



October 19, 2009

The Honorable Tom Vilsack, Secretary,  
U.S. Department of Agriculture  
1400 Independence Ave., S.W.  
Washington, DC 20250  
[CRPcomments@tecinc.com](mailto:CRPcomments@tecinc.com);

RE: Draft CRP Supplemental Environmental Impact Statement

Dear Mr. Secretary;

The Alliance for Agricultural Growth & Competitiveness (AAGC) is a coalition representing a broad cross-section of meat, livestock and poultry production; agricultural input; and commodity marketing, handling, processing and exporting interests. The mission of AAGC is to advocate policies that promote U.S. agricultural competitiveness and foster opportunities for growth in domestic and export markets. We appreciate the opportunity to provide comments about how the Conservation Reserve Program (CRP) could be managed more effectively for producers as well as increase the environmental benefits of the program.

AAGC has long been an advocate of managing acreage under CRP contract in a more market-friendly manner. As such, AAGC strongly encourages USDA to ensure that highly erodible acreage be kept under contract while enhancing flexibility with respect to production restrictions on lands not deemed environmentally sensitive. U.S. farmers should have the flexibility to respond to times of low supply, as well as growing and shifting demand patterns in an intensely competitive global environment.

Globally, both farmers and consumers are fortunate that good weather and growing conditions have helped to maintain a reasonable stockpile of grains and oilseeds, at least for the current crop year. These large U.S. supplies coupled with reduced crude oil prices and consequent flattening of demand for biofuels have, at least for the short-term, moderated record high prices experienced during the past couple of years. Record high grain and oilseed prices and declining exports for most meat products due to global financial conditions have also resulted in subsequent liquidation in the meat and poultry sectors - which is now further reducing domestic demand for feedgrains and oilseeds. So, it would seem that, at least for the short-term, a perilous global supply situation has once again been forestalled.

The AAGC coalition continues to be concerned about longer-term implications from ongoing retirement of non-environmentally sensitive cropland. The CRP never was intended to be a permanent land-retirement program. But legitimate concerns are being expressed that the original management plan to gradually release CRP acreage through shorter renewal periods and the ability of producers to respond to economic conditions will be changed mid-stream as other objectives for idled acres are proposed.

If the United States or the global market experiences a resurgence of ongoing and increasing future demand, we would encourage the Administration to consider how U.S. producers could respond to market signals and participate in expanding global demand and income opportunities. During the past eight years, the U.S. total acreage planted to grains and oilseeds has been reduced by six million acres, while the rest of the world has expanded production of these crops by approximately 153 million acres. Expanded acreage in other countries represents an area that is more than 50 percent the size of the total U.S. crop acreage.

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The message is clear. Land taken out of production in the United States -- which practices a relatively technologically advanced and conservation-minded system of production -- is more than compensated for by global competitors who do not use the same conservation techniques, and are not subject to the same environmental regulations. This acreage shift is occurring at a time of significant opportunity for U.S. agriculture (despite recent difficult economic conditions globally) and in the face of strong demand from new uses like biofuels, and sustained demand in traditional markets.

A fundamental question is whether the United States should continue to idle and lock-up CRP land resources---many of which are neither highly erodible or environmentally sensitive---when key U.S. agricultural demand sectors are faced with potential shortfalls and price volatility in the short term. While global stocks are adequate today for most commodities, they are not large compared to historical levels. The current CRP locks up idled acreage for 10-15 years, but the agricultural-food industry faces risks every year for adequate production to fulfill needs for food, biofuels, and possibly carbon sequestration going forward. Thus we urge USDA to look for ways to build in some program flexibility. Failure to respond with short-term increased grain and oilseed supplies only results in longer-term loss of demand as has been demonstrated by recent liquidation in the livestock and poultry sectors.

Global stocks are still relatively tight and even with very reasonable assumptions about crop acreage and normal trend yields, analysis shows that we could return to rationing of the corn crop among livestock and poultry production, exports and biofuels uses. How would the United States sustain or increase ethanol production and feed the livestock and poultry sectors while remaining a reliable exporter if we faced droughts like Argentina and Australia experienced recently? Any measurable decline in yield below trend could easily result in moderate to severe shortages. It is important to maintain the U.S. leadership role in providing high quality and reasonably priced food/feed products to domestic and international consumers. U.S. leadership is critical for promoting global food stability and maintaining the long term viability of rural communities.

We propose that USDA provide a long-term platform to conserve the most highly erodible acres, while giving U.S. farmers the flexibility to respond to growing and shifting demand patterns in an intensely competitive global environment. While current estimates put world grain production at record levels, grain and oilseeds production has still fallen short of global usage in seven of the last ten years. Ethanol production is already projected to utilize one-third of U.S. corn production -- usage that now exceeds exports. While global demand for grains and oilseeds has grown significantly over the past decade, the United States has essentially ceded that growth to our foreign competitors. Since 2000 the number of U.S. harvested acres for the 10 major crops has declined while global production of those same 10 crops has increased by about six percent.

USDA defines Highly Erodible Land (HEL) as soils with an erodibility index (EI) equal to or greater than eight. An EI of eight indicates that without any cover or conservation practices, "the soil will erode at a rate eight times the soil tolerance level." It is also important to recognize that with modern farming practices more land can be farmed today in an environmentally sustainable way than when the CRP began.

In response to the initial question: AAGC suggests that relative benefits of the CRP program could be increased by keeping HEL acreage in long-term contracts. Additionally, the program can be more effectively managed for producers by providing the flexibility to take advantage of new market opportunities without being encumbered with punitive penalties for removing tillable, environmentally sustainable acreage from the CRP when market forces signal a the need for more farm output.

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Secretary Vilsack  
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Thank you for consideration of our comments. The members of the AAGC look forward to working collaboratively with you and other appropriate USDA officials to find workable solutions to satisfy ongoing challenges of meeting the food and feed requirements of a growing and prospering global population.

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The undersigned organizations urge USDA to continuously monitor supply-demand relationships and stocks to utilization ratios for the major grains and oilseeds. Flexibility to allow CRP contract holders to opt out of the program early and waive any related penalties should be permitted if market conditions signal the need to do so.

Sincerely,

Allen Family Foods  
American Bakers Association  
American Feed Industry Association  
Arizona Grain  
Burlington Northern Santa Fe Railway  
Commodity Markets Council  
Computerway Food Systems  
Consolidated Grain and Barge, New Orleans  
Dakota Mill and Grain, Rapid City SD  
DeBruce Grain, Kansas City, MO  
Elkhart Grain, Elkhart Illinois  
George's Inc.  
GrainStore Elevators (Illinois)  
Independent Bakers Association  
Kansas Grain and Feed Association  
Louis Dreyfus Commodities  
Michigan Agribusiness Association  
Minnesota Grain and Feed Association  
Mississippi Poultry Association  
National Chicken Council  
National Grain & Feed Association  
National Oilseed Processors Association  
National Turkey Federation  
Nebraska Grain and Feed Association  
North American Export Grain Association  
North Carolina Poultry Federation  
North Dakota Grain Dealers Association  
Oklahoma Grain and Feed Association  
O.K. Foods, Inc.  
Pilgrim's Pride  
Rocky Mountain Agribusiness Association  
Sietsema Farms (Mich)  
South Dakota Agri-Business Association  
South Dakota Grain and Feed Association

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Team Marketing Alliance, Moundridge, KS  
Texas Grain and Feed Association  
Union Pacific Railroad  
Valley Co-op, Winfield, KS  
Wayne Farms

cc: The Honorable Kathleen Merrigan, Deputy Secretary  
The Honorable Jim Miller, Under Secretary, Farm & Foreign Services  
Dr. Joe Glauber, Office of the Chief Economist

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