

**Submitted by South Dakota Farmers Union  
to the U.S. House of Representatives**

**Committee on Agriculture**

**To review U.S. agriculture policy  
in advance of the 2012 Farm Bill**

**Tuesday, May 18, 2010  
Sioux Falls, S.D.**

## **Comments by South Dakota Farmers Union President, Doug Sombke**

Chairman Peterson, Ranking Member Lucas, and distinguished members of the House Agriculture Committee,

My name is Doug Sombke, I am a farmer and rancher from rural Conde, South Dakota. My three sons and I run a cow/calf and backgrounding operation, and we raise corn, wheat, alfalfa and soybeans. I am also honored to serve as President of South Dakota Farmers Union. Thank you for allowing me the time to submit comments on behalf of South Dakota Farmers Union, myself and all South Dakotans.

Every farm bill brings new rewards and challenges to America's agricultural producers, nutrition programs and federal programs alike. The revenue guarantees set forth in this bill will define the future of our livelihood for years to come. It is imperative we help you craft the best piece of legislation possible that ensures family farmers and ranchers the best return on their investment. The following issues are of utmost importance to American agriculture.

### Derivative Market Reform

For years, the derivative market has been influenced both positively and negatively by outside sources. Whether it has been foreign investors, Wall Street brokers or the natural market movement, they have all affected the derivative market. While I understand profits ensure market viability, those profits should not be achieved through market manipulation. Agricultural producers rely on the market to survive, and when their bottom line is altered by manipulation in the derivative market their livelihood could be in jeopardy. Derivative Market reform must be a top priority in any financial reform bill. As you know, markets are extremely volatile, and influence from outside sources does not help its volatility. Unjustified trends due to speculators can ruin agricultural producers by creating wild swings in the market. I understand that we cannot have burdensome regulations and expect our markets to flourish. However, substantial derivative market reform is needed to ensure the markets are protected and overseen in a transparent and efficient way.

### Disaster aid & payments

Recently in northeastern South Dakota, we have had major problems with increased moisture from rain and snow. Early last fall we received a tremendous amount of rain, followed by increased snowfall, and then more rain this Spring. It has forced us out of our fields and unfortunately off of our roads which are nearly impassable. With the abundant moisture, our rural roads have not been able to sustain the saturation, turning to sinkholes and washing away. While FEMA has surveyed the damage and has promised some financial assistance, it simply isn't enough. We need to expedite the process of payments to counties and townships, and stabilize our infrastructure to ensure farmers get their products to market in a timely manner.

### Crop Insurance

The contentious issue of crop insurance continues to be debated in almost all farming circles. Federal crop insurance is essential to the livelihood of our producers. Farmers are required by ag lenders to carry crop insurance to obtain a line of credit. Crop insurance not only helps farmers gain access to private funding to finance raising a crop, we also use it as a marketing tool which allows us to forward market a portion of our crop to capture highs in the market when they occur before the crop is harvested. Federal crop insurance ensures that Americans have access to an affordable food supply. By maintaining federal crop insurance we will maintain our abundant and low-cost supply of food, while ensuring producers the right to a profitable bottom line and lifestyle. I would urge the committee to keep crop insurance at their current level in the 2012 farm bill.

### Trade Standards

Over the past few years, USDA has changed portions of its regionalization standards when it comes to international trade. Regionalization of countries that do not meet OIE standards puts the United States at greater risk of importing animal diseases, such as foot and mouth disease. These diseases could be deadly to our domestic supply chain and I would urge the Committee to protect those sources by creating new standards for our trading partners. Any regionalized zone which includes a nation or state that is not deemed free of contagious disease should be required to be surrounded by all disease free border sharing entities. This would restrict the flow of disease positive animals or raw goods from the region to the U.S. We must help other countries control their disease outbreaks. By requiring higher trade standards of other countries, it would cut the risk of disease spreading in the U.S., while increasing the profitability of our domestic producers.

### Captive Supply & Competition

For years the multinational meatpacking companies have manipulated domestic meat markets by using captive supply to flood the market at the right time. When the captive supply owned by these companies is introduced into the market, producers suffer from an over liquidated stock which results in lower earnings per head. The cattle industry has called for a ban on packer ownership of livestock, which would result in an assurance of anti-monopolistic or vertically integrated market. Open, competitive markets would help the livestock producer's commodity be more profitable.

The addition of a Competition title to the 2008 Farm Bill was a major victory for family farmers and ranchers, and the USDA/DOJ hearings on concentration in agricultural markets will provide useful information for the Committee as you consider legislative responses to the looming threat of corporate monopoly in seed, inputs, crops and livestock. We look for stronger legislation on competition, comparable to the successful efforts of Congress to get Country of Origin Labeling operational in 2008. We can begin by requiring federal agencies to enforce the Packers and Stockyards Act and other existing antitrust laws.

### COOL and Check off Reform

In the 2008 Farm Bill, final implementation of Country of Origin Labeling became a reality. The system has been successful in promoting domestic products and providing full information to the consumer

regarding their food supply. While most retailers have come into full compliance with the law, some still have not. I believe stronger language may be appropriate in the new Farm Bill to ensure complete implementation of Country of Origin Labeling. Full implementation will result in greater consumer confidence and an increased awareness among the general public. We must also use other methods to promote our domestic and imported products. Requiring a portion of our check off dollars be used to promote U.S. only products would be greatly beneficial to our domestic producers. Countries which export to the U.S. would also be able to use their check off funds to promote their country's product which would provide them fair access to the open market. Rules should be written to allow this under the next Farm Bill.

### Conclusion

This is a critical time for agriculture in the United States. I understand the difficult job you have before you, and I thank you for your service to American agriculture. Mr. Chairman, and ranking member Lucas, I look forward to working with you and the committee on these important matters, and I look forward to answering any questions that you might have. Thank you.