how they could lead to financial hardships for U.S. farmers and ranchers, and of course create higher prices for consumers. Across the board, tariffs open American farmers to retaliatory tariffs, and we have seen this before.

As I said in my opening at our nomination hearing for Brooke Rollins, what our farmers want is a fair trade and not aid. They want trade, not aid, and this would be a major problem, if we look at the results of this.

The decision to impose 25 percent tariffs, which as we know is now on pause for a short period of time on Canada and Mexico, even if delayed 30 days, could increase cost for inputs like fertilizer just as they are trying to plan for an upcoming season. A terrifying Canadian potash could increase fertilizer cost by as much as a $1.70 an acre for corn and a $1.42 an acre for soybeans.

American farmers have worked for decades thanks to these two gentlemen and many behind them to improve their international market access. We have been able to find common ground in this Committee on this issue, such as the market promotion funding and the recent initiative launched by USDA. We need to build on, not roll back, this progress.

A strong Farm Safety Net, as pointed out by Senator Boozman, include Title I programs and crop insurance, and they are our farmers' most effective tools in managing uncertainty. Right now, unfortunately, with some of the confusion over this funding freeze, and the OMB memo that was then rescinded in 24 hours, but then other statements from the White House, we have heard from farmers unable to access these critical resources.

Last Congress, Senator Thune and I worked on the Crop Insurance for Future Farmers Act, to give beginning and veteran farmers more affordable crop insurance protection and this effective tool's important, and we do not want to take it away in the middle of what I consider chaos.

Extreme weather patterns make the need for a strong safety net, even more urgent, and the effects of climate change. Minnesota farmers have recorded nearly one billion in crop insurance indemnities for 2024 losses due to extreme weather, including droughts and floods. To address these challenges, Congress added significant funding to USDA's popular voluntary conservation programs. USDA also launched a commodities initiative to provide new market opportunities for our nation's farmers. The future of these programs is uncertain, and I think it is very important to see this. Many of us may have different political lenses, but to see it from an agriculture standpoint.

We have heard from farmers who have purchased tens of thousands of dollars in cover crop seed only to receive notice that disbursements for these costs are paused. As many of my colleagues have expressed, and you will hear from today, we remain deeply troubled by the administration's pause on conservation support for farmers, and we would like to make sure that we reduce this chaos and make it easier for our farmers to do their good work.

This Committee has always provided a venue for coming together, Democrats and Republicans, to support our farmers in rural

America. I know, from our personal friendship, that Chairman Boozman and I and in our Committee hearing so far, want that to continue in a very strong way. We are excited about the Committee and the incredible Members on this Committee, and we want to do right by our farmers and the people of this country that depend on them.

I look forward to hearing from the testimony of the witnesses. Thank you.

Chairman BOOZMAN. Thank you, Senator Klobuchar. Very well said. We will now introduce the first panel of witnesses. And, Senator Warnock.

Senator WARNOCK. Thank you so very much, Mr. Chairman. It is my pleasure to introduce Mr. Zippy Duvall. He is the President of the American Farm Bureau Federation, where he has served as President since 2016. Mr. Duvall is a third-generation farmer from Georgia, Greensboro, where he and his son operate a beef cow herd, they raise broiler chickens and they grow their own hay, all while maintaining Georgia farmland that has been in their family for more than 90 years. Farming is in his bloodstream.

Mr. Duvall has been a consistent and reliable leader, championing Georgia's agriculture community through the ups and downs of an often-unpredictable business. Zippy, as we call him, has seen it all, including responding to natural disasters, supply chain disruptions, and inflationary pressures with the focus of making sure farmers and ranchers in Georgia and across the country have the support that they need from all of us on this panel and elected officials across Georgia and across our country.

Prior to being elected American Farm Bureau President, he was President of the Georgia Farm Bureau and served on the American Farm Bureau Board of Directors. Thank you Zippy for being with us today to speak on behalf of farmers from Georgia and across the country. We know you do hard work with slim margins and we are grateful. I often say that farmers are an answer to a prayer, give us this day our daily bread. It is an honor to represent Georgians like you and I look forward to hearing from you today, as I am sure all of my colleagues.

Chairman BOOZMAN. Senator Justice.

Senator JUSTICE. Thank you so much, it is quite an honor for me to introduce Rob Larew. I have got to tell you just this, and this is just so simple, but years ago, this gentleman and everything, was buying wet corn from us. He has a great farm in Greenville, West Virginia. Get this now, that farm has been in their family, is that correct, since 1798. It is amazing, absolutely amazing.

As this man graduated from Virginia Tech. He has served the last five years as the President of the National Farmers Union, which represents 230,000 family farmers and ranchers across rural America. He is a man of many, many, many talents, and Rob, we had a past acquaintance and now a new acquaintance and everything, but I thank you so much for all you have done. I cherish all the great stuff that your family's done. Get this, this is all within a rocks throw of the farm that where we started.

We started our farming operation in 1977 and grew it to a point where we were absolutely—I think the largest cash grain farmers east of the Mississippi River. We started with almost nothing and grew and grew and grew. With all that being said, this man was a part of my life and I am privileged to say I was a part of his life as well. He is a real deal.

Rob, we thank you so much for being here. We are really interested in what you have to say today and I promise you I will really pay attention. Thank you so much,

Chairman BOOZMAN. That is a good promise. You cannot beat that.

[Laughter.]

Senator KLOBUCHAR. Something for all of us to remember.

Chairman BOOZMAN. We are going to go a little bit out of sequence in the sense that Senator Durbin's here and is going to introduce Mr. Hartman. There is just so much going on right now. You are going to have a lot of people going back and forth. Senator Durbin.

Senator DURBIN. Mr. Chairman, thank you for accommodating me. I may not be here for the formal introduction of the second panel. I just want to tell you, my friend Kenny Hartman used to be the President of the Illinois Corn Growers, he has been promoted, he is now the President of the National Corn Growers Association from Waterloo, Illinois. Welcome Kenny, thanks for being here today.

Chairman BOOZMAN. Very good. Mr. Duvall, you are recognized.

STATEMENT OF MR. ZIPPY DUVALL, PRESIDENT, AMERICAN FARM BUREAU FEDERATION, GREENE COUNTY, GEORGIA

Mr. DUVALL. Thank you, Senator, and Chairman Boozman and Ranking Member Klobuchar and other distinguished guests, especially my Senator from Georgia and thank you for that introduction. I am focused on Jesus today.

Also, I want to thank Rob here. Rob and I have become good friends over the years and worked together constantly making sure that farmers' voices are being heard. I am Zippy Duvall, President of American Farm Bureau, and my son and I still do farm in Georgia. I spent 30 years dairying. All of you know what a dairyman's life is like. I thought I would never find a job that was more difficult than in dairy, but I might have found it.

The farm families across the country are grateful for you, recognizing incredible hard times across agricultural economy. When you included a much-needed economic assistance and emergency aid for communities that was destroyed by natural disasters. You incorporated that in your Continuing Resolution during December.

Despite the assistance of the Continuing Resolution, farmers are looking to you to pass a modernized five-year farm bill as soon as possible. Our farmers also face challenges related to their region, the weather, trade barriers, crop protection, and all of these will be addressed in my written testimony.

As Congress begins to work on the 2025 Farm Bill, Farm Bureau supports the following principles to guide and develop the programs: First one is to increase the baseline funding commitments in the farm programs; maintain a unified farm bill and that includes nutrition programs and farm programs together, because they belong together; prioritize funding for risk management tools, which include crop insurance and commodity programs.

Now, the USDA's most recent farm sector income forecast has shown a $41 billion decrease in net farm income, that is down 25 percent from 2022. Since crop prices peaked in 2022, they have taken a nosedive. Corn and wheat are down 37 percent, soybeans down 28 percent, cotton down 22 percent, and despite these lower prices, 2024 payments out of the farm bill going to farmers are projected to be the lowest since 1982 over four decades ago. This again highlights the need for increased coverage in Title I programs.

We also cannot imagine during a time of great economic uncertainty that farmers and ranchers and many small businesses across the country are anticipating what might be the largest tax increase in America's history. Failing to extend the expiring provisions of the tax cuts, and the Jobs Act, would take billions of dollars out of our farmers' pockets where they have no spare money anyway. Congress must find a way to create a stable business environment, by making the expiring provisions permanent.

Now, I also believe it is important that the Committee recognize that the greatest domestic policy threat to American agriculture is our outdated guest worker program and the labor crisis farmers are facing across the country. In short, the cost is too high, the domestic willingness to work on our farms is way too low and farm families are shutting down their farms. This is heartbreaking and has direct and tangible impacts on our rural communities.

While I know it is not under the jurisdiction of this Committee, labor is by far the leading issue that I hear talked about and discussed. Now, I get asked about by farmers and ranchers across the country, regardless of region or commodity.

Finally, this week we have seen many actions around trade, with additional tariffs being imposed on our largest trading partners. I want to assure this Committee, that Farm Bureau will continue to be the voice of American agriculture and its farmers to pursue and advocate for new markets and additional market access for agricultural products.

Thank you, Senators, thank you for this opportunity to be here today, and I really look forward to the questions.

[The prepared statement of Mr. Duvall can be found on page 58 in the appendix.]

Chairman BOOZMAN. Thank you, Mr. Duvall. Mr. Larew.

STATEMENT OF ROB LAREW, PRESIDENT, NATIONAL FARMERS UNION, GREENVILLE, WEST VIRGINIA

Mr. LAREW. Thank you and thank you Senator Justice for the kind introduction. I am sure I remember that when we bought that corn that our milk production probably went straight up.

[Laughter.]

Mr. LAREW. Chairman Boozman, Ranking Member Klobuchar, Members of the Committee, as the sixth generation on the farm in West Virginia, I am really proud to be here representing family farmers and ranchers across the country.

According to the census of agriculture, we lost a staggering 140,000 farms in the last five years. The average farmers now are nearly 60 years old, and the next generation is too often locked out. The uncertain future of the farm and rural economy adds to anxiety in farm country.

At the same time, farmers and ranchers receive only 15 cents on average of every food dollar. Consumers are paying higher prices at the store while family farmers or ranchers are dealing with tight margins, few market options and increased financial pressure. We must confront these challenges head on.

We applaud the Committee for quickly taking action this year to hear from us. The stakes are high, not just for farmers and ranchers, but for all the communities that rely on us.

Passing a strong farm bill is a great place to start. We appreciated the efforts of Chairman Boozman and many other Committee leaders at the end of last year to ensure the passage of disaster assistance. We cannot afford a third extension of the 2018 Farm Bill.

Congress must act quickly to pass a fully funded farm bill in 2025. This farm bill should include strengthening the Farm Safety Net and providing farmers with robust risk management tools, investing in voluntary incentive-based conservation programs, supporting the next generation of farmers, and keeping the Farm Bill Coalition together.

The strong farm bill alone is not enough. We also need open and fair agricultural markets. Farmers are the backbone of this country, but too often we are being taken advantage of. As farmers we love competition, but often our only option is to buy from or sell to monopolies, resulting in higher costs, fewer choices, and less innovation. We are not asking for a guarantee, we are just asking for a fair shot.

We have opportunities to make the system work for farmers by protecting and strengthening the Packers and Stockyards Act, supporting mandatory country of origin labeling, like the American Beef Labeling Act led by Majority Leader Thune, and ensuring that farmers have finally full and complete freedom to repair their own equipment.

In addition to fairness at home, we must also consider fairness and global trade. American family farmers are often the first to suffer from trade disputes. Tariffs can be powerful when used in a smart way, but we have also seen what happens when Washington gets it wrong. Farm income drops, markets disappear and costs go up. Congress should focus on expanding domestic and global markets, holding trade partners accountable, and ensuring that trade policies are applied carefully to protect and not harm American farmers and ranchers.

Finally, recent executive actions are creating concern for farmers and communities. No one knows what funding will be available, or if key programs will have the staff needed to operate. Freezing spending and making sweeping decisions without congressional oversight just adds more uncertainty to an already tough farm economy. We encourage this Committee to seek clarity from the administration and make sure that farmers and rural communities are not left behind.

In closing, the challenges facing farmers and ranchers across the country are daunting, but not insurmountable. A strong farm bill, fair markets and smart policies can assure that the next generation has opportunities in agriculture. Farmers' Union is ready to work with you to make that a reality and deliver solutions that will give farmers a fair shot.

The last few months I have traveled across the country visiting with family farmers about their challenges, and I look forward to sharing some of those stories as we answer questions. Thank you.

[The prepared statement of Mr. Larew can be found on page 65 in the appendix.]

Chairman BOOZMAN. Thank you. Again, thank both of you for being here. Let me ask you about two or three things, I will give them to you all at once and then you can kind of digest them and respond. Mr. Duvall and Mr. Larew, as you engage with farmers and ranchers across the country, and both of you all are so great, you are out and about as much as anybody, what on-farm decisions are you seeing families make as they prepare for the third consecutive year without a modernized Farm Safety Net? That is one thing.

Then along with that, can you elaborate on what you see happening in farm country if the Committee does not properly prioritize and increase funding for the risk management tools? Then last, along with that, can you describe the role you see crop insurance playing for farmers? You have got diverse memberships within your organizations, what are you hearing regarding crop insurance improvements? If you can just touch on that for a few minutes, Zippy?

Mr. DUVALL. Well, thank you, Senator for your question. Decision-making on the farm because we are not having a farm bill has been very difficult for our farmers because we know without a modernized farm bill—and the 2018 Farm Bill was a good farm bill, but we have experienced inflation, Covid, the cost of production going up, so many things have happened, we are in a different environment today, and you all mentioned that in your opening statements.

We are hearing that maybe 20 percent or more of our farmers are going to have difficulties getting operating loans. We are in a time where that should have already been done and they should be having the seed in the barn ready to start planting, and it is really hitting them at a hard, difficult time.

They are telling us they are losing money per acre. Corn over $100 an acre losing, they are having to make decisions which crops to plant, which crop not to plant, if I am not going to plant? Do I let that rented land go and miss the opportunity to have it in the future and someone else rents it? There is so many decisions they are having to make.

You know, and I get the question all the time Senator, about what worry keeps me up at night. What keeps me up at night is who is going to farm in the future? Forty percent of the farmers out there today is over retirement age, 300,000 or less than 25 years old and most of them have off the farm jobs to support their habit of farming. I do not know who is going to be farming in the future if we do not make an environment in agriculture that draws young people to us that can afford to raise a family and create a home in rural communities and support that economy there. That is why the farm bill is so important now.

Risk management, too. The crop insurance is the cornerstone of the farm bill, and it needs to be continued. It is where farmers have skin in the game and pay for a premium, and the general public has skin in the game through substituting other premium to make sure that our food system stays secure from one season to the next because of lower prices or because of natural disasters or whatever might be happening. It is the cornerstone.

The need in that area is we need every farmer, regardless of whether he is organic, traditional, big, small, large, every farmer that takes that risk needs some kind of risk management, too. Crop insurance has proven itself over and over again to be that tool to make sure that they can survive those difficulties. I think I hit all three of your points.

Chairman BOOZMAN. No, very good. Thank you. Mr. Larew.

Mr. LAREW. First of all, Zippy and I were joking a little bit before that you are going to hear a lot of the same themes, right? The fact is that as we go around, we talk to farmers across the country, there are just endless kind of examples of folks both who are well established farmers and those who are trying to make a go at it, but in the first few years. The challenges are really kind of make and break for a lot of them at this point.

I think about a couple of cotton growers, who have been farming for years, who when trying to seek an operating loan right now after three years of drought and low prices are now facing really tough decisions. The bank does not know whether or not they are going to be able to extend that loan.

As they are having that tough conversation, it is also really apparent that these community banks, including the ones that they were talking to, are also really struggling out there. As they try to see whether or not they can get the loan going forward, the bank is also trying to make that tough decision. Can we afford additional risk on top?

I also think about a young farmer in North Dakota, who was recently sharing experience about trying to get more land, to rent more ground, to expand operations and in doing that, had to invest in some new equipment. As a result of that is now unfortunately, with prices overextended, and is now having to sell on pennies on the dollar that farm equipment and is seeking now to still pay off the loan, the financing for that and does not know whether or not farming is in his future.

These are really just the kind of stories, whether it is the more established folks who are eating through their equity and putting their operations at risk or new and beginning farmers who do not have yet that deep well of experience and equity that they can burn right now. Those needs for risk management tools, including crop insurance, are absolutely essential.

I hope that as the Committee considers what to include in the farm bill, that looking for ways to not only strengthen the existing options there, but look for additional ways to help support beginning farmers with that. Also, creative ways to bring more into those risk management tools. I think that would be a great place to start.

Chairman BOOZMAN. Thank you. Senator Klobuchar.

Senator KLOBUCHAR. Thank you very much, Mr. Chairman. I will ask at another time, I appreciated you raising Mr. Duvall, the agriculture labor issues, which I think while you are right, we may not have jurisdiction over immigration on this Committee, we can be a voice when it comes to farm labor. Thank you for your comments, Mr. Larew on consolidation.

Just over the weekend, the President announced 25 percent tariffs on Canada and Mexico. Just talked about them, additionally, 10 percent tariffs on China, those went into effect yesterday. Even though the implementations of the tariffs on Canada and Mexico have been delayed for 30 days, it has created incredible uncertainty in farm country.

Both of your organizations put out statements on Friday raising major alarms on the potential implications of the tariffs on farmers. I ask unanimous consent Mr. Chairman, to put those letters on the record.

Chairman BOOZMAN. Without objection.

The letters can be found on pages 157–159 in the appendix.

Senator KLOBUCHAR. To both of you, the Canadian government announced a long slate of U.S. products that would be subject to retaliatory tariffs if these went into effect, including baked goods, fresh fruit and vegetables, ethanol, and dairy products. Canada has been a billion dollar plus market for all these products. How will this retaliation and associated market impacts affect the farmers that you represent? Okay, Mr. Larew?

Mr. LAREW. Yes, thanks for the question. I would start first with not only the potential implications of these tariffs in place, but the real kind of experience that we are hearing out there about suppliers of fertilizer and other goods who are already adding costs onto goods that we are buying. We are hearing some places that are not selling, for delivery, products beyond a certain date because of the threat of the town.

I think first of all, there is the very real kind of challenges right now. I was just in Columbus, Indiana, talking to a farmer who the whole time we were talking was on the phone trying to get product across the Canadian border before any potential threat there. Meanwhile, costs were going up.

I think that the threat brings real impact. Certainly, we just have the last experience that we had with China to kind of look at the combination of things from lost markets, increased costs adding to already kind of increased inflation and so forth. The costs are many in across the board.

Senator KLOBUCHAR. Okay. Just to add a little bit here Mr. Duvall, a recent study, depending on the type of retaliation with the loss in value, for this is from Corn Growers and Soybean Association for just their crops range between 4.8 billion and 7.4 billion, and we would be losing market share to competitors in Brazil and Argentina. That is just as a result of the tariffs in China alone.

Could you just talk about the long-term damage you could do with trading partners, that even the uncertainty of all this and they are just going to go look for products in other countries?

Mr. DUVALL. Senator, you said it very well, and that is one of the concerns we expressed is that the potential of shrinking the markets, because countries and companies can just decide to go buy it elsewhere where they have reliability to the market and do not have the access to it.

We do see our competitors in Brazil continue to do the wrong things to expand their production down there to compete with us, and it makes it very difficult on our farmers anyway. The shrinkage of the market, we need more access, not less. We need more fair-trade deals, not less. We need this administration because we have not seen it for almost a decade now, really getting fair trade deals to be put in place and stick, with good rules of and keep people working under it.

The other issue is the cost of production. I think you said it yourself, over 80 percent of the potash comes out of Canada and that goes on our crop land. That would be devastating to our farmers. Just that one example is difficult for our farmers.

You know, we are very appreciative of the President and his negotiation skills, and he has proven himself right in the past in the first administration and had some success, and we are looking forward to having more success. We are very appreciative of his negotiation going on now, to be able to delay it for 30 days and see if we can bring some common-sense solutions to these problems because we need less interruptions in the supply system, because it is our job to create a food system for our people in this country that they can afford. It is reliable.

We do not want to go back to the days that interrupt this food system like we saw during Covid. There are several things going on right now that could cause that.

Senator KLOBUCHAR. Okay. Thanks. I just want to get one more question here. Mr. Larew, we have heard from a lot of your members that there is some difficulty in accessing the conservation programs. This is something that Congress had, you know, Article One, we had actually set up these programs. What would be the implications of slowing down these programs for farmers? Really the same when it comes to nutrition in terms of making sure as we go forward that those programs remain strong, Mr. Larew?

Mr. LAREW. Yes, we are taking stories from all across the country of producers who are certainly dealing with a lot of uncertainty and a lot of expenses that they are due to be reimbursed because they had a commitment and a contract for certain activities with USDA. They have made that investment. We have all talked about tight margins. I think it is worth just highlighting the fact that in many cases system farms is actually a negative margin. It is that all farm income that covers it.

Having at this typical, this really critical phase right now of that economic pressure having USDA delayed with a lot of uncertainty about whether or not it will actually come through is adding to that economic pressure in the countryside.

Senator KLOBUCHAR. Thank you.

Chairman BOOZMAN. Senator McConnell.

Senator MCCONNELL. Lets stay on the subject of tariffs. Most people do not think of bourbon as a agricultural product, but in fact, it is. To give you an idea of how the Canadians are already reacting to the potential of a trade war, there are stories about taking American bourbon off the shelves already to send us a message. My view is, if the threatening of imposing tariffs produces something and you do not actually do it, maybe there is an argument for them.

What I worry about, and I know all of us up here are concerned about it, what happens to the $3 billion that we export from Kentucky every year? I cannot think of any part of it, the American economy that is more dependent on international relationships and trade than agriculture.

My question is, and it is not unique, I think it has already been asked and maybe adequately addressed by you. If we actually get into a trade war. By the way, remember everybody, that the current trade relationship between Canada and Mexico was negotiated by this administration before and bragged about. Obviously that seems not to be enough and so here we are on the cusp of getting into this. If we do, what happens to American agriculture?

Mr. DUVALL. The President in his first term always said he loved his farmer and he would stand behind him. He made that commitment to me verbally and he did. Our farmers want to have open markets. They do not want payments. Of course, in the instance where we are being harmed for the protection of our food system, for the protection of being national security through our food system. We have to look outside of open markets and do something to make sure our farmers can survive the trade war.

That is not exactly what we want. We want the markets themselves. This President's delivered that the first time and we have had a seat at the table with him, and we look forward to continuing to communicate with him on those issues.

It could be devastating to agriculture if we are not paying attention to what happens. Not just agriculture, I am here to represent agriculture, but we are here representing rural communities and the consumer of our products, which is the American people. It is going to affect the availability of it, it is going to affect the cost of it and it is going to affect the way we can do business at home on our farms.

Mr. LAREW. Thank you, Senator. Just building on Zippy's remarks, because I certainly echo a lot of what he just said here. Our reliability as a trading partner out there is certainly at major risk in this situation. I think that we are still certainly in some commodities feeling the effects of the last trade war that we had. Also, you know, even as our members at their grassroots policymaking process, recognize that the use of tariffs strategically can, as you pointed out, achieve some results.

Knowing that we stand on the front lines of some of that retaliation really puts a lot of things at risk and would just restate the fact that we want competition, we want to receive our income from the fair and open market not just payments.

Senator MCCONNELL. One more Mr. Chairman, if I may. Isn't it true that many historians looking at the 1930's thought the Smoot-Hawley trade war exacerbated the Great Depression? You guys are not familiar with that?

Mr. LAREW. Not going to speak——

Senator MCCONNELL. Not in your lane, huh?

Mr. DUVALL. Well, Senator, I may be old, but I am not quite that old, but my grandfather told me it was very difficult.

[Laughter.]

Senator McCONNELL. Well, there were a lot of things that contributed to the depression, but that was widely thought by historians of that particular period as contributed to the economic problems. Not only that we had, but others around the world had. Thank you,

Chairman BOOZMAN. Senator Bennet.

Senator BENNET. Thank you, Mr. Chairman. Thank you to the witnesses for being here. It is very good to see both of you. I want to say to Leader McConnell, before he leaves, the good news is that the product that he has from his commonwealth that he is worried about is of deep concern to States all over the United States of America, and is the lubrication of our democracy in our economy in many ways. I think that a lot of people feel his pain.

I also want to mention somebody that I know Jim Ehrlich, who is from the San Luis Valley in Colorado, who we were celebrating yesterday his retirement as the head of Colorado's Potato Council, where he has fought for years and years and years to open markets for potato growers in our State in Mexico and other places, you know of his successes, you know of their successes.

It is a reminder of why this trade discussion is not academic or theoretical or ideological for our farmers and ranchers. It is something they are working on every single day because it is the only place, at least for the producers in Colorado, where at least in the medium term, we are going to see any growth, which is expanding our export markets for our folks.

It is also not theoretical because we know, as Mr. Larew said, that in the last round of this trade war, according to USDA it cost agriculture $27 billion. The agriculture does not want to be paid as Mr. Duvall said, or Mr. Larew said through these payments, that is not how they want to be paid. They want to be paid because they are producing and they are selling in markets around the world.

My curiosity for you is why agriculture is the focus of our adversaries around the world in terms of their response to trade barriers. Like the ones that are being threatened by the United States right now. Why is American agriculture where they are likeliest to retaliate if that is how we approach it, just as China did the last time, just as we are seeing Canada and Mexico do this time, and is it because they understand how tough our producers have it already one, and two, what it means for families?

Zippy you mentioned a little bit about what it means for families who are at the grocery store right now, already facing higher prices. Could the two of you address that?

Mr. LAREW. Well, in terms of why they are doing it, I think you raise a number of really important pieces. I probably need to speak to the trading partners themselves on exactly the cause, but I think that the impacts that we know are likely to happen, the economic stress, as you highlighted really across agriculture and the dependence that a lot of our, not only value-added products, but also commodities out there are absolutely dependent not only on exporting, but also on being able to receive inputs from a variety of places.

Having that kind of combination of increased costs, for farming and then also lower prices for our products is a double-whammy.

Mr. DUVALL. Senator, historically, we have always been the first one to hit and I think, and this is just my opinion, you asked my opinion, it is the most essential thing in life. We think this cell phone is important. It is the first thing we pick up.

Senator BENNET. Actually, I would like to throw mine and yours in the Potomac River, but go ahead.

Mr. DUVALL. When I retire——

Senator BENNET. That is another topic.

Mr. DUVALL. You know, we think it is the most essential thing, but we cannot even accept what comes out of it if we do not have the nourishment to run our bodies. I think if you look across this country, in most States, agriculture is the leading industry in that State, and it supports the economy of this country and every community across the country.

Senator BENNET. That is well said. That is true in Colorado and I think, as the Chairman said, and as the Ranking Member said, our farmers are feeling stressed for all kinds of reasons already, you know, not the least of which is we have not gotten a farm bill passed, but to add this on top of everything else is the last thing they need.

With the last 20 seconds, I just also wanted to respond Mr. Duvall, to what you said about farm labor. I want to just underscore, you said, it is the number one issue facing the people that you are representing. This is something that we have worked on a long time here, you and I have had a lot of conversations about it over the years, and, you know, I have been very clear that I believe that we need to secure the Southern Border of the United States, and I have been disappointed in the previous administration's work on that. It does not mean that that is sufficient.

We need to figure out how to create a system so that we support our farm workers and we support our producers, and we do not lose these farms and ranches to Mexico, which is what is going to happen if we do not figure it out. Thank you for raising it, and I look forward to working with you and others, the farm workers, to address it. Thank you, Mr. Chairman. Thank you.

Chairman BOOZMAN. Thank you. Senator Hoeven.

Senator HOEVEN. Thanks, Mr. Chairman. I would like to thank both of you for your work and helping us at your end with the year extension, and particularly with the disaster assistance, you both were very important in that effort, and I want to publicly acknowledge that, and thank you. It is very important that we got it done.

Based on both of your opening remarks, I do not know how anybody could not be aware that to get the new farm bill done, we need affordable crop insurance and updated reference prices in ARC and PLC. Would both of you agree with that?

Mr. DUVALL. Yes.

Mr. LAREW. Yes.

Senator HOEVEN. Updated prices in ARC and PLC. Would both of you adamantly agree with that?

Mr. DUVALL. Yes.

Mr. LAREW. Yes.

Senator HOEVEN. Thank you. Regarding tariffs, in the first round President Trump used tariffs to try to negotiate better trade deals for not just farmers and ranchers, but for manufacturers too. Chinese did retaliate and we put in place through our AGA Probes Committee, the Market Facilitation Program. Ultimately, President Trump was able to negotiate a $50 billion deal for agriculture.

I think Mr. Duvall, you referenced how prices were good up until 2022, and they have declined precipitously since then. In regard to tariffs, what kind of strategy would you advise the administration undertaking? You know, what advice would you give Brooke Rollins and our Trade Ambassador and the Administration, President Trump, in terms of how best to undertake that negotiation from an agriculture perspective?

We want fair markets, free markets, but we want fair markets, and we do not have fair markets. Other countries take advantage of us, and we need to deal with it. The President tends to do that.

Mr. DUVALL. That is exactly what we support, access and fair markets. You know, we have the perfect example of what happened during Covid. We have a supply system that supplies food to this country, from our farms to our forks. Any interruption in that system, is going to cause tremendous problems at all levels of all links of that chain, any interruption. We just cannot afford to do that.

During Covid, we said that the workers and the food system was essential. What is essential mean? We got to have it. You got to find some way to exempt it out of it so we do not interrupt it. I grow chickens for a living. When they deliver that chicken, they already know what day is going to be harvested and where it is going to go.

If you interrupt that system, it hurts everything between me and the fork. We cannot afford it, our people will not stand for it in this country and agriculture needs to be identified as an essential—not agriculture, but the food system, which includes agriculture, needs to be identified as an essential part of our everyday lives for every American across this country.

Senator HOEVEN. Mr. Larew?

Mr. LAREW. Thank you for the question, because I think it is a really important one right now. Certainly, the message that we shared the last time we had the tariffs in place and that we would share again, is everyone knows that China is a bad actor in this. Even as the administration was able to kind of achieve the Phase One Agreement and additional kind of benefits there which were really encouraging, we know that they end up falling back on all of those promises.

We would certainly encourage wherever possible that the U.S., who is not alone in having a poor trading relationship with China, to work with allies, to come together to try to address a lot of those challenges. That said, if we know that retaliation is imminent, making sure that through examples that you said, with the market facilitation loan, that we already have plans in place, should we reach that point of retaliation or impact directly on the farms.

That much to Zippy's point here that there is certainty, that there is continuity out there, because too much is at stake to have that disruption.

Senator HOEVEN. I think that is an important point there. I would emphasize, and again, ask both of you both in terms of the disaster assistance and then also whatever programs we need to make sure we keep our farmers in the game while we go through these negotiations to get them better access to markets that we can work closely with you, with the associations, not only Farmers Union and Farm Bureau, but all the commodity groups as we go through that process and your commitment to work together on that.

Mr. LAREW. We would welcome it. Thanks.

Mr. DUVALL. That is our job. Our job is not to be critical of one party or the other, or one President, Administration, or the other President. It is our job to be the voice of the farmers across this country and to express the concerns of policies that being considered, it is our job to do that. I know my friend here and I are committed to make sure that we express those concerns and we will express congratulations when we accomplish something

Senator HOEVEN. And be helpful in the process?

Mr. DUVALL. Yes, sir. We look forward to working with that. Thank you.

Senator HOEVEN. Thank you both.

Chairman BOOZMAN. Thank you. Senator Smith.

Senator SMITH. Well thank you, Chair Boozman and Ranking Member Klobuchar, and welcome both of you to our panel. I think the last time I saw both of you, we were on another panel together at Farm Fest in Minnesota last rainy August. It is good to see you again.

I also just want to take a moment to welcome Mr. Tim Deal to the Committee today. He is a fourth generation Minnesota farmer and is on the Minn-Dak Sugarbeet Cooperative Board and is here today with the American Sugarbeet Growers. Welcome to the Committee.

I also just want to associate myself with the comments that have been made by the Ranking Member and others about the crucial importance of getting on top of issues around farm labor, and of course, the trade conversation we are having. I think it is just vitally important.

I want to focus, if I can for a minute on—I have got to tell you, I am just really concerned about the Trump Administration, DOGE Federal employee buyout and hiring freeze that is happening, and what impact that could have or will have on USDA impact on the food and agriculture sector access to disasters assistance, risk management tools, and ultimately how this could hurt consumers.

For example, just this morning we heard reports about food inspection, food safety inspectors taking the Federal employee buyout, which could result in not having enough inspectors. Minnesota meat processing facilities, you know, understanding Minnesota is a huge producer of hogs and largest turkey producer in the country.

Another example, you know, we have had a lot of reports from Minnesotans, and I think around the country about challenges with staffing at FSA and the NRCS staff at the local offices and what a barrier that is to farmers getting access, having a trusted partner to help them navigate and get the assistance that they need.

I want to just note that last year I worked with Senator Ricketts, with the USDA to get some recommendations back on what we could do better there, and got some good recommendations back. That is a start in the right direction, but I do not want to lose that momentum. I am wondering, could each of you comment briefly on what impact staff reductions in local USDA offices would have on your farmer members, given these offices are already understaffed?

Mr. LAREW. Well, it is already occurring right now. There is a lot of uncertainty out there in those county offices and in spite of the fact that we are the envy of the world in having those USDA personnel in those county offices, that direct connection to farmers and ranchers for the important USDA programs, staffing and the continuity of those operations is a challenge in the best of times, I think, as you were saying.

Right now, that is just being exacerbated. We are even hearing the return to office, we do not have folks who even have an office to come back to.

Senator SMITH. That is right. I have been out of office for years. This has nothing to do with Covid.

Mr. LAREW. That is right. We are hearing those stories and just, you know. One thing that we are leaning into is the fact that the National Department of Union signed a memorandum of understanding with USDA toward the latter part of last year, to look and evaluate at staffing opportunities, if you will, into the future ways to make service better and improve. That does not necessarily mean additional staff, but making sure that the programs that we depend on can function.

Senator SMITH. Exactly. Mr. Duvall, if you would like to comment briefly on this, and I am hoping to get in another question.

Mr. DUVALL. Sure. I will do it quickly. The last two secretaries, Secretary Perdue and Secretary Vilsack, I had extensive conversations about the lack of help in our county offices. As far as meat packing inspectors, we have farmers that want to go directly to consumers, but they have to schedule their meat pack processing two years out. You understand, the cow's going to carry the calf exactly nine months, two years out to be able to get a kill date and harvest date and that is not a good situation. This is just going to compound that situation

Senator SMITH. Thank you. I appreciate it also, you both bringing up the challenges of new and beginning farmers getting into the business, this generational transfer that is undergoing. I also note Mr. Larew, you talking about how it is that in this country today, farmers are keeping only about 15 cents out of every food dollar, pardon me. And are often in the position of buying or selling from monopolies and I mean, I think these things are all related.

I mean, one of the reasons it is hard to get into farming is because of the concentration. One of the reasons that farmers are not making a good income is because they are just not in a strong market position compared to these large conglomerates that are dictating prices, not only from how much they are paying for input costs, but as well as how much they are going to get for that turkey or that beef.

This is something I really respect Senator Grassley for his work on this. I know that this is very important and is an issue of bipartisan interest. I guess no minutes left. If you could just briefly comment on how you see your members being affected by this market consolidation.

Mr. LAREW. Oh, it is across the board. I mean, certainly there are opportunities as a result of that consolidation, and that includes things for direct to consumer as it was noted here.

Mr. DUVALL. Yes. You are exactly right. The pressures that are on small, medium-sized farms, and you recognize yourself, with the advantages of being large, you can buy things cheaper, the pressures even more. The American people love medium, small-sized farm, family farms, and that is what they want to exist and want to be able to buy their commodities from. Everything, time we put a regulation in or something like this, it makes it more difficult for them to stay on their farms.

Senator SMITH. Thank you very much, Mr. Chairman

Chairman BOOZMAN. Senator Grassley.

Senator GRASSLEY. Thank you, Mr. Chairman. Thank you folks for attending. I have been a member of the Farm Bureau since 1956. Before I ask any of you questions, I got a short statement.

Over the last four years, American crop farmers had a year or two of record high net cash farm income, so profitability for maybe one fourth of that period of time. Unfortunately, American farmers have also had to face years of record high inflation under an administration that was largely deaf to farmer's needs.

In 2023 and 2024, net cash farm income dropped dramatically. In other words, roll crop farmers losing money, the stagnant trade policies, lack of ambition to find new markets for commodities and over regulation of the Biden Administration caught up with farmers. Many family farmers in Iowa have faced machinery and land payments with high interest rates farmers have not seen in decades while dealing with steep downturn in commodity prices.

Now, it seems to me that this trend will continue until new markets are created for agricultural products. My first question deals with packers and stockyards. I understand this hearing is focused mostly upon crop commodities, but I would like to take this opportunity to ask you about the Poultry Grower Payment System and Capital Improvement System rule that was finalized under Secretary Vilsack.

I think the rule is badly needed. This rule is meant to provide more transparency for poultry producers under the tournament system and give farmers a fair shake in contracts. To you, Mr. Duvall, and I will have a little different question to Mr. Larew on this subject. Can you speak to how this rule may positively affect producers' bottom line?

Mr. DUVALL. Thank you, Senator. I am a poultry producer for 37 years now, and I have experienced every good and bad event that could happen in the integrated system. We have a system that we describe, and I have heard secretaries of agriculture describe, as nothing more than a modern-day share crop farming system. We know how that turned out years and years ago. It was not good.

We need transparency in the system. Our farmers need that tournament pay to be changed so that they have a base pay, not only for them, but their bankers that are depending on them to make payments and their families depending on them to make a living. That transparency will help us understand—what people do not understand about animal agriculture, especially in integrated system.

When that chicken is delivered to me on my farm, there are three things that go into how it, how it really performs. One is the environment that it lives in, and that is my responsibility, and I have computers and people making sure that it is perfect all time. Matter of fact, my wife all accused me of taking better care of my chickens, than I did my children because they were warmer.

Second is the quality of feed. I have absolutely no control over it. Third, and all of us know, deal with animal agriculture, understand how important genetics is. We have absolutely no control over genetics. Two of the three legs that determine how that chicken's going to perform is not controlled by the farmer, and he should have the transparency to understand what is behind that chicken. Because we all know in animal agriculture, it depends on the age of the mother, how they are taken care of, and the quality of the genetics.

Senator GRASSLEY. Mr. Larew, I come a little bit different on this same subject to you. Could you speak to how changing or removing pieces of this rule may negatively impact poultry producers? I am only raising that question because there might be something coming down the road when you have a new administration.

Mr. LAREW. Well, certainly. We think that the rules should continue to stay in place. I think that to your point here and much kind of building on Zippy's question here, bringing certainty, bringing transparency is absolutely crucial. I think that there are ideas and ways to continue to improve, not only contract growers' issues here and poultry but other sections of the Packers and Stockyards Act that also have room for improving. When we look at transparency, that is true not only in poultry, but also needed sorely across the rest of livestock.

Senator GRASSLEY. Just want to make one final point that I hope you can work hard for E-15 year-round nationwide, because that is going to help commodity prices more than probably a lot of things we can do here. Thank you, Mr. Chairman.

Mr. LAREW. Happy to support.

Mr. DUVALL. We most certainly will.

Senator GRASSLEY. Thank you.

Chairman BOOZMAN. Senator Luján.

Senator LUJÁN. Thank you, Mr. Chairman, and thank you Ranking Member for holding this hearing today and for our witnesses joining us today as well. Mr. Duvall, on its website, the Farm Bureau describes Title IV Nutrition Programs as "reaching all levels of the supply chain from the farmer's growing produce to the grocery store employee who puts it on the shelf". Mr. Duvall, do you agree that Federal dollars invested in the Nutrition Title IV of the farm bill have a positive economic impact on farmers who grow the food being purchased using these dollars?

Mr. DUVALL. I do.

Senator LUJÁN. Mr. Duvall, I just want to take a minute to talk about the history of the farm bill. Since a Nutrition Title was first added to the farm bill in 1973, the year after I was born, farmers anti-hunger advocates, Democrats and Republicans all have come together consistently to pass a farm bill that ensures the food grown by our farmers makes it onto the plates of Americans.

Unfortunately, there are proposals being considered now that would undermine decades of success and disrupt the broad bipartisan coalition that has historically been the key to passing a farm bill. Mr. Duvall, would proposals to cut nutrition programs through budget reconciliation, a move that would impact the baseline of the farm bill, impede the ability of Congress to pass a farm bill that meets our needs in farm country and supports American families?

Mr. DUVALL. Your question is, would it impede it? I would think that would be a difficult conversation, and I think that is the conversation you all will be having. Of course, it is our job to represent all of farm bills. We do know the benefits and we do support the nutrition program, but we also know that there is a way smaller percentage it goes to helping support our food system through farmers to make sure that it gets from one season to the other. That has been way too long of getting some attention of broadening the baseline where my comment started in the beginning.

Senator LUJÁN. Where I will agree, Mr. Duvall, is that there needs to be support for our farmers and ranchers and food producers all across America.

Mr. DUVALL. Yes, sir.

Senator LUJÁN. There is also been a grand bargain, if you will, to work with colleagues and all sides of this to say we should support our farmers and ranchers and we should support nutrition programs.

Mr. DUVALL. Nutrition programs were designed to give people hand up in difficult times in their life. We support that.

Senator LUJÁN. Amen to that, sir, I appreciate that Americans wake up with fresh produce on their tables and cold milk in the fridges due to the hard work and dedication of this country's farm workers as well. These workers are an integral part of our country's agricultural economy and work every day to feed families across America.

The response to that sacrifice has been relentless attacks by this President and others in his Administration due to some of their efforts as we see going on right now. I have raised this with Ms. Brooke Rollins who I believe will be the next Secretary of Agriculture for the United States of America as well. Now, Mr. Duvall, yes, or no? Did you know that the USDA estimates at roughly half of the workforce is undocumented?

Mr. DUVALL. Yes, sir. Our number is 40 percent.

Senator LUJÁN. Do you think our farmers, ranchers, and agricultural operations who depend on that labor will survive when roughly half of the workforce is unavailable?

Mr. DUVALL. First, I would like to say our farmers want a system that they can work within the law——

Senator LUJÁN. Amen.

Mr. DUVALL [continuing]. and have a consistent workforce that is reliable, so they can deliver their crops on time, good quality. In your question——

Senator LUJÁN. Mr. Duvall, what happens if—I will use your number. What happens if 40 percent of the workforce for farmers and ranchers disappears?

Mr. DUVALL [continuing]. it would be devastating to agriculture. You would see farms go out of business, and we could see an interruption in our food system like we saw in Covid.

Senator LUJÁN. I appreciate that, sir. This is an area, Mr. Chairman, I think that we can work on. The strongest bipartisan bills that came out of the house recently was with farm workers, with agriculture, with finding a way to get that done. Unfortunately, we did not get it through the Senate. It is one of those strong tools that I believe that we could look at as well and make sure that we have a stronger system.

We can do it at the same time by investing in border security, we can have strong border security, we can fix a broken immigration system, we can do this in a bipartisan way. You know, first attention should be to what is going to happen to farmers and ranchers when it comes to lowering costs for the American people, when it comes to food, when it comes to making sure that our farmers and ranchers are going to have the tools that they need to be able to grow those crops, collect those crops, keep them strong, keep them moving as well.

I look forward to that as well. Appreciate this hearing. Appreciate your time for being here. To our witnesses, thank you. Mr. Chairman, I yield back.

Chairman BOOZMAN. Thank you. Senator Hyde-Smith.

Senator HYDE-SMITH. Thank you, Mr. Chairman. Thank you to our witnesses for being here. We have so many witnesses that some of you I have already met with, we certainly appreciate you taking your time to come to Capitol Hill because you are truly helping us help you. I want to tell you how grateful I am for that.

You know, as we know, it is no secret that the U.S. economy and farming is headed in a dark direction right now. The U.S. farm economy, the 2023 crop year was bad, 2024 was horrendous and the upcoming crop year is not looking very pretty as well. Farm income has dropped roughly $41 billion over the last two years. The worst decline we have ever seen. Our trade deficit is expected to reach a record high, $45.5 billion for Fiscal Year 2025. This is the deficit that we are looking at.

We used to brag about our trade surplus and we are certainly not in that position right now. Input costs are through the roof, while crop prices are lower today than they were 15 years ago. The Federal Farm Safety Net is not providing adequate support to keep our farmers and ranchers afloat, and I have certainly been pulling the alarm on this because I know the seriousness of this.

Because of this, producers across the country are literally going out of business. In short, U.S. agriculture is just in trouble. When U.S. agriculture is in trouble, when the farms are in trouble, the banks, the retailers, the equipment dealerships, grain buyers, the gins, the textile mill, the transportation business, but more importantly, those who are most in trouble are the ones we feed.

Rural America is definitely in a crisis mode. Partly because Congress has yet to come to terms with the fact that commodity support programs under Title I of the farm bill are inadequate, and they are in desperate need of improving and they have been for a long time. Title I of the farm bill, which is the vital component of the Farm Safety Net, accounts for, listen to this, roughly five percent of the farm bill baseline, five percent, that is all.

When folks say that we need more farm in the farm bill, this is what they are talking about. It is just so essential that we let Americans know the problems that we have and the seriousness of this. You know, we all know that when you stop production, if you shut down all the production on the West Coast of the produce, if you shut down the slaughter facilities of poultry, of our beef packing plants, if you shut down the combines for 30 days, we would have enough food to feed this country for maybe 30 days.

Its consumption is consistent, constantly eating every day of what we are trying to provide, so we have to provide it every day. We are the ones that feed you. Mr. Duvall, would you agree with me that commodity support programs under Title I deserves significant improvement and significant investment?

Mr. DUVALL. I would agree with that, Senator.

Senator HYDE-SMITH. The U.S. farm economy would be in a different place right now if Congress had made these proper investments and enacted a new farm bill a year ago. Would you agree with me on that?

Mr. DUVALL. Totally agree with that.

Senator HYDE-SMITH. That Congress should invest in Title I programs in the next farm bill as soon as possible to prevent today's problems that we are experiencing to get even worse than what they are.

Mr. DUVALL. Would agree with that too.

Senator HYDE-SMITH. Mr. Duvall, as you know, agriculture is Mississippi's number one industry and primary economic driver in our State, as we have discussed earlier in many States. I have recently been hearing that stakeholders across Mississippi and the country are concerned about their future access to crop protection tools and biotechnology products. Without these Mississippi farmers, farmers from all the States that are represented here today, we cannot produce a viable crop.

Farmers in the South are subject to some of the most notorious insects and weeds in the whole world, and they have to overcome this once considered impossible, thanks to these amazing scientific innovations, that the Bureau of Plant Industry and Mississippi State University. There are so many strides that have been made in my lifetime. I have seen yields increase 400 percent because of these strides. We cannot stop this. This is national security.

You think a country will fight a war over oil. You let them get hungry. It is our jobs to do that. I so appreciate the diligence both of you impress on me, that your determination to do that because we are definitely in this together, everybody has to be on board.

In your testimony, you mentioned the importance of sound risk-based science when it comes to approaching crop protection tools. Will you please elaborate on that? Just how much is it at risk if we abandon a science-based approach to regulating crop protection tools and the biotechnology?

Mr. DUVALL. It is absolutely critical that we continue to have faith in the system that provides the science-based tools that we use on our farm. You know, one out of 10,000 products make it to market, one out of 10,000. It takes almost 11 years to get a product to the market.

They got 350 scientists at EPA or whichever department it is, making sure that those things are safe. Our farmers, apply it according to the label because they own, live and grow their families and work on their families, work on that farm where they are applying those crop protection products, so no one is going to do anything to hurt their own family, let alone someone else's and the land that they invested generations and generations into improving it.

If you could look at my farm today versus what it was when my grandfather bought it, which was ditches and gullies and weeds growing on it because of the things we did not do right when cotton was king, you would see that for decades our farmers and ranchers have done the right thing to regenerate their soils. Because mine is a rolling green hill where cows graze now and they have done the right things to grow more with less. They have done the right things to use less crop protection tools to grow more. Everything that we have done has been good for the consumer, for the farm, the land, and also for the environment.

Senator HYDE-SMITH. Thank you so much for your answer. God bless the farmer. Mr. Welch, I believe you are up.

Senator WELCH. Thank you very much and much of what you said Senator Hyde-Smith, I totally agree with. I am so impressed with your testimony. What is so interesting to me, is so many of the things that you said, if we had two farmers from Vermont, they would be saying the same thing.

The other thing that I think is an opportunity for this Committee, we all care on this Committee, both sides of the aisle, about Rural America, you know, Vermont, their dairy farming, vegetable farming, it is the backbone. Those of us who do not farm benefit by those who do farm, and I just want to express my appreciation.

We have an opportunity in this divided country by focusing on the needs of agriculture in each of our areas to try to bring us together because we all do value the farm activity that is different in Vermont than West Virginia or in Georgia.

I just want to go through a few questions. Number one, the right to repair. How in the world, farmers are really good at fixing things, why cannot they just fix whatever it is they can fix? I support right to repair. How about you? That brings cost down, right?

Mr. LAREW. Yes, absolutely. It is cost not only in terms of equipment and the parts and labor for that, but also the time that is often lost in harvest and delays in getting into those repairs.

Senator WELCH. Let me just make a point. You know, the commodity price that we have to deal with in order to make sure there is a safety net is one side, but if we can bring the cost down, that helps as well, right? Because the input costs are less.

Mr. LAREW. Absolutely.

Senator WELCH. Number two, tariffs. One of you was talking about potash. We had a meeting in Vermont, and that is what they talked about. One of our grain suppliers who really works very closely with the farmers, they are going to get hammered if the price of that goes up and we get most of it from Canada. My view on tariffs is do no harm, that should be the starting policy. Would you agree with that?

Mr. LAREW. Absolutely. We are already seeing the effects.

Senator WELCH. Yes. We just should not do that to our hard-working farmers. Also, my understanding is the last time we had tariffs, a lot of our Midwest farmers lost market share to Brazil. That has not come back. Do you see that as a possibility that could happen again?

Mr. DUVALL. Very much so, yes.

Senator WELCH. Well, also, you all talked about how hard it is for young farmers to get involved, and that is certainly true in Vermont. The cost, everything is really, really difficult that we have introduced a bill on farm ownership, the Farm Ownership Improvement Act. What it would do, is allow for pre-approval and pre-qualification process that is in the Farm Ownership Improvement Act that benefits farmers who are starting. You get this pre-approval; it cuts the red tape. Does that make sense to you as an option?

Mr. LAREW. We are definitely in support.

Senator WELCH. Well, I appreciate that. Another thing, the Weather Act, we are getting wild weather. I know you have had it in West Virginia and Georgia. We have certainly had it in Vermont. Big floods in July of 2023, July of 2024 crops got wiped out. We have to have an insurance program. These are vegetable by and large, where the hassles that these farmers had to go through, they had to account for like each type of vegetable. Carrots, how many onions did you lose? How many radishes did you lose? They went by wholesale price when all these farmers sell it farmer's market at retail. Do you think it is time to change that?

Mr. DUVALL. Definitely.

Mr. LAREW. Yes.

Senator WELCH. Well, you guys are doing a great job, I got to say. My hope is that Senator Marshall and I have worked together on a lot of things including this. We have got to take the rhetoric out here. Like for instance, farm labor you mentioned immigration, big issue, very controversial, very political. You know what is very simple? If you do not have farm labor in Vermont, you do not milk the cows and you do not—so you are with us on trying to do something that gives stability for farm labor so that our farmers who absolutely have to have that labor are able to get the job done, right?

Mr. LAREW. Absolutely.

Mr. DUVALL. Yes sir.

Senator WELCH. Well, thank you. You know, another thing, I am going to say this, it is Black History Month and I just want to celebrate it and I know there is a lot of young black farmers who would like to get back on the land. Many families especially in the South, as you know, did lose the foothold that they had. My hope is that we will include folks who have lost their land through historical reasons.

I will not ask you to comment, but I know, you know, any young farmer is a farmer we want to get on the land. Would you both agree with that?

Mr. LAREW. Yes.

Mr. DUVALL. Yes.

Senator WELCH. Well, I got to say, I appreciate hearing from you. I do think the work you are doing has the potential for us to unify and do things that get farmers stronger and our rural community stronger. Thank you very much and I look forward to working with you. I look forward to working with my colleagues. Thank you.

Senator MARSHALL. Thank you, Senator Welch. Well, good morning, gentlemen. It is kind of lonely up here today.

[Laughter.]

Senator MARSHALL. Everyone is out voting and I am sure more will come back in a moment. Mr. Duvall, I want to talk about farmer mental health for a second, and farmer suicide. This is something near and dear to my heart for many reasons.

Over the past several years, we try to go out in the communities doing round tables, trying to connect the dots. The resources are out there to help. I want to back up and just say to all my farmers and ranchers, the pressure is very real. The pressure of losing a fifth, sixth, seventh generation farm to be that person that could not keep the farm together in the family, that is an immense amount of pressure.

Then I think that I wanted to talk about solutions, and I know American Farm Bureau has been out here trying to connect these dots as well on the resources and appreciate the education programs you are doing with the farmers. I am trying to work with lenders out there. The lenders were some of the first people to see the signs and symptoms of depression. I think we are making progress, but it is still tough times in agriculture land.

Mr. Duvall, maybe speak just a second about farmer suicide and what American Farm Bureau is trying to do to help us out in this situation.

Mr. DUVALL. Sure. Our organizations have worked arm in arm to try to bring awareness to this. You know, and this is a difficult subject to talk about, it really is. I did a survey in the Georgia, Florida area and the alarming fact that we heard is that young farmers that farmed, I will try to get you to statistics correctly, because I am going off memory, I think less than 10 years, that 50 percent of them had considered suicide in those 10 years. Fifty percent.

I am a crusty old farmer, when my wife died, I bottled it all up inside, like crusty old farmers do, and they say, we do not talk about our feelings. Well, I was wrong. It is, okay to not be okay, but it is not okay not to talk about it. We got to get rid of the stigma that goes along with it. The only way to do that is to talk to farmers, make farmers and the families aware to be noticeable of what is going around. Just like you working with the Farm Credit system, because they see them every day.

A farmer in Minnesota, him and his sons ate breakfast one morning together before they went to church. They came back to church, ate lunch together. They talked about some of the issues, financial issues of the farm and before the sun went down, the dad had taken his life——

Senator MARSHALL. My goodness.

Mr. DUVALL [continuing]. that cannot continue to happen. It is a disaster.

Senator MARSHALL. You know, I just encourage everybody to be a good neighbor. Most of us notice when our neighbor suddenly is not going to church or they are not going to a ball game. There is some of those very subtle hints out there that we are all aware of.

Mr. DUVALL. Sometimes all it takes is a text message or go by and pick him up. Take him for a cup of coffee and open up your ears and let them talk. Sometimes that is all it takes.

Senator MARSHALL. Yes, being a good neighbor. Mr. Larew, in your testimony you talked about farmers selling to monopolies. How do we put farmers back in control? Then what else can we do to give the farmer more options? I am sure you have thought about this.

Mr. LAREW. Yes, I absolutely, and I really appreciate the question because the challenges are very real out there. If we look at those who are raising cattle, to selling to the beef market right now it is a whole combination of things, right? It is making sure that first, we are not doing any harm in terms of our trading relations. Making sure that we have the existing resources out there for slaughter and processing continues so that that market flow continues.

At the end of the day, we still have a highly concentrated beef market, for example. This is true across agriculture, where the opportunity for collusion and manipulation of the market is too great. Whatever we can do to reinforce the laws on the books, not necessarily seeking new laws, to enforce our antitrust regulations, and then to also make sure that the Packers and Stockyards Act is truly serving the needs of our farmers and ranchers out there.

I think those are great places to start. We are also starting to invest in additional processing and marketing opportunities. It is a combination of things along the line.

Senator MARSHALL. Great. One thing we have pushed for is to allow beef to be sold across State lines with the State inspection, and trying to provide farmers and ranchers with easier access to the markets as well. Go ahead, Zippy, you got a comment? It looks like.

Mr. DUVALL. Also, in a world of technology, there has got to be a better, more efficient way of doing it rather than the way we are doing it. Make sure that that availability is out there.

These small, medium sized packing houses are under huge pressure to be able to make a profit just like the farmers are. As they get in those positions, they tend to go out of business and then that takes it away from the farmers being able to utilize it. If they become a threat to a larger packer, they just buy them.

Senator MARSHALL. Thank you. Next, we need to turn to the Senior Senator from the great State of Kansas, Senator Moran.

Senator MORAN. Thank you. Nice of you to recognize me, Senator Marshall. I am pleased to be here in my debut hearing as a newest, most Junior Member of the Senate Committee on Agriculture. I appreciate the opportunity to be back fully engaged in this arena.

I just want to raise a couple of things. I would like for you to highlight for the Committee and for the Administration, for the new Secretary, something that we have highlighted to her and others as recently as this morning with conversations with USDA personnel, but the quick implementation of disaster assistance. Just a reminder of why that matters. It is a matter of, needs to be a matter of days and a week or so, not a matter of months or longer. Please briefly tell me why that is important.

Mr. DUVALL. Well, one, we need the secretary placed in her position and we look forward to that because, the sooner we can do that, the sooner we get it out. It is absolutely critical we do this because we have been put in this situation because we do not have a modernized five-year farm bill. It has been kicked down the road two years. We appreciate the extension, but it is not going to solve the problem.

Mr. LAREW. We have already talked about the economic challenges out there. Not a lot that are ongoing, not only looking back, so the need to get that rolled out as quickly as possible is actually paramount. Absolute.

Senator MORAN. My next comment may not be a question, but it is something I want to highlight that you both indicated that you, I think it was you, Mr. President—I guess that does not limit the scope of who I am talking about. the Farm Bureau President, Mr. Duvall, representation, not just to farmers, representation of the communities they live in Rural America.

I mean, I really think this is hugely important to the country as well as to the people who want to raise their families in a place that we all call home. I would highlight that just the things that we face, that you will have policy positions and inputs on. We have talked about tariffs, we have talked about disaster assistance, the tax provisions.

Zippy, you mentioned those in your opening statement. The continuation of those provisions, a new farm bill that just has huge consequences on farmers, obviously, but that is the result of our decisions and outcomes of those debates determines whether or not my hospital doors stay open, there are kids in our schools, whether or not the grocery store exists. For a long time, I have indicated that where I come from, economic development is often whether or not there is a grocery store in town. That requires, when you say that sentence, a lot of explanation, well, why would that be? In the absence of farmers, we lose community banks, grocery stores, the hospital. Those things are important. It suggests to me that we need to have a complete focus on how do we get commodity prices up in addition to getting input costs down.

I would indicate that renewable fuels is an important aspect of this. We are fully engaged in trying to pursue and implement SAF, renewable aviation fuel. Trade agreements, you both have mentioned it is—I would welcome your input on what countries stand out to you that are prime for us to reach a bilateral trade agreement with. I will pause there for that answer.

Mr. DUVALL. First one that comes to mind is India and the Asian Pacific Rim.

Mr. LAREW. Yes, I would absolutely agree with that. I think, you know, implied by your question is also making sure that those existing markets that we have, that we rely so heavily on are not lost.

Senator MORAN. That is a good point. You know, occasionally, I will have someone in Kansas, a farmer perhaps, who indicates let's take care of ourselves. I am all for doing that, but taking care of ourselves, in the case of agriculture means trade, exports, it means markets. My answer has been sometimes, so what 40 percent of acres in Kansas do you not want to plant and harvest? Because we produce more than we can consume, and therefore all the opportunities we need for exports, all the opportunities we need for trade, all the opportunities we need to utilize that, the commodity outcome, the output into other products, including renewable fuels, become all the more important. What am I missing?

Mr. DUVALL. Well, you know, yes, we do need to take care of ourself. If we do not produce that 20 percent of our income comes from exports, what we do when we have a bad year, or we are going to just fall short if we just produce for ourself. That is all. It is critical that we maintain those trade treaties out there because it is a big part of our income and it stabilizes our system in case of emergency.

Mr. LAREW. Maybe just kind of stepping, additionally, on top of that, those domestic opportunities, whether it is investing in those communities with value added products such as biofuels and so forth, those domestic market opportunities have to be continually invested in as well.

Senator MORAN. Thank you. Finally, my conversation with USDA this morning, along with the Chairman of this Committee and the Chairman of the Appropriation Subcommittee on Agriculture, dealt with what we believe to be true is that $560 million worth of food commodities is setting on in ports awaiting the ability to be moved to places where people are starving. While there is certainly a moral component to food aid, I thought it might be valuable for you to remind me if there is a value to farmers.

I remember in the last Trump Administration, I was driving through Kensington, Kansas, grain sorghum piled on Railroad Avenue, Kensington's a town of a few hundred people, elevator along Railroad Avenue, and the grain piled on the ground was as high as the elevator. In addition to trade and exports, what role does food aid play in helping farmers have a better outcome in their economics?

Mr. DUVALL. Any food aid helps in that economic picture for farmers. It is important to realize that we support efficiencies. We want it done in an efficient way and not be wasteful, but we also got to think about the sustainability of our world. I have had the opportunity to have a general's son marry into my family, and he is retired now, but I remember distinctly having a conversation with him, and he says what you do brings more stability to this world than anything else. Because when people get hungry, they get mean and mad, and they get jealous of our country that has everything available to them because of the food system.

Mr. LAREW. Our members certainly recognize both the humanitarian need for that food aid, but also the impact that they can have in terms of bringing stability to our own markets and so forth. Particularly now with a lot of pressure on a lot of those commodities, some of those commodities are at risk should there be major disruptions here to falling even further.

Senator MORAN. Thank you both.

Chairman BOOZMAN. Senator Tuberville.

Senator TUBERVILLE. Thank you, Mr. Chairman, and thanks for holding this hearing. As everyone in this room knows, the state of agriculture economy is in dire straits. We are in trouble. It is not getting much better. Our farmers are struggling. Producers have lost over $40 billion in net farm income since 2022. The current agricultural trade deficit is $45.5 billion. We cannot stay on that same track.

Producers in my State of Alabama and across the country are producing bumper crops, but they cannot break even much less make a profit due to low commodity prices and high input cost, interest rates, inflation. It has been 13 years since reference prices for Title I commodities have been updated, yet the cost of production are not what they were 13 years ago. In fact, they are 30 to 40 percent higher. Our farmers need a new farm bill with a strong and reliable Farm Safety Net to support producers amidst fluctuating market conditions, natural disasters, and skyrocketing production cost. The $10 billion in economic assistance Congress passed in December, was crucial lifeline to keep some producers afloat, and we need to ensure it is implemented quickly.

Mr. Duvall, in your testimony, you discussed the importance of extending the expiring provisions of President Trump's 2017 Tax Cuts and Jobs Act to keep farmers in business. Can you discuss the tax provisions that our producers rely upon the most?

Mr. DUVALL. Yes, sir. I can. One it provided for a reduced tax rate. Most of our farmers are—98 percent of them are operating on our pass-through entities. That is important to them. Section 199A is important to them very much because it preserves a 20 percent business income deduction. Section 179 also needs to be continued. It is called bonus depreciation. It allows our farmers to reinvest in their business so they can meet the goals that country has for us, whether it be conservation, climate, whatever it might be, soil health. We have to have that bonus depreciation.

Then of course, the last one when we spoke about young farmers and the beginning farmers. Estate taxes. Estate taxes need to be eliminated. It needs to be eliminated so that we can continue to pass our farms on for generations to come and make sure we bring stability to our system, our food system. This is something people sweat, blood from to pay for. It is their land, their home, and they want to keep it in production. There is so many pressures on that land staying in production. It is just unreal. This pressure makes it unbelievable when a family person dies and you have to sell part of the farm to pay the taxes. What does that do? It takes it out of production, puts it into houses, or solar panels, or whatever, and it never comes back to agriculture.

Senator TUBERVILLE. Bonus depreciation. Estate taxes. My phone rings off the wall and we need to listen to it, and I am sure the rest of the Senators are the same. Mr. Duvall, the agriculture trade deficit I just said it is $45.5 billion. It is shameful. America has the best farmers and producers in the world. What suggestions do you have to improve agriculture trade and close the gap?

Mr. DUVALL. We got to have new agreements. We got to open up the market. We can compete with anybody in the world as long as we are allowed to use innovation and the research that are, that is coming to our farms. It keeps us on cutting edge. As long as our farmers are led by voluntary market-based programs, we will do anything this country asks us to do if it is led in that direction. We have proven that in conservation by putting over 140 million acres into conservation over the last few decades. That is the size of California and New York State together.

Senator TUBERVILLE. Thank you. Thank you, Mr. Chairman.

Chairman BOOZMAN. Senator Schiff.

Senator SCHIFF. Thank you, Mr. Chairman. I think everyone in this room can agree that American farmers today face deeply difficult challenges; from extreme weather events, never-ending labor shortages, and a looming trade war, just to name a few. These challenges come on top of a job that is inherently demanding and at times unforgiving.

It is Congress' job to ensure that when farmers are faced with the worst-case scenario, they have the tools to weather the storm and eventually rebuild. That is why Congress invests billions each year in Federal crop insurance and disaster assistance programs. While traveling throughout California, I have learned that many of our growers simply are not eligible for the insurance or assistance that they need. California farmers are incredibly resilient, but they deserve our full support as well.

Mr. Larew, can you speak to the challenges that specialty crop growers face when it comes to accessing Federal programs? Perhaps you both could address what steps you think Congress should take to expand access to risk management options for these particular growers?

Mr. LAREW. Well, first of all, I might start with just the investment that has been really appreciated over the years by our specialty crop growers in research for not only opening up new markets, but also making sure that we are managing pest pressure and so forth. That has been a really important investment that we would want to make sure continues going forward.

It is absolutely true that the current risk management tools are really limited for these high value crops. It just does not often make sense even when there is a policy available. I do think whether it is growers in the Central Valley, or it is fruit and vegetable growers across the country looking for additional ways to improve existing programs to make it work better for especially to crop growers is going to be an important part of making sure that all of our producers can manage their risk.

Mr. DUVALL. Yes, and I agree with Rob here, and I will reiterate that any farmer out there that is putting a crop in the land, and depending on the good Lord, to giving you things to grow it with and with the markets like they are, deserves to have some risk management program.

Now, the difficulty comes of making it very complicated. The smaller the farm it is, the more complicated, it is more difficult it is to do, it needs to be simplified for those people. A lot of people just not going to go do it because it is just too difficult. They are in the field working, and these are a lot of these farm-to-table, farm-to-market people. They deserve a shot to be able to have that risk management, too.

Senator SCHIFF. Well, I appreciate that very much. I was visiting citrus growers in the Central Valley just this past weekend. We talked about a number of issues including the one I raised. We also talked about how California citrus groves are being affected by the bacterial infection called HLB. This has obviously been devastating to citrus growers in Florida and elsewhere.

It was interesting for me to learn about the work that is being done, the research that is being done, the investment that is being made in a certain species of wasp that is a natural predator to the insects responsible for spreading this disease. This is a great part of the solution. I wonder if you both could address how investments in agriculture research are also key to making sure that the farming community succeeds.

Mr. LAREW. Yes, sir. Whether it is through our land grade institutions or through USDA agencies themselves, it may be safe to say we cannot over invest in research. I think you just hit on a couple of key points to drive home. That is not only those kinds of existing pests, but emerging threats as well. Whether it is looking for ways to combat that and making sure that we are innovative in our approach. That investment's critically important, and making sure that we are removing barriers wherever possible.

Mr. DUVALL. Totally agree with what he had to say, everything he said. You know, the alarming thing to me is if we look around the world in comparisons to China, they are spending $3 to our $1 in research and development. Research and development, and innovation keeps us on the cutting edge and being able to keep our food system supply secure.

Senator SCHIFF. Well, I thank both you, gentlemen. Mr. Chairman, I look forward to working with you to make sure that the specialty crop farmers can access insurance and assistance, that we keep the marketing programs strong and well-funded, but that we also continue that investment in research. We could easily lose billions to these bacteria. Millions in research to save billions in crops is a really good investment. I thank you, Mr. Chairman, and yield back.

Chairman BOOZMAN. No, thank you. Those are excellent points. Okay, good. Thank you all for being here. This has been excellent. Let us take a second and get our second panel up. You guys are discharged.

Mr. DUVALL. Can we say thank you, again?

Chairman BOOZMAN. Yeah, thank you.

Chairman DUVALL. Thank you very much, and all of you, you are invited to our national convention next year in Anaheim to celebrate a new farm bill that you are going to pass.

Chairman BOOZMAN. Very good.

[Recess.]

Senator HOEVEN. [Presiding.] Okay. Let's rock and roll. Or as our Chairman would say, the Committee will now reconvene. I am going to start with an introduction, and then I am going to call on Senator Tuberville for an introduction, and then Senator Moran. By that time, Chairman Boozman likely will be back.

We have got a quorum call going on right now. I think we have established the quorum, so hopefully that is covered. Then we do have another vote, and actually we have the Vice President coming up, who is probably here by now, regarding budget reconciliation, some other things. Just so you understand, there is a lot going on right now. It is a little chaotic, but that does not take away from how much we really appreciate all of you being here. Your expertise is vitally important. The commodity groups that you represent are critically important, not just to our farmers and ranchers, but our ability to make good farm policy here. Thank you so much for taking the time, and making the effort to be here. We want you to know how much we appreciate all of you.

I am going to start out with introducing Josh Gackle, who is chairman of the American Soybean Association. Now, he actually farms near Kulm, which is fairly famous because it is the hometown of Angie Dickinson, although now maybe it is more famous for Josh Gackle. I do not know. I think he should live in the very nearby town or farm closer to the very nearby town, which is Gackle, North Dakota. He is closer to Kulm. Obviously, grows soybeans, 2,800 acres of soybeans, but also corn, wheat, and barley. He, for eight years, led the North Dakota Soybean Growers Association, and did an outstanding job. He is doing an outstanding job as chairman of the American Soybean Association.

I actually had him at a field hearing at Grand Farm, which is near Fargo, North Dakota. Our great Chairman, Senator Boozman, came out for as well as the Ranking Member, Senator Klobuchar, and also Senator Tina Smith, who is on this Committee as well. Josh testified, did a great job, and appreciate so much you being here, again, and all your work on behalf of your fellow farmers.

With that, I would like to turn to Senator, Coach Tuberville.

Senator TUBERVILLE. Thank you, Assistant Chairman, I guess you would call it. Soybeans in North Dakota.

Senator HOEVEN. Yes, Cass County's the number one county for soybeans in terms of volume of soybeans growing in the country. More than even Alabama.

Senator TUBERVILLE. I have never been invited up there.

Senator HOEVEN. Well, you are invited. You are invited right now.

Senator TUBERVILLE. Thank you. Today, I am proud to introduce Mr. Garrett Moore from Chancellor, Alabama. Garrett's a proud fourth generation farmer in Alabama's Wiregrass Region, which is the Southeastern part of the State. He is also a proud veteran of the U.S. Marine Corps, having served as an infantryman for four years, some of that overseas in Japan and near the DMZ of South Korea.

After completing his military service, Garrett wanted to return to his roots and farm in LA, that is Lower Alabama. He currently farms nearly 1,500 acres of peanuts, cotton, corn, and cattle with his father across Southeast Alabama. Garrett is chairman of the Coffee County Young Farmers Association, Alabama Row Crop Farmer of the Year recipient, and part of the Southern Peanut Farmers Leadership Academy. I am grateful for the hard work Garrett has done to produce food and fiber for Alabama, and advocate for our young farmers, and also being an Auburn Tiger fan, War Eagle.

Garrett, thanks for being here today.

Senator HOEVEN. Thank you, Senator Tuberville. Senator Moran, from the great State of Texas—Kansas.

[Laughter.]

Senator MORAN. They are both great States, but one is better than the other.

Good morning. I thank the Chairman for allowing me the opportunity to introduce a Kansan who appears with all of you on this panel. Amy France is a native of Leoti, Kansas. Population 1,475. Made me think of Hee Haw, salute my hometown. You all are too young to remember Hee Haw. I watched RFD TV on Sundays and Saturdays. That county that Leoti is in is Wichita County and population 2,152.

My point is that Amy lives in a very rural part of Kansas. She found a love. She did not grow up on a farm, but she found a love for this industry called agriculture. After meeting her husband, Clint, together they operate the French Family Farms near Scott City, growing sorghum, corn, and wheat, and raising cattle with their children and grandchildren, farming alongside her family, five children and two grandchildren. Her family's been a priority for Amy, and she has been instilling—and I have met her children—instilling Kansas values in her children and an understanding of what it means to be good stewards of their land.

They share the produce that they grow on their farm with their community. Amy has stated how she is focused on being, "A better farmer, not just a bigger farmer." Amy has long been a leader in agriculture with her roles on the Local Farm Bureau Board, and the Young Farmers and Ranchers Committee of Kansas Farm Bureau. She is also the first woman elected to the National Sorghum Producers Board of Directors. She is a leading voice for our Nation's Sorghum Producers. That culminated in her appointment as chairwoman of the National Sorghum Producers just this last August.

She also worked at the First National Bank in Scott City. That is the area, big town population 3,931. She worked there for a decade giving her a background in Kansas Community Banking and insight, how those two relate, how that relates to agricultural lending, and how we strengthen family farms with this market uncertainty, high production costs, the drought we have had in our State. Amy's consistent advocacy for disaster relief and crop loss assistance has made her a key voice for a fight for a better agricultural economy.

Mr. Chairman, I thank you for conducting this hearing, and I thank you, Amy, for fighting for our nation's sorghum farmers. Thank you.

Senator HOEVEN. Thank you. Senator Moran, from the great State of Kansas.

Senator MORAN. Thank you, Mr. Chairman, of South Dakota.

[Laughter.]

Senator HOEVEN. We go back and forth as to who is the number one wheat producing State, Kansas, or North Dakota, on a regular basis. We work together a lot.

Okay. Let me acknowledge all of our witnesses here today again. I do want to thank you for being here on this panel. We have Mr. Nathan Reed, who is the on the Board of Directors for the National Cotton Council from Marianna, Arkansas. Thanks for being here. Mr. Kenneth Hartman, Jr., President of the National Corn Growers

Association. Good to visit with you yesterday in my office. Thank you for being here. He farms near Waterloo, Illinois.

Mr. Keeff Felty, thanks for being here. President National Association of Wheat Growers, from Altus, Oklahoma—not North Dakota, Kansas. Now, we have been all that bragging about our wheat. Are you close to the Kansas border?

Mr. FELTY. No, I am in southwest Oklahoma.

Senator HOEVEN. Oh, okay. Mr. Chris Engelstad, President of the National Barley Grows Association, from Fertile, Minnesota. Good to have you here. Certainly, know where that is. Ms. Amy France, Chair of the National Sorghum Producers, Scott City, Kansas. Of course, Josh Gackle, who I introduced a minute ago.

Mr. Garrett Moore, member of the U.S. Peanut Federation from Chancellor, Alabama, as we heard. Mr. Tim Deal, Vice President of the American Sugarbeet Growers Association from Doran, Minnesota. That leads us to Mrs. Jennifer James, Board of Directors, USA Rice, Newport, Arkansas. I know how excited our Chairman is to introduce both you and Mr. Reed and I see how he is bookended this deal, which does not surprise me a bit because he is the guy that knows how to cover all the bases.

With that, I would turn back to our Chairman, Senator Boozman.

Chairman BOOZMAN. [Presiding.] Thank you, Senator Hoeven, very much for your help.

Senator HOEVEN. I did mention that inadvertently that I said—when I introduced Senator Moran, I said the great State of Texas. Inadvertently, I was thinking about my wife. She is from Texas, and I think he is still a little upset about it. Hopefully——

Chairman BOOZMAN. I bet.

Senator HOEVEN [continuing]. you can give him some special dispensation as a result.

Chairman BOOZMAN. I bet. Being from Arkansas, I understand why he would be upset if he was introduced from Texas.

[Laughter.]

Chairman BOOZMAN. Let me just introduce the, again, add a little bit extra to our Arkansas folks. Nathan Reed, a great Arkansan hailing from Marianna, located in the heart of the Mississippi Delta Region. Nathan and his wife, Kristen, and their four wonderful children grow cotton, rice, corn, and soybeans. Nathan currently serves on the Board of Directors for the National Cotton Council. Back in Arkansas, he serves as an Executive Officer with the Arkansas Agriculture Council, and serves on the Arkansas Plant Board, which is a thankless job.

Over the years, I have had the pleasure of getting to know Nathan, listening to his experience and challenges that he faces, he and his family. You will find him to be resourceful, resilient, and a wealth of knowledge when it comes to farming. I look forward to hearing his testimony as he represents farm families across the cotton industry. Again, thank you, Nathan, for making the trip.

Jennifer James. We are very honored to have her. Jennifer's a fourth-generation farmer from Newport, as was mentioned earlier, Arkansas, where she and her husband, father, and son, grow rice, corn, and soybeans on their century farm. As an active member of USA Rice, she serves on the Farmer's Board of Directors, the Farm

Policy Task Force, and a number of other committees within the organization.

Jennifer's many accolades are a small testament to her impressiveness as a farmer. She has been recognized as the 2017 Field-to-Market Farmer of the Year, the 2019 USA Rice Farmer of the Year, the first-ever woman elected to serve on the Riceland Board of Directors, and 2023–2024 Outstanding Alumni of the University of Arkansas, Dale Bumpers College of Agricultural Food and Life Sciences. She has also lent her expertise on the EPA Agency's Farm, Ranch, and Rural Communities Federal Advisory Committee. Also, we look forward to your testimony and thank you for being here.

Thank all of you for being here. One of the things that I thought was really important, Senator Klobuchar and I thought was really important——

Senator KLOBUCHAR. Yes, we did.

Chairman BOOZMAN [continuing]. was trying to establish the fact that the situation that the farm community's in right now. That is really why we wanted to get you here, and we look forward to your telling us what is going on in the farm, the challenges that you face, so that we can continue to try and figure out working together. The nice thing about agriculture is it is not about Democrats and Republicans. It is very bipartisan trying to figure out a path forward with some of the challenges that you all are going to be talking about and some of those that were expressed by our two previous witnesses.

Let's start with you, Nathan.

STATEMENT OF NATHAN REED, BOARD OF DIRECTORS, NATIONAL COTTON COUNCIL, MARIANNA, ARKANSAS

Mr. REED. Well, thank you. I want to thank the Committee for the opportunity to testify and share our story.

I am Nathan Reed from Marianna, Arkansas. My wife, Kristen, and I farm 9,200 acres of cotton, corn, soybeans, and rice. I am blessed to farm in the Arkansas Delta, where we produce high quality cotton with yields that surpass many areas of the cotton belt. Despite vast technological improvements, it is impossible to yield our way out of this current economic crisis. I have grave concerns about what the future holds for me and for other farm families across the country.

I personally know producers who have spent their entire lives farming, but may not be able to secure operating loans this year. My equity is depleting every year. My children love growing up on the farm, and one day I would love nothing more than for them to join me in this business just as I was able to join my father. Unfortunately, considering the current economic climate, it is hard to imagine such a possibility.

Our industry understands that we must look inward to address many of the current challenges. There are some problems that congressional leaders may not be able to solve. We must work with the companies that supply our inputs to get production costs more in line with our global competitors. We must also find innovative ways to increase the demand for U.S. cotton.

We are grateful to Congress for providing the $31 billion in economic and disaster assistance for producers this December. We must recognize that even timely delivery of economic relief may not be enough to save some producers. To prevent farms from failing, producers need the multi-year certainty that only a new farm bill can provide. We must ensure that any new legislation will take effect in the 2025 crop year.

I commend Chairman Boozman for offering a farm bill framework that addresses many of the National Cotton Council's top priorities by advocating for a significant increase in the PLC reference price, and improved access to individual and area-wide crop insurance products. We hope that the next farm bill will also modernize USDA's marketing assistance loans for both upland and pima cotton, and provide increased support for the U.S. textile industry.

I would like to thank Chairman Boozman for recommending increases to commodity title payment limits. A higher PLC reference price would likely do more than any other single farm bill reform to reassure farm lenders. Cotton costs of production today are roughly 25 percent higher than support levels are in the 2018 Farm Bill. The bankers I speak with do not want to rely on last minute temporary aid from Congress. Instead, we all want long-term solutions.

In closing, my wife, four children, and I, live and work in the Arkansas Delta where agriculture is the lifeblood of the local economy. Any of us who are parents know the obligation we have to protect and provide for our family. If Congress does not act quickly to provide an adequate safety net, I will be forced to answer a few very difficult questions; am I putting my family's future at risk by continuing the tradition of farming? What happens to my local community without the backbone of agriculture? Perhaps an even bigger question, what happens to our country if we lose our ability to produce the food and fiber we need? That is not an exaggeration. It is questions that I and many others producers are asking.

Thank you for the opportunity to testify, and I would be pleased to respond to any questions.

[The prepared statement of Mr. Reed can be found on page 75 in the appendix.]

Chairman BOOZMAN. Thank you. Mr. Hartman.

STATEMENT OF KENNETH HARTMAN JR., PRESIDENT, NATIONAL CORN GROWERS ASSOCIATION, WATERLOO, ILLINOIS

Mr. HARTMAN. Thank you. My name is Kenneth Hartman, Jr. I am a fifth-generation farmer from Waterloo, Illinois, where my family, and I, including one of my daughters, operates a grain farm. I am serving as President of the National Corn Grows Association. Today, I would like to focus on challenges in the farm economy, the need for a strengthened farm bill, and additional actions in Congress that can take this year to support corn growers.

The United States is a corn producing superpower growing about one-third of the corn in the world. Despite record setting productivity, the value of corn production has dropped substantially, but costs have not. The average corn price farmers receive in the market has declined by 40 percent from 2022 to now. Comparatively, the average cost to produce corn has only declined by just six percent.

A major component of the cost of production of corn is fertilizer, representing about one third of the operating cost. Although fertilizer prices have declined from 2022's peak, costs remain relatively high. An average American corn farmer is facing losses over $160 per acre of corn for their crop year 2025 coming on following losses over $100 per acre in both 2023 and 2024.

Sustained high input costs and dropping commodity prices leave American farmers in a vulnerable financial position. Corn growers appreciate those who work hard to include an agriculture provision in the American Relief Act. We are working to ensure that the timely implementation of economics and disaster assistance programs. Once the aid is received, it will be appreciative of by growers, particularly by those who have faced steep financial strains from the recent years of crop and revenue losses.

As we look ahead, further action is needed to improve the Farm Bill Safety Net Programs, and market outlook. Corn growers are disappointed that the solution for nationwide year-round E–15 was ultimately not included. It would come at no cost to the Federal Government and would boost the corn economy. We appreciate the champions on Capitol Hill, including Senators Fischer, Klobuchar, and Ernst, and several Members of this Committee who continue to lead on this important issue.

As a grassroots association, we have worked to prioritize policy recommendations for a farm bill. Our priorities include; protecting Federal crop insurance, strengthening the producer safety net, bolstering U.S. international markets and development efforts, supporting voluntary conservation programs, and championing initiatives important to Rural America.

Many of these priorities reflected in the Senate framework that was released last year. A new farm bill with improved safety net programs is overdue. Congress can strengthen existing USDA programs through strategic investments and policy enhancements. NCGA would like to see this process move forward in a bipartisan manner for a farm bill to be signed into law as soon as possible.

NCGA recently released a report where we identified six key targets for enhancing competitiveness of corn. These actions include developing new foreign markets, expanding consumer access to higher blends of ethanol, fueling innovations in a new uses research, ensuring sensible regulations, and extending key Federal tax provisions. This is a roadmap to establish an environment in which farmers can be innovative, productive, and profitable.

In closing, we would look forward to working with you to confront the current and engaging issues impacting businesses, families, and rural communities.

Thank you for your support of the American Farmer.

[The prepared statement of Mr. Hartman can be found on page 80 in the appendix.]

Chairman BOOZMAN. Thank you, sir. Mr. Felty.

STATEMENT OF KEEFF FELTY, PRESIDENT, NATIONAL ASSOCIATION OF WHEAT GROWERS, ALTUS, OKLAHOMA

Mr. FELTY. Chairman Boozman, Ranking Member Klobuchar, and distinguished Members of the Senate Agriculture Committee, thank you for the opportunity to testify, provide a wheat producer perspective on the agricultural economy.

My name is Keeff Felty. I am a farmer from Altus, Oklahoma, where my family and I farm wheat, cotton, and pasture land. In addition to being a fourth-generation farmer, I currently serve as the President of the National Association of Wheat Growers. NAWG is a federation of 20-State wheat grower associations. Today's hearing is important as the Committee works to reauthorize the farm bill and address the challenges facing the agricultural economy.

As I enter my 40th year in farming, the agriculture economy is facing a severe downturn, the likes of which we have not seen since the early 1980's. NAWG greatly appreciates the hard work that leadership and Committee Members played in getting economic and disaster assistance signed into law this past December. That assistance is much needed across all of agriculture. However, long-term improvements to the Farm Safety Net must be included as the Committee and Congress work to reauthorize the farm bill this year.

In September, most organizations at this table were in Washington, DC for the first ever multi-commodity fly in where we highlighted the financial pressure building across American agriculture, and urged Congress to pass a robust farm bill that strengthens the Farm Safety Net. The challenges facing agriculture today differ from when the 2018 Farm Bill was enacted. While the Farm Safety Net is a sound network, it must be enhanced to reflect today's realities, increased input cost, high interest rates, and depressed commodity prices have created significant challenges for farmers in Rural America.

In December, the USDA reported farm sector income is forecasted to fall in 2024. When looking at the commodity level changes in farm income, wheat growers experienced a 43 percent decrease in net cash farm income from 2023 to 2024 that marks the lowest level in the last 15 years. These conditions underscore the need for a strong, robust, and meaningful farm bill that provides long-term certainty as we proceed into the 119th Congress.

Crop insurance is the cornerstone of the Farm Safety Net. I use crop insurance on my operation to cover natural disasters. Last year, one week before harvest, our operation saw a devastating hailstorm that destroyed wheat that was otherwise in excellent condition. Crop insurance is a vital component that ensures the viability of my operation, and is the first line of defense against natural disasters. We must work to make crop insurance more affordable as it plays the vital role in sustaining Rural America.

Additionally, the PLC reference price for wheat has remained unchanged and has fallen far short of the cost of production since its introduction. Since the 2018 Farm Bill crop inputs have increased by about 30 percent on average. When our past President testified on this topic in 2023, he stated, "Wheat farmers across the country are currently experiencing high prices, but at an extreme risk." Since then, wheat prices have dropped 37 percent.

In 2025, the USDA forecasts cost of production to remain elevated at $386 per acre, which means wheat growers are projected to lose $96 per acre. NAWG requests the Committee make a meaningful investment in the Farm Safety Net and increase the reference price for wheat. Wheat growers in the United States pride themselves in growing a safe, abundant, and sustainable crop that we consume here at home and export globally.

Thank you for the opportunity to testify today, and I look forward to your questions and working with you on the next forma.

[The prepared statement of Mr. Felty can be found on page 95 in the appendix.]

Chairman BOOZMAN. Thank you. Chris.

STATEMENT OF CHRIS ENGELSTAD, PRESIDENT, NATIONAL BARLEY GROWERS ASSOCIATION, FERTILE, MINNESOTA

Mr. ENGELSTAD. Thank you, Chairman Boozman, Ranking Member Klobuchar, and Members of the Committee for hearing us today.

My name is Chris Engelstad, I am the President of the National Barley Growers Association. I am a fifth-generation farmer in northwest Minnesota. I farm with my parents and my wife Maddie, and we have a one-year-old daughter, Cameron. Needless to say, my family has a lot at stake with the U.S. agriculture economy. As President of the National Barley Growers Association, I represent the perspectives of producers in all the barley growing regions, which is predominantly the Northern Plains, including Minnesota, North Dakota, Montana, Idaho, and Washington, as well as Wyoming, and Colorado.

On behalf of the barley growers, I want to thank you for the Committee's attention to the challenges facing farmers, and for the assistance enacted by Congress in December aimed at mitigating the losses incurred in 2024, and improving the grower's ability to get financing to plant their crops in 2025. We want you to know that these actions are very much needed and very much appreciated. As you are aware, and I am sure it will be reflected in many of these statements here today.

U.S. farm income has declined for the second consecutive year in 2024, and projections for 2025 and beyond are not favorable. USDA reports a 22.6 percent decline in net farm income from 2022 to 2024, and receipts for some crops have plummeted over 40 percent. The trends and outlook for barley are concerning.

The depressed market for barley has resulted in farmers having to hold barley for as long as a year or 18 months before the buyers can even take delivery. Planted acres and production are down significantly. In 2024, barley production was down nationally 19 percent, while production in Montana was down 16 percent, North Dakota was down 48 percent, and in my home State of Minnesota was down an alarming 66 percent. The projections going forward are not good either, as a recent publication by North Dakota State University Extension projects barley prices in North Dakota for the next five years will be below the five-year average from 2019 to 2023.

As prices are declining, production costs are increasing. From 2019 to 2023 barley in particular has increased 23 percent. Production costs have leveled off some in recent years, but still has not come back to where it's toward cost effective. I'm a relatively young farmer and addressing the challenges and barriers for new farmers, that has been an ongoing concern that the agriculture community and policymakers have been grappling with. In times like these, when it is difficult to just be cash positive for the year, new and young farmers cannot build equity or gain access to capital to improve their operations.

The situation for barley is especially concerning as we are losing crop diversity and crop rotation options. As barley production declines, we are also losing barley processing infrastructure. Loss of that infrastructure will make it more difficult for the production return, even if the market conditions improve in the future.

With all the challenges we are facing, it is vital that Farm Safety Net and Risk Management Programs will be maintained and strengthened. Our top farm bill priorities include enhancements to the crop insurance as reflected in the FARMER Act, introduced by Senator Hoeven in 2024, and improvements to farm bill Title I programs, including an increase in the reference prices under the PLC Program. We hope that a new farm bill can be enacted this year, and that bolsters the safety net for farmers under National Food Security.

We also want to take this opportunity to share perspectives on the potential for disruptions to markets due to tariffs and trade disputes. We are proud and appreciative of the domestic beer producers, both large and small, utilize American grown barley almost exclusively. U.S. farmers can also produce more than enough barley to meet domestic demand, and barley growers and consumers benefit from exports of barley to Mexico, which is their top export market. Mexican beer producers purchase U.S. barley and produce their brand, then they are exported back to this country for U.S. consumers. Growers, companies, and consumers benefit from a smooth tariff free flow of goods, and we urge support for policies that promote fair and beneficial trade between U.S. and Mexico.

Thank you, again, for the opportunity to testify today and provide our perspectives, and for your continued support for American farmers. We also hope you can join us this evening. We have a reception in the Cannon Caucus Room called the Barley Brews and Boots Reception with the Beer Institute and industry partners, and we will have a wide selection of beers made with a bunch of U.S. barley.

Thank you.

[The prepared statement of Mr. Engelstad can be found on page 108 in the appendix.]

Chairman BOOZMAN. Very good. Thank you.

Mr. ENGELSTAD. Absolutely. All is welcome.

Chairman BOOZMAN. Yes. Amy.

STATEMENT OF AMY FRANCE, CHAIR, NATIONAL SORGHUM PRODUCERS, SCOTT CITY, KANSAS

Mrs. FRANCE. Thank you, Chairman Boozman, and Ranking Member Klobuchar, for the opportunity to testify today.

My name is Amy France, and I farm alongside my husband and our oldest son. We raise grain, sorghum, corn, and wheat, and black Angus cattle in the best State of Kansas. I serve as the Chair of National Sorghum Producers, and I am honored to represent many family farms here today. My 12 years in rural banking industry and firsthand experience with the very real financial challenges of farming in the current environment have allowed me to develop an in-depth understanding of the importance of economic stability for farmers.

The current problem is quite easy to sum up. We are facing weaker crop prices, high cost to production, and a stubborn weather pattern that has been brutal. This has made me even more appreciative of the work that this Committee so carefully does, and we need to finally get a stronger Farm Safety Net in place.

Many row crop farmers have been operating under bleak economic landscape, and projections for the coming years have not improved. In normal years, farming is a high stakes model within margins. Right now, we are bleeding resources and capital, and we simply could not survive without assistance from Congress.

Sorghum is an important staple crop grown in harsher environments due to its efficiency and resilience. Unfortunately, drought has gripped 71 percent of the sorghum makers in 2023 and 2024, and these years are also among the hottest on record.

While sorghum is tough and water efficient, it is not weather immune. Many farms have experienced diminished production. On top of all of this, since 2019, cost of production for sorghum has increased by an average of eight percent year over year. In 2024, sorghum farmers lost roughly $178 per acre, resulting in a loss of $1.5 billion in net farm income.

From a farmer's perspective, 2025 appears to be just as grim, if not more so. Disaster and economic assistance have been a lifeline, bridging short-term gaps for farmers, many of whom would not have otherwise been able to continue farming. We thank you for that. However, we need to move beyond short-term ad hoc relief. Farmers desperately need the improved long-term stability only a multi-year farm bill provides, with predictability and certainty for producers and lenders alike.

PLC reference prices are our highest priority, and they need to be raised to account for cost starting in 2025 and beyond. Additionally, we recognize the critical role ARC programs play the proposed improvements in the program introduced in the 2024 House Agriculture Committee last year provided meaningful improvements with a higher base reference price and expanded band of coverage. Updating and strengthening Title I program for farm families is absolutely essential, and I look forward to working with this Committee toward that critical goal.

While Title I is critical to provide assistance when market returns are below the cost of production, crop insurance is the cornerstone of tailored in-season risk management for our farmers. NSP supports higher coverage and cost assistance for SEO, and we support Senator Hoeven's bill to help close deductibles by incentivizing higher levels of coverage.

With that, I do need to mention quick two things for consideration. First, ratings must be reviewed to ensure we are not driving planting based on insurance. Second, along the same lines, NSP recommends establishing a floor price election for sorghum at no less than for corn.

I thank you very much for this time. I appreciate all of the work that you put into this day in and day out. I look forward to getting a farm bill in 2025. Thank you.

[The prepared statement of Mrs. France can be found on page 112 in the appendix.]

Chairman BOOZMAN. Thank you very much. Josh.

STATEMENT OF JOSH GACKLE, CHAIRMAN, AMERICAN SOYBEAN ASSOCIATION, KULM, NORTH DAKOTA

Mr. GACKLE. Good morning, Chairman Boozman, Ranking Member Klobuchar, Senator Hoeven, and distinguished Members of the Senate Agriculture Committee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding producers' perspectives on the agriculture economy.

My name is Josh Gackle. I am a soybean farmer from North Dakota. I also have the privilege of serving as Chairman of the American Soybean Association this year. We represent U.S. soybean farmers across 30 main soy producing States.

For U.S. soybean farmers, there are many unknowns ahead. Commodity prices are down nearly 50 percent from highs experienced three years ago, and farmers still face elevated prices for land, seed, fertilizer, pesticides, and other inputs. Many threats and challenges are market-driven, but Congress has significant opportunities to impact either positive or negative farmers' concerns.

My full written testimony offers six policy recommendations for the Committee to consider, but I will briefly cover the major issues our industry faces today. Soybeans are our country's largest export commodity, and farmers are deeply concerned about growing threats to soy markets both at home and abroad. Just this weekend, the administration announced tariffs now delayed for 30 days that if ultimately put into place, will cause an unnecessary trade war with Mexico, Canada, and China, three of our largest agriculture trading partners, and I want to emphasize the U.S. soybean industry is still dealing with long-term negative impacts from the last trade war in 2018.

Retaliatory tariffs from additional actions taken by the U.S. could threaten foreign market access even further. Compounding matters, South America's soybean producers are primed to meet any international demand resulting from new trade disruptions, and U.S. exports could be permanently replaced.

When threats arise in our export markets, U.S. producers look to domestic markets to cushion the blow. However, uncertainty surrounds Federal policy, impacting domestic markets for soybean oil, both for food use and biofuel production.

Increasing rhetoric is perpetuating unfounded claims about supposed detrimental health impacts of soybean oil and other seed oils. That false narrative and threats to ban these products from domestic food use raise questions about U.S. soybeans farmers continued access to this market. Removal of the edible oils market would cause an immediate and significant decline in soybean oil prices. Domestic biofuel production offers opportunities for growth if policies related to the renewable fuel standard and the 45Z clean fuel production credit are supported and shaped to enhance the role that U.S. agriculture plays in fueling America.

When the biofuel industry was poised for an exciting moment of expansion, lower than anticipated RFS volume obligations stunted growth triggered a decline in the price of RINs and led to biofuel production facilities closing in the Midwest. Further delayed guidance on the 45Z tax credit, paired with a calculation system that currently affords higher credit prices to non-agriculture feed stocks added additional downward pressure on soybean oil prices. High levels of non-agriculture feedstock imports have displaced domestic soybean oil and biofuels, an issue that we will continue to face without needed policy changes.

Access to pesticides remains a threat to U.S. farmers. As the Environmental Protection Agency continues reviewing uses and new approvals. EPA's Pesticide Program faces major challenges and very few products have been approved over the past several years. In addition, proposed restriction on legacy products threaten to take away vital tools that growers have used responsibly in their operations for years. Pesticide prices are also elevated, and the price tag could increase even more with tariffs and any resulting trade disruption.

Finally, a new farm bill is long overdue. As I outlined in my written testimony, the economic situation facing farmers is dire. The 2018 Farm Bill did not meet the needs of soybean farmers during the trade war. ASA appreciates the work that this Committee has done laying the groundwork for a new farm bill, and we recognize the political intricacies involved in completing a bill this year.

However, for farmers, the need is great, and the time is now, and I strongly encourage the Committee to work in a bipartisan manner as quickly as possible to move a new farm bill forward. One that meets the needs of farmers, ranchers, and consumers.

In conclusion, U.S. soybean farmers continue to face threats and uncertainty, but Congress can help shape policies that bolster soy and all of agriculture passing a comprehensive five-year farm bill, and supporting programs that encourage growth throughout the agricultural value chain, and blocking harmful policies that restrict market access at home and abroad will result in economic footing for all rural economic footing for all of Rural America.

On behalf of ASA, thank you for the opportunity to testify today and provide soybean industry's perspective on the farm economy. We look forward to working with you to shape farm policy in the 119th Congress, and I look forward to any questions. Thank you.

[The prepared statement of Mr. Gackle can be found on page 118 in the appendix.]

Chairman BOOZMAN. Garrett.

STATEMENT OF GARRETT MOORE, MEMBER, U.S. PEANUT FEDERATION, CHANCELLOR, ALABAMA

Mr. MOORE. Chairman Boozman, Ranking Member Klobuchar, and Members of the Committee, thank you for the opportunity to appear before you today to provide the peanut producer's perspective on the agricultural economy.

My name is Garrett Moore. I am a fourth-generation farmer and marine veteran from Chancellor, Alabama, where I operate and own Moore Family Farm. I am honored to represent the U.S. Peanut Federation today. I have witnessed my family's many struggles on the farm over the past 29 years, and I have had heard stories from before I was born that impacted generations of my family.

Since 2020, we have seen supply chain disruptions, inflation on key farm inputs, labor shortages. Prior to 2020, the peanut industry was already experiencing difficult variables such as low prices, much of which was a result of trade issues, a reduced market in China, and non-tariff trade barriers in the European Union. The EU is one of our premium markets.

Since the 2018 Farm Bill, we have seen a substantial increase in inflation. When comparing peanut farmers' 2021 to 2024 cost of production, the total cost increase was 20 percent per ton. Prior to 2021, the peanut reference price of $535 a ton provided an effective safety net for growers. However, the reference price has not been a functional safety net since of 2021 crop year.

The American Relief Act of 2024 brought significant reassurance to the peanut growers by including the agriculture economic and disaster assistance due to economic conditions and also impacts from natural disasters. In the past year, many growers were facing a low probability of obtaining a loan for their next crop year. These funds will assist growers in obtaining financing for the 2025 crop.

The peanut industry is grateful to the Members of Congress who worked to ensure this economic assistance was passed before the end of last year. Unfortunately, there will still be a deficit remaining for peanut farmers. With a current projected return of negative $325 per acre, the farm is still going to have a negative net return of $249 per acre after the economic assistance.

Our farm alone, many of our expenses have almost doubled since 2018. We are seeing no signs of relief in the cost of production area. For example, we need specific fertilizer to sustain nutrient levels in the soil both for the peanuts we are growing and to protect the land for future crops. In the past few years, this increase in fertilizer costs has caused for tough management decisions.

This testament to our current farm economy clearly conveys why we need a new farm bill. Peanut growers, shellers, and buying points all support the PLC program as included in the 2018 Farm Bill, but with a reference price increase. While the 2018 Farm Bills PLC program has been beneficial for peanut growers in the past, the rise in cost of production requires a reference price increase if this program is going to remain relevant and valuable as a Farm Safety Net.

Additionally, U.S. Peanut Federation supports a voluntary base update that includes growers with and without peanut base acres. While the 2014 Farm Bill allowed for base updating for peanut growers that already had base acres on their farms, it excluded many young farmers and new production areas.

I am proud to be an American peanut grower and I am thankful for the opportunity to contribute to our nation's food supply. I hope to continue my family's farm for the fifth generation, which cannot be done without increased support for our industry. Many of the witnesses today are current leaders in agriculture. As a young farmer, I want to be a part of the future of agriculture.

Thank you for allowing me to testify today.

[The prepared statement of Mr. Moore can be found on page 127 in the appendix.]

Chairman BOOZMAN. Thank you. Senator Klobuchar.

Senator KLOBUCHAR. Well, thank you. Two Minnesotans up here in the panel. I know you already heard from one Mr. Engelstad, and I just wanted to thank Chris so much for his work with the National Barley Association. We are so proud of our barley in Minnesota, and I am looking forward to asking you a question. Now coming up Tim Deal, who Senator Smith already mentioned, fourth generation farmer. He serves on the American Sugarbeet Growers Association Board and serves as the Vice President. I will also note that their farm is fourth to fifth generation, right? Not to compete with Mr. Larew, but their farm was homesteaded in 1879. With that, not 1700, so we do not win. I turn it over to Mr. Deal. Thank you.

STATEMENT OF TIM DEAL, VICE PRESIDENT, AMERICAN SUGARBEET GROWERS ASSOCIATION, AMERICAN SUGAR ALLIANCE, DORAN, MINNESOTA

Mr. DEAL. Yes, I thought I had something there for a while. Well, good afternoon, Chairman Boozman, and Ranking Member Klobuchar, and the rest of the Committee Members. Thank you for the opportunity to testify today on behalf of the American Sugar Alliance.

I also want to express my appreciation to Chairman Boozman and Ranking Member Klobuchar for your leadership and commitment to advancing a five-year farm bill. We recognize the hard work that has gone into it, this process, but it is critical that we finish the job this year to provide farmers with the certainty we need.

My wife, Kathy, and I grow sugarbeets on our family farm with our son, Josh, and his wife, Beth, in Doran, Minnesota. I am a fourth-generation farmer, and I am fortunate to be transitioning our farm to the fifth generation. In addition to farming, I am honored to serve as Vice President of the American Sugarbeet Growers Association, and Chairman of the Board of Minn-Dak Farmers Cooperative.

Sugar production is a cornerstone of our rural economy. Eight members of this committee represent sugar producing States, and two represent sugarcane refining States. You know how vital this industry is to our communities. The U.S. Sugar industry supports over 151,000 American jobs across two dozen States, and contributes more than $23 billion annually to the U.S. economy. Americans benefit from a safe, high quality and reliable supply of sugar grown, processed, and refined right here at home.

Our industry has built a strong resilient supply chain, anchored in 90 strategically located distribution facilities across the country. We take great pride in what we built and great pride in producing a record crop this year. Pride, Senators, does not pay the bills. This hearing is timely because many farmers across the country, including sugar producers, are struggling under tough economic conditions. What we need most is a new five-year farm bill to provide certainty for production decisions and financial management of our farms.

The farm bill represents a critical safety net for farm families, mill employees, and processors across the country. Sugar prices have fallen more than 10 percent over the past year, and for years, tight margins have made it harder and harder to stay afloat. Our story is even more complex because our costs do not stop at the farm gate. As farmer-owned cooperatives, we must also cover the expenses at our processing facilities. We are operating under an outdated farm bill that has not kept pace with the economic realities on the farm.

Consider this. The marketing loan rate for sugarbeets has only increased \$4.03 in 40 years, while the rate for raw sugar has increased just \$1.75 in that same amount of time. During that time, 68 bean and cane facilities have closed. Outdated policies put our producers at risk. Without meaningful improvements, many growers will struggle to secure financing to continue operating.

We strongly support the House Agricultural Committee Pass Bill and the Senate Agricultural Committee proposals that would increase loan rates to reflect actual production costs, raise storage payment rates, modernize the beet sugar marketing to improve efficiency and make growing demand direct USTR and USDA to reallocate WTO minimum tariff rate shortfall earlier, strengthen restrictions around the April 1st provision, and direct RMA to develop a revenue insurance policy for sugarbeet producers. These are common sense updates that will provide stability and strengthen the U.S. Sugar Policy for sugarbeet producers across the country.

In conclusion, on behalf of more than 11,000 sugarbeet and sugarcane farmers, along with thousands of employees, and our mills, processors and refineries, we urge this Committee to act swiftly to pass a strong five-year farm bill that strengthens U.S. Sugar Policy and supports all of U.S. agriculture.

We stand ready and eager to work with you to get this done. I look forward to your questions.

[The prepared statement of Mr. Deal can be found on page 140 in the appendix.]

Chairman BOOZMAN. Very good. Thank you. Jennifer.

STATEMENT OF JENNIFER JAMES, BOARD OF DIRECTORS, USA RICE, NEWPORT, ARKANSAS

Mrs. JAMES. Good afternoon, Chairman Boozman, Ranking Member Klobuchar, and the Members of the Committee. Thank you for the opportunity to testify.

I am Jennifer James, a fourth-generation rice farmer from Newport, Arkansas, while I consider myself a rice farmer, first our family farm is diversified. I farm with my father and husband, and recently our son has returned. Words cannot express the absolute joy of having your child share your desire and passion for farming and his dream of continuing our family legacy into the fifth generation. We primarily grow rice, soybeans, and corn. I am proud to serve the agriculture industry as a member of USA Rice and in other various roles.

Today's hearing on the farm economy is extremely important for rice farmers. Rice farmers have been facing a prolonged and perfect economic storm. We did not enjoy the run up in prices experienced by many other crops in 2020 and 2021, but we shared fully in the enormous increases in cost of production. Unfortunately, the Price Loss Coverage Program, the chief safety net for rice, is out of date for our producers.

According to the Agricultural and Food Policy Center, this resulted in an $880,000 loss in net farm cash income per rice farm from 2021 to 2022 alone, with two-thirds of rice farms predicted to have negative margins for 2022. Thankfully, Congress provided vital relief for rice farmers in 2022. These conditions have persisted for rice farmers, and have spread to producers of nearly all crops leading Congress to provide much needed aid for 2024.

Thank you for delaying what would have otherwise been a full-fledged farm financial crisis for many without your action. I know this Committee appreciates that there are still farmers out there who even with this relief, will no longer be farming because the conditions are that bad. There are many other operations that will simply be bridged into the next crop.

Rice farmers must have an adequate PLC reference price, one that reflects the realities of the financial pressures that we face. I know you are working to pass a new farm bill, and I would encourage you to ensure the improved Farm Safety Net is effective for the 2025 crop year. Congress must act to stabilize this fragile situation to protect our food supply, shore up domestic production, and ultimately secure our national security through food security.

As I worked on our budgets for this year, rice is projected to lose $345 per acre in my area. Soybeans are projected to lose over $250, and corn over $280. Nothing in my area pencils out. This is not economically sustainable. Last year I completed my 30th full-time crop, and it was the most difficult year financially that I have endured so far.

This year, I am even more worried about what is to come. Just last week, we had one of the hardest business decision conversations my family's had. "Is farming really worth it?" What scares me is I know that we are only one farm family of thousands who are having these same conversations. I pray this situation turns around, and if it does not, then Congress has the courage to step in. We need assurance for not only the current generation of farmers, but for the next.

My son, he gave up baseball when he was in the ninth grade because he did not want to miss spring planting season. Farming is all he has ever wanted to do, and I want to see to it that he is able to follow his dream. Unless things change drastically without a relevant safety net, farm families will have no choice but to ask for more ad hoc assistance. We cannot continue to head to the field, and plant a crop, and know that we will lose hundreds of dollars per acre. Frankly, it is scary when all you see is red ink.

Farmers, local businesses, and our entire communities are at risk. If rural towns see population decreasing, our schools and hospitals may not have enough people to sustain them. We have all heard the saying, "Hope is not a strategy." Today, I urge you to deliver a new farm bill so we no longer have to hope, but rather we know that we can continue to farm and enjoy what we do; provide food for our fellow man.

Thank you for your time.

[The prepared statement of Mrs. James can be found on page 149 in the appendix.]

Chairman BOOZMAN. Thank you very much. Again, the testimony's being so thoughtful, so compelling. I have had the opportunity to sit through—I guess it is an opportunity, to sit through many, many hours of testimony in the last several years, you know, being on this Committee. It is really interesting, I do not think I have ever heard a more uniform testimony and across the board. You just demonstrate how difficult it is in Rural America right now, doing what you do.

First of all, I want to thank you because a lot's been mentioned about the aid that we were able to get at the end of last Congress. That was this Committee working really hard in a very bipartisan way to get that done. That is great, but we could not have gotten it done without your organization stepping in and really applying the pressure that we needed for Congress to understand how difficult it was. Give yourselves a pat on the back and I think it also really illustrates what agriculture can do when it stands together.

Jennifer, you mentioned it being so tough and yet you had a good yield, just so that complicates things even more. Tell us, if we had in play as you make these tough decisions about continue to farm, you know, what you are going to do, what you are going to plant in the future, all of those kinds of things. Tell us what impact it would have if you had in place a good solid five-year farm bill that you could count on that actually did provide risk management tools?

Mrs. JAMES. Right. I think, Senator, with updated reference prices, as have been mentioned by many of my peers here on this panel, I think it would give farmers confidence. I think it would give our lenders confidence that there was actually a floor out there to plan for and to work toward.

It is definitely just a risk management tool, and for those of us in rice, like you mentioned, we did have good yields and even so that was not enough to help us bridge the financial gap. That five-year contract as we think, you know, look to it, is very important to us. As I stated, would hope that it could be in effect for the 2025 crop year with those updated prices.

Chairman BOOZMAN. Very good. Jennifer's mentioned the PLC. Tell me, would any of you share your thoughts on the role that crop insurance has played in these recent years of depressed prices and extreme weather conditions? What should Congress be considering when it comes to crop insurance as far as trying to make improvement, Mr. Hartman?

Mr. HARTMAN. Well, definitely with these times, obviously when you are putting out a corn crop, you have got a lot of expenses when it comes to fertilizer. We definitely need to support higher levels of crop insurance. You know, I myself take it that 75–80 percent, but I think we need to get to higher levels so we can support because there is a lot more risk there right now when it comes to the costs of putting a crop out.

Chairman BOOZMAN. Anybody else?

Mr. REED. I would add to that, that representing cotton, even though it is a southern crop, it is a very diverse area. You get on the coast and there is the big risk of hurricanes and weather damage. You get West Texas, huge risk of drought. Where we are in the Delta, we have irrigation. Our risk is a shallow loss.

That is why it is so important in the farm bill, either in updated SEO program or the ability for cotton to take out both stacks and participate in the PLC program. Because we are always going to make the yield, our biggest risk is the shallow loss.

Chairman BOOZMAN. Very good. Anybody else? Keeff?

Mr. FELTY. Yes. You know, the crop insurance is the front line of defense. It is the most reactive, it is the most efficient, and we all have a stake in our product and we know where we need to be for our region. Making that more affordable would have a better adoption rate, and it would also help support in the times of true need due to natural disasters. I would like to mention that Senator Hoeven did put out the FARMER Act and it really does address a lot of our concerns.

Chairman BOOZMAN. Very good. Senator Klobuchar.

Senator KLOBUCHAR. Very good. Thank you very much. Well, I will lead off with our Minnesotans here, with you Mr. Engelstad. Could you talk about—several members have mentioned young farmers and ranchers, and all the challenges that they have. Could you talk about how strengthening the Crop Insurance Program could better serve farmers and ranchers, and especially beginning and limited resource farmers and ranchers?

Mr. ENGELSTAD. Absolutely. No, it is definitely a key proponent as a younger farmer because if you do not have that, a lot of lenders will not be able to get you operating loans for the year. That is a big, big thing for all the guys. All my guys that I know of my age, are farmers my age, it is definitely a key component to have that, so.

Senator KLOBUCHAR. Okay, very good. Thank you. Mr. Deal when it comes to sugar, you highlighted that in some of the drafts last year, how Senate—a lot of drafts circulating around, but there were some proposals that would make updates to the Sugar Program. Can you talk about how these proposals will facilitate the long-term stability of domestic sugar production and help to ensure sufficient supplies for your customers?

Mr. DEAL. Yes, I can do that. Within our sugar policy, our loan rate is our safety net. That is all we have. We do not have ARC, we do not have PLC, we also do not have a revenue guarantee in our policy for Federal crop insurance. Those are the main things. You know, we are an importer of sugar, and we are importing 25 percent of the sugar that Americans use here. We need to make sure that we are viable so that we do not get behind and even have to import even more. We need to keep a viable sugar industry here in the United States.

Senator KLOBUCHAR. Very good. Agree. Mr. Gackle, it was great meeting with you the other day. Could you talk about—and I mentioned in my opening, the studies with soy and with corn, when it comes to any potential retaliatory tariffs. Could you talk about what the impacts could be, even with hanging out there and so much uncertainty when it comes to soy?

Mr. GACKLE. Sure. Thank you, Senator Klobuchar. You did mention it in your opening remarks, a total cost to U.S. Agriculture in general of $27 billion looking back on the 2018 trade war. We just use history as a guide and expect that something similar could happen again. The biggest concern with that this year, even with it hanging out there—I mean, you saw Sunday night, if you were watching the markets when they opened before President Trump had announced that a 30-day delay with Mexico and Canada, but the markets were already reacting to a potential trade war and how that might affect us.

For farmers, for me as a farmer in North Dakota, it is not just what might be imposed by Canada or Mexico, but a 25 percent tariff on Canada includes—you know, 87 percent of the potash that we use as farmers in the United States comes from Canada. There is a cost right there.

Senator KLOBUCHAR. That was actually—I used those numbers on a national call the other day that was not about ag, but I put that in there just because of the extraordinary numbers of what it costs for an acre of corn and add for an acre of soybeans.

Mr. GACKLE. Correct. I mean, there is a real risk right there directly. I think it is just important to remember as the Committee considers a farm bill and other types of assistance for farmers, that the margin for error this year in 2025 is much different than 2018. There was in our pocketbooks and in our cash-flow and our working capital on our farms, we probably had a little more room there in 2018, coming out of some good years. This year, things are even tighter. The margin's not there. The risk is even greater. Caution is urged by all.

Senator KLOBUCHAR. Very good. Mr. Hartman, just from the corn perspective, you noted in your testimony that experience shows the lost market share cannot be easily recaptured. Do you want to expand on that a little bit?

Mr. HARTMAN. Well, obviously, the concern is when we look at South America, they keep increasing their acreage on corn production, on soybean production. Every year that increases. If we do lose those, there is countries on tariffs, they are going to just keep buying corn from Brazil or Argentina versus from us is the problem once that starts.

You know, the other thing we have going for us right now in the United States is we have got a good transportation system that actually does need to be improved. They are improving their transportation system every year, so that is going to help them too, as far as economics. I mean, they are advancing every year on us, so we got to stay ahead of that.

Senator KLOBUCHAR. Good point. Mr. Felty, Ms. France, last question here. The 90-day pause in new obligations and disbursements of food aid funding has sown confusion, and is threatening to disrupt the delivery and distribution of U.S. commodities like wheat, rice, and sorghum for those in need.

In previous testimony provided to this Committee, your organizations noted the importance of international food assistance. It is obvious for starving people around the world, but it also means something in the U.S. What will this disruption in food mean for U.S.

shippers, mills and processors and farmers who participate in food aid programs, Mr. Felty?

Mr. FELTY. Yes, ma'am. You know, we have always been very focused on food aid reform, and programs that give out cash or buy from our foreign competitors cause direct harm to American farmers. However, the food aid programs that do buy American commodities are critically important, and we want to make sure those continue to function.

Unfortunately, we have seen a temporary pause on programs like Food for Progress that is stopping more than 200,000 metric tons of wheat valued at over $65 million to our producers from being purchased from this country. You know, we look forward to working with the Committee and President Trump's Administration to keep these purchases from American farmers moving and supporting the rural economy.

Senator KLOBUCHAR. Thank you. Mrs. France.

Mrs. FRANCE. Thank you for the question, Senator. As a Kansan, I am very proud of what we believe the late Senator Dole thought of when he started his work on this and to help the less fortunate. I would just echo, sorghum, certainly for the crops, the U.S. grown crops to be shared. A lot of our sorghum for that goes to Africa, and so we certainly look forward to being able to continue that conversation, but stress that we encourage U.S. crops, commodities, sorghum to be delivered to these countries, not the cash.

Senator KLOBUCHAR. Thank you.

Mrs. FRANCE. Thank you.

Chairman BOOZMAN. Senator Moran, who we are very pleased to have on our Committee.

Senator KLOBUCHAR. I think I see him down there. He is so far away.

[Laughter.]

Senator MORAN. Amy, that is so cruel. Thank you for that entree, because I was thinking that I spent 14 years on the House Agriculture Committee, and I was on three farm-built conferences, and it has now been 15 years since I was on an Agriculture Committee. With your approval, I have 14–15 years of questions this morning for our panelists.

[Laughter.]

Chairman BOOZMAN. The most active Aggie in the Senate not being on the Committee. We are glad that you finally joined us.

Senator MORAN. Thank you. I should make it clear that the Senate rules prohibit me from serving on this Committee because other Kansans, when I came from the House, Senator Roberts was here, and Senator Marshall then after that, and so it took a waiver to get here. I just happened to be in a position this year to get the waiver, and I am really excited and I am pleased to see all of you.

Amy, you were testifying as I walked in the door from voting. Remind me the policy differences between sorghum and other crops that negatively affect planting decisions when it comes time to plant.

Mrs. FRANCE. Well, I do want to say we are happy to have you here, Senator Moran. Because sorghum is so resilient, we are the resource conserving crop. Oftentimes, when it looks as though nothing else can be grown, sorghum gets thrown in the mix because sorghum can produce—as I said, it is resilient. It is not weather immune, but oftentimes we get punished for that because we can tolerate such harsh climate.

I would say that would be the number one concern. It is hard to balance that because we are very proud of the resilience and what sorghum does for a rotation. Yet oftentimes, we are punished for the great things that we can do and can produce a crop regardless.

Senator MORAN. Thank you. Mr. Reed, I was always proud that Kansas, for a long time, was the fastest growing cotton State in the country. Acres. It shares the drought resistance that has been desperately needed in our State. What unique factors to other commodities do you face to make sure that Kansas and other places can continue to be cotton producing?

Mr. REED. Well, cotton is a very resilient crop, similar to sorghum. You can put high inputs into it and yield, or even in certain parts of droughty areas, low inputs, it will still produce a crop. You all have done very well in Kansas and out producing our high input areas in droughty areas. They are very proud of the Kansas cotton farmers.

Cotton is a little unique versus corn and soybeans in that we do not have the underlying domestic consumption of biofuels. Cotton is exported, a large portion of it. I guess right now, we feel like as cotton producers, we are kind of playing against a stacked deck. A lot of times America consumes 25 million bales of cotton. We produce 12 to 14. We feel like we are getting thrown to the world market where our competition does not—and this is true across all commodities, but a lot of times our competition pays less per day than we pay per hour to employees.

We are shipping the same equipment that we are using at a—they are able to use it as substantial reduction in cost with no emissions equipment. We are being asked to compete on this world market, but being held to standards. We are proud of that. I say that we can produce the highest quality, environmentally friendly crop with worker protection safety standards in the world. It has been difficult for us to compete against the world on price.

Senator MORAN. Thank you. It suggests to me one of the things that I am hopeful to be an active participant in the drafting of the farm bill and its discussion, and one of the things that I think that as a Kansan I would bring to the table is the importance of dealing with drought. By that, I mean crop insurance factors features multiple year disasters or something that crop insurance has never been able to provide adequate indemnity. It also means, in my view, conservation practices that can assist in regard to the consequences of drought and research that helps us get the crops that are most capable of resisting and producing during a drought season. Anybody on the panel have any thoughts about drought and the farm bill? Just tell me I have said it correctly and I am happy to move on. No, you do not need to. Amy?

Mrs. FRANCE. I would say everything you said just a moment ago says sorghum. We are very proud of. Again, we are the resource conserving crop, and we are thrilled that that has been recognized. You know, it just gives us the opportunity to speak to what farmers have done for years, continue to be. We are conservationists and the proof is the fact that we have many generation farmers here.

If we did not do the job we did, well, we would not have many generation farmers here today.

Everything you said I am proud to say sorghum fits that resource conserving drought tolerant. As you know, Senator living on top of the Ogallala Aquifer that is quickly declining, water is top priority for us, and we continue to grow a good crop, weather permitting, even in those tough conditions.

Senator MORAN. Mr. Felty, it would be a terrible mistake if I did not talk about wheat and come from Kansas. The Senator earlier indicated we compete with other States to produce the most wheat. Senator Hoeven and I seem to have competition on a number of things, and I wanted to talk about acres planted to wheat.

First of all, to highlight drought. Our Kansas wheat production this year was the lowest production of wheat in Kansas since 1961. That has a significant consequence to our economy. I wanted to hear from you, what policies specific to wheat return, the number of acres, increase the number of acres that would be planted. Price, I assume is the significant component of planting decisions, but how can the farm bill help wheat, in particular, have a rebound in Kansas and elsewhere?

Mr. FELTY. Well, as you mentioned, price is definitely the main driver. In areas where there are other alternative crops in good conditions, wheat unfortunately does oftentimes get replaced in the cropping system. I do know that there is a lot of rotation that wheat is very beneficial especially up in northwest Kansas. Looking toward that to enhance the overall operation and profitability of the farm is definitely something that we are working on.

Senator MORAN. We were on a mission with RMA to get the information necessary to reach the conclusion that wheat can be a cropping rotation plant. My time, my 14 years, 15 years went fast. Sorry I asked Ken McCauley for what question I should ask for corn, and he has given me a question, so I at least want to let you know that I am thinking of corn, but ran out of time to ask Ken McCauley's question.

[Laughter.]

Chairman BOOZMAN. Very good.

Mr. HARTMAN. Well, tell Ken—tell him I said hi.

Senator MORAN. I will do it.

Chairman BOOZMAN. Senator Warnock.

Senator WARNOCK. Thank you, Mr. Chairman. President Trump has proposed tariffs on our three largest trading partners, China, Mexico, and Canada, which have all promised to enact retaliatory measures. We know from recent history that our farmers will be on the front lines of any economic consequences from these retaliatory measures from a trade war. We know this because it is not the first time President Trump has started a trade war that harmed Georgia farmers. We have all seen this movie before.

In 2018, Trump imposed tariffs on China and they retaliated. Mr. Reed, you are on the Board of Directors of the National Cotton Council. Georgia's a big cotton State, and cotton has always been one of our most important exports. What effect did these retaliatory actions have on the American cotton industry?

Mr. REED. Well, I would say yes, they did affect.

Senator WARNOCK. Positively, negatively?

Mr. REED. Well, they affected the cotton industry negatively. We were thankful that his administration did work to provide the MFP payments that kind of offset some of that pain. I guess some positives were, it kind of rearranged the way that cotton is consumed across the world. We did open up new markets was a positive of that.

Senator WARNOCK. Did you gain market share or lose market share?

Mr. REED. We lost market share in China. We gained in other parts of the world.

Senator WARNOCK. What was the net result?

Mr. REED. Well, the net result was we did come up with a phase one trade agreement that hopefully that maybe we can get back. If China was continuing to purchase, that really has not been stuck to.

Senator WARNOCK. A USDA study estimates that American cotton farmers lost 37 percent of their exports to China.

Mr. REED. It fell from 41 percent to 17 percent of the numbers, yes.

Senator WARNOCK. You rightly point out that this was answered by subsidies.

Mr. REED. Yes.

Senator WARNOCK. I think I am right in suggesting that farmers would rather have trade than aid.

Mr. REED. Absolutely.

Senator WARNOCK. Yet we are seeing this movie played out again as President Trump proposes the same failed policies at a time when American farmers are already contending with slim margins. I am glad that Canada and Mexico tariffs have been delayed, and I hope they never go into effect because the farmers I am talking to in Georgia are worried about this kind of uncertainty there.

There is a lot of Republicans and Democrats who disagree on a whole range of things, but I think everyone here would agree that Congress is overdue on delivering a new farm bill. The Chair, and I, and other Members of this Committee have talked about the need to get a farm bill. Many farm bill programs need to be updated, including programs that support Georgia's peanut and cotton farmers.

Mr. Reed and Mr. Moore, you are here on behalf of the Nation's cotton and peanut producers, respectively. Why don't I begin with Mr. Moore? Can you talk about updates the peanut farmers are looking for in the next farm bill? Same thing with cotton.

Mr. MOORE. One of the things we are looking for is updating reference price, and we need a better and a more efficient safety net for us to be more profitable and have more of a safety net to secure us some bad years. Also, the chance to build base acres. I was not around or was not farming in the time when they had the chance to build base acres. You know, I am a young farmer and new into the industry, and I would like to have the chance to build the base acres, acres which would also help us tremendously.

Senator WARNOCK. Base acreage increase and reference prices. Would you like to see it increase in reference prices?

Mr. REED. The most important thing short-term. Obviously, long-term, we would like to open up markets and not have to depend on the farm bill to stay in business. In the short-term, yes, updated PLC reference price would be the most important.

Senator WARNOCK. I agree with that. With input cost remaining high and now the threat of potential tariffs and retaliatory trade war, we need to ensure that the next farm bill adequately increases reference prices and allows more farmers to participate in these commodity support programs. I will continue to fight for that. I will continue to fight for southern commodities like peanuts and cotton in farm bill negotiations.

If we are serious about getting a bipartisan farm bill done, we need to remember that it takes a broad bipartisan coalition to get that done. One that both supports the farmer and the family safety net. I resist this false dichotomy that we have got to either be present for farmers or show up for folks who need security who need basic food security.

I am hopeful that we will move forward in getting a farm bill done and that we would recognize that unserious proposals to cut critical nutrition programs to pay for tax cuts for the super wealthy will not make passing a farm bill easier, it will make it more difficult right at a time that our farmers are going into yet another planting season with so much uncertainty.

I look forward to working with Members of this Committee. The Chairman and I have had many conversations with how we can push forward a bipartisan farm bill. Thank you.

Chairman BOOZMAN. Senator Klobuchar, do you have any other questions or comments?

Senator KLOBUCHAR. No. If you do, go ahead. I am looking forward to talking to you afterward, and I want to thank all of you for being here. This could not be a more critical time, and I am very positive about the working relationship that Senator Boozman and I have. I hope you notice we have a lot of activity on our side, interest in the Committee, and especially with some of our new Members. We are ready to work with all of you. I thank you for appearing before us today.

Chairman BOOZMAN. Yes. Thank you a bunch. It has been a long day. You all have been here for a while. It is really an interesting time to be here, but we do appreciate you so much for your participation and really outstanding testimony. I want to thank my staff and Senator Klobuchar's staff, as always, for their hard work in making these things happen. It is not easy.

With that, today's hearing is adjourned.

[Whereupon, at 1:48 p.m., the hearing was adjourned.]

APPENDIX

FEBRUARY 5, 2025

Statement of the American Farm Bureau Federation

To the Senate Committee on Agriculture, Nutrition, and Forestry

"Perspectives from the Field: Farmer and Rancher Views on the Agricultural Economy, Part I"

February 5, 2025

Presented By:
Zippy Duvall, President, American Farm Bureau Federation

600 Maryland Ave. SW | Suite 1000W | Washington, DC 20024 | p. 202.406.3600 | f. 202.406.3606 | www.fb.org

Chairman Boozman, Ranking Member Klobuchar, and other distinguished members of the committee, I want to begin my testimony by thanking you for what you do for America's farmers and ranchers.

Farm families across the country are grateful that you recognized the incredibly difficult agricultural economy by including much-needed economic assistance and emergency aid for communities devastated by natural disasters in December's Continuing Resolution (CR).

Keeping our farmers and ranchers in production is vital to our food security and our national security, as the members of this committee know, and this assistance was desperately needed.

As Farm Bureau looks at the opportunities and challenges facing American agriculture, there is no doubt that this committee will play a vital role in the successes or failures of farm families across the country.

My testimony today is not much different than it was two years ago when I was asked to testify in front of you. Despite the assistance in the CR, farmers still are looking to you all to pass a modernized, five-year farm bill as soon as possible. In addition to the farm bill concern of two years ago, farm families are now facing the prospects of the largest tax increase in U.S. history if Congress does not pass critical tax reform legislation this year. These are two of the many issues that I will cover in my testimony today. Farmers face several concerns related to their region, weather, trade barriers, and crop protection, all of which will be addressed in my written testimony.

FARM BILL

As Congress begins its work on the 2025 farm bill, Farm Bureau supports the following principles to guide the development of programs:

- Increase baseline funding commitments to farm programs;
- Maintain a unified farm bill that includes nutrition programs and farm programs together; and
- Prioritize funding for risk management tools, which include both federal crop insurance and commodity programs.

Farmers and ranchers have faced unprecedented volatility in recent years. From pandemic lockdowns and supply chain disruptions, to highly pathogenic avian influenza, and record-high input costs, farmers have dealt with a barrage of impacts to their farms outside of their control.

It has now been seven years since Congress has passed a farm bill. Farm Bureau is again asking Congress to roll up its sleeves and pass a modernized five-year bill early on in this Congress.

In 2025, farmers will plant one of the most expensive crops ever. Thanks to rising interest rates, higher energy prices, and input costs that have gone unchecked, choosing whether to plant or not is one a decision that many farmers face. It is in this context that we are asking for an increase to the farm bill's Title I safety net.

USDA's most recent Farm Sector Income Forecast has shown a $41-billion decrease in net farm income, down nearly 25% from 2022.

Since crop prices peaked in 2022, they have taken a nosedive. Corn and wheat are down 37%, soybeans down 28% and cotton down 22%.

At the same time, input prices have remained high. As compared to 2020, the cost to produce an acre of corn has grown by nearly 30% nationally. The combination of low crop prices and high input costs has many farmers facing losses on every acre they plant.

Despite these increased costs, 2024 payments to farmers are projected to be the lowest since 1982 – over four decades ago. Again highlighting This reinforces the need for increased coverage in Title One.

2025 TAX BILL

We also can't ignore that at this time of great economic uncertainty, farmers, ranchers and many other small businesses are staring down what may be the largest tax increase in American history.

Failing to extend the expiring provisions of the Tax Cuts and Jobs Act would take billions of dollars out of farmers' pockets when they have no dollars to spare. Congress must find a way to create a stable business environment by making permanent the expiring TCJA provisions and ensure America's farms and ranches can continue to provide the food, renewable fuel and fiber this country needs.

AG WORKFORCE:

Without diminishing the previous two issues, the greatest domestic policy threat to American agriculture is the persistent inaction to find a solution to our workforce needs.

In short, the costs are too high, the domestic willingness to work is too low, and family farms are closing down. This is heartbreaking and has direct and tangible impacts to our rural communities.

While not under this committee's jurisdiction, labor is by far the leading issue I hear about when I visit with my members.

I implore the members of this committee and this body to meet us at the table to get this done – to do right by our farmers and their employees who labor in the fields so you and I don't have to.

CROP PROTECTION PRODUCTS:

Costs and access are concerns surrounding crop protection tools as well. This includes the fertilizer, fuel, and pesticides that must be safely used and available to farm families.

Ongoing inflation, supply chain disruptions, and diverging approaches to regulations all threaten a perfect storm for farmers and ranchers.

Sound, risk-based science has always guided our approach, and we should not stray from that.

Farm Bureau has always stood on the side of science-based decision making and we will continue to do so, but we need your help to ensure that regulators are performing their roles appropriately and efficiently in accordance with those principles of sound science.

Farmers seek to live healthily, just like every other American. That pursuit of a healthy lifestyle must include a domestically produced food supply that is resilient, safe, and meets needs.

FREE AND FAIR TRADE:

U.S. agriculture is foundational to the American economy – reaching beyond farms and rural communities to support millions of jobs across the country.

Key to its economic contributions and its sustainability, the food and agriculture sector exports about 20 percent of production. In 2024, American food and agriculture exports totaled over $170 billion, providing jobs and economic opportunity throughout the supply chain in every corner and coast of the country.

The 2024 marketing year showed a food and agriculture trade deficit of $32 billion, a stark contrast to the United States' historical trade surplus in agricultural exports, averaging $12.5 billion over the past ten years.

While our two million U.S. farms and ranches are the backbone of America's food and agricultural sector, the impact of decreased exports and resulting economic fallout reverberates throughout the economy.

We believe an agricultural trade agenda must focus on maintaining existing markets and completing trade agreements that expand market access for U.S. agricultural products. By eliminating and reducing foreign tariff and nontariff trade barriers, American producers will gain export market opportunities.

Congress must protect American agriculture and modern production practices from undue burden, and respect farmers' and ranchers' ability to innovate and solve problems.

Thank you, Mr. Chairman, for holding today's hearing. I would be pleased to answer any questions the committee might have.

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National Farmers Union

Testimony of

Rob Larew, President

Submitted to the

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

“Perspectives from the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1”

February 5, 2025

106 Dirksen Senate Office Building

Washington, DC

Thank you for the invitation and for the opportunity to provide testimony from National Farmers Union (NFU). Founded in 1902, NFU is a grassroots organization with more than 230,000 members nationwide advocating on behalf of family farmers, ranchers, and our communities. Delegates to the annual NFU convention consider, debate, and amend a detailed policy document that describes our shared priorities and values,[1] and this testimony describes those collectively adopted positions.

Overview of Economic Conditions in the Agriculture Economy

Driven by lower commodity prices and high production expenses, net cash farm income continues to decline. USDA's Economic Research Service (ERS) estimates that in inflation-adjusted 2024 dollars, net farm income is forecast to decrease by $9.5 billion (6.3 percent) from 2023 to 2024. This decline comes on the heels of a precipitous decline of nearly 20 percent in net farm income from 2022 to 2023.[2] While net cash farm income remains above recent averages, these declines make it difficult for many farmers to stay in business and especially for those with limited equity, like beginning farmers. Returns on many row crops were negative in 2023 and 2024 and are projected to be negative in 2025.[3] Meanwhile, payments from the core farm safety net programs – crop insurance, Agriculture Risk Coverage (ARC), and Price Loss Coverage (PLC) – provide limited protection against low commodity prices, especially considering higher costs of production.

According to the Census of Agriculture, between 2017 and 2022 the number of farms in the U.S. declined by more than 140,000, a seven percent decrease over that period.[4] Meanwhile, the average age of a farmer in the United States is rising and now nearly 60 years old,[5] an ongoing trend partially caused by the difficulties of getting started in agriculture. Without adequate support, more family farms will go out of business, and it will be too burdensome for the next generation to take over or come back to the farm.

Farmers and ranchers on average receive only 15.9 cents of every dollar that consumers spend on food.[6] Corporate concentration in agriculture and food supply chains have created uncompetitive agricultural markets that drive down the farmer's share of the retail food dollar while also raising costs for inputs. While headlines about the high price of eggs[7] and other food items are frequently

[1] National Farmers Union (NFU) Policy Book, March 2024. https://nfu.org/policy/.
[2] U.S. Department of Agriculture (USDA), Economic Research Service (ERS). "Farm Sector Income & Finances - Farm Sector Income Forecast," Updated Jan. 5, 2025. https://www.ers.usda.gov/topics/farm-economy/farm-sector-income-finances/farm-sector-income-forecast.
[3] Paulson, Schnitkey, Swilling, and Zulauf, "2025 Illinois Crop Budgets," *farmdoc daily* (14):173, Department of Agricultural and Consumer Economics, University of Illinois at Urbana-Champaign, September 24, 2024. https://farmdocdaily.illinois.edu/2024/09/2025-illinois-crop-budgets.html; John Newton, "Crop Margins Likely to Remain Tight in 2025," https://www.terrainag.com/insights/crop-margins-likely-to-remain-tight-in-2025/.
[4] USDA, National Agriculture Statistics Service (NASS). "Census of Agriculture." https://www.nass.usda.gov/AgCensus/.
[5] USDA NASS. "2022 Census of Agriculture Highlights," *Publications, 2024*. https://www.nass.usda.gov/Publications/Highlights/2024/Census22_HL_FarmProducers_FINAL.pdf.
[6] USDA ERS. November 2024, *Food Dollar Series*. http://www.ers.usda.gov/data-products/food-dollar-series/documentation.
[7] Anne Marie Lee, "Eggs prices are likely to shoot up even more in 2025. Here's what to know," *CBS News*. Jan. 30, 2025. https://www.cbsnews.com/news/eggs-prices-shortages-bird-flu-2025/.

in the news,[8] these stories typically overlook the price conditions facing those at the other end of the food supply chain: family farmers and ranchers.

Passing a 2025 Farm Bill

Federal farm policy is long overdue for an update. We appreciated the efforts of Chairman Boozman and other Committee leaders at the end of 2024 to ensure the passage of disaster and economic aid. However, as the farm economy continues to weaken, we cannot afford yet a third extension of the 2018 Farm Bill later this year. Congress must act quickly to pass a fully funded, comprehensive farm bill in 2025 that strengthens the farm safety net, improves permanent disaster assistance, makes markets fairer and more competitive, enhances farmer-friendly conservation programs, and provides food and nutrition security for all Americans.

Strengthen the Farm Safety Net

The farm safety net should ensure family farmers and ranchers can achieve sustainable net farm income. Unfortunately, farmers continue to face high input costs, high interest rates, and low commodity prices that are often below the cost of production. Many farmers are struggling to break even, and the current safety net is inadequate to protect farmers in today's economic environment.[9]

NFU supports improvements to the existing safety net that increase reference prices to reflect increases in production costs, a priority for many members of this committee, including Chairman John Boozman (R-AR). We also support establishing a "dual enrollment option" that allows farmers to receive the higher of the ARC or PLC calculated payment. These programs do not provide a true safety net if family farmers need to gamble on which program is going to work for them in any given year. We also must close farm program eligibility loopholes to ensure support is directed to family farmers and ranchers.

Expand and Enhance Permanent Disaster Programs

While we welcomed – and championed – the desperately needed agricultural disaster and economic assistance,[10] lawmakers must work to establish permanent disaster programs as part of the farm bill. The series of ad hoc programs enacted over the last several years accounted for much of recent farm safety net spending, and the performance of these programs will be instructive for lawmakers when considering changes or additions to the existing emergency programs. We recommend that agricultural disaster programs be written with appropriate eligibility and payment caps, provisions that incentivize the use of conservation-focused farming practices, and safeguards to avoid practices that could undermine crop insurance.

Advance Fair and Competitive Markets

Fair, open, and competitive markets are foundational for the wellbeing of the American economy and our democracy, but farmers must buy from and sell to increasingly consolidated and uncompetitive markets. In 2021, NFU launched the Fairness for Farmers campaign, an effort to

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[8] Patrick Thomas and Jesse Newman, "Food Prices Are Rising Again," *Wall Street Journal*. Jan. 19, 2025. https://www.wsj.com/economy/consumers/food-prices-inflation-bird-flu-weather-230a97a3.

[9] United States Senate Committee on Agriculture, Nutrition, and Forestry, "USDA Says High Farm Production Costs Not Easing in 2024," July 13, 2023. https://www.agriculture.senate.gov/newsroom/minority-blog/usda-says-high-farm-production-costs-not-easing-in-2024.

[10] NFU, "Continuing Resolution Offers Relief, But Farmers Deserve Better from Congress," December 20, 2024. https://nfu.org/2024/12/20/continuing-resolution-offers-relief-but-farmers-deserve-better-from-congress/.

shed light on the devastating impact that monopolies and near monopolies have on family farmers, ranchers, and our communities. Very few firms control the market for agricultural inputs (such as seeds, crop protection products, fertilizer, and farm equipment), processing (including livestock slaughter and processing), food manufacturing, wholesale distribution, food service, and grocery retail. The small number of large, consolidated firms in the middle of the agricultural supply chain wield immense market power over both farmers and consumers.[11] [12] [13]

The next farm bill should take steps to make markets fairer and more competitive by strengthening livestock competition law enforcement, protecting the Packers & Stockyards Act (P&S Act), spurring the development and expansion of alternative, local, and regional markets in all parts of farm and food supply chains, and establishing the right to repair farm equipment.

NFU was pleased to see the inclusion of the bipartisan Meat and Poultry Special Investigator Act (S. 346) in the Senate's farm bill draft introduced last Congress. This bill was sponsored by several members of this committee, including Ranking Member Amy Klobuchar (D-MN) and Sens. Chuck Grassley (R-IA), John Hoeven (R-ND), and Cory Booker (D-NJ). The bill would establish an independent office at USDA to enforce the P&S Act and prevent abusive business practices by meatpackers. The P&S Act, which first became law in 1921, is a foundational pro-competition law meant to protect livestock and poultry producers from unfair, deceptive, and monopolistic practices in the marketplace. The law also needs to be strengthened, and this committee should ensure recent improvements to the P&S Act are not rolled back.

We also welcomed the inclusion of parts of the Strengthening Local Processing Act of 2023 (S. 354), introduced by Sens. John Thune (R-SD), Tina Smith (D-MN), and others. This bill will provide resources and grants to support small and medium meat processors, improving market opportunities for family farmers and ranchers. We look forward to working with Senators to reintroduce this bill and hope to work with you to develop additional support for other agricultural markets to ensure there are local, regional, and alternative marketing opportunities for all farmers.

We strongly support the following provisions to increase and support fair and competitive markets: making permanent the USDA Cattle Contract Library pilot program; establishing the Farmer Seed Liaison at USDA to strengthen competition and choice in the seed marketplace; and requiring additional research into consolidation in the livestock industry based on a bill introduced by Sens. Smith (D-MN) and Grassley (R-IA). Addressing these issues will ensure the agricultural economy works better for family farmers and ranchers.

Another issue that deserves attention from this committee is to ensure farmers have the freedom to repair their farm equipment or bring equipment to the mechanic of their choosing. Manufacturer-imposed repair restrictions hurt the bottom lines of both producers and independent repair professionals. Major farm equipment manufacturers restrict repairs by requiring software tools to make certain repairs to their tractors and by refusing to make the same tools with the same level of

[11] Jonathan B. Baker, "Market power in the U.S. economy today," *Washington Center for Equitable Growth*. March 2017. https://equitablegrowth.org/market-power-in-the-u-s-economy-today/.

[12] USDA, Agricultural Marketing Service (AMS), Packers and Stockyards Division. "Packers and Stockyards Division: Annual Report 2021 & 2022,"(March 2024). https://www.ams.usda.gov/reports/psd-annual-reports.

[13] Claire Kelloway and Sarah Miller, "Food and Power: Addressing Monopolization in America's Food System," *Open Markets Institute*, May 13, 2019. https://www.openmarketsinstitute.org/publications/food-power-addressingmonopolization-americas-food-system.

functionality dealerships may access available to farmers or independent mechanics.[14] There is no justification for these restrictions and manufacturers are making demonstrably false justifications for restricting repair.[15] Farmers face lengthy service delays during tight planting and harvest windows, and exorbitant repair costs for minor fixes pose a major challenge for farmers operating on thin margins.[16] Research based on a survey conducted by NFU estimates that tractor downtime and increased costs from labor due to repair restrictions may be costing U.S. farmers $4.2 billion per year.[17] A trend of dealership consolidation is also exacerbating the problems farmers face accessing repair.[18] It is time to give farmers back the right to repair their farm equipment.

Stem the Loss of Family Dairy Farms

Dairy farmers have experienced boom and bust price cycles for decades, which makes running a family dairy farm very difficult. The decline in American dairy farms reflects this risky environment. From 1970 to 2022, the number of U.S. dairy farms dropped from 648,000 to a staggering 24,470.[19] These volatile cycles are triggered by an imbalance between supply and demand. When milk prices are high, dairy farmers respond by increasing production to meet the demand. But when prices are low, dairy farmers also respond by increasing production, which floods the market and drives prices down further.

In January 2025, USDA published a final rule that amends uniform pricing formulas for all 11 federal milk marketing order (FMMO) regions. These changes do not solve the underlying challenges of the dairy market for family farmers. Policy changes should be enacted by Congress to compensate for the shortcomings of the recent final FMMO rule. More robust and mandatory surveys of processors should be conducted to provide greater market information about prices and cold storage capacity. Congress should also enact legislation to return to the “higher of” Class III or IV in the Class I pricing formula, and update Class I and Class II differentials.

A more effective solution to the problems in the dairy market would be a farm bill that establishes a farmer-led incentive-based milk production growth plan to match milk supply with profitable market demand. Such a policy should include a price discovery formula at the producer level that incentivizes matching production with market demand. This program would increase farmer profitability by elevating milk prices, preventing overproduction, and reducing milk price volatility. It would also facilitate beginning farmer entry, reduce government expenditures, respond to global

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[14] Some manufacturers have made limited tools, such as John Deere’s Customer Service ADVISOR, available for public purchase. These tools, however, have limited use – they do not provide information required to diagnose all problems with a tractor, nor do they enable a farmer to digitally approve all repairs once they have been made. Farmers still need to turn to the dealership for many repairs.

[15] NFU, “EPA Affirms Farmers’ Right to Repair,” Aug. 8, 2023. https://nfu.org/2023/08/08/epa-affirms-farmers-right-to-repair/.

[16] An independent technician told *Reuters* he often gets calls from former customers that complain of being overcharged as much as $10,000 for repairs. Repair restrictions can prevent independent technicians from providing competitive services. More here: https://www.reuters.com/markets/us/fewer-us-tractor-dealerships-raise-costs-farmers-sector-consolidates-2022-09-01/.

[17] U.S. PIRG Education Fund, “Out to Pasture: Repair restrictions lead to tractor downtime and high costs. Right to Repair would help,” April 2023. https://publicinterestnetwork.org/wp-content/uploads/2023/04/Out-to-Pasture.pdf.

[18] Bianca Flowers, “Fewer U.S. tractor dealerships raise costs for farmers as sector consolidates”; *Reuters*; Sept. 1, 2022. https://www.reuters.com/markets/us/fewer-us-tractor-dealerships-raise-costs-farmers-sector-consolidates-2022-09-01/.

[19] Elizabeth Eckelkamp, “America’s Dairy Farms Have Vanished,” *Wired*. Sept. 21, 2024. https://www.wired.com/story/americas-dairy-farms-have-vanished/.

market conditions, and require national and mandatory participation. NFU looks forward to working with this committee to address these dairy industry concerns.

Enact Farmer-Friendly Conservation Programs

Family farmers and ranchers are the best stewards of our natural resources. The next farm bill should invest in voluntary, incentive-based conservation programs for farmers and ranchers with approaches that are rooted in science. These programs are very popular and are historically oversubscribed and underfunded. We support finding ways to boost funding for these programs, including by rolling Inflation Reduction Act investments into the farm bill baseline.

Farmers are on the frontlines of climate change, and we want access to all available tools so we can be part of the solution and build more resilient operations. Farm bill conservation programs help us make this happen. USDA's renewable energy programs also help address climate while helping with long-term farm viability. We are especially supportive of the Rural Energy for America Program (REAP), which supports renewable energy and energy efficiency investments for family farmers and rural small businesses.

We also ask Congress to take a closer look at the Inventory Management Soil Enhancement Tool (IMSET), a policy proposal developed by South Dakota Farmers Union.[20] IMSET is a voluntary, incentive-based conservation and farm safety net program concept that has two core purposes: to help us conserve our soil and to protect net farm income when agricultural markets falter. By voluntarily enrolling in IMSET, farmers would have an additional opportunity and incentive to participate in working lands conservation programs in exchange for stronger risk management options. This policy concept can address important conservation needs while maintaining fiscal responsibility and merits inclusion in the farm bill.

Food and Nutrition Security

The farm bill is also a food bill. Congress should enact a farm bill that supports the food and nutrition security of our communities by maintaining robust funding for nutrition programs. These programs also support the profitability of our farms and ranches. Food insecurity has worsened in our country in recent years, and the Supplemental Nutrition Assistance Program (SNAP) is a critical tool for reducing poverty and hunger, while supporting the entire farm and food supply chain, from farmers to grocers. This committee should stand firm in opposing cuts to SNAP.

We should also ensure that farm bill nutrition programs are more directly supportive of our farms and communities. The committee should create additional opportunities for local and regional markets and procurement from farmers and distribution of that food to our communities by supporting programs like the Local Agriculture Market Program (LAMP), the Gus Schumacher Nutrition Incentive Program, and the Senior Farmers Market Nutrition Program. Last Congress, we supported the introduction of the Local Farms and Food Act by several members of this committee, including Sens. Smith (D-MN), Peter Welch (D-VT), and John Fetterman (D-PA).

The farm bill coalition is stronger when it brings in additional allies and becomes weaker when divided. Including a strong nutrition title is an essential part of passing the next farm bill.

[20] South Dakota Farmers Union, "Inventory Management Soil Enhancement Tool," June 2023. https://sdfu.org/wp-content/uploads/2023/06/Inventory-Management-Soil-Enhancement-Tool.pdf.

Trade

In recent weeks, President Trump has publicly discussed the possibility of imposing tariffs on several major trading partners. The trade dispute with China and other nations during the first Trump administration deeply impacted family farmers and ranchers, and that experience could be repeated in the coming months. In 2018, the U.S. imposed Section 232 tariffs on steel and aluminum imports from major trading partners and Section 301 tariffs on Chinese imports. As a result, Canada, China, the European Union, India, Mexico, and Turkey imposed their own retaliatory tariffs on many U.S. exports, including a wide range of agricultural and food products. U.S. agricultural export losses totaled more than $27 billion from 2018 through the end of 2019. China accounted for approximately 95 percent of those losses ($25.7 billion), followed by the European Union ($0.6 billion) and Mexico ($0.5 billion). Some individual commodities were especially hard hit, with soybeans suffering $9.4 billion in export losses, sorghum losing $854 million, and pork losing $646 million. Specialty crops had a total loss of $837 million.[21] In an effort to help farmers recover from these tariff-based price declines, then-USDA Secretary Sonny Perdue used his discretion under the Commodity Credit Corporation Charter Act to provide Market Facilitation Program payments to farmers, along with trade promotion and food purchasing initiatives, totaling $12 billion in 2018[22] and $16 billion in 2019.[23]

Congress should prioritize trade policies that support the needs of American family farmers and ranchers. Continued access to global markets is vital for our nation's agricultural economy, the security of our food supply chains, and farmers' ability to remain globally competitive. If used carefully, tariffs can be important tools for trade negotiations and for shielding domestic producers from the effects of unfair foreign trade practices. As President Trump begins implementing his 2025 trade agenda, policymakers should remember the significant impacts of past trade wars on the farm economy. Although our trading partners must be held accountable to agreements, past tariffs on goods from China resulted in severe and damaging retaliation against American family farmers and ranchers. Our members suffered significant losses from the trade dispute with China and lost valuable market share, particularly for soybeans, to competitors like Brazil.

The upcoming six-year review of the U.S.-Mexico-Canada Agreement (USMCA) poses an opportunity to fix what has not worked in the past and create a more beneficial trade model for U.S. agriculture. International trade negotiations and agreements must address domestic food safety, security, and inadequate economic returns to producers resulting from market failure, lack of market competition, and an imbalance in supply and demand. Congress should also have full opportunity to review and amend provisions of a trade agreement, consistent with the authority and power endowed by the U.S. Constitution. Because agriculture is only one area considered in trade agreement negotiations, the fast-track system of ratification – in which an entire trade package must be approved or rejected – can easily sweep aside agricultural concerns.

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[21] USDA ERS, ERS Report Number 304, "The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture," January 2022. https://ers.usda.gov/sites/default/files/_laserfiche/publications/102980/ERR-304.pdf?v=45155.
[22] USDA, "USDA Announces Details of Assistance for Farmers Impacted by Unjustified Retaliation," Aug. 27, 2018. https://www.usda.gov/about-usda/news/press-releases/2018/08/27/usda-announces-details-assistance-farmers-impacted-unjustified-retaliation.
[23] USDA, "USDA Announces Support for Farmers Impacted by Unjustified Retaliation and Trade Disruption," May 23, 2019. https://www.usda.gov/about-usda/news/press-releases/2019/05/23/usda-announces-support-farmers-impacted-unjustified-retaliation-and-trade-disruption.

Country-of-Origin Labeling

Trade policy should ensure that consumers have access to information about the products they buy. Consumers increasingly want to know where their food comes from, and meat is no exception. Congress should pass legislation to re-establish mandatory country-of-origin labeling (COOL) for beef. NFU strongly supports the American Beef Labeling Act, which was brought forward in the 118th Congress by Sen. Thune (R-SD) with strong bipartisan support, including THUNE, and hopes that it will advance through the Senate and House in the 119th Congress. That bill would reinstate beef as one of the food commodities currently subject to the mandatory COOL law that Congress originally passed in the 2002 Farm Bill. Congress reversed the law in 2015 after an international dispute panel at the World Trade Organization ruled against COOL and allowed Mexico and Canada to move forward with retaliatory tariffs. COOL is a valuable marketing tool for ranchers, and it allows consumers the right to choose where their meat products come from.

Agricultural Workforce

Many family farmers depend on access to a reliable and skilled workforce for agricultural production. Congress should continue to fund existing programs like the H-2A Temporary Agricultural Visa Program and new grant initiatives, like the previous administration's Farm Labor Stabilization and Protection Pilot Program at the Department of Agriculture (FLSP), to improve the supply, stability, and training of the agricultural labor force. Increasing wage costs, a lack of available workers, and farmworkers' fears of deportation because of recent executive orders leave many farmers uncertain if they will soon be without access to a workforce. Congress should pass comprehensive immigration reform modeled on the Farm Workforce Modernization Act, a bipartisan bill introduced in the 116th, 117th, and 118th Congresses. Farmers need a long-term solution to these labor challenges, including the ability to hire skilled workers. We also encourage collaborative work between the Department of Labor and USDA to update the Adverse Effect Wage Rate (AEWR) to address the rising costs of H-2A wages.

Biofuels

NFU is a strong supporter of biofuels. Farmers have a long history of innovation to meet the needs of the country, including expanding production into additional markets. The growth of the biofuels market through the use of higher ethanol blends provides significant benefits to the rural community and the American economy. In 2023, more than 72,463 U.S. jobs were directly associated with the ethanol industry, with an additional 322,002 indirect and induced jobs supported across all sectors of the economy.[24]

NFU is supportive of the move to year-round higher-level blends of ethanol, like E-15 and beyond. We appreciate the legislation Sen. Deb Fisher (R-NE) introduced to support year-round E-15 and thank the many committee members who are supportive of the effort. NFU is further supportive of continued growth of the Renewable Fuels Standard (RFS) through increased volumes of ethanol, biodiesel, renewable diesel and cellulosic ethanol. Increasing RFS volumes provides additional market opportunities for farmers and supports rural America. NFU strongly supports programs that support and grow the use of biofuels.

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[24] Renewable Fuels Association, "Contribution of the Ethanol Industry to the Economy of the United States in 2023," Feb. 1, 2024. https://ethanolrfa.org/file/2659/RFA%202023%20Economic%20Impact%20Final.pdf/.

Beginning and Socially Disadvantaged Farmers and Ranchers

Beginning, socially disadvantaged, and military veteran farmers tend to have less equity in their farm operations, which makes it more difficult to weather a difficult farm economy. Given the rising age of U.S. farmers and the need to successfully transition farms to the next generation, Congress should consider policy changes that may help.

For example, the Crop Insurance for Future Farmers Act (S. 2458) led by Ranking Member Klobuchar (D-MN) and Sen. Thune (R-SD) last Congress and cosponsored by Sens. Smith (D-MN) and Jerry Moran (R-KS), would make crop insurance more affordable for beginning farmers and help these farmers more easily manage their risk. We hope members of Congress will introduce that bill once again. Improvements to Non-Insured Crop Disaster Assistance Program (NAP) and Whole Farm Revenue Protection that the last Congress considered also hold promise as a way for emerging farmers and ranchers to better manage their risks.

Congress also needs to do more to facilitate pathways to transition land to the next generation and to support socially disadvantaged farmers with land access. We support Sen. Smith's (D-MN) efforts last Congress to extend USDA's Land, Capital, and Market Access Program, which funds cooperative agreements or grants for projects that help underserved producers, including beginning farmers, access land by connecting available land to those that want to farm it, transitioning farmland from existing landowners to the next generation, and providing much needed technical assistance related to land, capital, and market access for underserved producers.

Rural Quality of Life

Our rural communities face unique and significant challenges in accessing health care and childcare services. To ensure family farmers, ranchers, and our communities can thrive, we must continue building on the Affordable Care Act to make sure all Americans have access to quality and affordable health care. Likewise, the lack of affordable and reliable early childcare in our communities is a major challenge for farmers. We support efforts to expand childcare options in rural areas, such as the Expanding Childcare in Rural America Act of 2023, which would create a new multi-program initiative at USDA to address the availability, quality, and cost of childcare. As you work to craft the next farm bill, please invest in programs and policies that address issues centered on rural quality of life.

Animal Disease Threats

Controlling animal disease outbreaks is essential to protecting American farmers from devastating economic losses and ensuring the stability of our food supply. The ongoing avian influenza outbreak has exemplified these risks, leading to the loss of over 100 million birds, rising egg prices, and severe financial strain on poultry and dairy operations. Entire flocks have been culled to contain the virus, and its spread to dairy cattle has further jeopardized farm livelihoods, reduced milk production, and disrupted supply chains. While farmers have implemented strict biosecurity measures, the persistent threat from wild birds makes eradication of the disease nearly impossible. Recent federal funding freezes by the Trump administration jeopardize the government's ability to respond effectively, delaying critical disease monitoring, relief efforts, and the evaluation of vaccination strategies. Secretary-designate Rollins has indicated that addressing animal disease threats would be a top priority for USDA in the years ahead. We urge Congress to work with the administration to restore and expand funding to address these serious issues.

Recent Executive Orders and the Federal Funding Freeze

Several recent executive orders and the federal funding freeze imposed by the Trump administration have created uncertainty for family farmers, ranchers, and rural communities. By halting essential funding and issuing sweeping directives with little clarity, the administration is disrupting many existing programs our communities rely on. The interruption in funding calls into question whether already obligated funds will be disbursed to farmers and ranchers who have held up their end of program agreements with USDA. This abrupt and confusing policy shift jeopardizes farm livelihoods and is leaving state and local agencies struggling to interpret and implement federal programs. We encourage this committee to seek further explanations and clarity from the administration to limit negative impacts on the farm economy.

Conclusion

Family farmers and ranchers are in a precarious financial situation today, but a strong farm bill and sound agricultural policy changes can help to alleviate this pressure. While times are tough, Congress and President Trump have an opportunity to support rural America. Including provisions in the farm bill that would strengthen the farm safety net, foster competition in the market, bolster conservation initiatives, and support the next generation of farmers would be of great help. We encourage bipartisan collaboration to meet the needs of our agricultural communities today for a stronger and brighter future. NFU stands ready to continue working with this committee to deliver for family farmers, ranchers, and our communities. Thank you for holding this hearing today and for the opportunity to testify. I look forward to answering any questions you may have.

Testimony of Nathan Reed
Producer Perspectives on the Agricultural Economy
U.S. Senate Committee on Agriculture, Nutrition, and Forestry
February 5, 2025
Washington, D.C.

Introduction

Good Morning

I am Nathan Reed, from Marianna, Arkansas. My wife, Kristin, and I farm 9,200 acres of cotton, corn, soybeans, and rice in Marianna with our four children: twins Jane-Anne and Stanley "Eldon" (12), Katherine (11), and Grace Austin (9).

I am a proud graduate of the University of Arkansas Dale Bumper College of Agricultural, Food, and Life Sciences. I am actively involved with the National Cotton Council (NCC) as a producer-director and former chairman of the American Cotton Producers. In addition, I am a former president of the Agricultural Council of Arkansas and serve on the Lee County Farm Bureau Board of Directors.

The NCC is the central organization of the United States cotton industry. Its members include producers, ginners, cottonseed processors and merchandizers, merchants, cooperatives, warehousers, and textile manufactures. A majority of the industry is concentrated in 17 cotton-producing states stretching from California to Virginia. U.S. cotton producers cultivate between 10 and 14 million acres of cotton, with production averaging 12 to 20 million 480-lb. bales annually. The downstream manufactures of cotton apparel and home furnishings are in virtually every state. Farms and businesses directly involved in the production, distribution, and processing of cotton employ more than 115,000 workers and produce direct business revenue of more than $22 billion. Annual cotton production is valued at more than $5.5 billion "at the farm gate," the point at which the producer markets the crop. Accounting for the ripple effect through the broader economy, direct and indirect employment surpasses 265,000 workers, with economic activity of almost $75 billion. In addition to the cotton fiber, cottonseed products are used for livestock feed, and cottonseed oil is used as an ingredient in food products and is a premium cooking oil.

Economic Overview

For me as a producer, the last couple years have been the most difficult of my life. Despite record yields, my operation has endured steep losses due to a sharp increase in input costs and low commodity prices. Since passage of the 2018 Farm Bill, cotton production costs are up by an average of $200 an acre. Interest expenses are up by more than 200%, while fertilizer costs have more than doubled. Expenses for labor, seed, and chemicals are up by approximately 50%. Unfortunately, market prices have declined as global cotton demand has weakened. Since 2018, cotton demand has fallen by 3.2 million bales while competition from Brazil and Australia has intensified as their production has jumped by 11 million bales. In addition, U.S. cotton producers face competition from the onslaught of Chinese polyester production, which is up by 35.5 million bales since 2018. Cotton demand is also facing serious headwinds due to the surge in low value textile imports, primarily made of synthetic fibers, entering the United States through the de minimis trade exemptions. As an industry, we are actively exploring opportunities to incentivize greater demand for U.S. cotton. However, we understand that these are longer-term solutions, and the financial pressure on producers is immediate.

I am blessed to farm in Northeast Arkansas, in the middle of the Arkansas Delta, where we produce yields and quality that surpass many other areas of the Cotton Belt. However, despite the vast improvements that have been made in seed technologies and chemistries, it is impossible for me to yield my way out of this economic crisis. I have grave concerns about what the future holds – not only for me, but for other farm families across the country. I have spoken to growers and lenders in my area, and there is serious concern across the board. Producers that I know personally who have spent their entire lives farming may not be able to secure operating loans to farm in 2025. For those like me who will survive another year, there is concern about what the future of production agriculture holds. My equity is depleting every year, and why would I risk everything that I have built for my family to continue down this road of annual losses on my operation? My children love growing up on the farm, and one day I would like to leave the farm to them just as my father did for me. Unfortunately, it’s hard to imagine such a possibility considering the current economic climate.

It is not only a difficult time for cotton growers in Arkansas. Producers in the rest of the Cotton Belt have been devasted by the impacts of Hurricane Helene and the prolonged droughts in the Southwest. The state of Georgia alone lost approximately 600,000 bales (25-30% of the total crop) due to the impacts of Helene, according to the University of Georgia Department of Agricultural and Applied Economics. In 2022 and 2023, over 60% of the Southwest cotton crop went unharvested due to record droughts that devastated not only producers, but gins as well. Many of these gins have been forced to close or consolidate because they no longer have cotton to process.

Our industry understands that we must look inward to address many of our current challenges, because there are some problems that congressional leaders simply may not be able to solve. We must work with the companies that support our industry to get production costs more line with our global competitors. We must also seek innovative methods to grow demand for U.S. cotton, and we are excited about the opportunities to leverage the sustainability and traceability of U.S. cotton to incentivize its use.

2025 Farm Bill

We are grateful to Congress for providing $31 billion in economic and disaster assistance for producers in December’s *American Relief Act*. This assistance will extend a lifeline to farmers across the country, and we are appreciative that Congress recognized the urgency of the need by calling for relief to be delivered within 90 days. We urge this Committee in the weeks ahead to provide the oversight necessary to ensure USDA delivers assistance to producers as efficiently and effectively as possible.

However, we must also recognize that even timely delivery of economic relief in the months to come may not be enough to save some producers who have been overwhelmed by multiple years of high production costs and low market prices. To prevent farms from failing throughout rural America, we must provide our producers with the multi-year certainty that only a new Farm Bill can provide, as well as ensure that any new legislation takes effect in time for the 2025 crop year.

We have now reached the third year without an updated Farm Bill, and we as producers are suffering the consequences. The bottom line is growers cannot hold on much longer without an enhanced safety net. While I understand that political realities and other congressional priorities may make passing a new Farm Bill difficult, we cannot allow these challenges to be an excuse for further inaction.

I want to commend Chairman Boozman for offering a Farm Bill framework last year that addresses many of the NCC's top priorities by advocating for an increase in the Price Loss Coverage (PLC) reference price and improved access to individual and area-wide crop insurance products, such as the Supplemental Coverage Option (SCO) and the Enhanced Coverage Option (ECO), which function similar to the Stacked Income Protection (STAX) program. We hope that the next Farm Bill will also modernize USDA's marketing assistance loan (MAL) program and strengthen support to the U.S. textile industry and Pima cotton producers.

While over 90% of seed cotton base acres are enrolled in PLC, increased production costs have rendered the current seed cotton reference price of 36.7 cents woefully ineffective. The same, unfortunately, can be said about the reference prices of nearly all other covered commodities, and this situation prevents producers like me from diversifying our operations. Thankfully, Chairman Boozman's proposal to boost the reference prices of all commodities will more closely align the PLC program with production costs.

A higher PLC reference price would likely do more than any other single Farm Bill reform to reassure lenders currently reluctant to invest in farm country. The bankers I speak with do not want to be forced to make decisions based on 11th-hour, temporary assistance from Congress – regardless of how essential such assistance is. Instead, they want long-term solutions. In this respect, they are no different than the producers they lend to.

As important as higher reference prices are, there are numerous other Farm Bill reforms that would greatly help the cotton industry. In the case of crop insurance, growers enrolled in the ARC/PLC programs are currently prevented from purchasing STAX on their enrolled farms. STAX is a crop insurance product for upland cotton that provides coverage for a portion of a producer's revenue based on the county, or area-wide, experience. While Chairman Boozman's framework maintains the prohibition on simultaneous enrollment in STAX and PLC, it would make SCO function more like STAX while maintaining a grower's ability to also enroll in PLC. The proposal makes important improvements to underlying policies by increasing the affordability of individual-based revenue and yield protection options at the highest levels of coverage. These changes would allow growers to tailor their risk management options according to their needs while decreasing their reliance on ad hoc programs, putting producers in charge of their own production risks.

To ensure that cotton continues to move through the economy as efficiently as possible, we must also make reforms to the marketing assistance loan program. We believe this can be achieved by nominally raising the loan rate, allowing storage credits to better reflect actual storage charges, determining a global competitive Adjusted World Price (AWP) based on three international prices, establishing a 30-day window for finalizing the AWP, and ensuring that delivery costs-to-market are fully reflected in the loan redemption calculations. If these reforms were in place today, growers would have already triggered much-needed marketing loan gains or loan deficiency payments due to the rapid decline in the cotton market.

We should also be mindful that there are two major types of cotton grown in the U.S. subject to two separate loan programs. Extra-long staple (ELS), or Pima, cotton producers in the West – like their upland cotton counterparts in my state and elsewhere – have experienced sharp increases in production costs in recent years, with current costs exceeding the safety net provided by the ELS loan program. We believe that an increase to the ELS loan rate is important, as well as adding "marketing loan" functionality to the ELS loan program. In addition, the Pima Trust Fund should be fully funded as quickly as possible. This important program was one of the numerous "orphan programs" that was not funded in the last Farm Bill extension.

The textile industry is still a vital part of many rural economies, particularly in the Southeast. We are grateful that the Trump Administration is prioritizing domestic manufacturing. The Economic Adjustment Assistance for Textile Mills (EAATM) program is a cornerstone of this effort. EAATM recipients must agree to invest funds in hard capital projects, such as the construction of new facilities as well as modernization and expansion of existing mills – including many facilities vital to our national defense and healthcare needs.

Overall, the EAATM program has reduced costs, increased efficiency, and allowed U.S. mills to out-perform foreign competitors. We believe there must be an increase in the EAATM payment. This boost would provide critical support to a domestic textile industry that continues to be battered by highly distorted global trade practices, including the devastating unintended consequences of current import de minimis rules.

Lastly, I want to the thank Chairman Boozman for recommending increases to commodity title payment limits and indexing them inflation. Current payment limit policies do not reflect the scale of production agriculture necessary for farms like mine to remain competitive and viable in today's global market. Artificially limiting benefits will not benefit rural America; instead, it will only serve to stifle efficiency and innovation.

Conclusion

I want to commend the Committee for conducting this important hearing to hear directly from producers about the challenges many of us are facing in the current environment of low market prices and increased production costs.

I want to finish where I started: me, my wife, and four children live and work on our farm, but any of us who are parents know the obligation we have to provide for and protect our family. If there is not an adequate safety net quickly created by Congress, I will be forced to answer a very sad question: Am I putting my family's future at risk by continuing the tradition of farming that my father passed down to me? That's not hyperbole – it's a question that I and many other farmers are considering.

Thank you for the opportunity to testify, and I would be pleased to respond to any questions.

Testimony of Kenneth Hartman, Jr.
President
National Corn Growers Association

Before the U.S. Senate Committee on Agriculture,
Nutrition and Forestry

Regarding "Perspectives from the Field:
Farmer and Rancher Views on the Agricultural Economy,
Part I."

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Chairman Boozman, Ranking Member Klobuchar, and Members of the Senate Committee on Agriculture, Nutrition, and Forestry, thank you for the invitation to testify today.

My name is Kenneth Hartman, Jr. I am a fifth-generation farmer from Waterloo, Illinois, where my family and I, including one of our daughters, operate a grain farm. Together we primarily grow corn, soybeans, and wheat. I currently serve as President of the National Corn Growers Association (NCGA).

Founded in 1957, NCGA represents more than 36,000 dues-paying corn growers in 48 states, and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states. NCGA and its affiliated associations in 27 states work together to help protect and advance corn growers' interests.

The hearing today is timely. Farmers across the country right now are talking to their lenders about the costs of planting their next crop. Unfortunately, with the current forecasted prices, many growers are feeling financially stressed before the 2025 crop is even planted.

Today, I will focus my testimony on challenges in the farm economy, our views on the American Relief Act that passed in December, the need for a strengthened farm bill, and additional actions Congress can take this year to support corn growers.

Challenges in the Corn Economy

The United States is a corn-producing superpower, growing about one-third of the world's corn and doing so more sustainably than anywhere else on earth. In 2024, U.S. corn farmers planted 90.6 million acres of corn, producing over 14.8 billion bushels. Following a record production of 15.3 billion bushels in 2023, U.S. corn growers produced the fourth-largest corn crop in history with a record yield in 2024. Despite record setting productivity in these two years, the value of production for farmers has diminished. The value of U.S. corn production dropped from $89.5 billion for the 2022 crop to an estimated $63.2 billion for the 2024 crop.

While the value of our corn production has dropped substantially, costs have not. The average corn price American farmers receive in the market has declined 40 percent from 2022 to the average price expected for 2025. Comparatively, the average cost to produce corn has declined by just 6 percent.

A major component of the cost to produce corn is fertilizer, representing about one-third of the operating costs for growing corn. Although fertilizer prices have declined from 2022 peaks, fertilizer costs remain relatively high compared to a historical average before the pandemic and high relative to corn market prices. At today's prices, it costs farmers more bushels of corn to buy a ton of phosphate fertilizers, particularly DAP and MAP, than it did when those same fertilizers were at their retail price peak in 2022. Fertilizer nutrients are especially critical in corn productivity and returning those nutrients is important in maintaining healthy soils.

A comparison of the USDA reported average cost of production to grow corn, producer yields, and market year average prices indicates that many corn growers will experience a net loss in profitability for the third year in a row in 2025. On average, American corn farmers are facing losses of over $160 per acre of corn for their 2025 crop, following losses over $100 per acre in both 2023 and 2024. Sustained high input costs and dropping commodity prices leave American farmers in a vulnerable financial position.

Last summer, Dana Allen-Tully, a grower leader of the Minnesota Corn Growers Association, testified in front of the House Agriculture Committee. During this farm economy hearing, she summarized the pressures saying, "We have to have policies in place that reflect the realities of farming today. The stakes of farming are so incredibly high – higher than I ever remember them to be. We are putting everything we have on the line every single year for very thin and oftentimes negative margins."

American Relief Act

In December, Congress passed H.R.10545, the American Relief Act, which included an extension of the farm bill, economic assistance for row crop producers and assistance for farmers and ranchers who faced natural disasters throughout 2023 and 2024. Corn growers appreciate the members of Congress, including the Agriculture Committee leadership, who worked hard to include these agriculture provisions and ensured their passage.

NCGA supported efforts to provide economic assistance, including the Farmer Assistance and Revenue Mitigation Act (FARM Act) that was introduced by Representative Trent Kelly. The FARM Act laid out a model for economic assistance for row crop producers using existing USDA data. The final provisions in the American Relief Act mirror the earlier legislation, although there were changes to the calculations and the overall amount of assistance decreased.

According to estimates published by the Food and Agricultural Policy Research Institute (FAPRI) at the University of Missouri, corn growers may receive payments around $42.51 per acre for the 2024 crop year. Given the millions of acres of corn planted across the country, corn growers are estimated to receive $3.8 billion of economic assistance nationwide.

We will continue working with committee members and the U.S. Department of Agriculture to ensure the timely and successful implementation of the economic and disaster assistance programs. Once the aid is released and received, it will be appreciated by growers, particularly those who have faced steep financial strain from recent years of crop and revenue losses. As we look ahead, corn growers across the country still face economic headwinds and further action is needed to improve the farm bill safety net programs and the market outlook for producers.

Corn growers were disappointed that a legislative solution providing access to nationwide, year-round E15 was ultimately not included in the year-end legislation. NCGA and state partners had a pathway to achieve a legislative solution to year-round E15, an issue that we and our partners have worked on for more than a decade. Including year-round E15 would have come at no cost to the federal government and would have offered a market-centric opportunity to boost the corn economy.

We appreciate our champions on Capitol Hill, including Senator Fischer, Ranking Member Klobuchar, and several additional members of this committee, who continue to lead on this important issue and pave the way forward. Solving this problem would benefit the entire liquid fuels industry and the rural economy.

Farm Bill Priorities

As a grassroots and grower led association, NCGA and our affiliated state associations have worked with producer leaders from across the country to develop principles and prioritize policy recommendations for the farm bill.

The priorities for corn growers in the farm bill are summarized in our key principles:

- Protecting federal crop insurance
- Strengthening the producer safety net
- Bolstering U.S. international market development efforts
- Supporting voluntary conservation programs, and
- Championing initiatives important to rural America.

Corn growers are committed to making USDA programs work more effectively for producers and to ensure the next farm bill addresses the current and future needs of producers. In the spring of 2023, then NCGA President Tom Haag and Vice President Harold Wolle provided testimony to the relevant Senate and House subcommittees on the farm bill reauthorization. The NCGA recommendations can be found in the testimony for the Senate Subcommittee on Commodities, Risk Management and Trade hearing on May 2, 2023, available here.

NCGA priorities include support for improvements to crop insurance, commodity, trade, and conservation programs with a focus on market-oriented policies that help growers manage their risks. Many of these recommendations are reflected in the Senate frameworks and marker bills that were released last year and would be an improvement on existing USDA programs for growers across the country.

Following the hearings, corn growers have continued to evaluate, debate, and update our national policies and priorities utilizing our grassroots process. Notably, at the July 2023 session of Corn Congress, grower delegates from across corn state associations voted on and adopted the following farm bill policy, "we support a one-time nationwide mandatory base acre update as determined by recent planting history." This policy position was later reaffirmed by another vote of the grower delegates at the next Corn Congress held at Commodity Classic in March 2024.

As Congress works to update programs to better meet the risks, challenges, and costs facing producers today, the modernization of base acres would bring an important update to commodity program eligibility and better serve current producers, their farms, and the risks associated with commodities more recently planted.

Corn growers support several specific changes to strengthen the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) commodity programs. These programs are intended to provide farmers with a critical safety net when they face significant drops in crop prices or revenues. Importantly, investments to improve these programs, along with updates to base acres, would help ensure that when commodity program payments are triggered, the assistance will reach the producers when and where it is needed.

While the PLC program has not triggered payments for corn growers for either the 2022 or 2023 crop years, the ARC County and ARC individual programs have provided some assistance to corn growers around the country. These trends are expected to continue for the 2024 crop year and even if the programs are triggered, the farm bill does not authorize USDA to begin making payments until after October 1, 2025.

For the 2025 crop year, growers currently have until April 15, 2025, to elect between the ARC and PLC programs. Recent estimates show that the support from these programs may occur at higher levels than in recent years as a result of the PLC effective reference price "escalator" and the ARC benchmark revenue calculations. However, any triggered support would not begin to reach producers until after October 1, 2026.

Overall, a new farm bill with improved safety net programs is overdue. Congress has the ability to make existing USDA programs more effective, efficient, and responsive through strategic investments and policy enhancements. Corn growers are working with allied farm organizations, commodity groups, lenders, and other stakeholders to continue to push for legislative action. NCGA and our members would like to see this process move forward in a bipartisan manner and for a full farm bill reauthorization to be signed into law as soon as possible.

Corn Competitiveness Report

NCGA recently released the 2025 Corn Competitiveness Report outlining a path to bolster the economic outlook for farmers and rural America. Corn growers have identified six key targets for enhancing the competitiveness for U.S. corn and specific examples of the ways in which we can achieve these targets. The full report, available here, is also attached to the end of the testimony.

These include developing new foreign markets, expanding consumer access to higher blends of ethanol, fueling innovation in new uses research, ensuring sensible regulations are in place, and extending key federal tax provisions. Ultimately, it is a roadmap to establish an environment in which farmers can be innovative, productive, and profitable.

Right now, many American farmers do not have the financial resources of their own to adopt new management practices or meet burdensome regulations. Not only are regulations financially costly, but they also stifle the innovation that has propelled American farmers forward over the last century. In 2024, American corn farmers harvested 1.7 percent fewer acres than they did in 1924 but produced 729 percent more corn. Major growth in production, without using more land, is the result of freedom to operate and access to resources that champion innovation.

To maintain our status as producers of the world's most affordable, abundant, and sustainable corn we also need demand opportunities that provide market-driven price opportunities for farmers to earn a profit and reinvest in our farms, families, and rural communities. To drive greater demand, farmers need access to new market opportunities while protecting existing markets. Increased demand for corn will carry multiple benefits by supporting prices which allow farmers to make a living and invest in their communities.

Foreign competitors are currently capturing market share that would otherwise be met by American producers. Our experiences show us that lost market share cannot be easily recaptured, and oftentimes never fully recovers. Therefore, we must be proactively setting up new supply chain opportunities in key regions of the world, like the Indo-Pacific, Africa, and Europe.

American corn growers produce the most high-quality sustainable corn in the world but without forward-thinking trade policies, we will struggle to maintain our global leadership.

Summary and Closing

As the 119th Congress gets fully underway, corn growers urge the Agriculture Committees to prioritize the passage of an improved farm bill and to have continued oversight on the implementation of assistance provided for producers in the American Relief Act. As we look to the future, we need to work together to create a policy environment that supports sustained growth in the market demand of U.S. corn and corn products, including domestic, foreign, and further new uses.

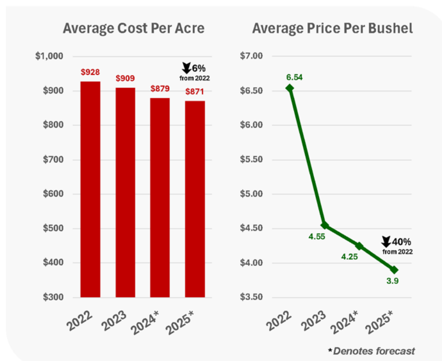
In closing, thank you to the Senators and staff for your support of America's farmers. We look forward to working with you to confront the current and emerging issues impacting our businesses, families, and rural communities.

Targets for Enhancing Competitiveness of U.S. Corn

2025 NCGA CORN COMPETITIVENESS REPORT

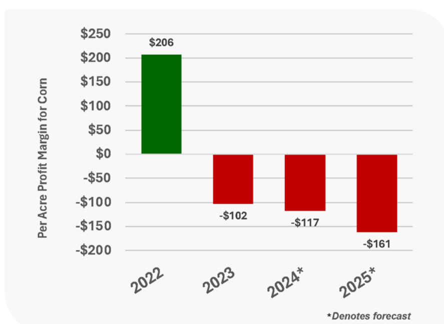
The United States is a corn-producing superpower, growing about one-third of the world's corn and doing so more sustainably than anywhere else on earth. With a centuries-rich history, 96% of U.S. corn is grown by American farm families. But the future of this American-grown powerhouse is in jeopardy as costly and burdensome regulations and outdated, unfavorable policies hinder American corn farmers' market access resulting in high costs and low market prices.

Corn Price Has Dropped Substantially More Than Cost to Produce



The average corn price American farmers receive declined 40% from 2022 to the average price expected for 2025. The average cost to produce corn has also declined, but only by 6%. Corn is a market commodity; the price farmers are paid for their corn is based on the board of trade price, adjusted for basis, at the time of the sale. Meanwhile, most farmers buy inputs at costs set by their retailer.

Three Years of Losses for Corn Farmers



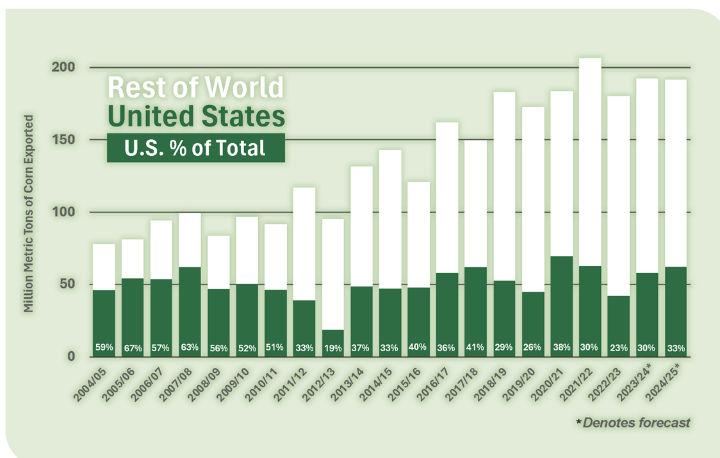
As former President John F. Kennedy famously stated, "The farmer is the only man in our economy who buys everything at retail, sells everything at wholesale, and pays the freight both ways."

Because of this unique situation, farmers have less control over their own profitability than producers in other sectors of the economy. For 2025, corn growers are preparing to take a net loss for the third year in a row. On average, American farmers are facing losses of over $160 per acre of corn. Sustained high input costs and dropping prices leave American farmers in a vulnerable financial position.

In that position, American farmers don't have the financial resources to adopt new management practices or meet burdensome regulations that dictate how they operate their farms. Not only are regulations financially costly, but they also stifle the innovation that has propelled American farmers forward over the last century. In 2024, American corn farmers harvested 1.7% fewer acres than they did in 1924 but produced 729% more corn. Major growth in production, without using more land, is the result of freedom to operate and access to resources that champion innovation.

Despite this major growth in production, the U.S. global market share for corn has decreased in the past two decades as other nations support agricultural growth and expand global trade relationships. America's share of global corn exports dropped from 59% in 2004 to 33% in 2024. As global production continues to increase, corn prices depend on growing demand. The financial viability of U.S. corn farmers depends on robust demand for U.S. corn in all forms: grain and value-added products for both domestic and international markets. Expanding use of U.S. corn not only supports corn prices for U.S. farms but also boosts rural economies and brings jobs and manufacturing to the U.S.

World Exports Grow While the U.S Share of Global Corn Exports Declines



If the U.S. is going to build the greatest economy in history, supporting American corn farmers is foundational. Corn growers need an environment where they can be innovative, productive and profitable, with unobstructed access to necessary inputs, management tools and markets. They also need an environment that preserves and protects the integrity of farming for future generations and allows hardworking American corn farmers to thrive and contribute to building the greatest economy in history.

American corn farmers are facing challenges that threaten competitiveness. But there are solutions. These six targets would support U.S. corn's competitiveness and ensure growing corn remains viable for America's farm families.

COMPETITIVENESS TARGET:
INCREASE GLOBAL MARKET ACCESS FOR U.S. CORN

CHALLENGE: EXPORT MARKETS FOR U.S. CORN

Solution #1: Trade Initiatives with Market Access

The U.S. has not formed a new trade agreement in over a decade. If market access provisions are not included in ongoing trade negotiations, America cannot make good on meaningful export opportunities. Increasing trade initiatives around the globe that include real market access provisions, such as purchase commitments, will generate demand for American corn and support corn prices for U.S. farmers. By fortifying existing markets and discovering new potential markets, U.S. corn farmers can solidify a diverse set of customers, which helps mitigate supply chain uncertainty and displaced markets.

Solution #2: Eliminate Trade Barriers

When foreign countries enact regulations that disrupt trade, like bans or tariffs on U.S.-produced corn, farmers are left holding the bag. While these barriers to trade may be issued under the guise of something like protecting public health, they are often an ineffective attempt at propping up a domestic industry. For example, Mexico's efforts to ban genetically modified corn, which were not based on science, would have been detrimental to American corn farmers if fully realized, especially as Mexico is the top export destination for U.S. corn. From Brazil's tariff on ethanol imports to a variety of countries erecting barriers to importing of biotech products and even delays in approvals from foreign regulatory bodies, agricultural products are often the target of unjust trade barriers that must be eliminated.

Solution #3: Market Access for Animal Ag Exports

Demand for animal protein around the world, especially in developing countries, continues to increase. American livestock producers are the most efficient and sustainable producers in the world, with easy access to abundant feed grains, including corn. Seeking increased market access for animal protein exports would provide a source of nutrition to the world while supporting farmers and rural America.

CHALLENGE: CORN EXPORT INEFFICIENCY

Solution: Work to Eliminate Transportation Barriers

Barriers in the transportation of corn to market often cut into financial margins for corn farmers. Disruptions along the inland waterway and rail systems increase transportation costs, impacting corn prices. Locks and dams along the inland waterway system have been pushed far beyond their 50-year design life, which can cause closures or further delays, driving transportation costs higher still. In 2024, rail inefficiencies at the Mexican border caused stoppages for corn farmers and for businesses along the supply chain. This not only increased transportation costs but created a glut in domestic supply. Investing in critical transportation infrastructure and working with our adjacent trade partners to ensure fluidity of the export system will allow for efficient delivery of the superior product U.S. corn farmers provide to the world market.

Why It Matters: U.S. corn growers need equitable and reciprocal trade deals that protect American farmers from unfair trade.

COMPETITIVENESS TARGET: EXPAND USE OF U.S. CORN IN ETHANOL

CHALLENGE: THREATS TO BIOFUELS DEMAND FOR U.S. CORN

Solution #1: Provide a Level Playing Field for Biofuels

In 2024, final rulemakings were issued for the EPA Light Duty Vehicle Multi Pollutant Standard, and the National Highway Traffic Safety Administration's Corporate Average Fuel Economy standard. Both rules favor electric vehicles and rapidly force consumer choice away from internal combustion engine vehicles, which would cause significant injury to all liquid fuel demand, including ethanol. Using EPA's rule forecast, NCGA projects corn use for ethanol would decline more than 1 billion bushels annually beginning in 2041, representing about 20% of current corn use for ethanol. Litigation opposing these rulemakings for light- and heavy-duty vehicles is already underway. Favorable decisions reached in the courts this year would create lasting benchmarks for administrative action on these issues in the future.

Solution #2: Legislation for Higher Blends of Ethanol & New Octane Standard

During the 118th Congress, legislation that would facilitate an increase in corn demand failed to move forward. Both the Consumer and Fuel Retailer Choice Act and the Next Generation Fuels Act, which have been introduced several times over, would have solved decades-long issues for the fuel value chain, stimulated ethanol demand, lowered everyday costs of fuel for consumers and reduced emissions.

Solution #3: Eliminate Trade Barriers

Brazil's 18% tariff on ethanol imports has shut off access to a major market for U.S. ethanol producers. The U.S. government should strongly encourage Brazil to eliminate the tariff and return to market parity for ethanol.

Solution #4: Certify Corn Ethanol for Expanded Markets

The Fuels Parity Act which would have removed the dated prohibition of corn starch ethanol from qualifying as an "advanced biofuel" was also left on the table by the 118th Congress. In order for ethanol to remain competitive in the dynamic modern biofuels market, reasonable changes to the Renewable Fuels Standard such as this must be made.

Why It Matters: U.S. corn growers are ready to have a vital role in making America a dominant energy producer with abundant, low cost, American-made corn-based ethanol.

COMPETITIVENESS TARGET:
STRENGTHEN FARM RISK MANAGEMENT

CHALLENGE: OUTDATED FARM SAFETY NET PROGRAMS

Solution #1: Protect and Strengthen Federal Crop Insurance

Federal crop insurance has a proven track record of helping producers quickly respond to natural disasters. The success of the public-private partnership in providing risk management tools has led to wide adoption rates among row crop producers. In 2023, corn farmers alone insured $73.6 billion in liabilities through the purchase of over 407,000 policies nationwide. Increasing crop insurance access and affordability for producers, including beginning farmers, will further protect and strengthen the economies of rural America.

Solution #2: Strengthen Commodity Revenue and Price Programs

Key risk management tools and USDA programs continue to be stress tested by natural disasters, economic challenges and unpredictable events. Strengthening the Farm Bill commodity programs administered by the Farm Service Agency, including the Agriculture Risk Coverage and Price Loss Coverage commodity programs, will provide farmers with a better safety net when they face significant income losses due to fluctuations in crop prices or revenue. Targeted improvements, such as an update to base acres to reflect recent planting history, would ensure farmers have appropriate access to the programs. These programs have not been reauthorized or improved since the 2018 farm bill.

Why It Matters: U.S. corn growers need strengthened farm risk management tools that support rural economies when American family farmers face risks that threaten their businesses.

COMPETITIVENESS TARGET:
PRESERVE THE AMERICAN FARM FAMILY LEGACY & FARMLAND ACCESS

CHALLENGE: TAX INCREASES THREATEN FARM PROFITABILITY

Solution #1: Extend Key Federal Tax Provisions

The Tax Cuts and Jobs Act of 2017 includes federal tax policy provisions used by corn farmers to support and grow their family businesses, including bonus depreciation, Section 179 expensing and the qualified business income deduction. These important provisions, set to expire after 2025, should be extended in the federal tax code. Otherwise, farms are set to see their taxes raised, threatening their farm profitability.

Solution #2: Extend the Higher Estate and Gift Tax Exemptions

To ensure long-term continuity and smooth transition between generations of family-owned, agriculturally based and other small businesses, the Tax Cuts and Jobs Act temporarily doubled the exemptions for federal estate tax and raised the exemption for gift taxes, both adjusted for inflation. The increased estate tax and gift exemptions are set to expire after 2025 and should be extended in the federal tax code. Reverting to the lower estate and gift tax exemptions would hinder family farm successions.

CHALLENGE: VERTICAL INTEGRATION IN CROP FARMING

Solution #1: Incentive for Farmer Investment, Operation and Capital

As of 2022, 39% of U.S. farmland is rented or leased. As of 2014 (most recent available), 80% of rented farmland is owned by people not actively involved in farming. Non-operator buyers prop up land values despite factors otherwise expected to result in softening, such as low commodity prices, negative crop returns and high interest rates. Incentives support and encourage farmer investment in land, including solutions that allow capital to come in alongside farmers, rather than compete with them, would help preserve active family farms. Farmers in a third year of losses cannot generate a cash down payment for a land purchase or cash flow land payments. Incentives to stimulate purchases with direct operation of cropland would help farmers access farmland, protect against vertical integration evolution and support farming families.

Solution #2: Resist Consolidation and Differentiation in the Corn Sector

The market for standard yellow corn is as close to perfect competition as possible: an active market with many buyers and sellers selling the same undifferentiated product at the same price where market participants can easily access market information. These components uphold market structure and family farm participation in this market for corn. Consolidation of input suppliers and grain purchasers translates to fewer buyers and sellers in the market and should be resisted. Programs and incentives that link sustainability benefits to corn in the market differentiate the product and price and could be problematic to the market for standard corn if there is large scale participation. Alternatively, small scale differentiation offers niche market opportunities for family farms. In designing programs and incentives, it is critical that the chain of custody model used accounts for expected farmer participation to maintain commodity market integrity and pricing transparency.

Why It Matters: U.S. corn growers need a supportive environment for reinvestment into farms and transfer of farmland within farm families.

COMPETITIVENESS TARGET:
PROTECT ACCESS TO AGRICULTURAL INNOVATIONS

CHALLENGE: HIGH INPUT COSTS

Solution: Eliminate Tariffs on Fertilizers and Herbicides

NCGA has been vocal about the negative impacts that duties on phosphate imports are causing farmers, and concurrently, how duties on 2,4-D imports would also negatively affect farmers. Duties on these two imports would place supply chains under stress, leading to shortages and higher prices, while preventing farmers from accessing tools that meet their individual needs.

CHALLENGE: PESTS & DISEASE IN CROPS

Solution #1: Protect Endangered Species with Workable Solutions for Farmers

EPA's Endangered Species Act Framework is designed to provide species protection in advance of full consultation by the U.S. Fish and Wildlife Service and the National Marine Fisheries Service. However, the overly conservative approach underway may result in requirements for farmers to comply with burdensome mitigations, which are not only financially burdensome but also excessively time-constraining for farmers. Once requirements and mitigations are in place, there is little chance of reducing or eliminating them should a full consultation find they are not needed. It is important to ensure endangered species are afforded protection with strategies that are realistic and manageable for farmers to implement.

Solution #2: Champion Innovation in Agronomic Research

As pests, diseases and weather patterns evolve over time, research and development of new products is critical to combat existing and emerging threats. One example is the rising occurrence of mycotoxins like aflatoxin and vomitoxin, toxic substances produced by certain fungi found in corn that can be harmful to humans and animals. Increased appropriated funds for research related to these toxins would be directed to NCGA's Aflatoxin Mitigation Center of Excellence, a collaborative effort among state corn checkoff boards and university experts to efficiently identify tools for prevention, in-field measures and post-harvest strategies to combat aflatoxin and other mycotoxins.

CHALLENGE: MAINTAIN STATUS AS PRODUCERS FOR THE WORLD'S MOST AFFORDABLE, ABUNDANT AND SUSTAINABLE CORN

Solution #1: Regenerative Opportunities with Biotech Hybrids

The reduction of soil loss over the last 35 years was enabled by biotech seeds offering additional weed management options. Farmers can produce more with less soil erosion and fewer pesticide applications because of biotechnology.

Solution #2: Biotech Modification Reduces Dangerous Food Contaminants

An analysis of over 6,000 peer-reviewed studies covering 21 years of data found that biotech corn increased yields up to 25% and dramatically decreased dangerous food contaminants. The study, published in Scientific Reports, analyzed field data from 1996, when the first biotech corn was planted, through 2016 in the U.S., Europe, South America, Asia, Africa and Australia.

Solution #3: Preserve Access to Seed & Crop Protection Technology

Safe, affordable, sustainable and abundant supplies of agricultural products are essential to the wellbeing of our country. For decades, millions of American farmers and ranchers have dutifully supplied these goods to U.S. consumers. Weeds, insects and disease outbreaks can inflict significant crop yield losses. They can also infest grazing lands, making them unusable for livestock and contributing to wildfire fuel loads. Without continued access to tools needed to protect against devastating pests, U.S. farms and ranches would quickly become economically unsustainable, jeopardizing U.S. farmers' ability to provide affordable food and other agricultural products to consumers. For decades, genetic improvement technologies have helped U.S. farmers improve crop yields and protect against pests. Novel applications of these tools may help safeguard crops from drought and enhance their nutritional qualities, among other improvements. Preserving access to these technologies and encouraging further advancement is essential to maintaining both a robust, quality supply of goods for U.S. consumers and competitiveness for U.S. agriculture globally.

Why It Matters: U.S. corn growers need a suite of input and crop protection options without costly and burdensome regulations. This will lower costs on the farm and champion innovation in technological advances and farm management.

COMPETITIVENESS TARGET: STRENGTHEN USE OF U.S. CORN IN AMERICAN PRODUCTS

CHALLENGE: MARKET BARRIERS TO ENTRY FOR CORN-BASED PRODUCTS

Solution #1: Policy Supporting Commercialization of New Uses of Corn

Congress should implement a tax incentive for new companies in the bioeconomy space using domestic feedstocks like corn to manufacture renewables. Many research initiatives in this area fail to overcome a "valley of death" moving from the lab to implementation of "steel in the ground" facilities. This tax incentive would help return manufacturing of these products to the U.S. and increase demand for U.S.-grown corn.

Solution #2: Cross-Agency Collaboration on Funding New Uses of Corn

U.S. agriculture would benefit if the USDA, National Institute of Food and Agriculture, Department of Energy, and others collaborated more closely on research, development and commercialization in the biotechnology and renewable chemicals space. Executive Order 14081 initiated steps, but bioeconomy support must continue through programs at national labs, BioPreferred and Rural Development.

Solution #3: Increase Public-Private Partnerships to Improve Technology Transfer

Government agencies and national labs have developed valuable technologies, but the technology transfer process must be simplified. An increase in public-private partnerships would facilitate investment in new technology commercialization and reduce technology transfer red tape. BioMade is a great start, but improved leverage of public-private partnerships and other efforts that help technologies overcome the "valley of death" and scale up is needed to support production of American-made products using American-grown feedstocks.

Solution 4: Consistent Terminology and Biobased Product NAICS Codes

Consistent terminology and definitions need to be established for differentiating biobased products from recyclable, biodegradable and others. The North American Industry Classification System (NAICS) codes should also be defined for biobased products so their economic contribution can be measured and businesses using renewable feedstocks like U.S.-grown corn can get more access to capital for scale up.

CHALLENGE: DISPARATE RULES FOR CARBON SCORING & COMPLIANCE

Solution: Define Carbon Programs and Requirements

U.S. corn farmers are positioned to help companies solve challenges by sequestering carbon on their farms. Programs, rules and requirements that enable U.S.-grown products to qualify as feedstocks for sustainable aviation fuel and other new uses will put America first, support farmers and rural livelihoods and make a positive impact on the world. Defining programs for carbon intensity and utilizing American-grown crops will increase the demand for quality products that are produced more efficiently in the U.S. than anywhere else in the world.

Why It Matters: U.S. corn growers need reduced market barriers and prioritized use of U.S. corn in American-made products. This supports domestic industry and jobs, propelling a Buy American Hire American economy.

NAWG | NATIONAL ASSOCIATION OF WHEAT GROWERS

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Testimony of Keeff Felty
President
National Association of Wheat Growers

Before the U.S. Senate Committee on Agriculture, Nutrition, and Forestry

"Producers from the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1"
106 Dirksen Senate Office Building
Washington, DC

Wednesday, February 5, 2025

Chairman John Boozman, Ranking Member Amy Klobuchar, and distinguished Senate Committee on Agriculture, Nutrition, and Foresty members thank you for the opportunity to testify today on the state of the farm economy.

My name is Keeff Felty, a fourth-generation farmer from Altus, Oklahoma, where my family and I farm wheat, cotton, and pastureland. Right after high school, I became invested in the family farm my father and grandfather operated, which I eventually took over and expanded into what it is today. While farming, I also attended Oklahoma State University, where I received a Master of Science degree in Agriculture Economics in 1991. I am here today in my role as the president of the National Association of Wheat Growers (NAWG).

Founded on December 7, 1958, NAWG is celebrating its 75th anniversary this year, working to represent wheat growers in Washington, DC. NAWG is a federation of 20 state wheat grower associations and industry partners that work to represent the needs and interests of wheat producers before Congress and federal agencies. We are a grower-governed organization and work in areas as diverse as federal farm policy, environmental regulation, trade, transportation, and uniting the wheat industry around common goals. Our mission is to unite wheat farmers to promote policy efforts that create an environment that is conducive to the success of wheat farming in the United States. We feel it is important to provide testimony before the Senate Committee on Agriculture, Nutrition, and Forestry as we continue working toward reauthorizing the farm bill in the 119th Congress.

Today's hearing is particularly timely given that farmers – and wheat growers – are currently facing a severe downturn in the agricultural economy. NAWG appreciates the hard work the leadership and members of this committee played in getting economic and disaster assistance signed into law in December 2024. That assistance is much needed across all of agriculture. However, long-term improvements to the farm safety net must be included as this committee and Congress work to reauthorize the farm bill this year.

Wheat Overview

Nationwide, there are six different classes of wheat, each grown for different uses in various geographic regions and climates, using varied agronomic practices and facing unique challenges. These six classes present a variety of unique challenges, uses, and growing conditions, which makes creating a one-size-fits-all program for wheat particularly difficult. My home state of Oklahoma planted 4.35 million acres of Hard Red Winter (HRW) wheat in 2024, harvesting nearly 2.9 million acres. HRW is a versatile grain used in hard rolls, croissants, and flatbreads. It is also an ideal wheat choice for some types of Asian noodles.

The U.S. Department of Agriculture (USDA) Economic Research Service (ERS) ranks wheat third amongst U.S. field crops in planted acreage, production, and gross farm receipts. According to the January 10 USDA National Agricultural Statistics Service (NASS) Crop Production Summary report, all wheat planted acres in 2024 were at 46.1 million acres, down from 49.6 million in 2023. However, the area harvest was 38.5 million acres, up nearly 1.4 million acres from the prior year. The NASS report also notes that wheat production was 1.97 billion bushels in 2024, up from 1.8 billion bushels in 2023. The farm gate value for 2024 is nearly $11 billion.

Wheat growers in the United States pride themselves in growing a safe, abundant, and sustainable crop that we consume here at home and export globally. According to the United Nations, 20 percent of the calories humans consume are from wheat. This complex carbohydrate is a necessary nutritional tool that provides essential fuel for the body's needs. With over half of the wheat grown in the United States headed to international markets, our growers play a vital role in feeding the world.

Wheat production across the United States is varied, from the climate, soil, rotations, and most importantly, the type of wheat and end-use markets for the wheat produced. As a crop primarily destined for food supply, the quantity and quality of the wheat we produce are equally important. The six classes of wheat have a variety of end uses – whether it is pizza, pasta, bread, cakes, or crackers – each product has characteristics that rely on a different type of wheat and a different protein content in the wheat and flour. Some wheat – winter wheat – is planted in the fall and harvested in the following summer, and some – spring wheat – is planted in the spring and harvested a few months later in the summer.

There are several environmental benefits of growing wheat. Wheat improves soil quality, protects the soil from erosion, and reduces weed pressure when added to crop rotations. The wheat crop allows for different timings and pest control products which help combat pest resistance. Winter wheat provides living plant cover over the winter months. The wheat straw residue left on the field provides a durable cover to protect the soil from wind and water erosion. In certain regions, winter wheat can be added to a corn-soy rotation, adding a third crop over the two years and providing a living cover over the winter and additional economic revenue from adding a wheat crop.

Farm Economy

The agricultural economy is in a tough spot. While farmers often grapple with challenges daily, the entirety of the agricultural economy is in a position it has not been in for decades. When my predecessor Brent Cheyne was before the Senate Committee on Agriculture, Nutrition, and Forestry's Subcommittee on Commodities, Risk Management, and Trade in May 2023, he stated: "Wheat farmers across the country are currently experiencing high prices but at extreme risk." In that testimony, he stressed that while prices were able to help producers weather the heightened cost of production, those prices were unlikely to last, which is where we find ourselves today.

In December, USDA ERS updated its Farm Sector Income & Finances: Farm Sector Income Forecast, which noted, "After reaching record highs in 2022, farm sector income is forecast to fall in 2024 but at a slower rate than in 2023." However, that statement masks a significant decline in crop cash receipts, given the robust returns in the livestock sector. When looking at the commodity-level changes in farm income, a recent Terrain analysis revealed that wheat growers experienced a 43 percent decrease in net cash farm income from 2023 to 2024 when adjusted for inflation. That marks the lowest level in the last 15 years.

When President Cheyne testified before the subcommittee, the Market Year Average (MYA) was $8.83 per bushel for wheat for the 2022/23 marketing year. According to the most recent USDA WASDE report published earlier in January, the forecasted season-average price for wheat is $5.55 per bushel, which is down $0.05 per bushel from the December report. From that time, two and a half years ago, wheat prices fell by over 37 percent.

One of the most significant financial risks and challenges growers have continued to face is the cost of production, which includes operating costs (seed, fertilizer, chemicals, fuel, repairs, etc.) and allocated overhead (labor, capital recovery of machinery and equipment, taxes and insurance, etc.). According to the USDA ERS' Commodity Costs and Returns report published in October for wheat, for the three most recent years (2021-2023), the cost of production has averaged $384.47 per acre and peaked at $401.81

in 2022. During the three prior years (2018-2020), the cost of production averaged $322.94 per acre. When comparing these two data ranges, the cost of production has gone up by over 20 percent on average, according to USDA's data. Concerningly, the USDA ERS' cost-of-production forecast published in November expects that cost of production will remain elevated. For wheat, it is forecasted to be at $388.14 in 2024 and $386.14 in 2025.

While USDA projects the MYA average prices for wheat to be $5.80 per bushel in 2025/26, there is still a projected shortfall for wheat. Strong prices helped mitigate the revenue shortfalls in pervious crop years, but in 2024/25 wheat growers will experience a $101 loss per acre according to USDA ERS' cost of production data. For the 2025/26 year, USDA projects a $96 loss per acre.

As I reflect on my 40th year of farming, the challenges facing the farm economy are real and reminiscent of the 1980s farm crisis. The silver lining of today compared to the early 1980s is that interest rates are roughly half what they were during those tumultuous times. Additionally, our safety net has been greatly improved through the efforts of subsequent farm bills and the increased adoption of crop insurance tools. However, according to USDA ARS Farm Income and Wealth Statistics, the cumulative interest expenses are expected to exceed $30 billion in 2025, which would mark the highest level since the mid-1980s when adjusting for inflation.

Last week, Texas A&M University's Agricultural and Food Policy Center published an article summarizing their representative farms, which can be used to forecast farm finance performance and serves as an agricultural barometer. In the article, it noted "In the 42 years that AFPC has been projecting farm financial performance, the most recent crop outlook for the representative farms is the worst in terms of the number of farms in each of the four commodity types (feed grains, cotton, rice and wheat) that are not currently expected to have a positive cash flow over the next 5 years. What makes this so troublesome is there is not a crop that producers can switch to from their current crops that would generate a positive return."

The economic assistance relief package enacted in December 2024 helped soften the blow for wheat growers. According to our assessment of the legislation, wheat growers should receive about $31.80 per acre. While these payments will not make growers whole, they will help them secure operating notes and prevent them from having to exit the industry. Even with these payments, a wheat grower could still be losing about $72 dollars per acre.

Each year, I invest millions of dollars into planting a crop with a requirement to pay back the full amount at the end of harvest. The following year, I do the same thing. In addition to making that investment, myself and other farmers often have long-term land and equipment payments we need to make each year, just like you might with a home or auto loan.

NAWG appreciates the hard work members of this committee played in helping get the economic assistance signed into law, and these efforts do not go unnoticed. We are encouraged that Congress recognizes the challenges facing agriculture by providing this ad hoc relief for 2024, and we hope this recognition underscores the desire to reach an agreement to pass a bipartisan, robust farm bill in the first half of the 119th Congress.

Farm Bill Process and Background

In the lead-up to the initial expiration of the 2018 Farm Bill, NAWG undertook an extensive process to develop principles and policy priorities in anticipation of Farm Bill reauthorization. These efforts included soliciting individual grower feedback, internal review of existing programs by our policy committees, and presenting recommendations to NAWG's board of directors. In the summer of 2022, NAWG's board of directors identified our initial top ten farm bill priorities, which was further expanded upon at Commodity Classic in March of 2023.

The key priorities identified by the NAWG board of directors include:

- Protect and enhance crop insurance;
- Improve Title I by increasing the statutory reference price for wheat;
- Support funding for financial and technical assistance through voluntary conservation cost-share programs;
- Support increasing state and regional management of Conservation Reserve Program based on local input;
- Oppose any efforts to expand conservation compliance;
- Double funding for the Market Access Program and Foreign Market Development program;
- Prioritize American-grown commodities as part of American food aid programs to feed more people;
- ensure predictable access to crop protection tools;
- and to work with Congress to ensure there are sufficient budgetary resources available to craft a bipartisan, multi-year, comprehensive and meaningful piece of legislation.

Throughout the farm bill reauthorization process, NAWG has appreciated the ability to testify before Congress on five separate occasions. In 2022 and 2023, our grower leaders testified before the full House Agriculture Committee; the Subcommittee on General Farm Commodities, Risk Management, and Credit; the Subcommittee on Livestock and Trade; Subcommittee on Conservation and Forestry; and the Senate Committee on Agriculture, Nutrition and Forestry's Subcommittee on Commodities, Risk Management, and Trade. These past testimonies are still relevant today, however, since credit and lending conditions throughout the countryside have changed due to the collapse in commodity prices and the near-high cost of production.

The farm safety net is outdated, as 86 percent of federal support to farmers since 2018 has been in the form of ad hoc assistance. While this assistance is needed when there are shortcomings in the farm safety net, Congressionally driven ad hoc assistance is not timely and has proven challenging to implement. We encourage lawmakers to strengthen existing farm safety net programs to provide a more reliable and timely delivery system.

Wheat growers recognize the complicated budget environment in which the farm bill will be considered. To that end, we appreciate that both the Senate and House Agriculture Committee leaders sent a strong bipartisan letter to the Budget Committees in March 2023 acknowledging the needs and challenges facing agriculture.

On March 14, 2023, NAWG joined more than 400 national, regional, and state organizations in sending a letter to the House and Senate Budget Committee members requesting sufficient budgetary resources to craft a new bipartisan, multi-year, comprehensive, and meaningful piece of legislation.

We acknowledge that the federal budget and fiscal environment present challenges and complexities. However, as outlined earlier in my testimony, the farm economy is facing unprecedented headwinds, and sufficient budgetary resources will be needed to craft a comprehensive farm bill if there is a desire to tackle the challenges facing farmers in rural America.

Additionally, we appreciate the framework outlined by Senator Boozman in June 2024, which included several of NAWG's priorities. NAWG also appreciates the work the House Agriculture Committee put into passing the Farm, Food, and Natural Security Act of 2024 (H.R. 8467) out of committee in May 2024, which incorporated many of NAWG's priorities. At the end of my testimony is a letter NAWG sent to Chairman Thompson and Ranking Member Scott detailing those priorities included in the committee's bill.

Crop Insurance

Crop insurance is one of the leading pillars of the farm safety net. Through successful public and private partnerships, crop insurance has helped wheat growers throughout the nation in response to natural disasters. Protecting crop insurance is NAWG's number one farm bill priority as we look towards reauthorization of the bill. A reliable safety net is crucial as the list of ongoing challenges grows for wheat producers across the nation. Additionally, we encourage this committee to avoid further cuts and even look at ways to enhance the program through better affordability. Crop insurance is the first wave of financial support following disaster. Following a claim, producers can typically see indemnity payments in as soon as 30 days, which is vital for growers following a production disaster.

The Risk Management Agency (RMA) has shown over the last 10 years that on average 82 percent of wheat acres have been covered with some type of risk management coverage. During the 2024-year, RMA reported 37 million acres of wheat were covered by some type of crop insurance. This accounted for 81 percent of total wheat acres planted across the nation. This coverage is necessary, because the last 10 years wheat acres have on average had a 0.87 loss ratio. Producers did see one of the lowest loss ratios last year with the ratio for wheat at 0.67. This loss ratio being below 1.0 highlights that producer premiums were higher than the indemnities delivered through crop insurance. When this is paired with the immense increase in input costs and poor commodity prices, our growers still felt the burden of the current agriculture economy.

Crop insurance is a producers only sense of protection from unpredictable weather patterns and lack of precipitation. Wheat growers experienced this with extreme drought conditions from 2021 – 2023. According to the U.S. Drought Monitor, at some points, nearly 80 percent of the Continental U.S. experienced conditions greater than D1 (Abnormally Dry), with 20 percent of the nation facing D3 (Extreme Drought) and D4 (Exceptional Drought) drought conditions. Unfortunately, these extreme drought conditions contributed to indemnity payments were at a 20 year high with 2023 numbers reaching $2.5 billion. Premium payments also reached a 20 year high with RMA reporting 2023 numbers peaking just above $2.2 billion. Premium payments must be reevaluated and readjusted to more directly align with the challenges producers are currently facing. The $2.2 billion that farmers paid in premium costs is a 245 percent increase from the $895 million in premium costs producers paid in 2020.

The use of revenue protection policies and yield protection policies are prominent among the agriculture industry, especially wheat growers. In 2024, growers covered 35 million acres under revenue protection, while 2.3 million acres were covered under yield protection. Aside from revenue and yield protection, growers have access to a variety of endorsements. These endorsements are changes to a specific policy that adds, changes, or adjusts your initial coverage. In 2024, Enhanced Coverage Option (ECO) covered 2.1 million acres. This policy endorsement raises coverage from 86 percent to 95 percent of a grower's approved yield. Additionally, growers utilize Supplemental Coverage Option (SCO) which is dependent on the liability, coverage level and approved yield for your underlying policy dependent on a county-wide loss. The Federal Crop Insurance Corporation stated that in 2024, wheat producers covered 2.68 million acres under SCO.

Crop insurance has been the cornerstone for my operation for many years. Revenue protection is utilized on our operation with area wide programs of SCO and ECO. Selection of crop insurance prices vary on my operation with projected price election, volatility factor, and yield change on each unit which all impact the coverage and premium. Last year, I had a well-conditioned wheat crop and then suffered a massive hailstorm days before harvest along with revenue losses due to such low prices. My spring crop saw claims due to drought, excessive heat, and hot dry winds. Congress must strengthen the safety net by making premiums more affordable, while enhancing endorsement options with additional premium assistance. Lastly, all wheat varieties need a more modern quality adjustment procedure that aligns with today's requirement by the supply chain.

In efforts to support and strengthen crop insurance NAWG has endorsed legislative efforts by members of this committee. Senator Hoeven's Federal Agriculture Risk Management Enhancement and Resilience (FARMER) Act (S. 4081) strengthens crop insurance and makes higher levels of coverage more affordable for producers. Additionally, the bipartisan effort between Senator Marshall and Bennet (S. 2104) to allow for the separation of enterprise units (EU) by continuous and fallow land is a necessary change to help our wheat producers in drought-stricken areas. Currently, farmers must combine fallow and continuous wheat acres. As a result, you can have a fallow actual production history (APH) and a continuous APH that are reported separately but must have a blended unit in an EU. This dynamic ends up hurting farmers in arid areas when crop insurance needs to be a safety tool for their protection. NAWG also supports the bipartisan effort of the Crop Insurance for Future Farmers Act (S. 2468), which was introduced by Senator Klobuchar. This piece of legislation amends the federal crop insurance program to increase the premium assistance rate for beginning and veteran farmers. These pieces of legislation all represent NAWG's priorities to strengthen and enhance crop insurance, and NAWG greatly appreciates all the committee's work on these legislative efforts.

As we continue to have conversations about the reauthorization of the farm bill, NAWG will continue to put crop insurance as one of our top policy priorities. A protected and strengthened safety net is essential as we continue to deal with a multitude of factors that increase the pressure on agriculture producers. NAWG will oppose any proposals of cuts to crop insurance or any restrictions or barriers that could directly affect producers or crop insurance products. NAWG also supports any efforts to make crop insurance more affordable for producers. We continue to partner with state and national organizations to study and enhance crop insurance and their policies.

It's also important to understand that the crop insurance program is not just valued by farmers but the entire rural community. Many banks refuse to extend lines of credit without farmers enrolling in crop insurance. This is done as a form of protection for banks themselves. Crop insurance allows farmers to pay their bills to input dealers, seed suppliers, and cooperatives even in years where production or prices fall. Crop insurance is not just important to farmers, it's essential to the survival of rural America.

Title I

The annual producer election of either Agriculture Risk Coverage (ARC) or Price Loss Coverage (PLC) included in the 2018 Farm Bill has worked well for growers and should continue in the new farm bill. For the program year 2024, 50.8 percent of wheat growers chose PLC, and 48.3 percent chose ARC-CO. The nearly 50-50 split began in 2022; however, prior years 80 to 90 percent of wheat growers elected PLC as their farm safety net.

In the commodity title, NAWG recommends a meaningful increase to the statutory reference price for PLC and changing the parameters on the effective reference price calculation. These recommendations would allow for a stronger Title I program that can more effectively protect farmers, and better adjust to market conditions. This is especially important with the substantial increases in the cost of production.

As noted above, in the farm economy section, the cost of production has remained at near all-time highs, while the MYA prices have dropped precipitously. The statutory reference price established in the 2014 Farm Bill is outdated and doesn't work for this agricultural economy. Since the 2014 and 2018 Farm Bill, one of the lingering challenges of the past several years has been the increased cost of production, which heightens the need for increased reference prices. The pandemic, the Russian invasion of Ukraine, labor challenges and shortages, and global supply chain challenges have dramatically increased input prices. Growers have minimal tools to hedge against such global and lingering impacts.

Another area of focus in improving the Title I program would be to modify and strengthen the parameters of the effective reference price in tandem with updating the statutory wheat reference price. The effective reference price and its adjustment mechanism could be improved to provide a better safety net for wheat farmers that can be responsive to market conditions. The current effective reference price is capped at 115 percent of the statutory reference price, with a maximum level of $6.33 per bushel for wheat. Additionally, the 85 percent factor on the moving average should be reexamined and increased to 90 or 95 percent. Overall, having an adjustment that takes years to occur is too slow with the current volatility of commodity markets and the ever-increasing cost of production and the Committees should consider making this mechanism more responsive to market conditions.

While the effective reference price is projected to rise above the statutory reference price for the first time in 2025/26, climbing to $5.56, and the effective reference price may climb to near $6.00 in the two years following, it is expected to drop below the statutory reference price by 2029/30. The temporary increase in the effective reference price escalator is not a substitute for a permanent increase in wheat's statutory reference price.

We do not propose increasing the reference price to guarantee a profit for wheat farmers. It would simply mitigate some of the substantial risks involved in the industry and help protect them from the serious increases in unavoidable costs that farmers face. For wheat, the escalator can be more meaningful if the statutory reference price is adjusted to more accurately account for increased input costs and value of production, which has increased significantly since the 2018 Farm Bill.

Trade

With over 50 percent of U.S. wheat heading to overseas markets, trade is a major priority for wheat farmers. The United States is the world's fourth largest exporter of wheat, exporting 18.6 million metric tons in Market Year 2023/34, worth a farmgate value of nearly $4.8 billion. We have long-term trading relationships with our top markets, Mexico, the Philippines, and Japan, but we are also continuously working on developing new markets. Future growth in exports to Southeast Asia and Western Africa may be especially promising with projects underway through critical Market Access Program (MAP) and Foreign Market Development Program (FMD) resources. Expanding MAP and FMD resources in the Farm Bill will ensure that we can continue to grow and maintain strong wheat exports across the world.

Similarly, we must also work to secure a fair playing field across global markets. We welcome President Trump's Executive Order on an America First Trade Policy and look forward to holding countries accountable that discriminate against or unfairly compete with US wheat exports. From heavily subsidized exports from Turkey, to India's trade distorting wheat subsidies, there are many opportunities to rebalance out trading relationships and put American farmers first.

The world wheat market is an ever-changing one that provides unique opportunities for U.S. wheat farmers. But wheat is also the world's most widely planted and traded commodity. That means global competition among exporters is fierce. It highlights the continuous need for new market access to keep U.S. growers on a level playing field with other countries – especially as our primary competitors in quality wheat markets – Canada and Australia continue to sign and pursue new free trade agreements around the world.

In the wheat industry, U.S. Wheat Associates is the USDA cooperator organization. They participate in MAP, FMD, Regional Agricultural Promotion Program and occasionally the Emerging Markets Program in their efforts to expand markets for U.S. wheat producers. Those USDA grants are required to be matched, in the case of wheat, though farmer dollars that are collected by individual state checkoffs. Combined, those monies support a global network of 13 overseas offices and around 75 technical, marketing, and support staff, all working on behalf of U.S. wheat farmers.

According to a 2021 econometric study conducted by IHS Markit, commissioned by USDA, it showed that MAP, FMD, and industry partners have a significant economic impact to our nations economy. The economic impact from these increased trade opportunities add 225,000 jobs annually throughout the American economy. Additionally, agricultural export revenue increased by an average of $9.6 billion because of program activities. Overall, U.S. economic output increased by $45 billion because of program activities.

These programs also boost export volume, and farm cash income. A separate study commissioned in 2016 by the Coalition to Promote U.S. Ag Exports with Informa Economics (now IHS Markit) working with Texas A&M and Oregon State University economists, showed that if MAP and FMD were doubled and private cooperator contributions increased by just 10 percent, ag export value would increase $3.4 billion per year on average, farm cash receipts would rise $2.2 billion a year on average, and 64,000 jobs would be created.

As this committee works to reauthorize the farm bill, NAWG recommends doubling the funding for MAP and FMD. We were particularly glad to see two bipartisan bills introduced in the 118th Congress, which, if enacted, would do just that. We look forward to the reintroduction of the Expanding Agricultural Exports Act (S.176) and Agriculture Export Promotion Act (H.R. 648) this year and encourage the committee to work to incorporate these legislative priorities into the committee's base text.

Other Farm Bill Priorities

The Farm Bill's conservation title has always enjoyed strong bipartisan support through locally led, voluntary, and incentive-based conservation systems that originated to combat the Dust Bowl. NAWG supports continued funding for Farm Bill Conservation programs that work with farmers to improve soil health, increase habitat, sequester carbon, improve water quality, and provide many other benefits.

While commodity prices have decreased, input costs have remained high. These high prices also carry over into the adoption of conservation practices. With farmers facing higher costs in all areas of their operations, the decision to adopt conservation practices can depend on the financial assistance that Farm Bill programs provide. The cost share rates of the conservation programs, where limited in the statute, should be reviewed, and the committee should also review the payment limits in the statute. Several of these provisions have been in place for decades through many Farm Bills and do not reflect the costs of doing business on the farm. Growers are managing larger acreage to become more efficient and spread their operation costs over a greater acreage on the farm.

We urge the committee to consider the regional differences in agriculture production and climate when reviewing the administration of conservation programs. In recent years, dryland farmers have faced regional and multi-year drought conditions, and conservation programs must continue to work in these regions. NAWG supports voluntary conservation programs and continued investments in the Environmental Quality Incentives Program and Conservation Stewardship Program. The Conservation Reserve Program (CRP) is also an essential conservation tool NAWG encourages the committee to consider a few changes. NAWG supports increasing the payment cap in CRP. NAWG supports allowing cost share for mid-contract management and increasing the payment limitation in CRP. As prices for all inputs associated with managing land in CRP increase, the higher payment limitation should reflect the rising costs. Additionally, the CRP program should focus on highly erodible, less productive ground that is environmentally sensitive land.

As mentioned earlier, there are six different classes of wheat, with winter wheat making up the majority of the wheat grown in the US. For conservation programs to work well in each of these regions and states, they must provide various options and be flexible to work within different farming operations. Dryland farming practices are lacking in conservation options because we have already adopted no-till and several other practices. Conservation programs should be looking towards the next technology, innovation, and practice to expand the conservation opportunities for early adopters of conservation management systems such as no-till. Growers that adopted conservation tillage or no-till several years ago are looking for the next option. As you develop Farm Bill policy, please remember that one size doesn't fit all when it comes to conservation (or even wheat production). Farmers need a variety of program and conservation practice options to allow them to find the conservation approach that makes economic and environmental sense for their operation.

One of the most critical pieces our wheat growers use is crop protection tools. Recent years have proven how fragile our food production system is, and pesticides are a necessary tool that growers utilize to manage pests on their operations. Pest management is essential to produce an abundant crop while keeping the cost of production low. This is crucial as growers are running on razor-thin margins, and without these necessary products, production costs would soar. Unfortunately, grower access to these products is at risk as some states have started to regulate pesticides in a manner that directly contradicts decades-long conclusions from the Environmental Protection Agency. If these issues are not addressed, this will negatively affect farmers' ability to produce and threaten our nation's food security. NAWG

supports legislation that reinforces EPA as the preeminent authority on pesticide labeling and packaging requirements to provide certainty for farmers and American food security.
Lastly, the farm bill authorized critical funds for the U.S. Wheat and Barely Scab Initiative (USWBSI), which is a stakeholder-driven approach along with USDA-ARS base funding, both aimed at identifying and providing research-based solutions to the *Fusarium* Head Blight (FHB or scab) problem in wheat and barley. Scab significantly affects the yield and quality of wheat and barley, and its associated mycotoxins contaminate the grain, resulting in losses for U.S. growers, processors, and end users. With the U.S. average annual farm-gate value at nearly $15 billion for these two crops, minimizing loss is critical. Yet, FHB-related losses to farmers, food processors, and brewers can run in the hundreds of millions of dollars annually.

The USWBSI's effective model is built around a federal, state, grower, and industry partnership that leverages state and federal research infrastructures to address scab through a coordinated national program. Competitively awarded research examines crop management, development of resistant varieties, disease forecasting, and food safety with direct results for U.S. wheat and barley growers. As an example, a recent survey of growers on their use of the funded FHB Risk Tool found that 80% of growers using the tool experienced an increase in crop profits.

Conclusion

Naturally, this overview provides a look at national estimates, and each individual wheat farmers' situation will vary. However, behind these national estimates there are people just like you and me trying to make a living and enjoy life. These people are our friends and family, fellow churchgoers and neighbors, and members of the community who are having to make hard decisions about whether or not they will be able to continue to farm for another year. If they choose to or are forced to sell their farm, what does that mean for the future of Altus, Oklahoma, or a farm community in your state?

As the Senate Agriculture Committee continues to have hearings and begins efforts to reauthorize the farm bill in the 119th Congress, I look forward to working with the members of this committee, their staff, and the other witnesses here today to help craft a farm bill that works for wheat growers and all of American agriculture. Farmers are key in helping sustain our rural communities and feed the world. However, the agricultural community needs a farm bill that addresses the agricultural economy's challenges. We urge the committee to work expeditiously, in a bipartisan fashion, to pass a long-term farm bill that includes significant improvements and investments in the farm safety net to provide certainty and stability for our farmers.

We look forward to continuing to work with you to ensure a strong U.S. farm economy. Thank you again for this opportunity.

NAWG | NATIONAL ASSOCIATION OF WHEAT GROWERS

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May 21, 2024

The Honorable Glenn "GT" Thompson
Chairman
1301 Longworth House Office Building
Washington, DC 20515

The Honorable David Scott
Ranking Member
1301 Longworth House Office Building
Washington, DC 20515

Dear Chairman Thompson and Ranking Member Scott,

The National Association of Wheat Growers (NAWG) is pleased that the House of Representatives is taking the first step in the farm bill reauthorization process by introducing and scheduling a markup of the Farm, Food, and Natural Security Act of 2024. NAWG is committed to working with committee members and their staff to ensure that the bill addresses the priorities of wheat farmers and can move forward in a bipartisan fashion to allow for its ultimate passage in both chambers.

NAWG continues to advocate for a strong crop safety net. Integral to this will be ensuring that there are no cuts that could undermine the crop insurance program. Crop insurance is a critical public-private risk management tool for wheat growers. NAWG urges lawmakers to protect and strengthen crop insurance in this bill, which is the cornerstone of the farm safety net. NAWG appreciates that the bill increases the maximum coverage level for the Supplemental Coverage Option (SCO) to 90 percent of the county yield and the premium discount to 80 percent. Additionally, we appreciate the inclusion of the bipartisan Crop Insurance for Future Farmer Act (H.R. 3904), which expands premium discounts for beginning and veteran farmers for the first ten years of farming.

The Title I farm safety net programs Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) help protect wheat growers from significant crop price or revenue declines. To this end, NAWG is incredibly grateful to see a meaningful increase to the statutory wheat reference price addressed in the bill. The current statutory reference price of $5.50 is not an adequate safety net for wheat production, and the proposed statutory reference price of $6.35 is a meaningful improvement to help address the rising cost of production and increased input costs. We also appreciate the increase in the ARC guarantee, increased maximum payment rate, continuation of the annual election between ARC and PLC, and opportunity to expand base acres.

The conservation title includes several provisions NAWG supports including an increased focus on technical assistance and staffing for conservation program delivery and the bill's continued strong funding for the voluntary incentive-based programs, the Environmental Quality Incentives Program and the Conservation Stewardship Program. NAWG appreciates the focus on highly erodible land in the Conservation Reserve Program (CRP) and increasing the payment limit in the program to $125,000 per year. Additionally, NAWG welcomes the updated rental rate development process for CRP and additional transparency on the U.S. Department of Agriculture's (USDA) decisions on county rental rates.

The trade title includes several NAWG priorities, including the doubling of the Market Access Program (MAP) and Foreign Market Development Program (FMD), which are critical to building and expanding United States wheat into new markets and increasing wheat demand worldwide. Additionally, we appreciate elements of the American Farmers Feed the World Act (H.R. 4293) being included in the base text, notably the prioritization of U.S. commodities, increased consultation between the U.S. Agency for

International Development and USDA, and streamlining the release mechanism for the Bill Emerson Humanitarian Trust to better respond to humanitarian crisis.

The farm bill also includes many other important programs for wheat growers, such as research, rural broadband, credit, and certainty in crop protection product labeling. As Congress continues its work on the farm bill, we urge you to include these bipartisan policy priorities and advance legislation that will provide a strong safety net for our farmers, prioritize working lands conservation programs, and help to build new markets for United States wheat. Ultimately, Congress must produce a farm bill that can pass the House and Senate this year to give certainty about the structure of the safety net moving forward. We urge Congress to move forward to secure the best farm policy options for wheat growers.

Sincerely,

Keeff D. Felty

Keeff Felty
President

CC: Members of the House Agriculture Committee

National Barley Growers Association

Statement by Chris Engelstad
President, National Barley Growers Association
"Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1."
Senate Committee on Agriculture, Nutrition, and Forestry

February 5, 2025

Chairman Boozman, Ranking Member Klobuchar and Members of the Committee:

My name is Chris Engelstad, and I am the President of the National Barley Growers Association. I'm a 5th-generation farmer who grows barley, corn, soybeans, sunflowers, and canola in northwest Minesota. I farm with my parents and my wife Maddie, and we have a 1-year-old daughter, Camryn. Needless to say, we have a lot at stake in the U.S. agriculture economy.

As President of the National Barley Growers Association, I represent the perspectives of producers in all of the barley growing regions and states, which is predominantly the northern plains, including North Dakota, Montana, Idaho, and Washington, as well as Wyoming and Colorado.

On behalf of the National Barley Growers Association, I want to thank you for this opportunity to provide our perspectives on the agricultural economy. We greatly appreciate the committee's attention to the challenges currently facing farmers. We especially want to express appreciation for the assistance enacted by Congress in December to help mitigate the losses incurred in 2024 and improve growers' ability to secure financing necessary to plant their crops in 2025. Chairman Boozman and many members of the committee advocated for this assistance, worked to include it, and voted for its enactment. We want you to know that these actions were both very much needed and very much appreciated.

As you are aware, and as will undoubtedly be reflected in many of the statements you hear today, U.S. farm income declined for the second consecutive year in 2024, and projections for 2025 and beyond are not favorable. According to USDA, net farm income decreased by 22.6 percent from 2022 to 2024.[1] While those numbers are concerning, they don't fully capture the extent of the losses for crops. If you exclude livestock, some of which have fared better recently, you'll see that receipts for some crops are down by over 40% over the past two years. These significant two-year declines in crop cash receipts reflects weaker global demand, falling prices, and

[1] U.S. Department of Agriculture, Economic Research Service. (2024, December 3). *Farm sector income & finances: Farm sector income forecast.*

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increased competition from international markets.[2] The poor market for barley has resulted in farmers having to hold barley for as long as a year or even 18 months before the buyers can take delivery.

As prices are declining, production costs have been increasing. As shown in the USDA Economic Research Service Costs and Returns publication, from 2019 to 2023, production costs for barley increased 23%, from $374 per acre to $484 per acre. Production costs have leveled off and decreased somewhat in the past two years and we hope that trend can continue.

The current trends and outlook for barley are concerning. Planted and harvested acres and production are down significantly. Nationally, in 2024, production was down approximately 19%, while production in Montana was down by 16%, North Dakota was down 48%, and Minnesota was down an alarming 66%.

The projections going forward are not good either. A recent publication by North Dakota State University Extension on short and long-term agricultural planning prices shows malting barley average prices for 2026-2030 in North Dakota will be below the 5-year average from 2019 to 2023.[3]

I'm a relatively young farmer, and addressing the challenges and barriers for new farmers has been an ongoing concern that both agriculture and policymakers have been grappling with. In times like these, when it is difficult to just be cash positive for the year, new and young farmers can't build equity or gain access to capital to improve their operations.

The situation for barley in Minnesota is especially concerning, as we are losing crop diversity and crop rotation options. As barley production declines, we are also losing barley processing infrastructure. The loss of that infrastructure will make it more difficult for production to return, even if market conditions improve in the future.

It is vital that farm safety net and risk management programs be maintained and strengthened. The National Barley Growers Association Farm Bill priorities are attached and include:

- Enhancements to crop insurance, as reflected in the FARMER Act (S.4081) introduced by Senator Hoeven in 2024
- Improvements to Farm Bill Title I programs, including an increase in Reference Prices under the Price Loss Coverage (PLC) Program
- Updates to program crop acreage bases

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[2] American Farm Bureau, Market Intel Report. December 3, 2024.

[3] North Dakota State University Extension. Plotting A Course 2025 - Planning Prices. January 2025 Plotting a Course 2025 - Planning Prices | NDSU Agriculture

- Enhanced marketing loan rates to address increased borrowing costs.
- Authorization of *Fusarium* research of wheat and barley at $20 million in Title VII

We hope that a new Farm Bill can be enacted this year that bolsters the safety net for farmers.

The U.S. is falling behind our competitors when it comes to agricultural research that is critical to improvements in barley production and quality. Investments in research can result in significant returns. Every dollar invested in the U.S. Wheat and Barley Scab Initiative, there is an economic return of $71.

We also want to take this opportunity to share our perspectives on the potential for disruptions to markets due to tariffs and trade disputes. We are proud and appreciative that domestic beer producers, both large and small, utilize American-grown barley almost exclusively. U.S. farmers can also produce more than enough barley to meet domestic demand, and barley growers and consumers benefit from exports of barley to Mexico.

Mexico is by far the top export market for U.S. barley. The potential for tariffs on products imported from Mexico could have significant consequences for American farmers who supply the barley and grains essential to Mexican beer production. Mexican beer producers purchase U.S. barley to produce unique brands that are then exported back to this country for U.S. consumers. Growers, companies, and consumers benefit from a smooth, tariff-free flow of goods to remain competitive. We urge support for policies that promote fair and beneficial trade between the United States and Mexico.

There are many other challenges facing farmers that could be addressed by Congress. Labor is a large and growing cost for farmers. The H-2A program is a vital resource to access the labor required to plant and harvest the food we grow. We support the expansion of this program and legislation to streamline the visa application process and establish viable wage rates for H-2A temporary agricultural visa holders and employers.

Another challenge is on the regulatory front, including access to crop protection products. Farmers are being confronted with additional requirements and potential loss of products due to processes that are not science-based and do not use appropriate risk assessments. Congress should act to reinforce uniform labeling and prevent a patchwork of state regulations that may be inconsistent with science-based risk assessments required for federal pesticide labeling and packaging.

Likewise, the Dietary Guidelines and health and nutrition policies must utilize science-based risk assessments derived from transparent sources that do not have a conflict of interest.

Thank you again for the opportunity to testify and provide our perspectives, and for your continued support for American farmers.

We hope you will join us this evening in the Cannon Caucus Room for our Barley, Brews and Boots reception with the Beer Institute and our industry partners. We will have a selection of beers for every taste, all made with U.S. barley.

Sincerely,
Chris Engelstad
President
National Barley Growers Association

PERSPECTIVES FROM THE FIELD: FARMER AND RANCHER VIEWS ON THE AGRICULTURAL ECONOMY, PART 1

TESTIMONY

Presented to:

Senate Committee on Agriculture, Nutrition, and Forestry

Wednesday, February 5, 2025
Dirksen Senate Office Building

Presented by:

Amy France
Scott City, Kansas

Introduction

Thank you, Chairman Boozman and Ranking Member Klobuchar, for the opportunity to testify today before the Committee on Agriculture, Nutrition, and Forestry. My name is Amy France, and I own and operate France Family Farms in Scott City, Kansas, alongside my husband and our oldest son. We raise grain sorghum, corn, and wheat, as well as Angus cattle on our 6,000-acre operation. Prior to farming full-time, I spent 12 years in the rural banking industry, which allowed me to develop an understanding of the importance of economic stability for farmers. Now, in managing a third-generation farm in Western Kansas, my family and I have first-hand experience with the very real financial challenges of making it work in the current environment. We are facing weaker prices for our crops, high and sticky costs of production, and a stubborn weather pattern that has brought immense new challenges each of the last few years. This has made me very sensitive to and appreciative of the farm policies you so carefully steward in this Committee. It has been critical to my farm's survival. The work you do is so important.

I serve as the Chair of National Sorghum Producers. I am very honored to represent many farm families in this capacity, and, for the reasons stated above, I am honored to be here today. I hope my testimony, both as a family farmer and on behalf of NSP, will be helpful as you continue the work to craft a much needed farm bill that is meaningful to producers.

State of the Sorghum Industry and our Economy

As I've noted, farmers are facing a variety of challenges which threaten our financial viability. Increased production and input costs, extreme weather events, and decreased commodity prices create significant uncertainty. Many producers, similar to myself, have been operating under a bleak economic landscape for the past few years, and projections for the coming years have not improved. As farmers, we actively seek ways to invest in practices that benefit our soils and capacity for future production, while also boosting our bottom-lines to cover the current financial margins. It is a high-stakes and thin margin model in the normal years. Right now, we are bleeding resources and capital and we simply could not survive without assistance from Congress and from USDA.

Throughout our semi-arid region, sorghum is an excellent fit for the productivity of our operations. Unfortunately, according to the USDA National Drought Mitigation Center, an average of at least 71% of sorghum acreage across the United States has consistently been in drought as classified by the U.S. Drought Monitor in 2023 and 2024.[1] These years were also described by the National Agricultural Statistics Service as having “above normal temperatures,” and the 2024 Crop Production Summary report highlighted that it was the 6th warmest spring and the 4th warmest summer in our nation's history, months that are critical for crop production.[2]

Since sorghum is a drought-tolerant, non-fragile, high-residue crop that conserves soil moisture and reduces soil erosion, it is a key tool for enhancing the overall sustainability and profitability of my family farm. Adding sorghum, the Resource Conversing Crop®, to a typical high input crop rotation allows the entire rotation system to become resource conserving, according to the USDA, and aids in reducing input costs.[3] However, while sorghum is resilient, it is not weather immune. Harsh climatic conditions coupled with increased cost of production and decreased commodity prices have resulted in significant financial losses across the Sorghum Belt.

In 2024, sorghum cash receipts were forecast by USDA Economic Research Service (ERS) to decline by $56.8 million, and by the end of the year, sorghum farmers lost roughly $178.74 per acre resulting in a loss of $1.5 billion in net income.[4] From a farmer’s perspective, 2025 appears to be just as grim, if not moreso, for our growers. Since 2019, cost of production for sorghum has increased by an average of 8% year-over-year. The forecast cost for 2025 reflects a 12% increase compared to the five-year average. Increased costs are further exacerbated by decreasing commodity prices, creating a financial situation that cannot be buffered by yield alone.

Efficacy of the Farm Safety Net

We are fortunate and grateful to have received the much-needed disaster and economic assistance that was included in the American Relief Act. The dollars provide meaningful short-term aid, which bridges a gap, allowing many who would not otherwise have been able to continue

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[1] https://www.agindrought.unl.edu/RowCrops.aspx
[2] https://usda.library.cornell.edu/concern/publications/k3569432s?locale=en
[3] https://www.regulations.gov/document/CCC_FRDOC_0001-0413
[4] U.S. Department of Agriculture, Economic Research Service. (2024, December 3). Farm sector income & finances: Farm sector income forecast.

farming this year. However, the benefit provided is just that - short-term - and farmers still desperately require long-term stability through an enhanced safety net that provides predictability and certainty for producers and lenders alike.

Unfortunately, the current farm safety net is simply not adequate. While the changes in the 2018 Farm Bill have been helpful, given the level and speed at which costs have increased, statutory Price Loss Coverage (PLC) reference prices are now far too low to provide effective support in light of the many risks facing farmers in 2025. The same situation is true of marketing loans, which remain an important cash flow tool for farmers but are now much too low relative to current risk. The reference price for sorghum and marketing loan rates must be adjusted upward to be relevant for U.S. sorghum farmers as we work to maintain productivity through extremely turbulent times. Sorghum constantly competes for acreage to meet the demands of our growing markets in fuel, food, and feed, and our growers need greater stability in reference prices.

Additionally, we recognize the critical role that the Agricultural Risk Coverage (ARC) program plays in providing a safety net for farmers, particularly during periods of revenue volatility. The proposed improvements to the program introduced in the bi-partisan Farm, Food, and National Security Act of 2024, which successfully passed through the House Agriculture Committee last year, provided meaningful support by improving the base reference price and band of coverage. Ensuring that both ARC and PLC remain effective tools in addressing the financial risks faced by farmers is essential and we encourage continued efforts to strengthen the program to better serve U.S. farmers in the years ahead.

Crop Insurance

While an improved Title I would provide welcomed assistance for producers, crop insurance acts as the stable cornerstone of the farm safety net. Sorghum producers have purchased crop insurance on 77% of acres over the last five years, and the tool has been absolutely critical in helping manage the persistent harsh weather conditions decimating the Sorghum Belt. Crop insurance is based on premium cost share, so farmers have serious skin in the game. While the program is based on market prices, and therefore has no distorting effect on a large scale, it can have a very real local impact on plantings through availability of products and rating. For example, due to sorghum's ability to withstand short periods of drought and heat better than most other crops, farmers tend to deploy sorghum more aggressively when the production outlook is bleak. This exposes the crop to extra environmental stress. In effect, sorghum transitional yields, which are proxy yields for a farmer's individual yield history when transitioning to a crop he or she has never grown before, ultimately suffer and become an obstacle for sorghum production as well as for groundwater resource management. Fortunately, in November 2022, the Risk Management Agency (RMA) announced a new crop insurance option for irrigated sorghum farmers which became available in the 2023 growing season to farmers in select counties in Kansas, Oklahoma, and Texas over the Ogallala Aquifer. We continue to work closely with RMA and look forward to working with this Committee to build upon these recent efforts that provide meaningful solutions for sorghum farmers.

To further support the success of these initiatives, it's crucial to address the broader economic factors that influence farmers' decision-making in the region. Grain sorghum pricing methodology and commodity price elections influence planting decisions in the water-stressed sorghum belt, where sorghum competes primarily with corn and soybeans. To benefit not only sorghum growers but all farmers through improved resource allocation across all crops, NSP recommends establishing a floor for sorghum equal to the price election for corn with the ability to increase if market prices continue to justify a positive differential.

Conclusion

As a farmer on the High Plains, my vision is to make agriculture more viable so that future generations can have the same opportunities we have today, however, that will not be a reality under current economic conditions without passage of a strong, new farm bill with a meaningful farm safety net. Farmers are tasked with the difficult challenge of feeding, fueling, and clothing the world. Our livelihood, as well as the generations that will follow us, are absolutely dependent on financial stability.

Mr. Chairman, in closing, I want to thank you again for the opportunity to testify and to let you know that our farmer members of the National Sorghum Producers appreciate the task you have before you. While we have focused on Title I and Title XI, all are important pieces to a larger puzzle that underscore the value of a strong farm safety net and its central necessity toward ensuring farmers like me and my family are able to continue to farm from one season and one generation to the next.

Thank you again for the opportunity today. We look forward to working with the Senate Agriculture, Nutrition, and Forestry Committee and our fellow commodity organizations to make meaningful improvements to the Farm Bill.

Prepared Testimony of:

Josh Gackle
Chairman
American Soybean Association

Before the U.S. Senate Committee on Agriculture, Nutrition, & Forestry
Hearing on *Perspectives from the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1*

February 5, 2025

Introduction

Good morning, Chairman Boozman, Ranking Member Klobuchar, Senator Hoeven, and distinguished members of the Senate Agriculture Committee. It is an honor to join you today to testify on behalf of the American Soybean Association regarding producers' perspectives on the agricultural economy. My name is Josh Gackle. I am a soybean farmer from Kulm, North Dakota, on a third-generation farm where I work alongside my dad and brother. Our family farm is my sole business and means of economic livelihood. This year, I have the privilege of serving as chairman of the American Soybean Association (ASA). Our association, founded in 1920, represents U.S. soybean farmers on domestic and international policy issues important to the soybean industry. ASA has 26 affiliated state soybean associations representing nearly 500,000 farmers in 30 primary soybean-producing states.

The U.S. soybean industry has a profound, positive impact on the U.S. economy. We have long been U.S. agriculture's #1 export crop, and a by-the-numbers look demonstrates soy's value to our domestic economic health. The U.S. Department of Agriculture (USDA) reported 86 million acres of soy were harvested in 2024, with production of 4.4 billion bushels. Soybean production accounts for more than $4 billion in wages and over $80 billion in economic impacts, according to a study by the United Soybean Board (USB)/Soy Checkoff and National Oilseeds Processors Association (NOPA). This does not even include secondary soy markets and supporting industries like biodiesel, grain elevators, feed mills, ports, rail, refining, barges, etc., which bring soy's national total economic impact to a significant $124 billion.

U.S. agriculture is facing significant challenges, challenges that are led by rapidly plunging margins. Commodity prices are down nearly 50% from highs experienced three years ago[1], while farmers are still facing elevated prices for land, seeds, fertilizer, and pesticides. For U.S. soybean farmers, there are many unknowns ahead in 2025. With the new administration threatening tariffs on major export partners, our access to global export markets is in jeopardy. On the domestic front, undersized Renewable Volume Obligations (RVOs) under the Renewable Fuel Standard and the lack of clarity about the future of tax credits for biobased diesel from the Inflation Reduction Act—most notably the 45Z Clean Fuel Production Tax Credit—and regulatory uncertainty threatening the availability of pesticides and biotechnology weigh heavily on the minds of ASA members.

Last year, soy farmers were grateful to see Congress pass the American Relief Act, which included $10 billion for economic assistance to agricultural producers to address unprecedented losses resulting from poor market conditions. While this package was much needed, it does not fully offset the combination of falling commodity prices, historically high input prices, and inflation. As we continue to work toward a 2025 Farm Bill, we must keep in mind the financial stress America's farm population is experiencing.

With that in mind, I would like to offer insights into some of the top issues we're hearing about at ASA.

Threats on the Horizon for Farm Country

It is no secret that farm country faces mounting threats on a multitude of fronts while already grappling with the impacts of an ongoing economic downturn. The Purdue University Ag Economy Barometer, which tracks farmer sentiment, reached its lowest levels since 2016 last October: Farmers are increasingly

[1] https://www.cobank.com/documents/7714906/7715332/Year-Ahead-Report-2025.pdf/39b35295-2e97-500f-da5b-6a406ec6729c?t=1733954409427

concerned about low commodity prices, high input prices, and several other pressures impacting farming operations.[2]

The United States had an abundant soy harvest this year. Unfortunately, Brazil is anticipating a record harvest, and Argentina is looking at its largest harvest in years. Strong harvest predictions across the largest global soy producers will likely result in a world-record soy harvest this year. At the same time, the world's largest buyer of soybeans—China—continues to face economic woes and increasingly is shifting purchases toward Brazil amid tariff uncertainty. This economic downturn results in a diminished demand for U.S. soy at a time of excess supplies.

The shifts in supply and demand exacerbate the slide in prices. USDA expects farm prices to average $10.20 per bushel for the most recent crop harvested in the last soybean marketing year, compared to $14.20 per bushel for the crop harvested in 2022. Costs for farm inputs (e.g., fertilizer, pesticides) continue to narrow the margins for soybean farmers, with seed, fertilizer, pesticide prices and interest rates all remaining high. While fertilizer prices were stable this fall, future fluctuations in phosphate and potash markets continue to be a concern for farmers. Given the U.S. is dependent on foreign sources for both these inputs, farmers are worried they could see higher costs for future production—especially considering mounting tariff threats.

While many threats and challenges are market-driven, Congress has significant opportunities to affect the concerns of farmers.

Pesticide access remains a threat to U.S. farmers as the Environmental Protection Agency (EPA) continues to review uses and new approvals. EPA's pesticide program has all but ground to a halt, with very few product approvals over the past several years. The system backlog deprives U.S. farmers of vital new products that, in many cases, are available to our competitors. Proposed restrictions on legacy products also threaten to take away tools growers have long used in their operations. Further, pesticide prices are elevated, and there are concerns that pesticide prices could increase even further should tariffs on foreign-purchased ingredients go into effect.

Soybean farmers are deeply concerned about growing threats to soybean markets at home and abroad. Retaliatory tariffs resulting from potential trade actions taken by the U.S. could threaten foreign market access while the soybean industry continues to establish and rebuild trade partnerships following the 2018 trade war with China. As the #1 export crop for the U.S., soybean producers face significant, disproportionate impacts from trade flow disruption. Further, foreign soybean producers are primed to meet any international demand resulting from future trade wars, which could permanently supplant U.S. export markets.

When threats arise that impact soybean exports, U.S. producers look to domestic markets to cushion the blow. Right now, however, significant uncertainty is tied to federal policy impacting domestic markets for soybean oil, both for food use and biofuel production. Increasing rhetoric perpetuating false claims about detrimental health impacts of soybean oil and other seed oils, paired with threats of banning these products from domestic food use, raises questions about U.S. soybean farmers' continued access to this market. Soybean oil consumption for edible uses is a stable market that has provided continued certainty

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[2] https://www.purdue.edu/newsroom/2024/Q4/farmer-sentiment-reaches-lowest-levels-since-2016-as-income-expectations-weaken/

for our farmers and removing that market would cause an immediate and significant decline in soybean oil prices.

On the other side of the coin, domestic biofuel production offers opportunities for growth if policies related to the Renewable Fuel Standard (RFS) and the 45Z Clean Fuel Production Credit are supported and shaped to enhance the role that U.S. agriculture plays in fueling America. When the biofuel industry was poised for an exciting moment of expansion, lower than anticipated RFS renewable volume obligations stunted growth, triggered a decline in the price of RINs, and led to the closure of biofuel production facilities in the Midwest. Further, delayed guidance on the 45Z tax credit paired with a calculation system that currently affords higher credit prices to non-agricultural feedstocks added additional downward pressure on soybean oil prices. High levels of non-agricultural feedstock imports have displaced domestic soybean oil in biofuels. ASA is supportive of value-add opportunities through USDA's Climate Smart Agriculture quantification system, but those benefits will not be realized unless the Administration follows through on finalizing and improving tax guidance for biobased diesel under 45Z.

While U.S. soybean farmers continue to face threats and uncertainty, Congress can help shape policies that bolster all agriculture. Passing a comprehensive five-year farm bill, supporting programs that encourage growth throughout the agricultural value chain, and blocking harmful policies that restrict market access at home and abroad will result in improved economic footing for all rural America.

Past and Future Trade Conflicts Impact the Global Soybean Market

As mentioned earlier in this testimony, soybeans are the largest agricultural export in the U.S., and robust international trade is a priority for the U.S. soybean industry. In conjunction with our partners at the U.S. Soybean Export Council (USSEC), the World Initiative for Soy in Human Health (ASA-WISHH), USDA, and the Office of the U.S. Trade Representative (USTR), U.S. soy is working actively across the world to open new markets and introduce new customers to the value of high quality, high protein U.S. soy. Opening new markets is just the beginning: Markets require time, attention, and long-term relationship maintenance to ensure that once a market is open to U.S. soybean exports, access remains unhindered.

As we look ahead to 2025 and the future for U.S. agricultural exports, we must also reflect on the past. Much has been said in the media and in this committee—and as recently as two weeks ago during Secretary-designate Brooke Rollins' confirmation hearing to serve as Secretary of Agriculture—about the Administration's plans to utilize tariffs as a tool to bring our global trading partners to heel. The impacts retaliatory tariffs can have on U.S. agriculture are never out of mind for soybean farmers. Soybeans have held the unfortunate distinction of serving as the prime casualty for what happens when the United States imposes tariffs on Chinese imports, and retaliation ensues.

In 2018, President Trump levied tariffs on imports from China under Section 301 of the Trade Act of 1974, starting a tit-for-tat trade war between our two global economies. As a response, China applied retaliatory duties against U.S. soybeans that reached up to 27.5%. These duties, combined with uncertainty in the trade relationship, severely constrained U.S. soybean exports to China. Those exports had exceeded a record 36.1 million metric tons (MMT) in Marketing Year (MY) 2016/2017, the last complete marketing year before implementation of the retaliatory tariffs. When tariffs were imposed late in MY 2017/2018, we saw an immediate impact, with the year finishing at 28.2 MMT exported to China—a 22% decrease from the previous year. In MY 2018/2019 and 2019/2020, these exports fell to 13.4 and 16.1 MMT, drops of 62% and 55%, respectively, from MY 2016/2017.

The impacts of this crippled market were severe for both farmers and exporters. USDA's Economic Research Service (ERS) estimated the impact of retaliatory tariffs on U.S. agriculture, including Section 301 tariffs and Section 232 tariffs on steel and aluminum. The ERS estimate shows a 76% reduction in value for U.S. exports to China from 2017 to 2018. ERS also estimated the trade war cost U.S. agriculture over $27 billion[3]. Soybeans accounted for 71% of the annualized losses.

Our competitors took notice and quickly stepped in to take advantage. As a result of the trade war, Brazil ramped up production to meet Chinese demand. Beyond capturing additional market share in China, Brazil was prompted to increase its land area in agricultural production: This has done irreparable and long-lasting harm to the U.S. soybean industry. In MY 2017/2018, Brazil overtook the United States as the world's largest producer of soybeans. As a result of the trade war and the incentives it provided to Brazil to significantly increase production, our industry now faces increasing competition with Brazil in every export market, not just China.

As our industry faces renewed trade disputes, an issue we are still grappling with is the long-term reputational damage done to U.S. soy because of the 2018 trade war. Section 301 tariffs and the retaliatory trade actions have jeopardized our place in these markets by undermining the U.S.'s strong reputation as a reliable supplier, thus damaging in-country relationships developed over decades. Because trade uncertainty has brought into question our reliability as a consistent supplier, in some years it has forced our customers to look elsewhere for their needs to avoid trade risk or excess duties.

In fall 2024, ASA and the National Corn Growers Association (NCGA) released a study analyzing how potential new tariffs could impact soybean and corn exports.[4] This study looked at two potential scenarios. The first scenario operated under the assumption that China would apply the rate from the "Total Tariff that Could be Applied" column to imports of U.S. corn, soybeans, and soybean products. The second looked at the potential for tariffs if China applied a 60% tariff to imports of U.S. corn, soybeans, and soybean products in response to a 60% tariff on Chinese goods imposed by the United States.

The study produced several results, but the major takeaway is that, should a trade war with China be renewed, U.S. soybean farmers would suffer while South American farmers would profit. If China were to cancel its waiver and revert to tariffs already on the books, U.S. soybean exports to China would fall between 14 and 16 MMT annually, an average decline of 51.8% from baseline levels expected for those years. A 60% retaliatory tariff level would intensify the shock, resulting in a loss of over 25 MMT million metric tons of soybean exports to China. At the same time, the price of a bushel of soybeans would drop between $0.60 and $1 below baseline, while farmers in South America would see higher prices for their beans.

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[3] Morgan, Stephen, Shawn Arita, Jayson Beckman, Saquib Ahsan, Dylan Russell, Philip Jarrell, and Bart Kenner. January 2022. The Economic Impacts of Retaliatory Tariffs on U.S. Agriculture, ERR-304, U.S. Department of Agriculture, Economic Research Service.
[4] https://soygrowers.com/news-releases/trade-study-how-potential-new-tariffs-could-impact-u-s-soybeans-and-corn/

With tariffs imposed on U.S. exports but not Brazilian exports, Brazil would be further incentivized to expand its production to capture that market share. The impact this expansion could have on U.S. soybean and corn farmers would not be limited to a short-term price shock but rather would be a long-lasting ramification changing the global supply structure.

While I have focused this testimony so far on China, we still face potential disputes with other trading partners. The Administration is threatening a 25% tariff on all products from Canada and Mexico, two of U.S. agriculture's closest trading partners. We have also heard tariff threats on Colombia, the European Union, and even as far as unilateral tariff threat on all imports. Not only are these markets important to U.S. agricultural exports but also imports: Approximately 87% of potash—a critical fertilizer input—used in the U.S. comes from Canada. Any tariff on potash would immediately be felt by farmers purchasing inputs, further depressing the farm economy.

Even without direct tariffs or retaliatory tariffs, trade wars can negatively impact markets. Domestic tariffs strengthen the U.S. dollar, which then increases the price our foreign buyers see. Brazil's currency has depreciated continually for years, which gives it an export advantage over U.S. soy exports. Additional tariffs compound this effect.

International trade is critical to the continued success of U.S. soybean growers and U.S. agriculture at large. While ASA appreciates the assistance offered to farmers during the first trade war, the Market Facilitation Program (MFP) was a band-aid that kept farmers afloat. It did not make farmers whole. ASA and the entire agriculture industry will need this committee to continue serving as the voice of reason for trade policy that includes market access and tariff reduction measures, and to advocate against harmful tariffs that would negatively impact U.S. farmers and ranchers. With regard to China, we urge the Administration to seek China's compliance with an enhanced Phase 1 trade deal that would address U.S. concerns and avoid a repeat of the negative effects of a trade war while our industry continues to recover from the previous one.

Protecting and Promoting Domestic Soybean Oil Markets

Biomass-based diesel was developed with the support of soybean farmers to help grow demand for soybean oil. Soybean growers worked to promote commercial production of biodiesel—a product made from soybean oil that supports farmers and rural economies and diversifies domestic fuel supply. This market has now evolved to include soy-based renewable diesel and sustainable aviation fuel, and it offers continued opportunity for growth.

As mentioned earlier in my testimony, the success and growth of the domestic biofuels industry depends on the RFS and biofuel tax credits. Current RVOs for biomass-based diesel missed the mark in terms of anticipated industry growth, and the resulting decline in RIN prices has had negative impacts throughout the value chain, from the shuttering of biodiesel plants in the Midwest, to the scrapping of plans to expand soybean processing facilities, to falling soybean oil prices that hurt farmers' bottom lines. Further, EPA missed its statutory deadline to publish RVOs for 2026 and beyond, leading to added uncertainty for the industry. ASA urges the Trump Administration to swiftly publish robust RVOs and deny any small refinery exemption (SRE) waivers that would negatively impact biomass-based diesel volumes. ASA also encourages Congress to avoid including harmful SRE waivers in legislative initiatives related to biofuels.

The 45Z Clean Fuel Production Credit offers additional incentives for the domestic production of biofuel. ASA strongly supports the current prohibition of biofuels produced using imported used cooking oil (UCO) from the credit. Imported UCO remains a threat to soybean oil in the biofuel market, and ASA remains supportive of statutory improvements to 45Z that bolster the use of domestic agricultural feedstocks for biofuel production. Further, USDA's interim guidelines related to the employment of climate smart agriculture for biofuel feedstock production offer immense opportunities for soybean producers to add value to their crop. USDA must be allowed to finalize this work, as applications for these guidelines go beyond federal tax credits and could be incorporated into state and international biofuel programs that quantify carbon intensity.

Domestic soybean oil use is split almost evenly between human consumption and biofuel production, making the edible soybean oil market equally as important to our growers. Due to misinformation, this market is under threat of being erased: The nominee for Secretary of Health and Human Services, which oversees the Food and Drug Administration (FDA), has stated an intention to ban soybean oil for food use. Soybean farmers provide safe and healthy products for consumers. FDA has recognized the health benefits of soybean oil through a scientific review process. Its review supports the claim of replacing saturated fats with unsaturated fats found in soybean oil to reduce the risk of coronary heart disease. The United States is not alone in its assessment of seed oils. European nations including Germany and Austria also suggest using seed oils over other forms of fat. Further, scientific evidence suggests seed oils like soybean oil do not produce adverse health outcomes.[5]

In fact, much research has been conducted by our industry to make soybean oil even healthier. The soy industry has developed a new, high-oleic soybean. According to SNI Global, high-oleic soybean oil has an even better fat profile than conventional soybean oil, a longer shelf life, and is grown by U.S. farmers for the benefit of U.S. agriculture.

Through investments by U.S. soybean farmers through the Soy Checkoff, we have cultivated a market for high-oleic soybean oil. However, all that work could be undone if our government ignores science by allowing agenda-based, anti-agriculture rhetoric to influence public policy.

As we seek to protect U.S. agriculture from the impacts of a potential trade war, so too must we bolster domestic markets for farmers. Maintaining and expanding the two primary domestic markets for soybean oil—edible use and biofuels—is critical to the economic success of soybean farmers.

The Time for a New Farm Bill Was Yesterday

As ASA Chairman, one of the top questions I hear from soybean farmers is, "When are we going to get a farm bill finished?" For over two years, soy and other agriculture producers have been anxiously awaiting a new, comprehensive five-year farm bill.

The 2018 Farm Bill did not meet the needs of soybean farmers during the trade war. During fall 2018, U.S. soy stopped flowing to the Chinese market in our peak export period. Soybean prices dropped significantly, but we received no Price Loss Coverage (PLC) benefits and little from the Agriculture Risk

[5] https://hsph.harvard.edu/news/scientists-debunk-seed-oil-health-risks/

Coverage (ARC) program. USDA had to step in with ad hoc, temporary support to farmers through the Market Facilitation Program (MFP).

If a trade war that shrunk soybean demand by over 30% hardly triggered the farm safety net provided in the current farm bill—a Title I safety net that has been declining over the past 20 years in real terms—it is difficult to envision a scenario that would provide meaningful assistance without significant improvements to the current reference price and program elements of ARC and PLC. The current reference price does not meet the needs of soybean farmers, and an updated reference price is one of the top asks of ASA farmer leaders.

This is just one example of why U.S. soybean farmers need a new farm bill as soon as possible. I would also like to share ASA's written testimony as presented to a hearing of the Subcommittee on Commodities, Risk Management, and Trade held on May 2, 2023, "Commodity Programs, Credit, and Crop Insurance – Part 1: Producer Perspectives on the Farm Safety Net," which further outlines ASA's full set of priorities for a new farm bill. The priorities were developed after months of listening sessions, feedback, and responses to an in-depth farmer survey. They remain unchanged.

ASA appreciates the work this committee has done laying the groundwork for a new farm bill. We recognize the political intricacies involved in completing a bill. However, for farmers, the need is great and the time is now. I strongly encourage the committee to work in a bipartisan manner as quickly as possible to move a new farm bill forward—one that meets the needs of farmers, ranchers, and also consumers.

Regulatory Certainty for Pesticides and Biotechnology

Recent developments in pesticide and biotechnology regulations have been a source of great anxiety for soybean growers. Farmers rely on these tools not only to protect their crops from devastating pests but also to enable certain conservation practices such as reduced tillage and cover crops—practices that would be difficult to maintain without access to these vital inputs.

To reduce risks to endangered species, EPA's Endangered Species Act Workplan could place new and unnecessary restrictions on pesticides. While we support EPA becoming compliant with its legal responsibilities under ESA, the Herbicide Strategy and other EPA proposals, if enacted as-is, would impose significant new costs and burdens on U.S. farmers at a time when they can least afford it. Of concern, EPA's process for determining whether a pesticide poses a risk does not use the best available science, as is required by the law, with the agency instead opting to use unduly conservative assumptions that overstate risks. In turn, farmers must implement costly new restrictions to mitigate EPA's inflated risks. By using available, real-world data, EPA could issue more appropriate regulatory actions that are workable for agriculture and wildlife while still meeting the agency's legal obligations.

Another area of concern in pesticide policy is state efforts to issue labels contradicting EPA safety findings. These actions risk creating a fragmented patchwork of state pesticide labels that could disrupt commerce, create confusion for pesticide users, and undermine science- and risk-based regulation. FIFRA has provisions that prevent states from issuing labels in addition to or different from EPA's findings. ASA supports the bipartisan Agricultural Labeling Uniformity Act, which reaffirms these important requirements.

Growers also are concerned with legal uncertainties inflicted on USDA's biotechnology program. Last December, a federal court vacated USDA's 2020 SECURE rule, which modernized the program's regulatory framework. The vacatur effectively reimposed antiquated biotechnology rules, undoing important efficiencies the SECURE rule offered to the program. If not addressed, this decision could deprive U.S. farmers of much-needed biotechnology and genome editing innovations. We look forward to working with Congress and USDA to determine how to best resolve this new challenge.

Conclusion

U.S. soybean farmers are no stranger to adversity. Farming is not an easy profession, and our livelihoods sometimes fall to the mercy of Mother Nature. It should not fall to the mercy of policies that can make or break us at a time when we are already stretched thin. The Senate Agriculture Committee and its leaders, Chairman Boozman and Ranking Member Klobuchar, have long been devoted advocates for farm country, and I thank them for their continued commitment to agriculture and readiness to fight for U.S. farmers.

While I focused much of my testimony today on the threats facing our industry, I want to conclude by flipping these challenges to instead point to the tremendous opportunities before Congress and the Administration to support U.S. agriculture: (1). Passing a five-year farm bill that meets the needs of U.S. farmers who must make long-term operational decisions, and that could ease their financial burdens, (2). Continued support for USDA programs like the Partnerships for Climate Smart Commodities and the BioPreferred Program, which help farmers become more resilient both on the farm and by creating new and innovative markets for their products, (3). Fostering growth in the biofuels sector through strong federal initiatives that benefit domestic agricultural feedstocks and offer increased market opportunities for U.S. farmers and can defray the impacts of lost market access in other sectors, (4). Supporting regulatory decisions, be that in pesticides, biotechnology or other areas, that are grounded in science and workable for farmers (5). Reauthorizing the U.S. Grain Standards Act, which safeguard our domestic grain standards inspection process by setting official marketing standards for grains and oilseeds (6). And, importantly, continued support for foreign market access and limiting the potential of retaliatory trade actions is critical for the whole of U.S. agriculture.

On behalf of ASA, thank you for the opportunity to testify today to provide the soybean industry's perspective on the farm economy. We look forward to working with you to shape farm policy in the 119th Congress.

Garrett Kevin Moore

Moore Family Farm LLC

Chancellor, Alabama

United States Peanut Federation

U.S. Senate Committee on Agriculture, Nutrition, and Forestry

Perspectives From the Field:

Farmer and Rancher Views on the Agricultural Economy, Part 1

Washington, D.C.

February 5, 2025

Chairman Boozman, Ranking Member Klobuchar, and members of the Committee, thank you for the opportunity to appear before you today to provide the peanut producer's perspective on the agricultural economy. My name is Garrett Moore. I am a fourth-generation farmer from Chancellor, Alabama, where I own and operate Moore Family Farm LLC. We grow peanuts, cotton, corn, and raise cattle on 1,500 acres of land in Southeast Alabama. I have been fortunate to have several leadership opportunities in my short time as a full-time farmer and am honored to represent the United States Peanut Federation (USPF) today.

USPF is comprised of the Southern Peanut Farmers Federation, the American Peanut Shellers Association, and the National Peanut Buying Points Association. The Southern Peanut Farmers Federation includes the peanut grower organizations in Georgia, Alabama, Florida, and Mississippi.

I have witnessed my family's many struggles on the farm over the past 29 years and have heard stories dating back many years before I was born. Generations of my family have experienced world wars, the Great Depression, natural disasters, economic turmoil of the 1980's, and the global COVID-19 pandemic, in addition to the simple, everyday challenges faced by a farmer.

The COVID-19 pandemic triggered a series of financial devastations on our farm. Since 2020, we have seen supply chain disruptions, inflation on key farm inputs, and labor shortages. Prior to 2020, the peanut industry was already experiencing difficult variables such as low prices—much of which was a result of trade issues; a reduced market in China and a non-tariff trade barrier in the European Union (EU), followed by the United Kingdom (UK). The EU and UK are some of our premium markets (see attachment A).

In addition to the financial impact of continued low market prices and increased input costs, peanut farming requires high cost, specialized equipment on top of traditional equipment such as tractors, trucks, cultivators, plows, etc. Specialized equipment for peanuts includes peanut pickers, peanut diggers, peanut carts, peanut lifters, peanut reshakers, twin row planters, layoff rigs, and dedicated sprayer rigs. This specialized equipment is extremely expensive to purchase and maintain, resulting in additional stressors on our farms.

The American Relief Act of 2024, signed into law in December, brought significant reassurance to the peanut industry by including the economic and disaster financial assistance. Due to the ongoing extreme economic conditions and devastating impacts from natural disasters in the past year, many growers were facing a low probability of accessing loan services for their next crop year. These funds will assist many growers in obtaining financing for their 2025 crop. The peanut industry is grateful to the members of Congress who worked tirelessly to ensure this financial assistance was passed before the end of last year. However, peanut growers will still face a deficit in farm income this year and are looking for ways to bridge the gap.

Dr. Stanley M. Fletcher, Professor of Policy at the Center for Rural Prosperity and Innovation at Abraham Baldwin Agricultural College and Professor Emeritus at the University of Georgia, has developed and maintained U.S. peanut representative farms from 2001, prior to the 2002 Farm

Bill, to today. There are currently 22 representative farms (see attachment B) spread across the country. They cover all of the peanut areas from Virginia to New Mexico.

Since the 2018 Farm Bill, we have seen a substantial increase in inflation. Dr. Fletcher reviewed the peanut representative farms' crop year 2021 cost of production as compared to 2024 costs and found a significant increase. The total cost of production increase per ton was 20.17% percent from 2021 to 2024. Prior to the 2021 representative farm update, the peanut reference price of $535 per ton provided an effective safety net for growers. However, according to Dr. Fletcher, the reference price has not been a functional safety net since the 2021 crop year. Total Variable Input Costs (TVIC) such as seed, fertilizer, fuel, crop insurance, etc., have increased 18.52% when comparing 2021 to 2024. Our 2021 cost of production was $546.54 per ton, and Dr. Fletcher reports our 2024 cost of production at approximately $656.80 per ton (see attachment C).

Factoring the economic assistance package passed in December, Dr. Fletcher has calculated the estimated deficit remaining for peanut farmers after receiving this financial assistance. USDA's projection of the crop year 2024 peanut price is $520 per ton. This implies that the average U.S. peanut representative farm total revenue would be $1,237.60 per acre. The total cash flow cost per acre is $1,563.18. This translates into a negative $325.58 return per acre. The estimated one-time economic assistance payment for peanuts is $76.30 per acre. This implies that the farmer is still going to have a negative net return of $249.28 per acre.

The average U.S. peanut representative farm is approximately 2,000 acres, with 613 acres growing peanuts, with an expected yield of 2.38 tons per acre. The $249.28 per acre negative return translates into a peanut enterprise loss (peanut portion of the farm acreage) to the whole farm of $152,808.03, even after receiving the economic assistance. With the current policies under the 2018 Farm Bill, the safety net portion of the Farm Bill for peanut farmers is the Price Loss Coverage (PLC) program. With the latest USDA projection for the 2024 seasonal average peanut price being $520 per ton, the projected PLC payment for the 2024 peanut crop would be $15 per base ton. Even after the PLC payment, which would not be issued until approximately October 2025, the peanut enterprise for this farm would still be a negative of $142,544.28 (see attachment D). Therefore, the average farm will be forced to incur this additional debt in a new loan, if possible, or sell some of its assets, such as land, to continue farming.

I would like to provide personal evidence supporting the U.S. peanut representative farms' Cost of Production analysis. On our farm alone, many of our expenses have almost doubled since 2018, and we are seeing no signs of relief in the cost of production area. For example, we need specific fertilizers to sustain nutrient levels in the soil, both for the peanuts we are growing in any given season and to protect the land for future crops. In the past few years, the significant increase in fertilizer costs has caused tough management decisions, including forcing a decrease in our production levels. Additionally, fluctuating fuel prices have caused a decrease in production. Prior to 2020, equipment diesel fuel was less than one dollar per gallon but has reached over five dollars per gallon over the past few years. Due to the extreme financial devastation in recent years, we have opted to forego repairs and replacements on equipment parts, particularly due to supply chain disruptions and unpredictable prices. Additionally, labor costs have been especially challenging, becoming increasingly difficult to manage and financially sustain our labor costs. For example, we need skilled equipment operators to plant and harvest our peanuts safely and efficiently. Since the COVID-19 pandemic, we have faced competitive wage issues, raising our labor wages from $13 per hour to $17 per hour to be competitive with other job markets.

This testament to our current farm economy clearly conveys why we are in dire need of a new Farm Bill in 2025. Peanut growers, shellers, and buying points all support the PLC program as included in the 2018 Farm Bill, but with a reference price increase. While the 2018 Farm Bill's PLC program has been beneficial for peanut growers in the past, the rise in input costs and cost of production requires a reference price increase if this program is to remain relevant and valuable as a farm safety net.

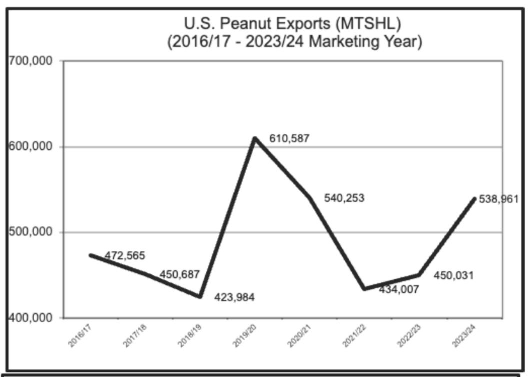
Additionally, the U.S. Peanut Federation supports a voluntary base update that includes growers with and without peanut base acres. While the 2014 Farm Bill allowed for base updating for peanut growers that already had base acreage on their farms, it excluded many young farmers and new production areas.

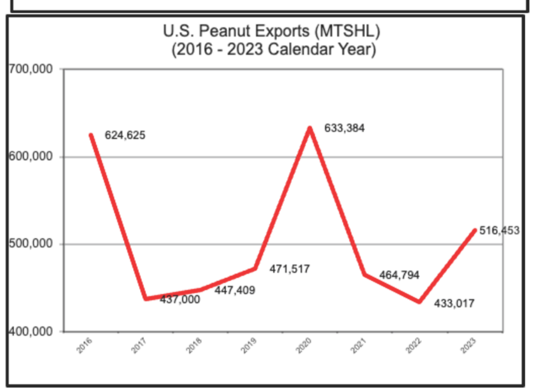
I am proud to be an American peanut grower and am thankful for the opportunity to contribute to our ensuring the security of our nation's food supply. Peanuts have a high nutritional value, providing health benefits and combating hunger and malnutrition across the world. The Peanut Institute has released data highlighting the health value of peanuts in reducing heart disease, Alzheimer's disease, and Type 2 diabetes. Peanuts, one of the cheapest sources of protein choices for consumers, contain 19 essential vitamins and minerals (see attachment E). I am committed to supporting the continuation of our industry's global nutrition efforts.

I would like to thank the committee members for the tireless work you are doing on the 2025 Farm Bill in efforts to improve our farm economy. The importance of improving the farm economy cannot be understated for my family's work as American farmers. I hope to continue my family's farm for a 5th generation, which cannot be done without increased support for our industry. Many of the witnesses today are current leaders in the industry. As a young farmer, I want to be a part of the future of agriculture. Just as I served my country, I look forward to working, serving, and sacrificing for the farm families of our nation. Thank you for allowing me to testify today. I look forward to any questions you may have.

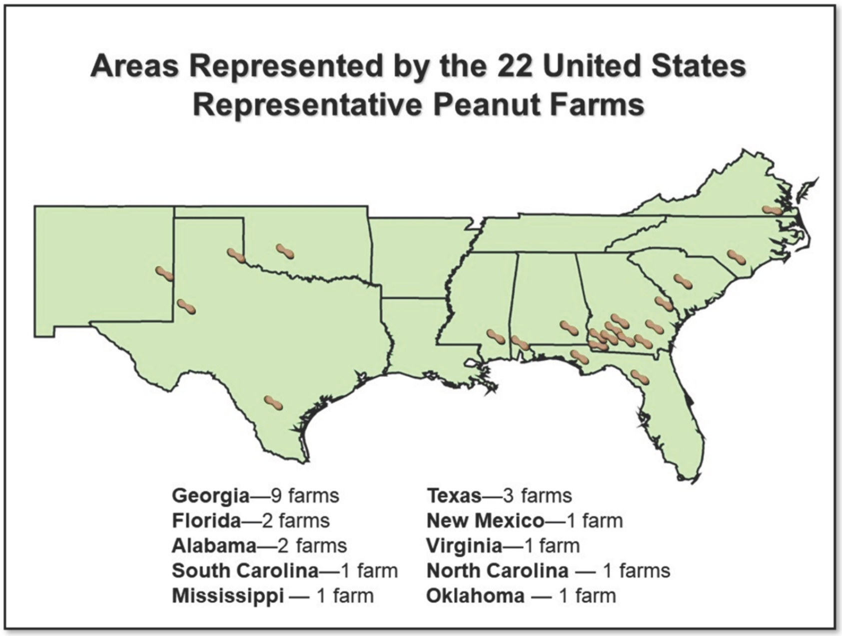
U.S. SHELLED PEANUT EXPORTS 2016 - 2023

Total Shelled Peanuts			UNIT	Calendar Year	QUANTITY	Marketing Year	QUANTITY
World Total	1	Peanuts	MTSHL	2016	624,625	2016/17	472,565
World Total	1	Peanuts	MTSHL	2017	437,000	2017/18	450,687
World Total	1	Peanuts	MTSHL	2018	447,409	2018/19	423,984
World Total	1	Peanuts	MTSHL	2019	471,517	2019/20	610,587
World Total	1	Peanuts	MTSHL	2020	633,384	2020/21	540,253
World Total	1	Peanuts	MTSHL	2021	464,794	2021/22	434,007
World Total	1	Peanuts	MTSHL	2022	433,017	2022/23	450,031
World Total	1	Peanuts	MTSHL	2023	516,453	2023/24	538,961





Attachment A

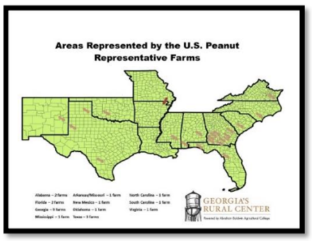


Attachment B

United States Peanut Cost of Production

Stanley M. Fletcher, Professor of Policy
Center for Rural Prosperity and Innovation
Abraham Baldwin Agricultural College
Professor Emeritus, University of Georgia

The U.S. peanut representative farms development started in 2001 prior to the 2002 Farm Bill. These representative farms have been maintained for 20 years and have been extensively utilized for peanut policy in each Farm Bill. These representative farms cover all the peanut areas from Virginia to New Mexico based on production share as seen in the map. If a state production share equals to a partial representative farm, a whole farm was developed for that state. These farms were updated during the summer of 2021 with 2021 cost of production. Due to the recent peanut production in the Northeast Arkansas/Southeast Missouri, a new representative farm is planned to be developed during 2025.



A cash flow analysis is performed to indicate what the cash flow is required to produce a ton of peanuts. The cash flow costs are divided into 3 categories: TVIC (total variable input cost), QVIC (quasi variable input cost-whole farm cost allocated to a crop acre) and loan payments. A peanut farmer has 3 different loans during the crop season. They are the operating loan, an equipment loan, and a land loan. Over the years of updating the representative farms, it has been found that producers not able to cover all their cash flow cost have been rolling the deficit into their land loan and that percentage has been increasing over time.

Table 1. U.S. Peanut Cost of Production

	2021 U.S. Rep Farm COP	**Projected 2024 COP**
Expected Yield	2.38 tons/acre	2.38 tons/acre
TVIC (seed, fertilizer, micronutrients, lime & gypsum, inoculants, chemicals, wild hog, cover crop, growth regulators, custom application, consultants, irrigation fuel, tractor fuel, drying, cleaning, hauling, checkoffs, crop insurance, and interest on operating loan)	$713.52/acre	$845.66/acre
QVIC (taxes, accounting/legal, fleet liability insurance, repairs maintenance and supplies, truck fuel & lube, phone, utilities, DTN, GPS, apps, labor cost and land rent)	$388.33/acre	$460.48/acre
Total Variable Cost (**TVC**)= TVIC+QVIC	$1,101.86/acre	$1,306.13/acre
Loan payments (equipment and land notes)	$198.91/acre	$257.05/acre
Total Cost = TVC + Loan payments	$1,300.76/acre	$1,563.18/acre
Total Cost per Ton	$546.54/ton	$656.80/ton

Based on the U.S. representative peanut farms, the average total cash flow cost per ton for the 2021 peanut crop was $546.54/ton. Given the significant increase in the cost of production from 2021 to 2024, FAPRI's inflation factors for input costs were utilized to adjust the 2021 cash flow costs by the expected increase in input costs. The projected 2024 peanut total cash flow cost to produce a ton of peanuts is $656.80/ton.

Attachment C

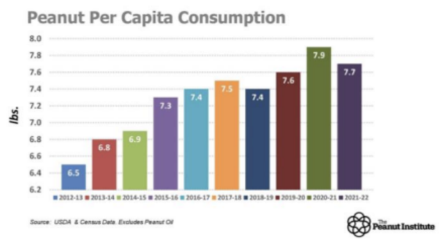
US REP FARM FOR PEANUT ENTERPRISE COST OF PRODUCTION AND NET RETURN				
	2021	2024	% INCREASE BY	
TVIC / acre	713.52	845.66	18.52%	
Total Quasi-VIC /acre	388.33	460.48	18.58%	
TVC / acre	1,101.86	1,306.13	18.54%	
Total Loan/acre	198.91	257.05	29.23%	
Total Costs / acre	1,300.76	1,563.18	20.17%	
Total Costs/ ton	546.54	656.80	20.17%	
Expected Yield (tons/acre)	2.38	2.38		
USDA projected 2024 peanut price/ton		$520		
				NET RETURN TO PEANUT ENTERPRISE
	Revenue/acre	$1,237.60		
	Net return/acre	-$325.58		-$199,579.93
	Economic Assistance/acre	$76.30		$46,771.90
	Net Return after Economic Assistance/acre	-$249.28		-$152,808.03
	Potential PLC/base ton	$15		
	Potential PLC/base acre	$12.75		$10,263.75
			FINAL NET RETURN TO PEANUT ENTERPRISE AFTER EA & SAFETY NET	**-$142,544.28**

Attachment D

The Peanut Institute
HEALTH | RESEARCH | EDUCATION

THE NUTRITIONAL VALUE OF PEANUTS

Background
Peanuts are botanically classified as a legume, being an edible seed enclosed in a pod [1]. However, because of its composition, peanuts are also described as nuts for nutritional purposes. According to the Agricultural Marketing Resource Center, the total U.S. peanut production in 2021 measured 6.4 billion pounds [2]. Of that, about 60% was used for peanut butter production, while about 15% was crushed for peanut oil [2]. Peanuts and peanut butter account for close to 2/3 of all nut consumption in the United States [1]. Dollar for dollar, peanuts and peanut butter are less expensive than almost all nut and meat proteins. Pairing the affordability with a very long shelf life, peanuts and peanut butter are excellent staples for most pantries. Studies have consistently shown that peanut products, when eaten daily, can significantly decrease the risk of heart disease and diabetes [1, 3, 4]. They also satisfy hunger, help manage weight, and promote health [1]. Peanuts and peanut butter are nutritious, affordable, and sustainable. A serving of peanuts is one ounce, or a handful, and a serving of peanut butter is two tablespoons.



Nutritional Value
Peanuts contain a variety of compounds that promote health including protein, heart-healthy fats, fiber, micronutrients, and antioxidants.

Protein
A one-ounce serving of peanuts—about a handful—is considered a good source of protein based on the United States Department of Agriculture Standard Legacy. Peanuts and peanut butter provide 7 grams of high quality, plant-based protein [5]. Protein is vital for growing children and adults, being integral for muscle growth, immunity, and bone development [6, 7]. Since the protein in peanuts is plant-based, it carries with it additional components promoting positive health benefits like fiber and unique bioactives, unlike animal protein.

Heart-healthy fats
The *2020-2025 Dietary Guidelines for Americans* suggests cooking and purchasing products made with oils higher in polyunsaturated and monounsaturated fat rather than butter, shortening, or coconut or palm oils [8]. More than 80% of the fats in peanuts are from heart-healthy unsaturated fats [5]. The American Heart Association recommends replacing saturated fats for poly- and mono-unsaturated fats to lower risk of cardiovascular disease and inflammation [9].

Attachment E

Garrett Kevin Moore Biography

Garrett Kevin Moore is a fourth-generation farmer and current owner and operator of Moore Family Farm LLC in Chancellor, Alabama. Born and raised near Enterprise, Alabama, Garrett grew up with an appreciation for agriculture and a deep patriotism. He spent his youth learning about agriculture from his father and farming neighbors. After graduating from New Brockton High School, he joined the U.S. Marine Corps, where he served proudly as an infantryman for four years. During his first two years, Garrett was stationed in Washington, D.C., followed by time in North Carolina, Japan, and near the DMZ of South Korea. Upon completion of his service, Garrett returned to his agricultural roots and began working with a local peanut and cotton farmer on a 2,800-acre farm in Coffee County, Alabama. He also worked with his father on their 40-acre family farm and began renting 13 acres of his own. In the past eight years, Garrett and his father have grown to operate nearly 1,500 acres of land, growing peanuts, cotton, corn, and cattle in southeast Alabama. Garrett and his wife Hannah have a one-year-old son, Jack, and are members of Elbethel Baptist Church. Garrett is Chairman of the Coffee County Young Farmers Association, which won the 2024 Outstanding County Committee Award from the Alabama Farmers Federation. Garrett was recognized as Alabama's 2023 Row Crop Farmer of the Year and is a member of the Southern Peanut Farmers Federation's Peanut Leadership Academy Class of 2025.

Testimony of

Tim Deal
On behalf of the
American Sugar Alliance

Before the Senate Committee on Agriculture, Nutrition, & Forestry

"Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1."

Washington, D.C.
February 5, 2025

Good morning, Chairman Boozman, Ranking Member Klobuchar, and members of the committee. Thank you for this opportunity to testify before you today on behalf of the American Sugar Alliance concerning producer's perspectives on the agricultural economy. Thank you also to Chairman Boozman and Ranking Klobuchar in advance for your hard work and leadership to complete a five-year farm bill in 2025.

My name is Tim Deal. I was born and raised in the great state of Minnesota and am a proud constituent of Senators Klobuchar and Smith. My wife Kathy and I grow sugarbeets on our farm in Doran, which is about 55 miles south of Fargo, ND. I am a fourth-generation farmer happily transitioning the farm over to the fifth generation, my son Josh and his wife Beth. My family has called Doran home since 1879. In addition to the all-important family credentials, I serve as Vice President for the American Sugarbeet Growers Association and as Chairman of the board of the Minn-Dak Farmers Cooperative. Our grower-owned cooperative has over 450 shareholders who produce over 3 million tons of beets in Minnesota and North Dakota. We were proud to have celebrated our 50th anniversary in 2024.

Eight members of this committee represent sugarbeet producing states and two represent sugarcane refining states. They know how sugar production, and all of agriculture by extension, is so important to communities like mine. There are so few economic engines in our rural communities, but the U.S. the sugar industry generates more than 151,000 jobs across two dozen states and contributes more than $23 billion annually to the U.S. economy (see figure 1. Map of the U.S. sugar industry). Many of the jobs and businesses generated and supported by the U.S. sugar industry are in rural and urban areas where good blue-collar jobs have become harder and harder to find. As an industry, we are proud to offer high-paying good jobs in our communities. In my home state of Minnesota, the sugarbeet industry provides almost 21,000 jobs and has a $3.06 billion-dollar annual economic impact. [1]

[1] Fischer, B., Herbst, B., Outlaw, J., and Raulston, J.M. (2022) "*Economic Impact of the U.S. Sugar Industry*," Agricultural and Food Policy Center, Texas A&M University, June. (available at https://sugaralliance.org/wp-content/uploads/2022/06/Sugar-Report.pdf)

American consumers benefit from a safe, high-quality, reliable, sustainably produced,[2] and affordable source of an essential ingredient in the nation's food supply. Sugar is used as a natural sweetener, preservative, and bulking agent in 70 percent of U.S. food manufacturing. Our farmers, millers, processors, and refiners have built a strong and resilient supply chain for American sugar.[3] Our product, essentially table sugar, is stored and distributed from 90 strategically located facilities throughout the nation ready for delivery when and where needed throughout the year according to the specifications required by our customers. Unlike some other food items, sugar was readily available on grocery store shelves throughout the pandemic. That success is attributable to U.S. sugar policy and the heroic efforts of our farmers and factory workers.

Currently 75 percent of annual sugar demand is met by domestic production. We import roughly 25 percent of our demand from more than 70 countries and remain the third largest sugar importer in the world. Most of those countries heavily subsidize their sugar industry resulting in surplus sugar that is dumped on the world market. Outsourcing more of our sugar supply to other unreliable nations not only puts our farmers at risk, but also makes it even more difficult for our food companies to produce and supply products that meet the growing demand of U.S. consumers for foods that meet sustainability and other environmental measures. Our industry meets some of the highest labor, food quality, and environmental standards in the world. Using best practices and continuous improvement, our sector has made huge strides in sustainability, mainly through productivity gains in soil fertility, investment in advanced technologies, mechanization, improved beet seed and sugarcane genetics, and refining efficiencies. In fact, over the past 20 years, we have increased sugar production by 21 percent on 4 percent fewer acres, through improved yields while lowering pesticide use.

This hearing is timely and important. Many growers across the country are truly struggling under very difficult economic conditions. You have our heartfelt appreciation for the agricultural provisions in the American Relief Act including the crop and economic loss assistance for growers. But what we truly need is a five-year farm bill to provide certainty for production decisions and financial management of our farms. The farm bill represents a critical safety net for our farm families and the many employees of sugar mills, processors, and refineries throughout the country.

I must underscore that economic conditions are difficult. Sugar prices for sugarbeet and sugarcane farmers have fallen by more than 10 percent over the past year. In addition, our story is complicated by the fact we must pay for on-farm expenses and investments, but also factory expenses and investments. That means all the increases in labor, fuel, fertilizer, and equipment costs over the past few years for everything from seed to new factory boilers, to an expansive network of warehouses to store sugar for our customers along with railcar and trucking costs incurred to ship raw and refined sugar fall on the sugarbeet and sugarcane farmer.

One bright side is that we expect record sugar production in the United States this year, besting last year's record. More than 5.3 million tons of beet sugar and more than 4.1 million tons of cane sugar are forecast to be produced this year from domestically-grown sugarbeets and sugarcane. In addition to a record year of production, we can also see that our farms and factories have become

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[2] See https://sugaralliance.org/producing-sugar-sustainably/sugar-sustainably-sweet-stories.
[3] We documented that supply chain resilience for American sugar supplies at our submission to USDA (available at https://www.regulations.gov/comment/AMS-TM-21-0034-0437).

more efficient and productive. Estimated sugar produced per acre of sugarbeets is at a record high of 9,281 pounds per acre and for sugarcane 8,597 pounds per acre.

Growers are very proud to bring in a crop like this. But pride does not pay the bills. We know that weakening sugar prices relative to persistently high costs of production are unsustainable. We see countries such as Brazil and India heavily subsidizing their sugar and ethanol industries, which translates to more dumped sugar on the world market and lower sugar prices. World sugar prices are down more than 20 percent compared to last year which has pushed U.S. prices down more than 10 percent from last year.

In addition to cost and price pressures, we are grappling with an out-of-date farm bill safety net. Just as with other commodities, sugarbeet and sugarcane farmers must have a new and updated farm bill in order to develop a financial plan with their bankers for the next five seasons. Without a meaningful improvement in the safety net, many growers, including sugarbeet and sugarcane farmers, will find it harder to finance their operations.

Specific to sugar, the loan rates for raw cane sugar and refined beet sugar have not kept up with inflation nor the rising costs of production (see figure 3. Rising input costs). Marketing loans for raw cane sugar and refined beet sugar are the main farm bill program for our growers. This program has operated at zero-cost to taxpayers for the past 10 years and is forecast by USDA to cost zero for the next 10 years.

However, as with all commodities, operating margins are being squeezed each year, due to rising labor, fuel, seed, fertilizer, equipment costs and interest rates that affect both field and factory returns. Since the last Farm Bill was written in 2018, farmers are paying much higher prices for inputs: 37 percent more for diesel fuel, 45 percent more for fertilizer, and 39 percent more for machinery. And while some of those prices have come down marginally, they still remain high and have the potential to rise again depending on global geopolitics. Current freight, rail, and ocean shipping rates continue to remain high and can be amplified by supply chain disruptions, such as those resulting from Russia's war in Ukraine. Sugarbeet and sugarcane farms and facilities are very capital intensive and require continual investments to maintain or build on current levels of production to meet growing demand. The bottom line is that if sugar were sold at the level of the current marketing loan rates, most of the domestic sugar industry would not be economically sustainable.

The current marketing loan rates for sugar no longer provide a realistic safety net for our producers. The raw sugar loan rate has only increased 1.75 cents in 40 years. The sugarbeet loan rate has only increased 4.3 cents in 40 years. Since the early 1980's, we have seen 68 sugar processing facilities close and most outside investors exit the remainder of the industry due to the high risk and low returns. It was family farmers, like me, who stepped up to rescue the industry from further closures of their factories, mills, and refineries by purchasing all the beet sugar processing facilities ourselves. In doing so, we not only saved the industry but also made a legal commitment to grow sugarbeets, as every sugarbeet farmer shareholder is obligated to produce the crop. That is how dedicated we are to the success of U.S. sugar production. Now many of those are struggling. As I sit here today, we have some cooperative share values near, at or below zero, meaning current owners will pay others to take their shares. That is why we need Congress to act quickly to pass a meaningful farm bill.

We were saddened to see an additional sugarbeet processing facility in Northeastern Montana close down two years ago, not because of a weather disaster, but because the current economic environment with high costs of sugar production making it difficult to stay in business. Additionally, we just saw the last sugar mill in Texas close, because irrigation water owed to those growers by Mexico was not provided. It was not feasible for the grower-owned cooperative to remain in operation without that water to grow a sugarcane crop. For sugar, once a processing facility closes, it doesn't reopen, and that leaves behind workers who need to relocate and a town that has lost a large part of its economic and tax base. You cannot ship sugarbeets or sugarcane a long distance as the sugar content degrades quickly, therefore processing facilities are co-located with the crop acreage. Since 2000, we've seen 28 facilities close with 43 remaining (see figure 4. Facility closures).

We must recognize the sober economic environment that we face. But we are not helpless before this task, and in fact, this committee and its counterpart in the House have found solutions. Ones that we not only need but enthusiastically support. We support the House committee-passed and Senate proposals that:

- Proposed increasing the loan rates to 24.00 cents per pound for raw cane sugar and to 32.77 cents per pound for refined beet sugar. Having sugar loan rates that are closer to our actual costs of sugar production would provide a more effective safety net for our producers and provide a signal to our cooperatives, companies, and lenders that during the next downturn in prices, the floor price would actually cover a meaningful portion of sugar production costs.

- Proposed increase storage payment rates for forfeited raw and refined sugar to 27¢/cwt/month for raw sugar and 34¢/cwt/month for refined sugar. This provision is only rarely used in emergency circumstances; however, these rates must reflect the current costs of storage.

- Emphasized that food security is national security by designating the preservation and strengthening of the domestic sugar industry as a "priority objective," to ensure we maintain significant domestic production in the face of foreign subsidies and predatory trade practices to help meet American-consumer needs.

- Proposed modernizing beet sugar marketing to enhance efficiencies of marketing and to allow beet sugar cooperatives to meet the growing demand for sugar, with a priority given to those cooperatives with available sugar. In addition, the bills directed USDA to conduct reassignments within 30 days of the January WASDE. Those two policy changes would have codified USDA best practices but also improved the efficiency of beet sugar marketing.

- Proposed that USTR and USDA reallocate the WTO minimum tariff-rate quota shortfall as soon as it is known which countries will not be shipping their quota, thereby increasing capacity utilization at sugarcane refineries and minimizing the need for tier-2 imports.

- Proposed to reinforce the intent of current law by clarifying that, notwithstanding other provision of law, before April 1, the Secretary shall increase preferential access from WTO trading partners to the U.S. market only when certain specified disasters occur that would warrant immediate action to bring in additional supplies of sugar.

- Acknowledged current crop insurance products for sugarbeet and sugarcane are not as well developed as those for other crops. The committees directed RMA to develop revenue insurance policies for sugarbeet and sugarcane producers.

On behalf of the more than 11,000 sugarbeet and sugarcane farmers in the United States as well as the employees in our mills, processors, and refineries, I thank you for supporting sound U.S. sugar policy. We are committed to preserving and strengthening American agriculture. We know members of this committee are too. As such, we encourage and welcome the members and staff of the committee to visit our farms and factories.

Thank you for your consideration and your support for American sugarbeet and sugarcane family farmers. We respectfully request that you move as expeditiously as possible to pass a five-year farm bill that includes robust support for sugar production. Growers need that as do our lenders, but they are not the only ones that would benefit. Strong farm policy ensures a strong nation, after all, food security is national security. Ensuring long-term stability provides secure and growing supplies for American consumers, which is a key reason that these farm bill provisions are supported by both growers as well as our customers, the sweetener users.

I look forward to any questions you might have.

Tim Deal
Minnesota sugarbeet grower
Representing the American Sugar Alliance

Figure 1


U.S. Sugar Industry
SUGAR PRODUCING STATE
SUGARBEET PROCESSING FACILITY
SUGARCANE MILL
SUGARCANE REFINERY
SUGAR DISTRIBUTION FACILITY

Figure 2

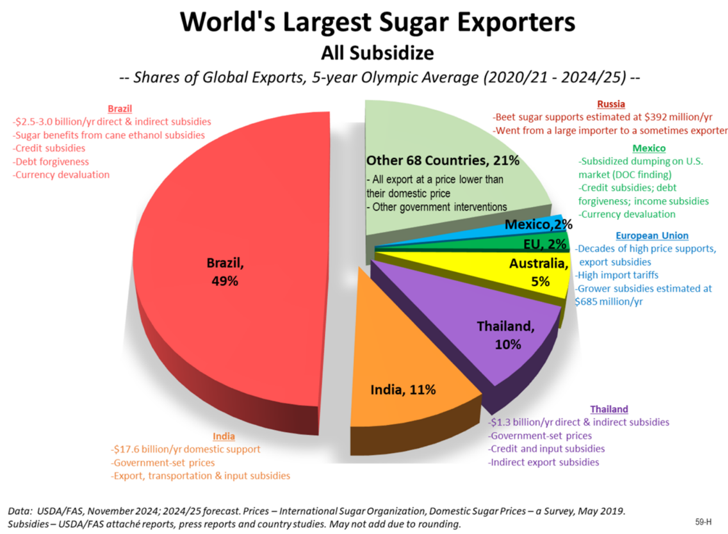
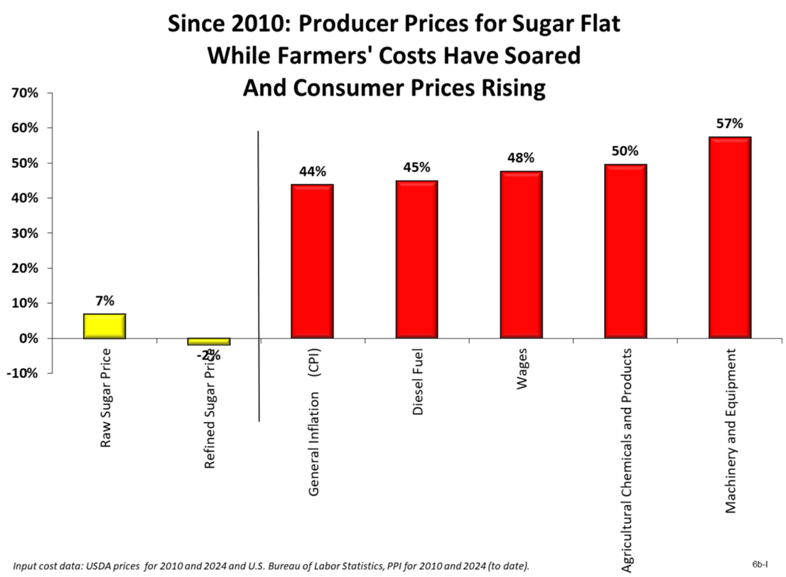
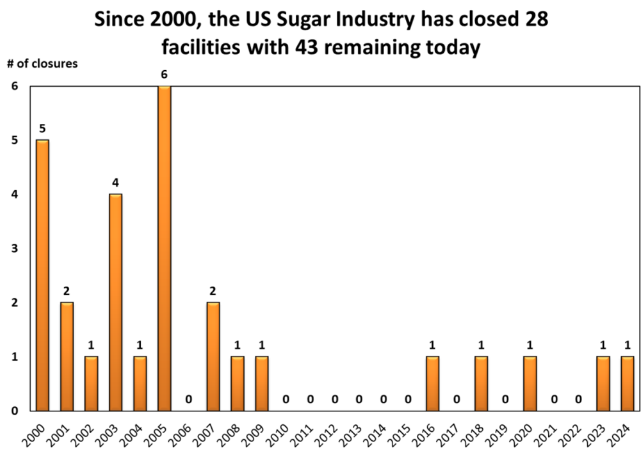

World's Largest Sugar Exporters
All Subsidize
-- Shares of Global Exports, 5-year Olympic Average (2020/21 - 2024/25) --
Brazil
-$2.5-3.0 billion/yr direct & indirect subsidies
-Sugar benefits from cane ethanol subsidies
-Credit subsidies
-Debt forgiveness
-Currency devaluation
Russia
-Beet sugar supports estimated at $392 million/yr
-Went from a large importer to a sometimes exporter
Other 68 Countries, 21%
- All export at a price lower than their domestic price
- Other government interventions
Mexico
-Subsidized dumping on U.S. market (DOC finding)
-Credit subsidies; debt forgiveness; income subsidies
-Currency devaluation
Mexico,2%
EU, 2%
European Union
-Decades of high price supports, export subsidies
-High import tariffs
-Grower subsidies estimated at $685 million/yr
Australia, 5%
Brazil, 49%
Thailand, 10%
India, 11%
Thailand
-$1.3 billion/yr direct & indirect subsidies
-Government-set prices
-Credit and input subsidies
-Indirect export subsidies
India
-$17.6 billion/yr domestic support
-Government-set prices
-Export, transportation & input subsidies
Data: USDA/FAS, November 2024; 2024/25 forecast. Prices – International Sugar Organization, Domestic Sugar Prices – a Survey, May 2019.
Subsidies – USDA/FAS attaché reports, press reports and country studies. May not add due to rounding.
59-H

Figure 3



Since 2010: Producer Prices for Sugar Flat
While Farmers' Costs Have Soared
And Consumer Prices Rising
70%
60%
50%
40%
30%
20%
10%
0%
-10%
7%
-2%
44%
45%
48%
50%
57%
Raw Sugar Price
Refined Sugar Price
General Inflation (CPI)
Diesel Fuel
Wages
Agricultural Chemicals and Products
Machinery and Equipment
Input cost data: USDA prices for 2010 and 2024 and U.S. Bureau of Labor Statistics, PPI for 2010 and 2024 (to date).
6b-I

Figure 4



Source: https://sugaralliance.org/us-sugar/sugars-coast-to-coast-reach

Testimony of

Jennifer James

Before the Senate Committee on Agriculture, Nutrition, and Forestry

Perspectives from the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1

Washington, D.C.

February 5, 2025

Good morning, Chairman Boozman, Ranking Member Klobuchar, and Members of the Committee. Thank you for the opportunity to testify before you today.

Congratulations, Mr. Chairman, on your ascension to the Chairmanship of this important Committee and, Senator Klobuchar, to you as you take on the post of Ranking Member. Congratulations as well to new and returning Members of this Committee.

So much good work has been done through the years for U.S. farm and ranch families, rural America, and all whose lives are touched by the work you do on this Committee. I am very pleased that this Committee's legacy and the future it will forge is in your capable hands.

My name is Jennifer James, and I am a fourth-generation rice farmer from Newport, Arkansas, which is about an hour and a half northwest of Memphis, so it is right in the Delta.

While I consider myself a rice farmer first, our family farm is very diversified. I farm with my father and husband, and recently our son has returned to the farm. Words cannot express the absolute joy of having your child share your desire and passion for an occupation such as farming and his dream of continuing our family farming legacy into the 5th generation. We primarily grow rice, soybeans, and corn. Our rice fields not only fuel our regional and national economy, but they also make excellent over-winter habitat for migrating waterfowl every year. Some of you may have been to my part of the country and enjoyed watching the ducks, geese, bald and golden eagles, swans, deer and a variety of wildlife that thrive on our farms.

I am proud to serve as a member of the USA Rice Federation Board of Directors and USA Rice Farmers Board of Directors, among other roles.

I'm proud to be the first woman ever elected to serve on the Board of Directors of Riceland Foods, Inc. – a farmer-owned cooperative and the largest miller and marketer of rice in the United States. I'm also active on the state level and serve as vice chair of the Arkansas Rice Farmers Board of Directors, the Merchants & Planters Bank Board of Directors in Newport, the Jackson County Farm Bureau Board of Directors, and the St. Louis Federal Reserve Bank Agribusiness Industry Council.

I'm grateful for having the opportunity to grow up and help lead our family farm and to help guide the U.S. rice industry such that farm families like ours can continue doing what we love to do — feed the country and so much of the world — while also excelling at being excellent stewards of the land and natural resources.

Rice farmers in the United States harvest roughly 20 billion pounds of rice grown on 3 million acres of sustainably managed farmland. About half of the rice we grow is consumed in the United States while the other half is exported to more than 120 countries around the globe.

Family farmers, primarily in six major rice producing states, including Arkansas, California, Louisiana, Mississippi, Missouri, and Texas, produce about 75 percent of all the rice consumed domestically. We also have rice production in Florida, Illinois, Kentucky, South Carolina, and Tennessee.

In addition to putting rice on grocery shelves, in restaurants, and ultimately on the dinner table and in creating more than 125,000 jobs and over $34 billion in economic activity, U.S. rice farmers have also long been committed to environmental stewardship, a tradition that dates back many generations, long before "sustainability" became a buzzword.

Our conservation goals have long been and continue to be to produce more rice to meet the needs of a hungry world while using less water, energy, and inputs, improving water quality, air quality, and soil conservation, while enhancing wildlife habitat and supporting biodiversity.

In addition to sustaining $3.5 billion in migratory waterfowl habitat, rice fields in the U.S. also support crawfish and yellow rails along the gulf coast and even salmon nurseries in California.

Within the last four decades, rice producers have answered the call to help reduce greenhouse gas emissions, with rice farmers cutting these emissions by 41 percent, water usage by 52 percent, and energy usage by 34 percent. During this same period, rice farmers have increased land use efficiency by 39 percent, all while reducing soil loss by 28 percent.

Although U.S. agriculture contributes less than 10 percent to U.S. greenhouse gas emissions and, on a net basis, actually eliminates more greenhouse gasses than it produces, with farmers, ranchers, and foresters removing some 72 million metric tons of CO2 equivalent in 2017 alone, we have partnered with the Department of Agriculture to do even more.

One critical point to stress in this regard is that farm families must be profitable if we are to continue to contribute toward these important conservation objectives.

And, it goes without saying that this Committee — on a bipartisan basis — has a long history of recognizing this fact and working alongside farm families like mine to promote their profitability and capacity to protect and improve land and natural resources.

On this note, today's hearing on the current farm economy is extremely important for rice farmers.

As you know, rice farmers have been facing a prolonged and perfect economic storm.

Rice farmers did not enjoy the run up in prices experienced by many other crops in 2020 and 2021, but we shared fully in the enormous increases in costs of production – a 30 percent increase according to the U.S. Department of Agriculture – which has economically whipsawed our rice farms.

Unfortunately, because the Price Loss Coverage (PLC) program – the chief safety net for rice farmers – under the 2018 Farm Bill is based on 2012 cost of production data, and so much has changed over 13 years, PLC has largely been rendered irrelevant as a safety net for our producers.

According to the Agricultural and Food Policy Center at Texas A&M University, these conditions resulted in an $880,000 loss in net cash farm income per rice farm from 2021 to 2022 alone, with two-thirds of rice farms predicted to have a negative net cash farm income for 2022.

These alarming conditions prompted Congress to include vital relief for rice farm families for the 2022 crop year.

And because these conditions continue to grip our nation's rice farm families and have spread to producers of nearly all crops, Congress again acted late last year to provide much needed relief, not just to rice farmers but to all farm families who are reeling due to high production costs, depressed prices, and natural disasters.

So, it is with sincere, heartfelt gratitude that I thank you, Chairman Boozman, this Committee, and the Agriculture Appropriations Subcommittee for delaying what I believe would have otherwise been a full-fledged farm financial crisis for many without your action. Many of America's farm families simply could not demonstrate to their lenders that they could cash flow and ultimately repay their loans, and this assistance will help.

I know that Members of this Committee appreciate that there are still farmers out there who, even with this relief, will not be farming this year because conditions are just that bad. There are many other family operations that will simply be bridged into the next crop with the hope that the economics will change and help to improve the financial outcome of the 2025 crop. I know that is why this Committee is working so hard to pass a new, stronger Farm Bill this year, and I would encourage you to ensure that the improved farm safety net programs we rely on are effective beginning with the 2025 crop year. Congress must act to stabilize this fragile situation for the agriculture industry to protect our food supply, shore up domestic production, and ultimately secure our national security through food security.

This year will mark the fourth straight year of negative margins in rice with a projected loss of $345 per acre in my area. Other crop projections for this year are grim as well. Soybeans are projected to lose over $250 per acre and corn at $280 per acre. Nothing in my area will pencil out this year. This is not economically sustainable.

In fact, the Agricultural and Food Policy Center at Texas A&M University outlook for its rice representative farms in 2025 is grim. Of those 15 farms, 14 are projected to be in the red financially and 12 are expected to see real net worth declines over the next five years.

Last year, I completed my 30th full-time crop. I can say without a doubt that it was the most difficult year financially that we have endured so far. This year, I'm even more worried about what is to come. Just last week, my husband, dad, son, and I sat down to have one of the hardest business conversations we've ever had to have – is this worth it? What scares me is I know we're one farm family of thousands having these same conversations.

And what comes next? How long can we hold on if we're not turning a profit? Can the younger generation of farmers like my son endure the stress, burdens, and economic hardship we're experiencing now?

My prayer is that this situation turns around for the positive, and that if it doesn't, Congress steps in to shore it up. I have not experienced the overall pessimism and dark outlook across all crops and all areas of the country that I am witnessing now. We need assurance for not only the current generation of farmers, but the next. My son gave up baseball in the 9th grade because he didn't want to miss planting season each Spring. Farming is all he's ever wanted to do, and I want to see to it that he's able to follow his dream.

This serious situation which rice farmers – and farmers of most all crops today – find themselves in right now is the reason there is such an urgency for passage of a new Farm Bill that provides a meaningful safety net for producers going forward. Farm families across the country need the certainty and stability provided by an effective Farm Bill. Our lenders not only need it; they require it.

Unless things change drastically, without passage of a new Farm Bill with a relevant safety net, farm families will have no choice but to return to Congress to petition for another ad hoc package similar to what was passed in December. It's either that or the auction block. And in farming, that means more than just switching jobs. It means telling employees that have worked with you for decades that you let them down and you put them and their families at risk. It means the bank or the dealership in town lost part of their revenue channels, and a whole series of downstream impacts bigger than just me and my family.

Farm families cannot continue heading into the field to plant to what we know will be hundreds of dollars per acre in losses.

From both a producer standpoint and a taxpayer standpoint, a strong new Farm Bill makes a lot more sense than more ad hoc spending.

For many farm families, a strong new Farm Bill can work to address production losses and price volatility within a given crop year through improvements to crop insurance.

But, as important as crop insurance is for many farm families, insurance is not designed to address every peril, nor can it be. It is also not designed to be "full coverage" but a tool to bridge the gap.

The global agricultural market is one of the most distorted, if not the most distorted, in the world, awash with foreign subsidies, tariff and non-tariff trade barriers, and other predatory trading practices which mean that America's farm families must compete not so much with other farmers around the world – but their huge government treasuries.

As one example, not long ago, China was found to have over-subsidized just three crops, including rice, by $100 billion in just a single year! That's the sort of thing America's farmers contend with every day.

As a second example, India subsidizes its rice producers by upwards of 90 percent, allowing India to dump rice onto the world market at artificially low prices, depressing global rice prices and suppressing U.S. rice exports. This predatory trade practice has allowed India to elbow its way into becoming the world's largest rice exporter, controlling 40 percent of the world market.

The Farm Bill's commodity title is designed to at least mitigate perils like this, providing producers with the tools needed to compete on a more level playing field despite predatory trade practices, depressed prices, and high costs of production spanning multiple years as we've been experiencing.

Growing rice is a very capital-intensive endeavor, especially with interest rates where they are right now, so when we say that producers borrow more money in a single year to produce a crop than most Americans will borrow in a lifetime, it is especially true right now. And, frankly, it's scary when all you see ahead is red ink.

These conditions threaten not just farm families like mine but communities across the country, millions of off-farm jobs that agriculture supports, all of the infrastructure that is built up to support agriculture, and the assurance that more of the world's rice is produced right here in the United States, sustainably and under some of the highest environmental and labor standards anywhere on the globe.

All of this is very much on the line right now.

To the more than 96 percent of farms in this country that are entirely family owned and operated and to most of the balance of our nation's farms that are operated by extended families, neighbors, and friends who have decided they can cut costs if they team up to share equipment and divide up responsibilities on the farm, a meaningfully strengthened safety net under the Farm Bill is absolutely imperative.

For rice farmers, this means we must have an adequate PLC reference price, one that reflects the realities of the financial pressures we face. You've heard today many times that current reference prices are based on costs of production from 2012; however, it's important to note that those costs of production were calculated in 2012 using even older data, so they're actually even further out of date. This is a problem.

For all of these farm families, the strengthening of the Commodity Title is vital and will help Congress avoid costly and unbudgeted ad hoc relief down the road. In fact, when crop insurance was strengthened in 2000 and the Farm Bill was improved in 2002, it was not until 2017 when the first major ad hoc assistance program became necessary. We can do this again if we update the tools farm families have at their disposal to the new economic realities of farming.

Maintaining a strong conservation title, focused on working lands programs, is also important so we can continue to do the work of caring for the land, promoting cleaner air and water, supporting wildlife and wildlife habitat, and reducing greenhouse gas emissions. These programs must remain voluntary, incentive-based, and locally led.

Bolstering the trade title is also extremely important to farm and ranch families. As you know, we have a record agricultural trade deficit right now even though U.S. agriculture in the past consistently had a trade surplus. We must turn this situation around. America's farm and ranch families need global markets to survive.

I am very grateful that Chairman Boozman and former Chairwoman Stabenow successfully persuaded the last Administration to implement the Regional Agricultural Promotion Program to help break into new markets and increase market share in growth markets. This effort, expanding the Foreign Market Development Program and the Market Access Program, and negotiating for greater market access around the world are crucial to all of America's farm and ranch families. I understand the headwinds that bilateral and multilateral trade agreements face but we cannot continue to allow China, India, and other major competitors to cut trade agreements that freeze out American agricultural goods.

America simply must open up new markets if we are to survive. And our survival is absolutely necessary. According to the Department of Agriculture, we will have nearly 10 billion people on this planet by year 2050 and to feed us all we will need to plow under a mass of currently un-farmed land the size of India – or continue to farm better, smarter.

It is also critical that we maintain our international food aid programs, and that these programs emphasize the use of U.S.-grown commodities rather than cash or vouchers, which largely support the purchase of our competitors' products.

All of these policies are important to the American farmer, but at the top of the list is passing a Farm Bill with an adequate and meaningful farm safety net. Long-term certainty is not only necessary for farmers and their lenders, but businesses that service agriculture. Local folks that provide crop services, mechanics, equipment dealers, local hardware and parts stores, and the list goes on and on. These businesses rely on a healthy agriculture economy in rural areas to keep their businesses healthy, too.

Not only are businesses at risk, but our entire communities are as well. If these rural towns see population decreasing, then our schools and hospitals may not have enough people to sustain them. Many folks think of "ghost towns" in a Western sense, a bygone era lost to history. Unfortunately, there are many modern ghost towns throughout rural America due to industries like agriculture dying out and the people leaving for other areas where they may find hope they wouldn't otherwise have if they stayed. We don't need more ghost towns, but we're not far from it.

We have all heard the saying, "hope is not a strategy". Today, I urge you to deliver a new Farm Bill sooner rather than later so we no longer have to hope but rather know if we can keep doing what we love and enjoy – farming, providing food for our fellow man.

Mr. Chairman, Ranking Member Klobuchar, and Members of this Committee, farming has been an honor of a lifetime for me, and it means a lot that you would place such a value on the work that my family and I love so much.

Again, thank you for the opportunity to visit with you about these issues of such incredible importance to farm families like mine all across the country.

DOCUMENTS SUBMITTED FOR THE RECORD

FEBRUARY 5, 2025

American Farm Bureau Federation®
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January 31, 2025

The Honorable Donald J. Trump
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC, 20500

Dear Mr. President:

On behalf of the American Farm Bureau Federation, the nation's largest general farm organization representing all sectors of agriculture in all 50 states and Puerto Rico, we are concerned that new tariffs levied against Canada, Mexico and China may inadvertently create financial hardships for U.S. farmers and ranchers who are already operating on very thin or negative margins.

Trade is critical to the livelihood of the U.S. agricultural sector because it spurs economic growth for our farmers, ranchers and their rural communities. Ninety-five percent of the world's consumers live outside the borders of the United States and over twenty percent of U.S. farm income is based on agricultural exports. Expanding opportunities for U.S. crop and livestock producers to access international markets will boost farm income in the United States, while preserving existing access is critical to maintaining farm income. U.S. agricultural exports amounted to $174.5 billion in FY2024, and – historically – every $1 of U.S. agricultural exports results in over $2 in additional domestic economic activity.

Last year, the U.S. exported over $30 billion in agricultural products to Mexico, $29 billion to Canada and $26 billion to China – our top three markets by value combined for half of total agricultural exports.

Farm Bureau members support your goal of ensuring fair trade with our North American neighbors and China, but any effort to impose additional tariffs on these nations' imports runs the risk of significant retaliatory measures against U.S. agricultural exports. We ask that you carefully consider the impact on American farmers and ranchers, associated businesses and rural communities when determining potential trade actions. For decades, American agriculture has strongly supported efforts to open the world to our agricultural and other trade products.

American farmers and ranchers rely heavily on export markets for their business success, especially during these times of economic distress across rural America.

U.S. agriculture also relies upon necessary imported production inputs to grow a successful crop. Approximately 85% of potash fertilizer is sourced from Canada, along with other fertilizer products and energy supplies. Increases to the cost of these necessary products, with spring planting soon starting across rural America, would be a difficult and untimely burden on American farmers.

NEWS RELEASE | JAN 31, 2025

AFBF Cautions Against Tariffs on Top Trading Partners

The American Farm Bureau today sent President Donald Trump a letter expressing concern that new tariffs levied against Canada, Mexico and China may inadvertently create financial hardships on U.S. farmers and ranchers. Historically, retaliatory actions often target U.S. agriculture but then ripple throughout the U.S. economy.

"Last year, the U.S. exported over $30 billion in agricultural products to Mexico, $29 billion to Canada and $26 billion to China – our top three markets by value combined for half of total agricultural exports," the letter states. "Any effort to impose additional tariffs on these nations' imports runs the risk of significant retaliatory measures against U.S. agricultural exports. We ask that you carefully consider the impact on American farmers and ranchers, associated businesses and rural communities when determining potential trade actions. For decades, American agriculture has strongly supported efforts to open the world to our agricultural and other trade products."

The letter also provides broader context about the importance of international markets to U.S. farmers and ranchers, stating, "Ninety-five percent of the world's consumers live outside the borders of the United States and over twenty percent of U.S. farm income is based on agricultural exports. Expanding opportunities for U.S. crop and livestock producers to access international markets will boost farm income in the United States, while preserving existing access is critical to maintaining farm income. U.S. agricultural exports amounted to $174.5 billion in FY2024, and – historically – every $1 of U.S. agricultural exports results in over $2 in additional domestic economic activity."

Over 20% of U.S. agricultural products are exported. For many commodities, the percentage is significantly higher. U.S. actions, including implementing tariffs, that ultimately increase costs and drive down prices for farmers and ranchers would be especially difficult at a moment when so many are already facing insolvency.

The letter continues, "We urge your Administration to make certain that any action taken in the near- or long-term with Canada, Mexico and China does not make it more difficult for American farm families to raise a safe and affordable crop on domestic soil."

Read the full letter here.

National Farmers Union Urges President to Consider Tariffs' Impact on Farmers

January 31, 2025

Press Releases

WASHINGTON – National Farmers Union (NFU) President Rob Larew today issued the following statement in response to President Trump's plan to enact tariffs on Canada, Mexico and China:

"The trade actions announced by the president will almost certainly trigger significant retaliation against U.S. agricultural products. This comes at a time of deep uncertainty for farmers—commodity prices are volatile, input costs remain high, and we still lack an updated farm bill.

"One thing is clear: American family farmers and ranchers are always the first to bear the brunt of unilateral trade actions. While we support efforts to hold trading partners accountable and strengthen American manufacturing, our members have already suffered heavy losses from past trade disputes, especially with China, and have lost valuable market access.

"Before taking any action that might further stress farm and rural economies, we urge the president to put a plan in place to protect and support family farmers and ranchers."

QUESTIONS AND ANSWERS

FEBRUARY 5, 2025

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Zippy Duvall

Senator Amy Klobuchar

1. Both the National Farmers Union and American Farm Bureau Federation strongly support voluntary conservation, and your organizations spearheaded the Food and Agriculture Climate Alliance, whose recommendations led to the creation of USDA's Partnership for Climate-Smart Commodities. I understand that the Executive Orders have led to USDA pausing disbursements made through this Partnership program. Mr. Duvall, can you discuss the implications of slowing down, or even potentially revoking, these agreements on your farmers?

    a. When farmers sign a contract with the federal government, they expect the federal government to uphold their end of the deal. If agreements are revoked, that could seriously impact the financial stability or viability of a farmer. While we understand a new administration will have different priorities, we hope to see these payments made to honor contracts. However, the Partnership for ClimateSmart Commodities was a program that was started by the Commodity Credit Corporation Board and with new leadership at the helm I would expect a different path forward then for the program to continue.

Senator Joni Ernst

1. Mr. Duvall, as you know well, an area that is critically important for Iowa farmers is biofuels. This industry has been a cornerstone of our agricultural economy, creating strong demand for our commodities and providing stability in uncertain times. Today, thanks to advancements in science and improved land management practices, our farmers are producing record crop yields each fall. However, even as production reaches new heights, farmers are grappling with soaring input costs and deflated commodity prices. While biofuels continue to help stabilize the market, there's more to be done. Thankfully, President Trump is already fighting for our Iowa farmers and biofuel producers and listening to our calls for E15 year-round, with his executive action on day one. Like many on this committee, for years, I've been relentless in my effort to unleash E15 year-round and look forward to working with the Trump administration and my colleagues to secure permanent, nationwide access to this cleaner, cheaper choice at the pump.

- Mr. Duvall, could you help explain why a permanent E15 fix is so important for farmers, American energy production, and lowering prices at the pump?

Congress and this administration should take immediate action to ensure consumers have the choice to make more affordable decisions at the pump. Ethanol is a domestic fuel that withstands economic and global volatility, maintaining low costs for drivers. At the same time, this can be a demand driver for corn farmers across the country buoying up other commodity prices as well. It is a win for farmers, a win for consumers, and a win for domestic energy security.

2. Mr. Duvall, the next generation of farmers, is eager to continue the hard work of feeding and fueling our nation, but accessing the necessary capital remains a significant challenge. Transitioning to a family farm is already complex, and uncertainty in federal policy only makes it harder. Our farmers deserve a reasonable degree of predictability when it comes to federal policy, agency rules, and other regulations that directly impact their livelihoods. In addition to a five-year Farm Bill, Congress is also considering an extension of key tax provisions — many of which are critical for farm families. If provisions from the 2017 Tax Cuts and Jobs Act (TCJA) are allowed to expire, it could have serious consequences for American farmers — particularly when it comes to the estate tax, rightfully referred to as the death tax.

    - Mr. Duvall, could you speak to the tax provisions in the TCJA that are most important for farm families and what it would mean for the next generation of farmers if they expire?

98% of farms and ranches are pass-through businesses that pay taxes on the individual side of the code, so the expiring provisions of the Tax Cuts and Jobs Act are critical to almost every farmer in America. Farm Bureau supports the lower rates and expanded brackets. With the significant increase in land values in recent years, repeal of the estate tax must finally get done so farmers can stay on the farm and pass that legacy on to their children. Making permanent the 199A Qualified Business Income provision is crucial so that small businesses aren't paying a significantly higher effective tax rate that large public corporations are. Agriculture is capital intensive, so the capital expensing provisions are also crucial for us, bonus depreciation especially so given the changes made to 1031 Like Kind Exchanges in 2017 that are permanent.

<u>Senator Tommy Tuberville</u>

1. As we discussed in the hearing, the agriculture economy is in a dire state. It's nearly impossible to make a profit. What tools or resources can we improve to help more beginning farmers enter, and remain, in farming?

There are many tools that can help beginning farmers enter and remain in farming. Beginning farmers in particular are in need of an updated farm safety net in both Title One and Title Eleven of the farm bill if they are going to hang on in an era of low commodity prices and high input prices. While a new modernized farm safety is the most pressing need, extending the current Tax Cuts and Jobs Act is a close second. Economic sustainability is important for all farmers, especially those just starting out, and low rates that allow farmers to reinvest in their businesses are critical to their success. Lastly, the regulatory landscape is one in which every farmer must comply with a myriad of local, state, and federal regulations in their daily lives. As farmers, we want to leave the land better than we found it. However, the more complex and confusing regulations become over time, the more time, energy, and money that it takes to comply with these regulations, eventually driving more farms out of business.

Senator Raphael Warnock

1. As you know, one of the biggest challenges facing farmers is accessing markets. International trade is an important market for U.S.-grown agricultural goods and a revenue stream for domestic producers. In 2023, Georgia's agricultural exports exceeded $5.8 billion.[1] However, I am concerned that the new administration's trade policies, which target Georgia's top trading partners, will limit Georgia farmers' ability to access international markets and take money out of farmers' pockets and rural communities.
    - We know from 2018 that tariffs often bring about retaliatory actions. How have those actions affected farmers?

In 2018 the U.S. imposed Section 232 tariffs on steel and aluminum imports from major trading partners. There were also Section 301 tariffs imposed on a range of imports from China. In response, Canada, China, the European Union, India, Mexico and Turkey imposed retaliatory tariffs on many U.S. exports, including agricultural and food products.

The overall impact was a sharp reduction of U.S. ag exports, especially to China. According to USDA, direct U.S. agricultural export losses due to retaliatory tariffs totaled more than $27 billion during 2018 and 2019. Reductions in exports to China accounted for 95% of the losses.

The U.S.-China Phase One Economic and Trade Agreement in 2020 led to China announcing tariff exemptions for many agricultural products and included commitments to purchase increased amounts of U.S. agricultural products. USDA implemented the Market Facilitation Program to help mitigate the losses of farmers affected by export reductions.

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[1] *Georgia's 2023 International Trade Report*, Georgia Department of Economic Development (Feb. 2024), https://georgia.org/international/trade/annual-trade-report.

2. I have long been an anti-hunger advocate, and I often say that supporting robust nutrition assistance programs is not only the right thing to do but also the smart thing to do. The U.S. Department of Agriculture purchases agricultural commodities from domestic growers to support international food assistance programs through the Foreign Agriculture Service and the United States Agency for International Development (USAID). These programs support American farmers and help combat the global hunger crisis. I am concerned that our farmers and most vulnerable families will bear the burden of efforts to shutter USAID and disrupt federal foreign aid programs.

    - How do international food assistance programs support American farmers? o Can you provide specific examples?

International Food Assistance programs include annual funding of Food for Peace ($1.7 billion); McGovern Dole ($215 million), Food for Progress ($145 million), and the Emergency Food Security Program ($288 million). Food for Peace, McGovern-Dole, and Food for Progress provide in-kind food donations. This in-kind food assistance involves purchasing U.S. commodities and shipping them to countries and regions in need.

International Food Assistance Programs help farmers by providing the federal government another revenue stream to purchase farm commodities from farmers. According to the Congressional Research Service, USDA purchases for U.S. international food aid programs administered by USDA's Foreign Agricultural Service and the U.S. Agency for International Development totaled $700 million in Fiscal Year 2023.

The U.S. remains one of the few major donor countries that continues to provide in-kind food aid. In-kind aid supports farm products grown in the U.S. and avoids potential problems associated with unreliable suppliers and poor infrastructure in recipient countries. These obstacles hinder the efficiency and efficacy of market-based assistance. U.S. grown wheat, soybeans and rice are major commodities purchased for the assistance programs. Over 1.1 million tons of food have been purchased annually from U.S. farmers for international food aid.

National Barley Growers Association

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Chris Engelstad

Senator Amy Klobuchar

1. Many of the witnesses at this hearing raised the desire to see an increase in reference prices. I understand that you want farmers to have more certainty by making Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs more likely to trigger assistance for farmers. Mr. Engelstad, aside from reference price increases, can you comment on the issue of timing of payments within the ARC and PLC programs? Under current law, any ARC or PLC payments that are triggered for the upcoming 2025 crop year will not be received by farmers until October of 2026, a year and a half from now, even though farmers are incurring costs for the 2025 crop today. What are the implications of this timing delay? How would adjusting the timing of these payments impact producers?

The timing of payments and the long lag time that currently exists with payments from the Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs is certainly not ideal. More timely payments would benefit farmers. A bad year, whether it is a result of crop losses or low prices, means less revenue and cash flow to farmers and for many that makes it difficult to finance the planting of the following year crop. Farmers have upfront costs such as seed, fertilizer, pesticides, rent, crop insurance and more that must be paid to plant a crop. In times of over-supply, such as what barley growers have been facing in 2023 and 2024, processors are not accepting delivery and farmers must store the crop and keep it in good condition for as long as 12 or 18 months. In that time they do not have any money coming in from crop sales or the farm program assistance programs.

More timely payments from the farm safety net programs would benefit farmers. NBGA has not endorsed a specific method of expediting farm program payments but would certainly be open to and would strongly consider options, such as advance or partial payments, as a way of getting assistance to growers faster and reducing our financial strain in bad years.

Thank you again for the opportunity to testify and provide our perspectives on the agricultural economy and the farm support programs.

Chris Engelstad
President

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Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Keeff Felty

Senator Amy Klobuchar

1. Many of the witnesses at this hearing raised the desire to see an increase in reference prices. I understand that you want farmers to have more certainty by making Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs more likely to trigger assistance for farmers. Mr. Felty, aside from reference price increases, can you comment on the issue of timing of payments within the ARC and PLC programs? Under current law, any ARC or PLC payments that are triggered for the upcoming 2025 crop year will not be received by farmers until October of 2026, a year and a half from now, even though farmers are incurring costs for the 2025 crop today. What are the implications of this timing delay? How would adjusting the timing of these payments impact producers?

Thank you for the opportunity to comment on the timing of ARC and PLC payments. While NAWG has not endorsed or put forward any specific recommendations that would change the timing of the payments, we acknowledge the lag in payments does not deliver vital assistance when it is most needed, should the market conditions cause the payments to trigger. With the current state of the farm economy, the committee should work proactively to make ARC and PLC more responsive so that any assistance that warrants these program payments is received in a timely manner. NAWG would support bipartisan efforts to make these payments timelier in conjunction with increasing the statutory reference price and making improvements. These changes would allow the existing programs to be more reactive to downturns in the agricultural economy and ensure farmers have access to the safety net when it's most needed.

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Josh Gackle

Senator Joni Ernst

1. Mr. Gackle, crop insurance is the most effective and reliable risk management tool available to farmers, providing a critical safety net that must remain affordable and accessible. Over the years, Congress has approved multiple rounds of ad hoc disaster payments to help farmers recover from severe weather events, most recently last December. While these payments offer relief in times of crisis, they are slow, unpredictable, and subject to political gridlock — leaving farmers uncertain about when or if help will arrive. Iowa farmers — who have faced multiple natural disasters in recent years — have made it clear that they need certainty and protection in real-time, not months or years after the damage is done.
   - Mr. Gackle, can you explain why federal crop insurance is superior to ad hoc disaster payments, and second, do you see any improvements that Congress needs to make in the next Farm Bill?

Crop insurance is predictable and timely. Farmers know the details of the program and their individual safety net before the crop is ever put into the ground. If losses occur, crop insurance must pay out in a timely manner. This certainty not only helps farmers, it also helps secure financing by reducing risk for lenders. In times when farmers are facing uncertainty on multiple fronts, the importance of stability in the crop insurance program is paramount.

ASA believes that crop insurance could be further improved by encouraging USDA's Risk Management Agency to study how recent improvements to yield resiliency in seed genetics has affected loss ratios and exploring options for multi-year policies. Crop insurance provides the foundation for farmers to manage the high degree of risk they face from events they cannot control. The next farm bill provides an opportunity to explore these additional improvements.

Soybean farmers overwhelmingly support crop insurance, and ASA is greatly appreciative of the work this committee has done to protect this critically important risk management tool. Any changes to crop insurance must first do no harm, especially as farm bill negotiations get underway in the 119th Congress. Defending crop insurance and the farm safety net is a top priority for ASA, and the importance of this program for U.S. soybean farmers cannot be overstated. This is a message we will take to Capitol Hill as we build ties with new members and strengthen existing relationships. We greatly appreciate all your attention to this important topic, and your work as a champion for agriculture.

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Kenneth Hartman

Senator Amy Klobuchar

1. Many of the witnesses at this hearing raised the desire to see an increase in reference prices. I understand that you want farmers to have more certainty by making Price Loss Coverage (PLC) and Agriculture Risk Coverage (ARC) programs more likely to trigger assistance for farmers. Mr. Hartman, aside from reference price increases, can you comment on the issue of timing of payments within the ARC and PLC programs? Under current law, any ARC or PLC payments that are triggered for the upcoming 2025 crop year will not be received by farmers until October of 2026, a year and a half from now, even though farmers are incurring costs for the 2025 crop today. What are the implications of this timing delay? How would adjusting the timing of these payments impact producers?

   Corn growers support several changes to strengthen the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) commodity programs. These programs are intended to provide farmers with a critical safety net when they face significant drops in crop prices or revenues.

   For the 2024 crop year, the farm bill does not authorize USDA to begin making payments until after October 1, 2025. If the farm programs trigger payments for some corn growers, the assistance will not be provided until over a year after the corn crop was harvested last fall and over two years after the input buying window for that crop began.

   For the 2025 crop year, growers have until April 15, 2025, to elect between the ARC and PLC programs. Recent estimates show that the support from these programs may occur at higher levels than in recent years as a result of the PLC effective reference price "escalator" and the ARC benchmark revenue calculations. However, any triggered support would not begin to reach producers until at least after October 1, 2026.

   NCGA is interested in having further internal and external discussions over the timing of federal farm program payments, the impact on farmers, and potential solutions. Importantly, federal investments to improve these programs, along with updates to base acres, would help ensure that when commodity program payments are triggered, the assistance will reach the producers when and where it is needed.

Senator Joni Ernst

1. Mr. Hartman, as I shared with the first panel, biofuels are particularly important for Iowa farmers — which proudly lead the nation in both corn and ethanol production. This industry has been a cornerstone of our agricultural economy, creating strong demand for our commodities, and providing stability in uncertain times. Today, thanks to advancements in science and improved land management practices, our farmers are producing record crop yields each fall. However, even as production reaches new heights, farmers are grappling with soaring input costs and deflated commodity prices. Again, while biofuels continue to help stabilize the market, there's more to be done.

    - Mr. Hartman, would you also be able to explain why clarity from Congress on permanent, nationwide sales of E15 is so important — rather than relying on last-minute waivers from the EPA each year?

    Lack of a permanent, nationwide solution is a restraint on the industry that otherwise could have moved to higher ethanol blends already. Relying on a temporary regulatory fix places the entire liquid fuel industry, farmers, and consumers in a position of uncertainty year after year. Long term certainty is essential.

    Corn farmers are currently facing low market prices. Establishing new markets and bolstering existing ones provides price-supporting demand. Removing barriers to year-round, nationwide E15 access is the best and most expedient way to alleviate the effects of the downturn in corn prices.

    Corn farmers stand ready to provide the feedstock for efficient, affordable liquid fuel. The only hinderance to doing so is a dated oversight in the Clean Air Act, that President Trump tried to find a long term resolution for in his last Administration. By passing such important legislation, Congress would be putting to rest a decade long problem that has burdened farmers, refiners, fuel retailers and consumers alike.

Senator Tina Smith

1. According to the Economic Research Service at USDA, just 33% of beginning farmers and ranchers receive assistance from USDA programs, compared to 41% of established farms. This lower participation by beginning farmers and ranchers is directly linked to beginning farmers' difficulty in finding farmland with base acres and the ability to fully utilize the USDA commodity safety net.

    Commodity programs are intended to be a risk management tool for active farmers, but in reality many base acre payments are siphoned off by absentee landlords and investors and don't contribute to mitigating the risks that actual farmers take. I have stated publicly that this Committee needs to have a real conversation about updating the base acre formula so that it's based on current planting realities, not planting decisions made more than 40 years ago.

    If we do a better job of aligning payments and actual planting, then financial support will more likely get to the farmers who are really growing that crop. This could generate savings we can plow back into the safety net. There is bipartisan support for this as well. During the House Farm Bill mark up last year, Republican Representative Dusty Johnson offered a mandatory base acre update amendment.

Mr. Hartman, is it time to update base acres to reflect actual planting by growers?

Yes, as Congress works to update farm programs to better meet the risks, challenges, and costs facing producers today, the modernization of base acres would bring an important update to commodity program eligibility and better serve current producers, their farms, and the risks associated with commodities more recently planted.

Corn growers have long supported updates to base acres. At the July 2023 session of Corn Congress, grower delegates from across corn state associations voted on and adopted the following farm bill policy, "we support a one-time nationwide mandatory base acre update as determined by recent planting history." This policy position was later reaffirmed by another vote of the grower delegates at the next Corn Congress held at Commodity Classic in March 2024.

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record

Mr. Rob Larew

Senator Amy Klobuchar

1. *Both the National Farmers Union and American Farm Bureau Federation strongly support voluntary conservation, and your organizations spearheaded the Food and Agriculture Climate Alliance, whose recommendations led to the creation of USDA's Partnership for Climate-Smart Commodities. I understand that the Executive Orders have led to USDA pausing disbursements made through this Partnership program. Mr. Larew, can you discuss the implications of slowing down, or even potentially revoking, these agreements on your farmers?*

Farmers Union members strongly support voluntary conservation programs that help farmers implement conservation practices on their land that protect our natural resources and creates more resilient family farms. To participate in these voluntary cost share programs, farmers have to put significant skin in the game, typically making investments after signing a contract with USDA before they receive cost share assistance from USDA. Many family farmers and ranchers are facing tough economic conditions and are particularly financially vulnerable. If USDA does not fulfill its contractual obligations to program participants, it reduces the likelihood that farmers will participate in these highly popular and successful programs in the future and could also put some farmers out of business.

Senator Joni Ernst

1. *Mr. Larew, as you know well, an area that is critically important for Iowa farmers is biofuels. This industry has been a cornerstone of our agricultural economy, creating strong demand for our commodities and providing stability in uncertain times. Today, thanks to advancements in science and improved land management practices, our farmers are producing record crop yields each fall. However, even as production reaches new heights, farmers are grappling with soaring input costs and deflated commodity prices. While biofuels continue to help stabilize the market, there's more to be done. Thankfully, President Trump is already fighting for our Iowa farmers and biofuel producers and listening to our calls for E15 year-round, with his executive action on day one. Like many on this committee, for years, I've been relentless in my effort to unleash E15 year-round and look forward to working with the Trump administration and my colleagues to secure permanent, nationwide access to this cleaner, cheaper choice at the pump.*
    - *Larew, could you help explain why a permanent E15 fix is so important for farmers, American energy production, and lowering prices at the pump?*

Thank you, Senator Ernst, we appreciate your leadership on renewable fuels issues. As you know, NFU is a strong supporter of biofuels. Farmers have a long history of innovation to meet the needs of the country, including expanding production into additional markets.

The growth of the biofuels market, through use of higher ethanol blends provide significant benefits to the rural community and beyond. Farmers benefit from moving to year-round E15 as it provides a key growth opportunity for corn demand. The ethanol industry in 2023 supported , more than 72,463 U.S. jobs were directly associated with the ethanol industry, with an additional 322,002 indirect and induced jobs supported across all sectors of the economy.

By moving to E15 year-round consumers will also save money at the pump by an average of 25 cents per gallon as compared to regular E10 unleaded.

NFU is supportive of the move to year-round higher-level blends of ethanol, like E-15 and beyond. We appreciate the legislation introduced to support year-round E15 and thank you and the many committee members who are supportive of the effort.

Senator Ben Ray Luján

1. *53% of NM farms are 50 acres or less and these farms face some of the highest hurdles when trying to access USDA resources and services.*

   I've talked several times in this committee about the struggles producers face when trying to "farm to USDA" and how we can better serve our smallest producers.

   What are some of the most common struggles you see among your smallest members and what ways should this Committee look to support them in the next Farm Bill?

We need to make sure we are creating pathways for all farmers to participate in programs at USDA that will help them run successful farm businesses. Technical assistance is critical, and your effort to support farmer-led education networks through cooperative agreements with community-based organizations across the country would be helpful. It can be challenging for smaller farms to apply for and receive technical and cost share assistance through the highly popular voluntary conservation programs at USDA. We support efforts to streamline the application process for these conservation programs and create tailored opportunities for smallerscale producers.

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Garrett Moore

Senator Amy Klobuchar

1. Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) local offices are critical for program delivery and customer service for farmers. Mr. Moore, what role do FSA and NRCS local office employees play in farmers' ability to access USDA programs? What would the loss of these employees mean for farmers? Do you anticipate the loss of staff in local offices would slow down processing time of applications and have a negative impact on farmers?

   FSA and NRCS staff and services are important to peanut farmers' operations. Many growers in our industry serve on county and state committees. We have been in communication with USDA on the implementation of programs, and Secretary Rollins stated that distributing economic and disaster assistance payments to growers is a top priority for her efforts at USDA. FSA employees will play a key role in efficiently distributing this critical financial assistance. We are hopeful, even with the staff reductions proposed, that these efforts stay on track.

Senator Tommy Tuberville

1. Based on 2024 USDA data, cotton producers lost an average of $373 per acre and peanut producers lost nearly $200 per acre last year, respectively. As you know firsthand, these losses make it hard to cash flow for another year.

   - Due to deficiencies in PLC, what is it like to farm knowing that you do not have an effective Title I farm safety net in place for future economic disruptions?

     The 2018 Farm Bill, when drafted, worked for peanut growers. Although the PLC program structure is an effective model, the current 2018 reference prices have made the program ineffective.

   - Where should the committee focus improvements?

     Increasing the peanut reference price and a voluntary base update.

2. For the majority of inputs peanut and cotton growers use, do you anticipate significant reductions in the cost of production in the next few crop years? Why or why not?

No, I do not. The cost of production for peanuts has remained high, i.e. equipment, fuel, chemicals, fertilizer and increasing labor costs.

3. We both know that peanut farming requires expensive, specialized equipment – like peanut pickers, diggers, lifters, and shakers – in addition to typical farming equipment.
   - Can you discuss the cost of the peanut-specific machinery that you cannot manage without?

     Tractors, pickers, diggers, lifters, and shakers are all critical to our operation. These are expensive and increasingly expensive to maintain and operate.

   - Have you had to rely upon outdated or less efficient equipment due to rising input costs for fuel, fertilizer, and chemicals?

     Yes. We have had to adjust to supply chain issues relative to maintenance and due to increased costs, adjust our strategy relative to repair and purchase of new equipment.

Senator Raphael Warnock

1. Fitzgerald, GA is home to Mana, one of our nation's two manufacturers of ready-to-use therapeutic foods (RUTF), a life-saving product that helps severely malnourished children and mothers around the world recover from severe hunger. The main ingredient of this nutrient-rich product also happens to be peanuts, a commodity that farmers in Georgia and Alabama work hard to grow. Mana purchases about 2 million pounds of peanuts from farmers every month, and their facilities create jobs in rural Georgia.[1] While I am proud that Georgia's farmers are part of the fight against global hunger, I am concerned that current threats to gut international food programs will hurt peanut farmers and the rural communities in which they live.
   - What is the economic impact of RUTF on the U.S. peanut industry?

     The U.S. peanut industry supports the RUTF program and has been active with MANA and others that process RUTF. Although RUTF is important to the peanut industry's nutrition efforts, we estimate less than 1% per year of U.S. peanuts are used in the U.S. for this program.

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[1] *Our Global Lifeline Starts in the American South*, Mana (Jan. 2025), https://mananutrition.org/how-we-work.

Agriculture Committee
Perspectives From the Field: Farmer and Rancher Views on the Agricultural Economy, Part 1
February 5, 2025
Questions for the Record
Mr. Nathan Reed

Senator Amy Klobuchar

1. Farm Service Agency (FSA) and Natural Resources Conservation Service (NRCS) local offices are critical for program delivery and customer service for farmers. Mr. Reed, what role do FSA and NRCS local office employees play in farmers' ability to access USDA programs? What would the loss of these employees mean for farmers? Do you anticipate the loss of staff in local offices would slow down processing time of applications and have a negative impact on farmers?

A: I agree that the employees in the local FSA and NRCS offices provide critical services to farmers. A loss of these employees has the potential to slow down the services that farmers need, particularly if the loss came at a time of heavy reliance on the local offices.

Senator Tommy Tuberville

1. Based on 2024 USDA data, cotton producers lost an average of $373 per acre and peanut producers lost nearly $200 per acre last year, respectively. As you know firsthand, these losses make it hard to cash flow for another year.
   - Due to deficiencies in PLC, what is it like to farm knowing that you do not have an effective Title I farm safety net in place for future economic disruptions?
   - Where should the committee focus improvements?

A: The lack of an effective safety net means that we are at the mercy of uncertain markets and volatile weather patterns. The lack of an effective safety net jeopardizes our ability to continue to farm. It is this uncertainty that makes us worry about the future for me and my family. In terms of improvements in the new farm bill, there must be a meaningful increase in the reference price. We also want to see improvements in crop insurance, changes to the marketing loan and additional assistance to the textile mills.

2. For the majority of inputs peanut and cotton growers use, do you anticipate significant reductions in the cost of production in the next few crop years? Why or why not?

A: No, I do not expect significant reductions in the costs of production, primarily because of the categories that have increased in recent years. We have seen increases across the board, but I will highlight the increases in land, labor, and machinery. While fertilizer and fuel prices can fluctuate based on the underlying natural gas and oil prices, we rarely see wage rates, rental rates, and machinery prices decline.

3. In your testimony, you discussed how U.S. cotton demand is weakened due to the surge in low value textile imports of synthetic fibers – often from Shein and TEMU – that come into our country from Southeast Asia tariff-free through the $800 dollar de minimis loophole. Can you discuss the impact this loophole has on the cotton industry and the need to quickly close it?

A: The use of de minimis tariff exemptions available to packages with an aggregate value of $800 or less continues to grow with CBP processing approximately 4 million packages per day in 2024, up from a daily rate of 2.8 million in 2023. According to CBP, de minimis shipments account for 92% of all cargo entering the United States. Although exact volumes are unknown, it has been estimated that as many as one-third of de minimis packages contain textile and apparel products. Of those textile/apparel products, feedback from clothing retailers has suggested that as much as 90% of those products are from manmade fibers.

De minimis exemptions erode the preferential trade arrangements under CAFTA-DR and USMCA. In addition, the avoidance of tariffs under de minimis eliminates the tariff advantage of cotton relative to manmade fibers. Under normal import channels not covered by a preferential trade arrangement, many cotton apparel products are assessed a 16% tariff, while MMF products are assessed a tariff of 32%. Through the de minimis provisions, both products would be subject to no tariffs.

Either through Executive Orders or legislation, the National Cotton Council supports the categorical exclusion of textile and apparel imports from the de minimis exemptions.