# TESTIMONY OF

**PHILIP GREENE**

**Vice President**

**FOSTER COMMODITIES**

**FOSTER POULTRY FARMS**

**FRESNO, CALIFORNIA**

before

**The Honorable Tom Rooney, chair**

**Subcommittee on Dairy, Livestock and Poultry**

**House Committee on Agriculture**

**September 14, 2011**

**Washington, DC**

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Chairman Rooney, Ranking member Cardoza, members of the subcommittee, I am Philip Greene, vice president of Foster Commodities, Foster Poultry Farms, Fresno, California.

I thank the subcommittee for the opportunity to appear today on behalf of the American Feed Industry Association (AFIA), Arlington, Virginia, the world's largest organization devoted exclusively to representing the business, legislative and regulatory interests of the U.S. animal feed industry and its suppliers.

AFIA companies today produce over 75% of the commercial feed and pet food manufactured in the U.S. each year. AFIA members include more than 500 domestic and international companies, as well as state, regional and national associations. Member companies are livestock feed and pet food manufacturers – including complete feeds, premixes and supplements – integrated livestock and poultry producers, pharmaceutical companies, ingredient suppliers, equipment manufacturers and companies supplying products, services and supplies to the animal feed industry.

The feed industry is also the single largest purchaser and user of all major classes of U.S. agricultural production, including feed grains, oilseeds and processed meals and coproducts. These commodities are critical inputs in the high-quality feeds American farmers and ranchers rely on to raise the safe, wholesome and affordable meat, poultry, eggs, milk and fish American consumers enjoy every day.

Feed is the most critical component of livestock, poultry, dairy and egg production in the U.S. and around the world, both to insure animal health and wellbeing, as well as contributing to growth and product quality.

As this subcommittee is well aware, feed as a component of production, represents more than 70% of the cost of producing U.S. meat, poultry, dairy and eggs. Anything – I repeat, anything – that affects the cost of producing feed for livestock and poultry, directly impacts the cost of animals to the processor, meat, dairy and eggs to the retailer, and ultimately, the cost of food to the consumer.

This testimony identifies three primary factors negatively impacting the availability and hence the cost of feed to U.S. livestock and poultry producers, with its resultant negative impact on this nation's commercial feed industry. These are factors, other than the increasing global demand for food, that are all within our control. These challenges are as follows:

- A federal bioenergy policy that continues to mandate that food crops be used as feedstocks for biofuels at annually increasing levels;

- Arbitrary and outdated acreage reduction programs that must be reinvented to meet their original purpose, namely to maximize U.S. feedstuffs production and minimize supply impacts on feed-deficit areas of the country, and
- The need for the federal government to ensure commodity futures markets are regulated in such a way as to ensure the traditional ability of true hedgers to identify prices absent institutional speculation distortion.

AFIA also wishes to stress the current feed availability and cost challenges in the U.S. – reduced production and stocks exacerbated by biofuel and export competition, with futures market institutional speculation adding insult to injury – is not unique to the U.S. Our domestic situation has global ramifications for both food costs and availability.

**Corn, Soybean Supply/Demand and the Commercial Feed Industry**

As stated, the U.S. livestock and poultry industry is the single largest domestic user of corn and soybeans, as well as their byproducts, through purchases of commercial feeds, through on-farm feed mixing and the use or supplements and premixes.

Feed also represents one of the biggest on-farm costs to U.S. farmers and ranchers. U.S. total farm production expenditures were $289 billion in 2010, up from $287.4 billion in 2009, according to the U.S. Department of Agriculture's (USDA) August, 2011, report from the National Agricultural Statistics Service (NASS). The four largest U.S. on-farm expenditures cumulatively totaled $134.4 billion and accounted for 46.5 percent of total expenditures in 2010. These percentages of total expenditure were feed, 15.7% percent, farm services at 12.4%, labor at 12.4%, and rent at 9%, all increases from the year before.

Today – and for the foreseeable future if federal policies do not change – the feed industry faces the "perfect storm" of influences that will weigh heavily on ingredient availability, with the cost of ingredients ratcheting higher due to artificial inflation of feedgrain and oilseed prices based on competition with U.S. biofuel production, record export demand, adverse growing/harvesting conditions, and commodity futures markets which continue to be plagued by speculation.

More than 55% of corn produced in the U.S. historically has gone to animal feed uses for livestock and poultry – in 2012 USDA estimates this will drop to 37% -- with less than 10% of the U.S. field corn crop used for direct domestic human consumption in corn-based foods such as corn meal, corn starch, and corn flakes, USDA reports. Beef production has the greatest feed use of corn, followed by poultry and swine. However, current USDA estimates show ethanol use of corn is now taking nearly 40% of the domestic corn crop, and this increase in ethanol use shows no signs of abating. The other competitors are exports at 13.8% of use, forecast by USDA to drop to 12.9% in 2012, as well as seed, and other industrial uses.

About 85% of the world's soybeans are processed annually into soybean meal and oil. Approximately 98% of the soybean meal that is crushed is further processed into

animal feed, with the balance used to make soy flour and proteins. Of all soybean meal use for feed, the poultry industry demands 40-45% of available supplies, the swine industry takes another 26%, with beef and other feed uses – including pet food – making up the remainder of demand. Of the oil fraction, 95% is consumed as edible oil; the rest is used for industrial products including biodiesel, fatty acids, and consumer products.

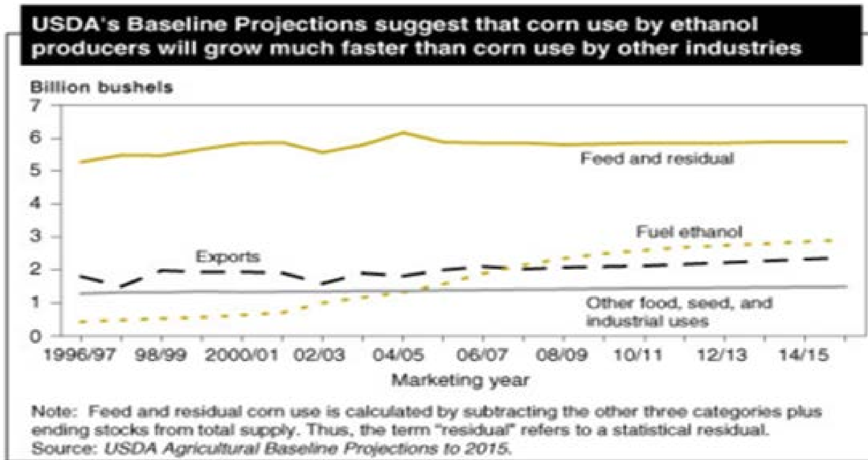
The convergence of these factors skews both cash and futures prices, and as feed prices are jammed upwards, our farmer/rancher customers in beef, dairy, poultry and swine production are forced to liquidate herds and flocks because they cannot afford to feed their animals based on the price processors are willing to pay.

Tight domestic supplies of corn and soybeans – even given outstanding crop production last year – are pushing markets above the previously highest levels for corn seen since June, 2008, and within a couple of dollars of the all-time high for soybeans. A number of factors, including a rapidly expanding world population, drought, flooding and other natural disasters and higher energy costs are all components of 2011 corn price spikes. But far and away the biggest impact on both corn availability and price is the use of corn as the feedstock of choice for ethanol, or as the industry views it, food has become fuel.

The cost of feed to livestock and poultry producers doubled from 2006 to 2008, retreated slightly in 2009, but resumed its upward march in 2009-2010 and through 2011 to date. While the Administration continues to assert only 4% of current corn price increases can be attributed to competition between feed/food use and ethanol use, independent studies show 30-40% of the spike in corn prices can be attributed to corn demand for ethanol.

Last week's market rally saw corn move above $7 a bushel again, and reflected a doubling of the cost of slaughter-ready chicken to 45 cents per pound over the last decade, according to Tyson Foods Chief Executive Officer Donnie Smith's address to a Barclay Capital investor's conference. Smith called this a "huge structural shift." In an interview last week with *Bloomberg Businessweek*, Larry Pope, chief executive of Smithfield Foods, said he sees "looming problems for hog farmers as grain costs continue to eat away at already thin profit margins." Said Pope, "We're seeing contraction…in terms of the published data that you can see, you can see the sow slaughter…has turned dramatically here, and then this $8 corn I think has scared people pretty substantially…there are smaller producers who are just saying 'I'm not going to do this anymore.'"

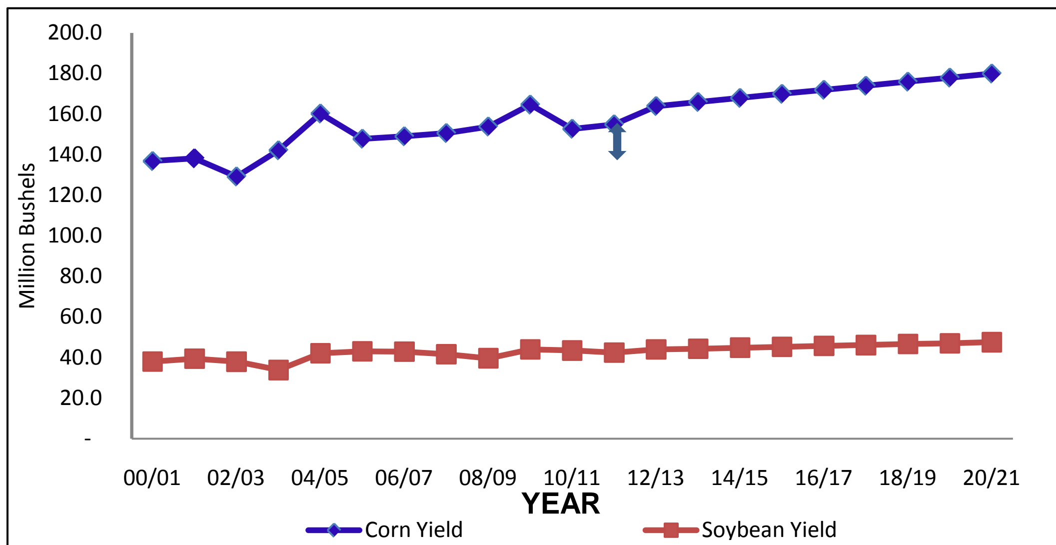
The following chart illustrates the trend in corn demand likely will not shift without policy changes given the cost of production of ethanol and its world market price as a competitive fuel with petroleum.



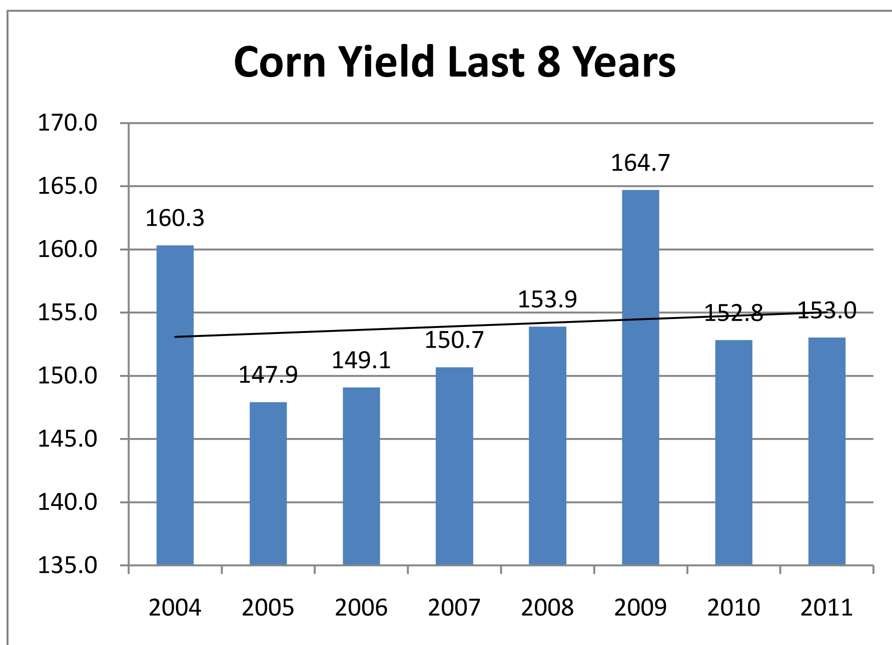

Given the feed/food competitors for corn – and their respective percentage of demand – will likely not shift dramatically over the near term, absent a sea change in the economics of ethanol production and marketing, ethanol corn demand will increase.

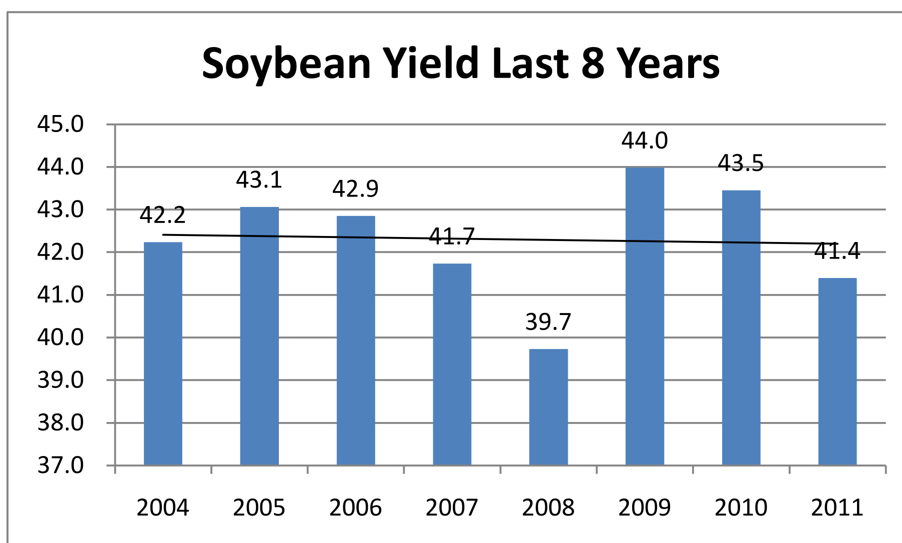
However, the subcommittee should also be aware that from a corn production standpoint, yield trends are misleading.

**20-year corn and soybean yield trends look good…**



**While eight-year yield trends tell a different story**

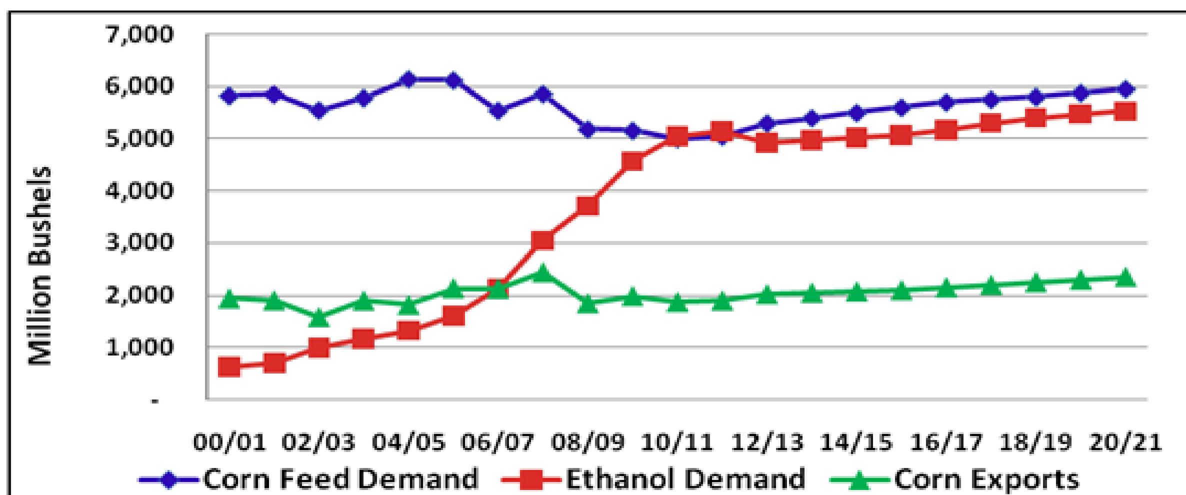



**Energy Policy**

Through creation of the Renewable Fuel Standard (RFS) in 2005, Congress mandated oil companies use set amounts of ethanol in gasoline blending, with those mandates increasing on an annual basis. Congress also decided to provide a cash subsidy to oil companies to actually do what they're mandated to do. And, if such incentives and mandates were not enough, Congress imposed an import tariff to block import of foreign ethanol into the U.S. These actions – along with record world demand for U.S. commodities – have conspired to shove corn prices to levels never seen in the U.S.

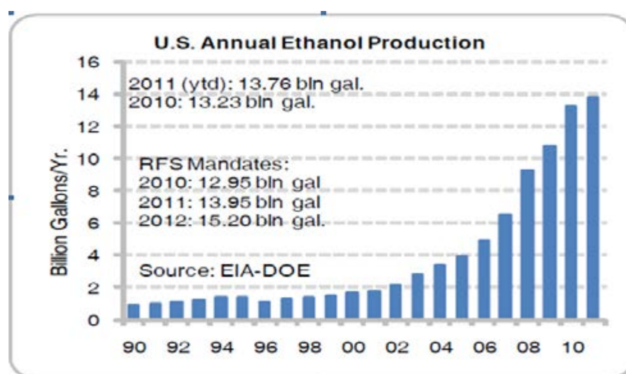
The RFS mandate, the blenders' credit and the import tariff have created an ethanol industry which now requires almost 40% of the overall corn crop to meet production mandates and to be profitable. Ten years ago, ethanol demand for corn was less than 5%. As these mandates increase, corn and soybean production capacity are unable to keep up with the rapid growth demanded by these government actions.




Despite the Administration's continued assertion only 4-5% of current livestock/poultry production cost increases – and resulting consumer food price inflation – are due to ethanol competing with the feed/food industries for corn, it cannot be denied the significant increase in corn demand, driven in large part by this biofuel mandate and a prospective crop that will miss previous predictions and bring ending stocks to lows not seen since the mid-1990s, means the corn prices will inevitably continue to rise throughout 2012 and beyond.

It should be noted a 5% ending stock signals the market that USDA believes there is not enough corn or soybeans to meet demand, and that price rationing must occur to keep the level at this minimum supply. USDA will adjust demand in its estimates to ensure 5% is maintained; to do otherwise would be to admit that we have a critical food shortage. In the past two months USDA has reduced its demand estimate from 13.5 billion bushels in its July 12, 2011 report to 12.76 billion bushels in the Sept.12, 2011 report – a precipitous fall of 5.5% in demand is required to keep us from running out of corn this year. Demand has not been reduced in a significant way yet, and this may signal the market may test all time price highs as it works to rationalize the declining availability of corn and other feedstocks.

AFIA supports a comprehensive federal energy policy, including energy research to find alternative non-food crop biofuel feedstocks, as well as legislative initiatives to end the blenders' tax credit and import tariff protections for corn-based ethanol. However, until these actions are taken, AFIA remains concerned about the impact of the Administration's corn-ethanol policy and the potential additional adverse effects any expansion or extension of policy, e.g. increasing the 10% ethanol blend limit for gasoline to 15%, will have on the domestic livestock and poultry industries.




Corn prices have doubled in the last year, now bouncing around $6-8 a bushel – "the new normal," as some call it. The overall concern over this fall's grain supply has some speculating corn prices could reach $10-12 a bushel. *PorkNetwork* reported last week that more than 4,500 call options in the CME Group's corn market at a strike price of $11 and $12 a bushel were held by traders, 15% higher than a month ago. More conservative analysts don't deny $9-10 corn is possible this fall if yields continue to shrink and fewer acres are harvested.

The impact of $10-a-bushel corn on livestock and poultry producers would be disastrous; herds and flocks would be further liquidated to avoid losses, cutting both producer income and seriously – and negatively – impacting feed companies, farmer-owned cooperatives, exporters and consumer food prices. This market has only one certainty: Ethanol refiners and speculators will continue to be the two interests moving to buy massive ownership positions in corn.

What the poultry and livestock industry predicted in 2005, is now coming to pass. When the RFS was debated and ultimately enacted, poultry and livestock interests warned lawmakers all it would take to create market price chaos, herd/flock liquidations and serious consumer food price inflation going through the roof would be "one bad crop year, one drought, one major disaster."

In a Sept. 9, 2011, *Feed Grain Market Report*, Bloomberg News reported the consensus estimate of 30 private analysts surveyed was that "difficult growing conditions this spring and summer and the hottest summer since 1955 in parts of the Midwest, have significantly eroded corn yields." Bloomberg's survey now sees a crop of about 12.554 billion bushels, down almost 3% from USDA's August prediction of 12.914 billion bushels, and nearly 1% less than produced last year.

This leads to the lowest ending corn stocks since 1996 at likely just over 5.2%, according to the latest World Supply & Demand Estimate issued Sept. 12, 2011, by USDA. Analysts say the crop could get smaller, putting even more pressure on prices to move higher, and predicted supplies will be tight for at least another year, putting a premium on adding acreage to produce a crop sufficient to replace inventories.

The University of Illinois reported last week it expects to see greater use of lower-quality wheat and other less-than-preferred commodities to replace corn in livestock rations. Corn prices are not expected to drop – again because of incentives needed to get farmers to shift acres to corn production in the face of increasing ethanol and export demand. Unfortunately, as the industry seeks alternative feed ingredients, we're confronted with the fact U.S. production of feed crops has declined for the past several years

AFIA supports letting the free market determine where our corn and soybean supplies are utilized, and urges Congress to take action to remove mandated biofuel competition from the market for corn for feed use. Absent that resolve, AFIA urges Congress to develop and implement a mechanism that recognizes in times of reduced production and ending stocks, RFS mandates are to be waived to ensure needed commodities at reasonable prices for livestock and poultry feeds.

**Modernize Conservation Programs**

One federal program in need of significant reinvention is the Conservation Reserve Program (CRP) and programs related to it which take arable acreage out of production. CRP was intended to take truly environmentally fragile land out of production to preserve that land. However, CRP has morphed into what it was never intended to be, namely a program by which farmers can collect checks for simply idling land – any land – and for some, the program is actually little more than a government-paid annuity.

For more than a decade, AFIA has joined with other like-minded commodity organizations and companies to prevail upon USDA to allow farmers enrolled in CRP to take an early-out option without the prescribed penalty if they wished to move enrolled acres back into production. For more than a decade, USDA has turned either a deaf ear or flatly refused to exercise this administrative option open to the Secretary.

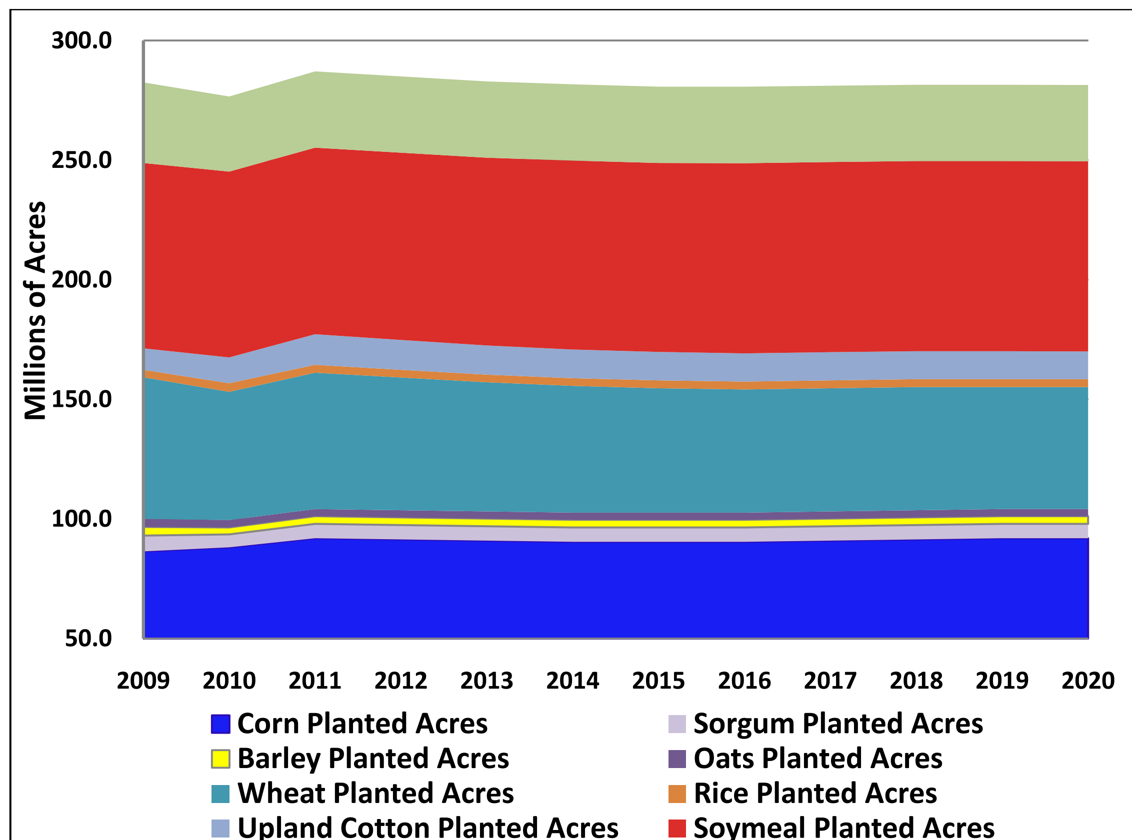
As recently as spring of this year, AFIA joined several national, state and regional organizations in providing to USDA yet another private study supporting the Secretary taking action to allow CRP-enrolled producers an early-out option without penalty.

The most recent study concludes the world may be short of grain supplies going forward, must take action now, and plan for the long-term impact of multiple grain-deficit years. The study recognizes the U.S. hasn't competed to produce additional supplies of grains and oilseeds for several years, keeping millions of acres of land idled in the CRP. This has left the U.S. unable to respond to market conditions that would normally direct more plantings to fill grain and oilseed needs for feed companies, processors, livestock and poultry producers and others. The major conclusions of the study include the following:

- Over the last 10 years, the price index for energy commodities has tripled;
- Global trade is strong; China imports soybeans equal to production on 48 million acres or one row in every four planted in the U.S.;
- Acreage expansion, including that envisioned in CRP changes, could be an effective hedge against risks of climate change variability;

- A 5% reduction in yields would force prices to further ration demand, and
- In the last 140 years, there's been a 25% chance of a yield decline of at least 5% in any given year.

AFIA urges the full House Agriculture Committee as it moves through its process of identifying program and policy priorities affordable under the 2012 Farm Bill, to actively consider and adopt a revamped CRP that provides enrolled producers with non-environmentally sensitive acres in the program, with the flexibility to opt out of the program without financial penalty when the U.S. faces yield reductions and stocks drop.




**Foster Commodities' Experience**

I'd like to use my company's experience to illustrate the current feed availability situation.

The subcommittee knows not all regions of the country produce all the corn and soybeans they need to feed local livestock and poultry, nor do they enjoy and abundance of these feed ingredients from which finished feeds can be manufactured. So-called feed deficit regions of the U.S. include the Southeast and Deep South, New England, and states west of the Rocky Mountains to the Pacific Ocean and into the Pacific Northwest.  Commodities – either raw or processed -- must be moved by truck or train into these regions for feeding.

Due to our unique customer combination, the Foster Commodities division is one of the largest feed companies in the western U.S. We have over 500 livestock customers, and move over 4 million tons of feed production per year through our facilities. The business breaks into two different areas of responsibilities: 1) The largest customer is Foster Poultry Farms, and 2) 500 feed customers, including dairies, farmers and livestock producers. Our merchandising and purchasing teams also procure ingredients and manage the logistics for Foster Farms chicken and turkey feed mills throughout the country. Our feed plants manufacture, transload and sell livestock feed, feed ingredients, liquid feeds, and feed supplements to our 500+ dairy and other livestock customers in California and the western U.S.

California has about 1,800,000 milking cows and a significant beef cattle herd. We estimate cattle in California consume over $3 billion dollars worth of feed in annually. For us to service these producers, we rely upon strategic rail access to 100-car unit trains. With the combined demand of our internal requirements and our external sales we better utilize the numerous assets we have constructed to facilitate rail and truck traffic. We regularly receive and store corn, soybean meal, dried distillers grains (DDGs), canola, wheat and other primary livestock feed ingredients.

We seasonally purchase, when available, locally grown corn and wheat at all of our feed mill locations. We also bring in numerous other rail and truck-load products. Seven days a week Foster Commodities ships about 170 truckloads of products to customers throughout the western U.S.

On average my company has approximately 1,600 cars (100 tons each) of corn and soybean meal moving to its California operations monthly from sources across the country. Our biggest volumes are in train loads of corn, soybean meal, canola, soy pellets, DDGs and other bulk rail commodities we buy for our own use and sell to outside accounts. These trains come from as far away as Nebraska, Iowa and Minnesota. In some cases we receive products, such as canola, from Canada. Wheat generally comes from local sources, but can be quoted from Canada and/or cargo ships. The subcommittee should be aware soybean meal from South America is being offered at the port of Stockton, California. With current crop shortages and higher grain prices, we are beginning to get inquiries as to Foster's ability to take container ships of imported grains into West Coast. To my knowledge, these are offerings only at this time.

**Grain Procurement Challenges**

Like most commercial feed companies and cooperatives in the U.S., Foster Commodities has grain merchandisers trading in futures markets.

The conventional practice of the industry used to be to buy according to nearby needs, generally using the futures market as the price discovery mechanism. Quotes contrasting futures and cash prices would allow a company to decide on a supplier, give the supplier the futures contract and convert the transaction to a cash sales contract. The markets don't operate that way anymore.

Today a buyer must consider the cost of waiting for/hoping for price drops, a game that can be expensive. We saw corn prices last year on Sept. 14, 2010, at $4.66, only to

watch them skyrocket to $7.99 on June 10, 2011. Some decided to buy ahead, but were hit with margin calls, as some experienced during the March market collapse. At that time prices went from a high of $7.34 on March 4, 2011, to a low of $6.08 on March 16, 2011. What I'm illustrating is that while commodity markets have always been volatile, we have never seen the type of volatility we are seeing today.

Often dairy customers want a contract that gives them what we call a "clock," an annual contract for feed generally signed in the fall. However, if hedged sales are used for a customer, there is the risk the customer will default on the agreement if the market price falls. If a hedged ingredient purchase is put on with a farmer, the risk is he or she will be unable or unwilling to deliver against the account. Then there is the risk of increased margin calls. A market position may be perfectly hedged, but find you find yourself in an unsustainable cash flow drain that ultimately causes liquidation and default.

These situations are occurring with greater frequency, creating significant stress on our feed business, and we know we are not alone as this is a national problem faced by the broad feed industry, as well as those integrators attempting to lock in prices for their own ingredient needs.

In the past few years speculators have entered the agricultural commodities markets creating another significant challenge. Feed companies and others seeking to hedge real inventory needs must now compete for commodity purchases against institutional investors who offset our trades and extract their profits. These speculators have no interest in owning the commodity; their goal is to get in front of commercial traders like us by bidding up the price of a contract, taking the profit out of our losses. This environment has created weekly price moves that used to take a year to achieve.

This unregulated speculation is exacerbating the impact of ethanol competition for corn.

**AFIA and Market Speculation**

AFIA is well aware the House Agriculture Committee has confronted the impact of unregulated speculation on legitimate users of futures markets. We applaud this committee's leadership in this area, but want to restate for the record the U.S. feed industry's position on pending rulemakings which impact the cost of our ingredients and the profitability of our businesses.

The commercial feed industry, as I've illustrated, is a major user of agriculture-based derivatives markets, including both exchange-traded futures contracts as well as over-the-counter products. AFIA has been an active participant in efforts to convince the CFTC of the need to revisit its position limit regulations, as well as its definitions of speculator activity.

Participation in the agriculture-based derivatives markets allows our member companies not only to hedge their exposure to price fluctuation in these commodities, but also to determine the prices of inputs and goods produced. When input prices, as reflected in futures markets, either (a) become distorted and fail to accurately reflect true supply and

demand, or (b) become unduly volatile, the pain is felt not only by AFIA members, but throughout the supply chain to the consumer.

Futures contracts on agriculture commodities were established to provide commercial producers and bona fide end-users of critical goods with an efficient mechanism to manage risks and determine fair prices. Our industry is very concerned with the current Commodity Futures Trading Commission (CFTC) proposal to permit speculators in financial contracts, who hold no positions in the core agricultural commodities futures contracts, to hold up to five times a core contract's spot month limit, while also holding up to 25% of the core agricultural commodity futures contract's deliverable supplies.

This CFTC proposal is contrary to the guidance set forth in the Dodd-Frank "Wall Street Reform and Consumer Protection Act" for setting position limits, in that it will not accomplish the following:

- Diminish, eliminate or prevent excessive speculation;
- Deter and prevent market manipulation, squeezes and corners;
- Ensure sufficient market liquidity for bona fide hedgers, and/or
- Ensure the price discovery function of the underlying market is not disrupted.

Spot market position limits are the most important tool in maintaining the utility and integrity of commodity futures contracts as essential financial instruments for bona fide users of agricultural commodities. For bona fide end-users, the spot month is an important time for rolling, liquidating or making/taking delivery of contracts. The proposed expansion of spot month limits for speculators in financial contracts would negatively impact the conditional spot month limits by increasing volatility, potentially reducing liquidity, possibly increasing costs and reducing the options available to bona fide end-users during these critical spot month periods.

Further, the CFTC offers no data, qualified information or analysis in support of this proposal to significantly increase financial speculative position limits, which could increase the volatility, encourage price manipulation and interfere with the critical price discovery function that bona fide end-users depend on. The Commodity Exchange Act (CEA) made this purpose explicit, stating the goal of this law is to serve the "national public interest" in these markets "as a means for managing and assuming price risks, discovering prices, or disseminating price information through trading in liquid, fair and financially secure trading facilities," and included the specific mission "to deter and prevent price manipulation or any other disruptions to market integrity."

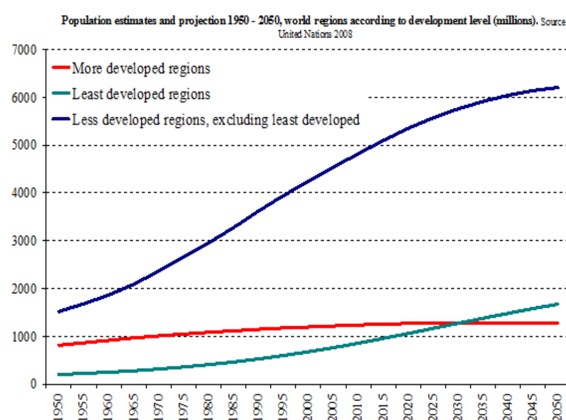
AFIA proposes the CFTC begin with position limit parity between the physically settled contract and the cash-settled "look alike" contract. This would meet the purpose of the CEA and the four objectives set forth in Dodd-Frank for speculative position limits.

Absent this type of adult supervision of speculators, the legitimate hedger will continue to suffer by not being able to analyze market trends and make informed market moves.

During the past three years we have seen numerous accounts go broke, downsize and or suffer greatly.

**Global Food Implications**

In 2009, the Food & Agriculture Organization (FAO) of the United Nations, warned that by 2050, the world will need to produce 70% more food than it does today in order to feed an expected 2.3 billion additional people worldwide.  This is a 33.3% increase in the world's population. The biggest challenges are more efficient use of scarce natural resources (acreage) and adapting to climate changes.




On Aug. 8, 2011, FAO reported world cereal grain production in 2011 – even though expanded from 2010 – is insufficient to halt the continuing precipitous drop in global stocks. Said FAO, "Among the major cereals, the maize (corn) supply situation is a cause for concern, and is a factor already reflected in high international maize prices…36% higher than in August, 2010." Of all global cereal inventories, only rice stocks are expected to rise significantly, with corn inventories dropping to their lowest levels since 2007.

The U.S. feed industry is highly competitive – with no one company dominating the industry – and it's broadly accepted the only expansion of feed production in the U.S. is predicated upon expansion in livestock and poultry numbers, notably through export market expansion. Simply stated, increased livestock and poultry product exports translates to larger domestic herds and flocks, which translates to greater feed purchases, which translates to a profitable U.S. feed industry.

Given shifting and increasing food demand by developing economies is generally characterized by an increased demand for animal protein, this should bode well for the global livestock and poultry sector, including the feed industry. However, as feed price and availability impacts hit foreign producers of livestock and poultry – arguably less able to withstand such economic pressures over the long term – will there be an affordable U.S. supply to take advantage of these markets?

If cost of production increases in the U.S. lead to expected herd and flock liquidations, the livestock and poultry producer is hit with a double whammy – lost domestic sales AND lost export markets. The feed industry suffers along with its customers.

**Conclusion**

The current economics of the commercial feed industry and its livestock and poultry producer customers are driven by three primary challenges: The lack of an overall comprehensive federal energy policy, but a current federal bioenergy policy that continues to allow the use of food crops for biofuel feedstocks. Exacerbating this competition between feed/food use of corn and biofuel demand, the government maintains archaic land-idling programs congressionally authorized to enhance conservation of environmentally fragile lands, but which, in reality, take desperately needed arable, environmentally non-sensitive acres out of production, compounding supply challenges during times of low yield, high demand and dwindling end stocks. Further, continued unfettered speculation in futures markets by institutional investors robs futures markets of their purpose of providing true hedgers an ability to minimize price risk on necessary agricultural inventories.

AFIA urges Congress to take bold steps to help the feed industry and its farmer/rancher customers to mitigate these challenges. Actions to be actively and seriously considered include the following:

- Return agricultural commodity markets to operations driven by market demand by reworking federal energy policy to remove the mandated use of food commodities from the list of eligible feedstocks for federal assistance in bioenergy development. Absent that, ensure there is a mechanism in place which requires the Secretary of Agriculture to waive the RFS in the event stocks-to-use ratios fall below a prescribed amount or prices hit specified levels;
- Reinvent the CRP and related government acreage-idling programs to ensure such programs do not provide an economic incentive take much-need non-environmentally sensitive arable acres out of production, while allowing idled acres to be planted without an economic penalty to the producer, and
- Hold CFTC to the true intent of the Dodd-Frank Act by defining and enforcing federal speculative position limits on ag commodities futures markets, including derivatives and over-the-counter products. At the same time, true hedgers should be protected from the price impact of institutional speculators.

These policy decisions must be made in the context of both domestic and global industry economic health. Such actions not only help to preserve independent farming and ranching in the U.S., they will mitigate what's now estimated to be annual consumer food cost inflation of 4-6% for the next several years.

Given the increasing demand across the planet for animal protein, it's only common sense we would act to assist our domestic industries in remaining competitive both at home and abroad by removing from the production equation arbitrary and controllable negative cost-of-production influences.

Thank you for consideration of our views.

**Philip Greene**
**Vice President**
**Foster Commodities**
**Foster Poultry Farms**
**900 W. Belgravia Ave**
**Fresno, California 93706**

**EDUCATION**

1984, MBA, California State University, Stanislaus

1978, B.S. Agricultural Science and Management (Animal Science, and Agricultural Economics), University of California, Davis

**PERSONAL AGRICULTURAL SMALL BUSINESS OWNERSHIP**

1978-79: Owner, small scale stocker cattle operation; Stoneyford, California

1984-1990: Owner, small scale row crop operation; wheat, various corn crops – (sweet, silage, grain), black eyed peas, melons, squash; Denair, California.

**PROFESSIONAL EMPLOYMENT**

1980-Present: Foster Farms:

- Management trainee / crew foreman and ranch manager trainer for company-owned poultry farms
- Supervisor poultry operations labor crews
- Supervisor / manager of multiple company owned ranches
- Supervisor / manager of feed mill logistics and operations of company-owned chicken and turkey feed mill
- National director of procurement for all operating supplies, energy supplies and trading, services agreements and capital.
- Vice President of commodities: Managing commodity trading, feed manufacturing, farming operations and organic and constructive fertilizer manufacturing.

**ASSOCIATION MEMBERSHIPS**

American Feed Industry Association

Agricultural Energy and Consumers Association

California Poultry Industry Federation

National Grain and Feed Association

**BOARD OF DIRECTOR POSITIONS**

Director, American Feed Industry Association – Past

Executive Director, Agriculture Energy Consumers Association - Past

Member, Trade Rules Committee, National Grain and Feed Association

Director, Nickel LLC - Rio Bravo Ranch, Bakersfield and San Juan Ranch, Dos Palos, California