STATEMENT

OF

MR. TIM BURCH
BURCH FARMS

NEWTON, GEORGIA

BEFORE THE
U.S. HOUSE COMMITTEE ON AGRICULTURE
STATE UNIVERSITY, ARKANSAS

MARCH 30, 2012

Good Morning Mr. Chairman, members of the Committee. My name is Tim Burch. I am a native of Baker County, Georgia which is located in the Southwest part of the State. My father, brother and I run a diversified farming organization. We have approximately 500 acres of peanuts, 1500 acres of cotton and 150 head of cattle. I have been a farmer for 37 years and live on the farms of grandparents. We are a family farm with a long, proud history. In addition, I am involved in a cotton gin and warehouse as well as a peanut buying point, warehouse and peanut shelling facility with 87 other growers in Georgia. Our agribusiness was founded on the principle that family farmers had to join together to market their products in order to have a future.

I serve on the Georgia Peanut Commission and am an alternate to the National Cotton Council. I also am active with the Georgia Farm Bureau.

I appreciate the opportunity to testify today on The Future of U.S. Farm Policy: Formulation of the 2012 Farm Bill. Our family's livelihood is based on agriculture and farm policy.

It is critical that Congress pass a five year farm bill. Farmers, agribusinesses and financial institutions need as much certainty as possible in an industry that has a very large number of variables impacting profits and losses. A five year farm bill allows all segments of agriculture the opportunity to achieve the economic impact that all of us desire.

When I began farming, the peanut industry was driven by a federal supply-management peanut policy. In 2002, peanut growers met with the House Agriculture Committee leadership and asked the Committee to move our program policy from the peanut quota program to a marketing loan type program. This marketing loan program is what we have today. It has been very successful for our industry. We support the current program as included in the 2008 Farm Bill but we recognize that there is a significant effort to eliminate direct payments. All of our policy analyses assume that direct payments are eliminated. For the last several farm bills, peanut producers have relied on the University of Georgia's National Center for Peanut Competitiveness (Center) for farm policy economic analyses. The Center has 22 U.S. Representative Peanut Farms established and maintained by the Center. As farm organizations, members of the House and Senate as well as public institutions offered farm policy concepts for the 2012 Farm Bill, the Center would analyze each proposal, including multiple scenarios through the 22 U.S. Representative Farms dispersed throughout the peanut belt.

What was evident with each of these alternative or revenue type programs is that they did not work on the 22 Representative Farms. I recognize that some organizations believe that a one size fits all revenue program will work for the U.S. agricultural economy. I do not agree. Our cost structure and equipment needs alone are significantly different than the Midwest with our peanut producers requiring very specialized equipment. Why don't these revenue proposals work for peanuts?

- There is No Consideration for irrigated versus non-irrigated production practices. There are significant yield differences for peanuts – at least 1100-1400 lbs -based on Risk Management Agency (RMA) data and the U.S. Peanut Representative Farms. The Center's 2011 preliminary data indicate that the yield differences could reach 3000 lbs and higher per acre in Georgia. National Agricultural Statistical Service (NASS) county yields do not separate out the differences between irrigated and non-irrigated peanuts.

- There is NO revenue insurance program for peanuts – all proposals use revenue insurance as the core part of their program where a producer is covered at the 65-85% level. Peanuts had a GRIP yield insurance program but no peanut farmers used it so RMA has discontinued the program. This implies county yield based programs do not work for peanuts.

- Peanuts do not have any source for a predicted harvest price.

- Peanuts DO NOT and WILL NOT HAVE A FUTURES MARKET like other row crops. Multiple land grant university studies and efforts by the U.S. Department of Agriculture have all concluded that a futures market is not an option for peanuts.

- The Rotterdam price series with appropriate conversion formula for peanuts is the best source. Our own U.S. government used the Rotterdam price series during the GATT trade negotiations and the USDA Foreign Agricultural Service reports that price series.

- Utilizing NASS-CRD and NASS-County yields WILL NOT work for peanuts.

  None of the 6 Georgia Representative Farms analyzed trigger on either the CRD criteria or the county level using existing NASS yields. No CRD district that has one of the Center's Representative Peanut Farms outside the Southeast would trigger a payment. Peanuts have a greater variability of yields within a county and CRD than other row crops excluding cotton.

- An Olympic average does not protect a farm from a period of depressed prices or weather related depressed yields.

- Given the 2011 peanut season, none of the non-irrigated producers who had between no yields to 1000 lbs would have been helped by any of the proposed revenue proposals.

If we eliminate direct payments, what will work for peanut producers? After conferring with the Center over the last 9 months, we believe producers need a policy choice to manage risk – Revenue Protection, Price Protection and Crop Insurance. I support producers having a choice between a counter cyclical type program with a target price of $534 per ton and a revenue program. The Center believes this target price will serve as protection during periods of low prices. USDA estimates that the market price for peanuts is over $1200 per ton. I can assure you, just as any peanut producer or major buyer of peanuts would, that a $534 per ton target price WILL NOT increase peanut production or acreage. Please also note that we have to rotate peanuts and if our rotation gets out of sync then costs escalate and yields decline.

At the same time, peanut producers need a revenue program that is a real, substantive choice for producers. This should include a Reference Price of $534 per ton and a world market price determined by a Rotterdam price analysis.

In addition, to Producer Choice, our growers must have access to a full range of workable and useful crop insurance products in order to compete for acreage. Working toward these goals, the nation's peanut farmers came together two and a half years ago to begin work with private industry and RMA to develop a viable insurance program for peanuts. This new program proposal is very much like the successful revenue insurance policies for cotton and corn as well as several other crops. This new peanut policy would take a farmers average production history and let the farmer insure a percentage of it according to what the farmer needs to have guaranteed. This part is not changed from the present program, but what is different is that the farmer will be assured to receive what the peanuts are actually worth if he has a shortfall in production and not some arbitrary amount set in stone months before planting time. The farmer will receive payment on what the peanuts are worth at a certain period of time during the year, so farmers know whether they can afford to plant. It is critical that we have the support of RMA and the House Agriculture Committee to get the peanut crop insurance program viably priced and implemented in 2013. I would hope that the changes Congress makes for crop insurance, in the 2012 Farm Bill, would be to improve the programs and not harm crop insurance products.

I indicated earlier that I am also a cotton producer. I want to encourage the Committee to include the cotton industry's area wide, risk management program in the new farm bill. It has been designed to fit the new budget constraints, while providing a reasonable and sustainable safety net for cotton producers. While it is certainly not perfect and is not comparable to our current program, it represents the substantial reform necessary to provide a basis to resolve the longstanding Brazil WTO case. It does fit the cotton industry's situation far better than the revenue plans designed by Mid-western interests for grains and oilseeds, and it preserves the marketing assistance loan, with modifications, that is so important to our entire industry. It is imperative that the Brazil case be resolved by the end of 2012 to eliminate any possibility that Brazil will impose the prohibitively high tariffs authorized by the WTO. Retaliation in the form of high tariffs will disrupt U.S. exports and adversely impact U.S. businesses across the board.

Mr. Chairman, you and other members of the Committee were successful in reforming payment limitation rules in the 2008 Farm Bill. Working with agricultural groups and members of Congress not on the Agriculture Committee, I believe the reforms in the 2008 Farm Bill were equitable. I ask that the current adjusted gross income rules and payment limitation restrictions be continued in the 2012 Farm bill.

In closing, I appreciate the opportunity to testify before the Committee today. You have difficult task before you as you attempt to reconcile a crisis in our federal budget while assuring that Americans have an adequate, safe food supply.

Thank you.

Tim Burch

Tim Burch, a native of Baker County in Southwest Georgia, has been farming for 37 years. He lives and farms on his grandparents' land and grows peanuts, cotton, and beef cattle.

He has served on the Georgia Farm Bureau Cotton and Peanut Committees and was a delegate to the National Cotton Council. He currently serves as an alternate member of Cotton Incorporated. He also serves on the executive board of the Georgia Peanut Commission.

Tim has been a Baker County Commissioner since 1993. He is a deacon and treasurer at Live Oak Freewill Baptist Church in Newton, Georgia. He has been married to the former Lydia Edwards for 34 years.

3/27/12

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, 2009.

Name: Tim Burch

Organization you represent (if any): Georgia Peanut Commission

1. **Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2009, 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:**__________

Source:______________________ **Amount:**__________

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, 2009, as well as the source and the amount of each grant or contract:**

Source:______________________ **Amount:**__________

Source:______________________ **Amount:**__________

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

Signature: Tim Burch

* Rule XI, clause 2(g)(5) 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.