

Dear Friend:

Agriculture is the largest sector of our economy here in North Dakota. As an industry, agriculture employs about one in every five North Dakotans, and more than a quarter of rural North Dakotans. It also provides our state with a unique identity in which one is never far from the land.

The success of our farmers and ranchers in North Dakota can be attributed to their hard work and ingenuity. However, a solid federal farm policy is crucial for our agriculture producers to overcome trade advantages held by our global competitors, and helps farmers and ranchers maintain their operations through market swings and natural disasters. In fact, data from North Dakota State University shows that current farm programs provide tens of thousands of dollars in support to the average farm family. Without these farm programs, many would not be able to remain on the land.



After failed farm policy enacted in 1996, Congress dramatically improved the safety net for our farmers and ranchers in 2002. This year, Congress will debate and write a new Farm Bill. While almost all sectors in agriculture agree that we should use the 2002 Farm Bill as a starting point, improvements must be made to the current policy.

For example, we must:

- Enact permanent disaster assistance and reform crop insurance so it is easier for producers to recover from severe crop loss.
- Improve provisions to further tie in our national energy policy with the crops we grow.
- Further enhance the conservation of our land.
- Maintain and improve the safety net.

In the following pages, I provide a brief overview of the importance of agriculture to North Dakota and the successes we have seen under the 2002 Farm Bill. This information provides a good foundation as we push to continue vital farm programs in the next Farm Bill.

While many challenges lie ahead in this debate, we have a great opportunity to improve the livelihoods of our farmers, ranchers, and rural communities. Feel free to call my office with comments or suggestions. I look forward to working with you to help move North Dakota forward in the next Farm Bill.

Sincerely,

A handwritten signature in black ink that reads "Kent Conrad". The signature is fluid and cursive.

KENT CONRAD  
Unites States Senate

## North Dakota: A National Farm Leader

The economic health of North Dakota's farmers and ranchers is vital to maintaining a vibrant economy in our state. If North Dakota agriculture prospers, the rest of our economy prospers as well. If our agriculture industry suffers, it slows the rest of our state's economy. We must maintain a strong farm economy in our state to facilitate a strong North Dakota.

North Dakota is a national leader in agriculture. We are first in the nation in the production of 14 commodities. In 2005 alone, crop and animal production in North Dakota provided \$4.1 billion in direct economic activity to North Dakota. This amount accounts for roughly 17 percent of North Dakota's overall GDP. Our state also exported more than \$2 billion in agricultural commodities and products in 2005.

Part of maintaining the overall well-being of North Dakota's agriculture industry is making sure we support our producers with good federal farm policy. Solid farm policy helps provide producers with an effective economic safety net and opens new market opportunities. A strong Farm Bill also helps support Main Street businesses in North Dakota's rural communities.

As Congress debates new farm policy this year, North Dakota has a lot to gain – or lose – with the final outcome. Our state was built on the backs of our farmers and ranchers, and the agriculture industry will provide our state with new economic opportunities in the future.

### *ND Agriculture in brief*

Number of Farms: 30,619  
 Total Land Area Statewide: 44,144,595 acres  
 Total Land in Farms: 39,294,879 acres  
 Average Farm Size: 1,283 acres  
 Total Farm Assets: \$24.8 Billion

Source: Nov. 2004 "North Dakota At A Glance," ND Ag Statistics Service.

### North Dakota's Rank in Agriculture 2006 Rank Among States

Rank	Commodity	Percent of Nation's Production
#1	Spring Wheat	46%
	Durum Wheat	59%
	Barley	27%
	Canola	92%
	All Sunflower	52%
	Oil Sunflower	52%
	Non-oil Sunflower	51%
	Flaxseed	94%
	All Dry Edible Beans	32%
	Pinto Beans	52%
	Navy Beans	36%
	Dry Edible Peas	71%
	Lentils	37%
	Honey (2005 data)	19%
#2	All Wheat	14%
	Sugarbeets	19%
#4	Potatoes	6%
#7	Oats	5%
#9	Soybeans	4%



Source: ND Agriculture Statistics Service

## The 2002 Farm Bill: A Boon to North Dakota

No state has performed better under the 2002 Farm Bill than North Dakota. Through 2004, North Dakota received an average of \$2,368 per person in payments under the current bill. This is \$704 better than the second best state, South Dakota.

The 2002 Farm Bill vastly improved federal farm policy over the previous Farm Bill. It expanded and enhanced the crop safety net, improved the conservation of our land, added additional resources for rural development efforts, and for the first time, included an energy title to recognize the growing opportunity of biofuels.

The 2002 Farm Bill greatly expanded the farm safety net by re-establishing the counter-cyclical payment program removed by the 1996 Farm Bill. It also initiated a new loan program for pulse crops like dry edible peas and lentils, crops that North Dakota is second to none in production of.

Most importantly, the 2002 Farm Bill has dramatically improved family farm income. A study by NDSU showed that, average net farm income for farms was \$77,597 in 2004. The study goes on to say that, without the farm bill, net farm income would have only averaged \$13,354 in 2004—a decrease of more than \$64,000.



*The top five production crops of North Dakota's farmers and ranchers are wheat, cattle and calves, soybeans, corn, and sugar beets.*

### North Dakota in the Farm Bill (2002-2005)

- \$2.25 billion in major crop, conservation, and export programs have been paid to North Dakota farmers and ranchers.
- \$525 million in farm loans have been distributed to an average of 5,000 North Dakota producers a year.
- \$960 million in safety net programs have been distributed to North Dakota producers in the form of LDPs, direct payments, and counter-cyclical payments.
- \$440 million in Conservation Reserve Program payments have been provided to North Dakotans.
- \$617 million in disaster payments have assisted North Dakota producers with production losses.

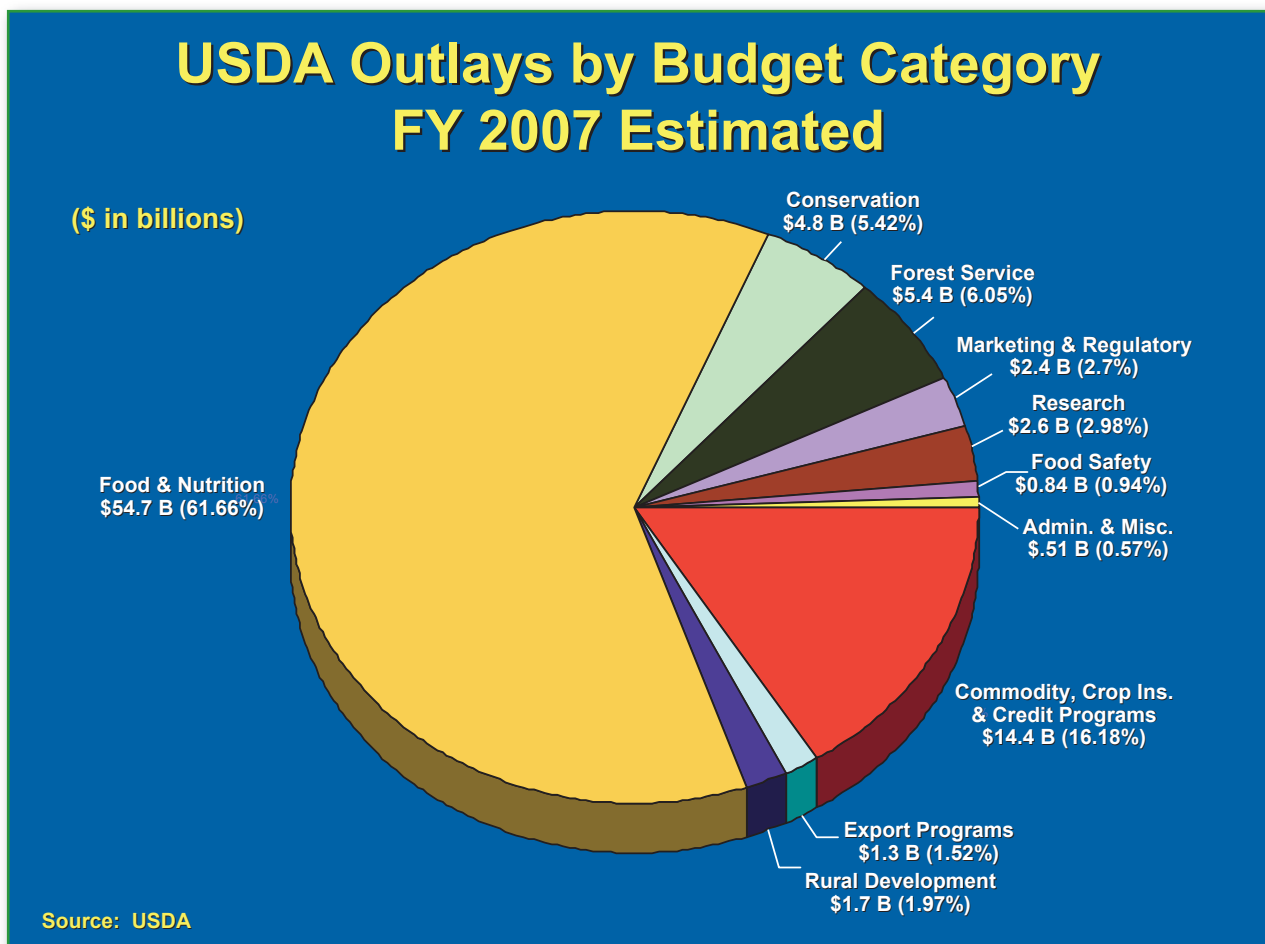
Source: North Dakota Farm Service Agency

## More Than Just a Farm Bill

It is a common misconception that the Farm Bill only benefits farmers. In fact, the Farm Bill also encompasses several other important areas such as nutrition, agriculture research, and rural development.

More than \$360 million in rural development funds have been directed to North Dakota projects from 2002-2005 under the current Farm Bill. Further, the Rural Utilities Program has provided almost \$670 million in investments to our rural electric and telephone cooperatives. This has resulted in more than \$1 billion of capital investment to develop North Dakota's rural communities.

The Farm Bill is a vehicle to improve the lives of rural North Dakotans and preserve a way of life in our rural communities.



*Commodity programs only make up a small portion of Farm Bill expenditures.*

## Making a Good Farm Bill Even Better

While the 2002 Farm Bill has helped maintain the viability of our farms and ranches, we can still open new markets and improve existing policy. The next Farm Bill provides our state with opportunities to do just that, especially in the growing area of biofuels.

Some of the improvements we should make include:

- **Finding ways to further tie in our energy policy with the crops we grow.** By doing this, we can move away from the Mideast and towards the Midwest to fuel our nation's growing energy needs.
- **Enacting a permanent disaster program and reforming crop insurance.** These two policies would provide economic stability for farmers who experience production losses.
- **Enhancing the conservation of our land.** We need to continue to provide incentives to our producers to be good stewards of the land, today and for future generations.
- **Maintaining and improving commodity programs.** One of the most important issues to a producer in North Dakota is the commodity safety net provided by current farm policy. We need to make sure we keep this in place.



*A farmer displays a sugar beet close to maturity.  
The sugar industry provides more than \$2 billion a year in economic activity in the Red River Valley.*

## Working to Make The Best Possible Farm Bill

We are embarking on what will be an intense debate on future farm policy. The challenges before us are great, including a federal budget under the strain of deficits and debt and ideological opposition to robust farm policy from others in Congress and the Administration. We can prevail, but we must work together. Your input on this debate is crucial. Your vocal support for a strong, smart Farm Bill is even more important.

The Farm Bill is perhaps the most important piece of federal legislation to the economy of North Dakota — affecting everyone from the rancher outside of Watford City to the high-tech entrepreneur in Fargo. We can use the taxpayer's resources wisely for a smart Farm Bill that enhances the opportunity for economic growth in rural America. To reach that goal, though, we will have to work together and overcome the challenges before us.



*Ranchers round up cattle on North Dakota pastureland. North Dakota's cattle industry had \$800 million in cash receipts in 2005, representing 20 percent of overall North Dakota farm receipts.*