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House Agriculture Committee

Subcommittee on General Farm Commodities, Risk Management, and Credit

Producer Perspectives on the 2023 Farm Bill

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Chairman Scott, Ranking Member Brown and Members of the Subcommittee:

On behalf of the US Canola Association, I want to thank the Chairman and Ranking Member as well as the Subcommittee for this opportunity to represent the views of U. S. canola growers. I am Andrew Moore, President of the US Canola Association. Moore's Seed and Grain Farms, Inc. has been operating since 1955 in the beautiful mountains and river bottoms of northwest Georgia near Resaca, growing during the winter: canola, wheat, barley, cosaque black oats. Then during the summer: corn, full season and double crop soybeans, sunflowers, and grain sorghum. To manage production and market risks by utilizing the products we grow on our farm, my family vertically integrated our business by commencing an Expeller press oil mill in 2008 and a livestock feed mill in 2011.

The U.S. has planted an average of over 2 million acres of canola per year over the last five years. While the Northern Plains account for the majority of U.S. canola production, production has been increasing in the Pacific Northwest and winter canola varieties have been successfully introduced in the Southern Great Plains and the Southeast. In the Southeast, the winter canola acreage supports double cropping of soybeans or other spring-seeded crops. In 2022, the U.S. produced a record 3.8 billion pounds of canola seed, but this will only supply roughly 27 percent of expected U.S. canola oil and meal consumption.

Recently, several processors and seed companies have announced substantial investments that could spur significant expansion of canola production. These investments are driven largely by the potential for winter and double cropping canola that results in more vegetable oil and protein meal on the same acreage. In my region, we can produce three crops in two years or five crops in four years on our existing acreage. For example, our farm has experienced an eight to ten percent increase in yield in our double crop soybeans following winter canola versus following wheat. Then the following year, our winter wheat consistently achieved higher yields in fields that were planted behind the canola/soybean rotation than fields that were produced behind full season soybeans. This benefits growers, consumers, and the regional economy.

Like many other row crop producers, canola growers rely on crop insurance and the federal crop insurance program is the most vital component. On December 26th, 2022, and lasting a few days, our farm experienced unusual eight-degree temperatures with twenty to thirty mile per hour wind. Our canola was frozen and died. Luckily, we had federal crop insurance that helped us cover our planting and fertilizer cost. Policymakers should look to strengthen and expand crop insurance to encourage broader participation among producers of all commodities and expand coverage to provide more protection for farms.

USCA also supports the continuation of the Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs, with support payments tied to historical crop bases.

Importantly, we have strongly supported tying Title I program payments to a farm's program crop acreage bases rather than to the crops planted in the current year. Tying payments to crops planted in the current year led to major production and price distortions in the 1980's and early 90's as farmers made their planting decisions based on the potential for receiving higher government payments for crops with higher supports. "Decoupling" payments from current year plantings allows farmers to respond to market signals rather than planting for the highest crop payment and has been a key policy in every farm bill since 1996. Market-based planting flexibility is the cornerstone for income support in Title I and must be preserved in the next farm bill.

The USCA has worked through previous farm bills to establish equal footing for canola in U.S. farm programs so the crop can compete for acreage. These efforts have included achieving competitive marketing loan rates, target prices and, under the last two farm bills, the reference prices that are used to determine income support payments under the PLC and ARC Programs.

From our perspective, the reference price established in the 2018 Farm Bill for "Other Oilseeds", including canola, of $20.15 per hundredweight ($0.2015 per pound) has been effective and keeps canola and the minor oilseeds competitive with soybeans. If reference prices are increased in the 2023 Farm Bill, it is important to ensure that the new levels reflect their respective market values and parity is maintained for competing crops.

As it does for most crops, the current Congressional Budget Office (CBO) projections show prices declining significantly for canola over the next ten years, relative to prices of the past few years. We would note, however, that the CBO price projections for canola are approximately 25% lower for most years than the price projections from other entities such as the Food and Agricultural Policy Research Institute (FAPRI).

The USCA supports a couple of improvements to the Title I Agriculture Risk Coverage (ARC) and Price Loss Coverage (PLC) programs. We support a change to provide producers the "better of" between ARC and PLC, rather than requiring them to annually choose between the two programs. This would provide growers the support they actually need instead of trying to predict the weather and the market.

In addition, the crop insurance Supplemental Coverage Option (SCO) should be available for both PLC and ARC. SCO is a crop insurance product providing county coverage above farm-level coverage. There is no clear reason why the SCO is not available with ARC, as it is with PLC, and this restriction should be dropped.

Outside of crop insurance and farm programs, I would also like to take this opportunity to urge support for robust funding for agricultural research in this Farm Bill. Transforming and maximizing food production requires a long-term investment in research and research infrastructure for all of agriculture. The USCA joined a diverse group of over 60 organizations, including commodity groups and other stakeholders urging Congress to prioritize robust investments in food and agriculture research, facilities, and Extension services in the Farm Bill.

Funding in the research title is needed to spur scientific breakthroughs, keep pace with our global competitors, modernize facilities, and ensure nutrition security. Food and agricultural advancements rely on innovations to increase productivity, adapt to new pests and diseases, and lower food prices. Despite growing challenges to our food system, funding for public food and agricultural research in the U.S. has declined over the past two decades while other countries are increasing research and surpassing the U.S. investments.

Thank you again for the opportunity to testify today and for considering the perspectives of U.S. canola growers.

Andrew Moore
President
U.S. Canola Association