

TESTIMONY OF JOHN DIDION
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Before the
Committee on Agriculture House of Representatives

“U.S. International Food Aid Programs”
September 30, 2015

Thank you, Chairman Conaway, Ranking Member Peterson and Members of the Committee, for inviting me to testify at today’s hearing. I am John Didion, CEO of Didion Milling in Cambria, Wisconsin. My brother, Dow, and I founded Didion Milling in 1971 and have worked closely with farmers and our customers, milling, processing and marketing grain products. Since then, we have expanded our operation several times; however, we are still a family-owned, small business employing approximately 250 people.

At Didion, our vision is to develop great people and make quality products from grain. We develop and empower employees; driving decision making to the front lines to move our business forward. We have recently grown our food and industrial milling business by over 300% with this model. This growth would not be possible without dedicated employees committed to our vision. I live our mission and it is a key reason why we have chosen to participate in the Title II Food for Peace program (Food for Peace) to help provide quality food products for the development of people around the world.

Over the last 20 years, we have been producing famine relief products. Our products include Corn-Soy Blend (CSB), Corn-Soy Blend Plus (CSB+), Cornmeal, Soy Fortified Corn Meal, Corn Soy Whey Blend, Fortified Vegetable Oil, and most recently, Super Cereal Plus for Food for Peace and McGovern-Dole school feeding programs. We are one of the world’s largest producers of fortified blended foods for the U.S. Department of Agriculture (USDA) and U.S. Agency for International Development (USAID).

We are incredibly proud of our role in transforming the corn and soybeans purchased from our local farmers into complete nutritious food products which are sent to hungry school children and others around the world. Every day we receive hundreds of loads of quality grain from local farmers for milling into specially designed food aid products, such as CSB+ and Super Cereal Plus. Both are high quality, nutrient-dense products packaged in USAID bags labeled “From the American People” with a symbol of the U.S. flag.

About 90% of the grain we purchase is grown within a 100-mile radius of our facilities; both farmers and employees take pride in helping to meet the humanitarian needs across the world with U.S. grown crops, and particularly with Wisconsin grown crops. When operating at capacity, Didion Milling can produce over 8 million complete meals per day, shipped from our plant in rail cars and transported to various U.S. ports for distribution all around the world.

Last week when Pope Francis addressed Congress, he said, “The fight against poverty and hunger must be fought constantly and on many fronts, especially in its causes. I know that many Americans today, as in the past, are working to deal with this problem.” Food for Peace is a very important part of the fight against hunger. It is a program the American people, farmers and businesses have taken pride in over the past 60 years, as it benefits so many who are in need around the world.

At Didion we recognize our position in the food aid supply chain as a quality and low cost supplier as well as an industry resource for the USDA and USAID to help commercialize new products and implement suggested changes of the Food Aid Quality Review. We welcome those opportunities to have a lasting impact in the world by helping to deliver the best product with the best nutrition at the best value. We have a close working relationship with the USDA for the procurement of our products and with USAID for the formulation of existing and new products. We were the first U.S. supplier of CSB+ through our partnership with USDA and USAID. In coordination with USAID and Tufts University, we helped develop and produce Corn Soy Whey Blend. This product is currently being field-tested for acceptance and performance.

Within the past year, we worked with USAID and USDA to commercialize and scale up our newest product, Super Cereal Plus. Super Cereal Plus was specially

designed by the World Food Program (WFP). The product is packaged in retail sized packaging to promote the dignity of recipients. Nutritionally, it is high in fat and protein, containing both animal and vegetable proteins. It is fortified with vitamins and minerals such as vitamin a, iron, iodine and zinc along with many others. This vitamin and mineral profile will promote cognitive development and growth, strengthen the immune system and reduce the occurrence of blindness. The intended recipients are kids 6 months to 24 months as well as pregnant and lactating women. WFP has been purchasing this product internationally for years; however, it had not been produced in the U.S. until late last year. As the food aid basket evolves, we remain committed to working closely with USAID and USDA to produce high quality, safe and nutritious products, like Super Cereal Plus, that will meet the needs of many around the globe.

However, this product evolution is not without its challenges. Super Cereal Plus was initially purchased with a lot of enthusiasm by USDA and USAID. A few short months later, there are questions about the future of the product being produced in the U.S. USAID country directors, private voluntary organizations and program managers seem uninformed about the product and its availability. For example, the majority of food basket items have a robust document on the USAID website with the intended use, suggested serving size and expected outcome for program managers. Unfortunately, this document is absent for Super Cereal Plus. Because of this, the product stayed in the warehouse at port for months without any movement, preventing any additional procurement of the product. The product has not been solicited for purchase since January 2015. Now our specially designed production line has sat idle for over five months. Lengthy production interruptions strain our ability to be a low cost producer. More importantly over 18 million meals were delayed for about 6 months.

Our goal is to produce the most cost efficient quality product to reach as many recipients as possible. Recently, we added an ethanol plant to our mill to support this cost efficiency effort. Our proprietary process selects the best parts of the kernel of corn for food products and sends the balance of the kernel to our biofuels plant to produce ethanol. This unique system helps to deliver the highest value for all parts of the kernel of corn and optimize our natural resources. This benefits our customers and reduces our carbon foot print.

Our history with the USDA and USAID is long standing and our commitment has been unwavering. Recent changes have us concerned about the future of Food for Peace. In 2004, the USDA purchased over 200,000MT of CSB, while in fiscal 2014 there was less than 60,000MT of CSB/CSB+ purchased. We have successfully adapted to this change and continue to participate in the program while others have opted out. We are most concerned about these changes on behalf of the needy recipients. Every night over 800 million people go to bed hungry and according to the WFP, the trend has worsened over the last decade. The progress made in the 80s, 90s and early 00s through the strength of Food for Peace has been slowed. I believe in our products as well as the rest of the U.S. products in the food aid basket. I know fortified blended foods are safe, high quality, nutrient dense and cost effective products that improve the lives of recipients. Processed and bagged products promote the generosity of the American people by being labeled “From the American People” with the symbol of the U.S. Flag.

Now the discussion has turned to converting a greater portion of the program to cash. I believe a movement to more cash will jeopardize Food for Peace and put more lives at risk. On the surface, it may seem more efficient to send cash rather than provide in kind food; however, there are many considerations which make in kind food superior to cash:

- Cash may actually cost *more* than in kind food. According to a study conducted by the WFP in Niger, cash support costs four times as much as an in kind food aid delivery of a specially designed product like CSB+ or Super Cereal Plus.
- Cash does not always reach the intended recipients. Corruption is a concern and a recent GAO report concluded controls need improvement.
- The products purchased with cash are not necessarily designed for the at-risk populations and could leave children with unmet nutritional needs.
- Cash would not have the same support from the U.S. farm belt.
- Cash is impersonal and will not carry the same message to recipients as bags labeled “From the American People” with the symbol of the U.S. Flag.

Food for Peace has operated successfully for many decades with in kind food deliveries, now supplemented by the McGovern-Dole school feeding program. In

kind food aid puts our best foot forward as a country while creating and supporting American jobs in food production, rail transportation, stevedoring, and maritime; it also supports American agriculture. Over the 20-plus years Didion has participated in these programs, our products have reached and helped serve a complete nutritious meal to over a *BILLION* people in over 35 different countries. We use the phrase “The Didion Difference” to explain our great people, quality products and exceptional service. We are proud “The Didion Difference” has had a positive impact on lives of the needy around the world. We ask all parties to work together to find and implement cost and time savings so we can reach more needy recipients. We believe Food for Peace is a food program that works and a program that should be continued with in kind food aid.

Thank you very much. I am happy to answer any questions you may have.