

STATEMENT
OF
MR. CARL SANDERS
PRESIDENT
ALABAMA PEANUT PRODUCERS ASSOCIATION
COFFEE COUNTY, ALABAMA
ALABAMA PEANUT PRODUCERS ASSOCIATION
&
SOUTHERN PEANUT FARMERS FEDERATION
BEFORE THE
U.S. HOUSE COMMITTEE ON AGRICULTURE
MAY 15, 2010

Good Afternoon Chairman Peterson, Members of the Committee, my name is Carl Sanders. I am a peanut producer from Coffee County, Alabama. I am President of the Alabama Peanut Producers Association and am here today representing our organization. My comments will also be in support of the Southern Peanut Farmers Federation that we are a member of which appeared before you yesterday. The Southern Peanut Farmers Federation represents about three-fourths of the peanuts grown in the United States. Peanuts have an economic impact of hundreds of millions of dollars in our states and tens of thousands of jobs.

I have been a peanut producer for over 30 years. I farm approximately 1,000 acres of peanuts, cotton, corn and cattle. I have been active in local, state and national agricultural organizations and am a graduate of the Auburn University.

Mr. Chairman and members of the Committee, our message today is straight forward.

- Peanut producers support the concept of a marketing loan program.
- The current program does not serve as an adequate safety net for producers.
- Farm Programs should be developed for farmers who assume the risk-- not for absentee baseholders.
- In an effort to address the fiscal challenges before us, we must not compromise the stability and security of production agriculture in this country.

As you are aware, peanut program prices were reduced in the 2002 Farm Bill when we changed from a supply-management program to a marketing loan peanut program. The 2008 Farm Bill maintained the same prices as the 2002 Farm Bill. The market prices for this year should hold above the marketing loan price but this is no guarantee and certainly not a guarantee for the future.

Since the 2002 Farm Bill, peanut variable costs, for National Center for Peanut Competitiveness representative farms, have increased 52% per acre. In addition to the increased production costs, we are competing with other countries like Argentina, China and India where the environmental costs, regulations and labor rates are much less than U.S. input costs.

Peanuts not only compete for land with other commodities, but also with other federal subsidies for those commodities. For example, if corn has a competitive loan rate coupled with its ethanol subsidy, many peanut acres convert to corn as we saw two years ago in the Southeast. The 2008 Farm Bill peanut safety net does not support competition with other commodities.

The primary goal for our producer organization is to obtain a legitimate safety net for our growers. We do not believe the current \$355 per ton marketing loan is sufficient to be a real safety net for producers.

The peanut loan repayment rate guidelines were established in the 2002 Farm Bill. The loan repayment rate has not functioned appropriately since the 2002 Bill. Congress directed the U.S. Department of Agriculture to consider the following when determining loan repayment rates:

- Minimize potential loan forfeitures;

- Minimize the accumulation of stocks of peanuts by the federal government;
- Minimize the cost by the Federal Government in storing peanuts;
- and
- Allow peanuts produced in the United States to be marketed freely and competitively, both domestically and internationally.

It is this last variable the Committee included in the 2008 Farm Bill and similar language in the 2002 Farm Bill that has not been adhered to. In setting the loan repayment rate, USDA has not taken into account world market prices. Thus, the USDA posted price set every Tuesday afternoon, is too high. As a result, in years of high production, USDA's pricing generates an excessive carryover into the next year that weakens the contract offerings to growers. We ask the Committee to include language in the next farm bill that will assure that the prices that the world marketplace will be considered in establishing the posted price.

We recognize the fiscal and political limitations in drafting a successful farm bill. Peanut producers want to stress to the Committee that we will work with you to develop the best possible program but the pricing structure in the 2008 Farm Bill is not sufficient and certainly won't work for peanut producers if these same prices hold through the life of the 2012 Farm Bill. If budget variables require the Committee to look at alternatives to our current marketing loan program structure, the Federation will work with you to develop the best safety net possible for our producers. I do want to point out that the ACRE program, as included in the 2008 Farm Bill, is not a viable option for peanut producers.

There are additional considerations for any program changes in the next farm bill. Making payment limits more restrictive than imposed by the 2008 Farm Bill will create even more problems for many peanut producers who may be impacted. We must maintain our separate payment limit for peanuts. This was agreed to when producers worked with the House and Senate Agriculture Committees in the 2002 Farm Bill establishing a marketing loan program for peanuts. The current program will not work without the separate payment limit.

The feeding programs at the USDA are very important to our producers. Peanut butter is a long-time participant in the school lunch program. Peanut butter also qualifies for the breakfast program and afterschool snack program. There are school systems all across this country participating in these federal feeding programs. The peanut industry does not have the resources to reach even a small percentage of these nutrition programs illustrating the nutritional value, low cost and long shelf life of peanut butter. We need the USDA to partner with our industry in outreach programs to school nutritionists. We are on the USDA lists but many times this falls short of explaining new products for kids, the facts, not rumors regarding peanut allergies and other important peanut butter related variables. This also includes our need for assistance in working with international relief agencies. Our congressional delegations and industry leaders struggled to get the attention of those preparing food assistance for Haiti relief. Although our industry provided over 3.5 million serving in peanut butter to the relief effort, we were not successful in reaching decision-makers involved in establishing food assistance lists for U.S. and international aid. USDA has the experience and resources to help facilitate communications between the peanut industry and major relief organizations. The peanut

butter products available for Ready-to-Use Therapeutic Food (RUTF) alone are a sufficient example of how helpful our products can be in impoverished parts of the world or countries in crisis.

Peanut butter does not qualify for the Fresh Fruit and Vegetable Snack program. We believe that all school feeding programs should allow for the purchase of peanut butter. USDA, land grant universities, the Department of Defense and other institutions have long recognized the importance of peanut butter as a nutritional resource.

Finally, the recent legislative activity related to the reauthorization of child nutrition programs highlights the need for nutrition legislation to be the sole jurisdiction of the Agriculture Committee. We appreciate that members of the House seek appointment to your Committee because of their interest in production agriculture, conservation and nutrition. We would hope that in the future House leaders would consider the House Agriculture Committee as the home for all nutrition legislation much like the Senate.

We are hopeful the Congress will pass the agricultural disaster relief legislation similar to the bill approved in the Senate. The current SURE program has not been effective for peanut producers. Despite the USDA website seeking participation in the SURE program, the program was far from ready to go forward. In fact, peanut producers were turned away until recently because local offices had not been given sufficient instructions to receive applications for peanut losses. Even today, local offices are not consistent as to how they will handle producers from multiple counties. Peanut producing states typically have a large number of counties. It is not unusual for peanut producers to farm across a number of county lines.

Peanut producers received no public support or financial assistance from the Department during the PCA salmonella crisis caused by one irresponsible peanut manufacturer, not by peanut producers. Peanut state members asked the Secretary to increase peanut butter purchases during the crisis to at least the purchase levels we saw in the mid 1990's to no avail. Other commodities have received financial assistance and support from USDA when prices have dropped or when their commodity has been in crisis, dairy and pork being just two examples, not peanuts. We believe any relief for the peanut industry will come from Congress whether this is with regard to the function of our program or the use of our product in government domestic and international feeding programs.

In addition to a fair and supportive national farm policy, maintaining public research in agriculture should be a priority. Research by the land grant universities and USDA's Agricultural Research Service has contributed greatly to keeping the peanut industry competitive. By maintaining new research in the public domain, the cost is less to the producer than if it was privately held. Furthermore, much of the research that has benefited our industry would not have been done without these public facilities. Protecting these funds from cuts has become an annual event. We hope you will protect our agricultural research and the role it play in keeping farmer competitive.

In closing, I want to say that as producers we look at the committee as a partner in serving and protecting agriculture. In recent years, we cannot say that about the USDA with any conviction. We hope that as you address the upcoming farm bill, that safeguards will be included to be assured that the implementation of the legislation will

follow the intent of Congress. Please help the Department remember the importance of production agriculture and the industry it was created to serve.

Thank you for allowing me to address the Committee today and the Federation looks forward to working with you.

**Committee on Agriculture
U.S. House of Representatives
Information Required From Non-governmental Witnesses**

House rules require non-governmental witnesses to provide their resume or biographical sketch prior to testifying. If you do not have a resume or biographical sketch available, please complete this form.

1. Name: Carl Sanders

2. BusinessAddress: 5977 County Road 105

Brundidge, AL 36010

3. Business Phone Number: 334-790-3338

4. Organization you represent: Alabama Peanut Producers Association

5. Please list any occupational, employment, or work-related experience you have which add to your qualification to provide testimony before the Committee:

President – Al. Peanut Producers Assn.

Director – American Peanut Council

Director – Southern Peanut Farmers Federation

Director – Alabama Farmers Federation

6. Please list any special training, education, or professional experience you have which add to your qualifications to provide testimony before the Committee:

Full time farmer for 34 years

B.S. from Auburn University in Agriculture

Farm enterprises include peanuts, cotton, corn and cattle

7. **If you are appearing on behalf of an organization, please list the capacity in which you are representing that organization, including any offices or elected positions you hold:**

President – Al. Peanut Producers Association _____

Director – Southern Peanut Farmers Federation _____

PLEASE ATTACH THIS FORM OR YOUR BIOGRAPHY TO EACH COPY OF TESTIMONY.

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

House Rules* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2007.

Name: Carl Sanders

Address: 5977 County Rd. 105, Brundidge, AL 36010

Telephone: 334-735-2854

Organization you represent (if any): Alabama Peanut Producers Association and Southern Peanut Farmers Federation

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2007, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

Source: _____ Amount: None

Source: _____ Amount: None

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2007, as well as the source and the amount of each grant or contract:

Source: _____ Amount: None

Source: _____ Amount: None

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

Signature: Carl Sanders

* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.