

Testimony by Commissioner Mike Strain, DVM Louisiana Department of Agriculture and Forestry before the United States Senate Committee on Agriculture, Nutrition & Forestry and the Ad Hoc Subcommittee on Disaster Recovery of the U.S. Senate Committee on Homeland Security.

Louisiana agriculture faces unprecedented losses from Hurricanes Gustav and Ike. This is the largest Natural disaster affecting Agriculture, Aquaculture, Forestry, and Fisheries in Louisiana History. No parish or commodity was spared by these storms. From the cattle rancher and oyster fisherman in the southernmost tip of Plaquemines Parish, to cotton farmers in the delta of East Carrol Parish all were severely impacted. Combined with the timing of these storms, just prior to harvest, and the devastation caused by the wind (110 mph) in Terrebonne Parish, the flooding (24 inches) in Franklin Parish, and the tidal surge (12 feet) in Cameron Parish our agricultural community is in peril. I have held 11 meeting across all of the state with farmers and ranchers and several common issues of concern have arisen. Some of these are:

Significantly increased input and total costs

Inadequate crop insurance

Insufficient disaster provisions of the farm bill

Farmers who have contracts with elevators and cannot deliver the commodity

Bank liens against partially filled commodity contracts

Deterioration of grain and cotton quality

I will go into greater details on the above and also report specific issues affecting each commodity.

Higher input cost – Fuel and fertilizer costs have more than doubled since the start of the current crop. Many farmers did not borrow enough money to cover these exorbitant costs, and have used up all available credit. Since the storms occurred just prior to harvest, many of the farmers have incurred all of the costs of the crop except harvesting and will not be able to repay the lenders and suppliers.

Inadequate crop insurance – The Farm Bill was signed late. Had producers known that there would have been a disaster program included that was based on their crop insurance coverage levels, they may have made different coverage decisions. In order to be eligible for the SURE program, USDA requires farmers to purchase Catastrophic Insurance or participate in the Noninsured Assistance Program. Due to thin margins and the high cost of buy-up coverage levels, crop insurance protection and participation is relatively low in Louisiana and other southern states. Although a farmer may have only harvested a portion of his crop, he may have already surpassed the yield threshold. A Cotton farmer reported to me that he met with his insurance agent and based on preliminary calculations, even though he has more than 1000 acres of cotton and is facing a 50% crop loss he will receive only \$3300 in insurance proceeds.

Disaster Provisions of the farm bill - Many of our crops will not qualify for assistance under the current disaster provisions. All of the rules and regulations of the new 2008 Farm Bill have not been written; and payments may not be available until October or November of 2009. Our farmers cannot wait this long for assistance.

Partially filled contracts – Farmers, prudently and cautiously, forward contracted a portion of their commodities to take advantage of higher prices. Because of the substantially reduced yields at harvest, many of the contracts will not be completely filled. The grain elevators expect the farmer to deliver all of the contracted grain and could possibly refuse to pay the farmer for partially fulfilled contracts. Additionally, farmers are financially liable for the unfulfilled portion of the contract. The elevators have already contracted out the grain that they expected to buy from the farmers. This creates a vicious cycle. The elevators, the lenders and the farmers will have to work closely together to prevent the failure of any of these businesses.

Bank liens against partially contracts - A farmer may have a partially filled contract, but the elevator may not pay him until the contract is filled. If the farmer cannot fill the contract, then he is liable for the unfilled portion. The bank that has made the crop loan to the farmer has a lien against the crop proceeds. This could be a very sticky issue and could eventually end up in court if all parties do not cooperate.

Deterioration of grain, sweet potatoes and cotton – The wet weather has caused the quality of the commodities to deteriorate rapidly. Many of the elevators, cotton gins and sweet potato canners cannot accept the commodities because of quality issues. The processors who are accepting the commodities have to severely dock the farmer because of the poor conditions. Furthermore, if the farmer harvests the crop, he may be ineligible for insurance proceeds. For example, because the quality of sweet potatoes is so poor, the canner will not purchase it. Or in case of cotton, the seed quality is so poor, the farmer may have to pay additional fees for ginning in addition to losing potential seed revenue.

Commodity Reports:

Rice – Prior to the storms about 15% of the rice remains to be harvested in South Louisiana. North Louisiana has just begun their harvest. Across the entire state, thousands of acres rice were ready to be harvested and were flooded causing the rice to sprout. Much of the rice that is not under water is windblown and lodged, making harvesting very difficult and driving up yield losses.

Corn – It is estimated that 25% of the corn remained to be harvested when the storms struck. Much of this corn will not be harvested, because it was blown down or is under water and has severe quality damage.

Sorghum – When the hurricanes struck only 7% remained to be harvested.

Cotton – Cotton is probably the most severely impacted crop when speaking of total dollar value. Very little of the crop had been picked. Much of the cotton was under water and will not be harvested. Many of the remaining cotton bolls were blown to the ground. The cotton that is remaining on the plant is of such poor quality that the gins will have trouble processing it.

Soybeans – When the storms struck, the harvest was just getting into full swing. Depending on the stage of maturity, the condition of the beans is anywhere from being totally lost to having minimal damage. The beans that are submerged will not be saved. If the plant was ready to be harvested, the yield losses are reported to 30+% and up to 50% damage on quality. The greener the plant was, the better the circumstances.

Sweet Potatoes – Virtually no potatoes were dug prior to the storms. Sweet Potatoes face a minimum of 55% loss. Even potatoes harvested from fields which were never under water are rotting and the canners are unable to process them. Generally canner potatoes are of lower quality than baking potatoes. In many cases, farmers will harvest what appears to be viable potatoes only to harvest them only to have them rot in storage within a week. Input costs before harvest is \$2000 per acre. This puts the farmer in a quandary: They can either abandon their potato crop and lose all of the input costs or they spend the additional \$600 per acre to harvest their crop only to have it possibly rot in storage.

Sugarcane – While yield loss is projected to 15% the important issue is planting. Only 10% of next year's crop is planted. Because the cane is severely lodged it will make planting extremely difficult. Since planting has been delayed and will take longer, the start of grinding season will be delayed and the possibility of a damaging freeze will become a real concern.

Pecans – Many trees were lost and growers have incurred costly expenses cleaning up their orchards. Some farmers are reporting up to a 75% loss. USDA will help to reimburse some of the clean up expenses, but all parishes are not administering the rules the same.

Livestock and Dairy – The cattle industry in southern Louisiana was literally washed away by the surge of Ike. Many of our cattle ranchers along the coast saw their herd wiped out when the flood waters stranded their herds. The ranchers who were able to move their pastures are running out of grass and pastures to feed their cows. We have been able to work with the National Guard to get emergency hay and water to these animals, but we must act soon to help these cattlemen.

Aquaculture – It is still too early to fully assess the damage. Crawfish should be burrowed in the ground and should not emerge until November with their young; however, farmers are reporting crawfish coming out of the ground. Some catfish ponds have been overtopped and the catfish have been lost. Initial reports from the turtle farms indicate substantial losses have been sustained.

All of the above commodities face significantly increased harvest costs caused by Gustav and Ike, and many of the total economic losses will not be known until well into next year. In addition our rural economy is dependent on the area farmer. From the small town banker, parts shop, equipment companies, contract harvester, and chemical and fertilizer dealers, agriculture is the foundation on which Louisiana is built. We must act quickly, because farmers cannot wait 12 to 18 months for disaster assistance. It is imperative that we get aid to these farmers within 6 months. Many will not be able to plant a crop next year without help. That is why I am requesting disaster assistance of seven hundred million dollars.

