NCFC
National Council of Farmer Cooperatives

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July 14, 2015

The Honorable Thad Cochran
Chair
Committee on Appropriations
United States Senate
S-128 United States Capitol
Washington, DC 20510

The Honorable Barbara Mikulski
Ranking Member
Committee on Appropriations
United States Senate
S-146A United States Capitol
Washington, DC 20510

Dear Chairman Cochran and Ranking Member Mikulski:

The National Council of Farmer Cooperatives (NCFC) strongly supports the U.S. sugar program and encourages the committee to reject any effort that would alter the current program, eliminate tools that allow the U.S. Department of Agriculture (USDA) to manage the program, or otherwise negatively affect the farm bill safety net for sugar producers.

Since 1929, NCFC has been the voice of America's farmer cooperatives. Our members are regional and national farmer cooperatives, which are in turn comprised of nearly 3,000 local farmer cooperatives across the country. NCFC members also include 26 state and regional councils of cooperatives.

Farmer cooperatives handle, process and market almost every type of agricultural commodity; furnish farm supplies; and provide credit and related financial services, including export financing. Farmer cooperatives also provide over 250,000 jobs, with a total payroll in excess of $8 billion, and contribute significantly to the economic well-being of rural America.

The U.S. sugar industry contributes thousands of jobs and billions of dollars in economic activity to rural areas where employment opportunities are often limited. Like any other segment of agriculture, these farmers and co-ops we represent have faced periods of volatile and depressed prices. In fact, U.S. sugar prices have plummeted more than 50 percent since 2010. This drop was caused by forces out of their control, forces driven by the actions of foreign governments that frequently have little to do with free markets in global sugar trade.

Quite simply, U.S. sugar policy works to stabilize an important, efficient sector of our food industry against unfairly subsidized, dumped foreign sugar. In particular, those foreign subsidies heavily protect and subsidize production in their countries and typically result in world average costs of production that are higher than the world price. Brazil, the world's largest sugar producer and exporter, spends $2-$3 billion per year subsidizing its industry and is adding more subsidies each year. A significant portion of the Mexican sugar industry is state-owned by the government; the rest of the industry there is heavily subsidized by that same government. This

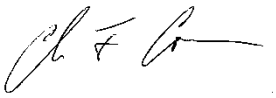
forces American farmers to not only compete against heavily subsidized foreign sugar farmers, but against foreign governments.

U.S. policy operated without taxpayer cost from 2003 to 2012. The sugar program incurred a small cost in 2013 because of a flood of subsidized Mexican imports, but has since resumed running at zero cost to taxpayers. Moreover, USDA projects that sugar will run at zero cost to taxpayers over the next 10 years. Sugar remains America's cheapest commodity policy.

It should also be noted that the sugar program has been the subject of vigorous debate in Congress over the past several years, both in the farm bill debates and in annual appropriations processes. Each time, Congress has acted forcefully to retain the sugar program and help American farmers and their co-ops compete against heavily subsidized foreign competitors and state owned enterprises. Continuing to debate the topic year in and year out does nothing except to waste the valuable time of the Senate Appropriations Committee.

To help ensure our national food security and fairness for U.S. sugar farmers, it is essential to maintain the current U.S. sugar policy. NCFC urges the committee to reject any amendments to weaken or dismantle it.

Sincerely,



Charles F. Conner
President & CEO

cc: Members of the Committee on Appropriations, United State Senate

CoBANK

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July 14, 2015

The Honorable Thad Cochran
Chair
Committee on Appropriations
United States Senate
Washington, DC 20510

The Honorable Barbara A. Mikulski
Ranking Minority Member
Committee on Appropriations
United States Senate
Washington, DC 20510

Dear Senators Cochran and Mikulski:

As the leading lender to the farmer-owned cooperatives that process sugar in the U.S., we are writing to ask your continuing support for existing U.S. sugar policy as part of this year's appropriations legislation. We strongly support the current sugar policy that has worked so well for America and encourage the Committee to reject amendments that would undermine current policy.

U.S. sugar policy gives banks like ours confidence when lending money to the nation's sugar industry. The program has a proven track record of success, and it has brought stability and prosperity to many rural areas. Weakening this policy or changing to an unproven system would undoubtedly affect our customers' ability to repay loans. This could jeopardize the 142,000 U.S. jobs that sugar helps support and could send economic shockwaves through sugar-producing towns in 22 states.

Quite simply, the sugar program works. It's the only no-cost federal farm program and it effectively stabilizes an efficient sugar industry against unfairly subsidized, dumped foreign sugar. The world market in sugar remains terribly distorted and therefore the reasons for maintaining a reasonable sugar policy in the United States are as true today as they were 30 years ago. The fact it runs at no cost makes it a smart, effective, minimalistic - yet essential - part of U.S. agriculture policy.

Sincerely,

Robert B. Engel

Robert B. Engel
Chief Executive Officer

National Farmers Union letter sent to Members of the U.S. House and Senate, 07/07/15

Dear :

On behalf of 200,000 family farmers, National Farmers Union (NFU) encourages support for the current US sugar program. We urge you to vote against any amendment to the Fiscal Year 2016 Agriculture, Rural Development, Food and Drug Administration and Related Agencies Appropriations Act that alters the agreement reached in the 2014 Farm Bill with regards to the US sugar program. NFU will score this vote in its annual scorecard.

Family farmers are at the heart of an industry that supports 142,000 jobs across 22 states. This industry, contributes $20 billion annually to our nation's economy. Through the cultivation of sugar beets and sugar cane, farmers have been producing high-quality low-cost sugar that have kept prices mostly unchanged for three and a half decades.

In the same time period input costs for farmers have doubled, tripled, or even quadrupled. American sugar producers cannot survive with 2015 costs and 1980's sugar prices. As a result of flat or lower nominal prices, and sharply lower real prices, more than half of all U.S. sugar operations have shuttered their operations since the mid-1980's.

NFU opposes any amendment seeking to destroy the current US sugar program, which would accelerate the decline of sugar producers and refiners here at home, driving family farmers off the land and ending a range of manufacturing jobs. This, despite the fact that the US sugar program ran at zero cost to taxpayers from 2003 to 2012. A flood of dumped, subsidized sugar from Mexico in 2013 collapsed US prices and caused the first taxpayer cost in a decade for administering US sugar. Even with its modest cost in 2013, U.S. sugar policy was the lowest-cost of all major commodity programs.

In 2014, the US sugar program resumed running at zero cost to taxpayers and USDA projects that sugar will run at zero cost to taxpayers over the next 10 years. American farmers deserve a safety net and American consumers expect low-cost high-quality American-made products and that is just what they get with today's sugar program.

Once again, we urge a "No" vote on any anti-sugar program amendments.

Sincerely,

Roger Johnson
President

Crop Insurance Professional Association, LLC

July 15, 2015

Dear Senator:

On behalf of the Crop Insurance Professionals Association (CIPA), we urge you to oppose amendments to the Agriculture Appropriations Bill that would undermine the Agricultural Act of 2014 (the Farm Bill) or Federal Crop Insurance.

CIPA is the national association of crop insurance agents dedicated to providing quality services and products to help our farmer and rancher customers manage their financial risk, which is significant.

After four years of debate, the current Farm Bill became law in 2014 representing a five-year commitment to American agriculture. Producers and lenders alike made long-term business decisions trusting the law would remain intact and be carried out as enacted. The current farm economy shows why U.S. farm policy is so important. Many regions of the country are suffering from severe flooding or record drought or have suffered from both recently and crop prices have dropped significantly due to high and rising foreign subsidies and tariffs and other barriers to trade. These conditions make it very tough for even those farmers and ranchers with relatively low debt but incredibly challenging for young or beginning producers and others with debt load. The farmers and ranchers we insure depend on the stability offered by the Farm Bill and Federal Crop Insurance to help them weather these conditions that are beyond their control. It is essential that the Farm Bill and Federal Crop Insurance not be weakened or undermined.

While we have not seen any specifics on amendments that could be offered in the Senate, several amendments attacking Federal Crop Insurance, cotton farmers and sugar farmers were considered and rejected during the House Committee on Appropriations' consideration of the Agriculture Appropriations Bill last week. We would strongly urge you to also reject any attempts to undermine the Farm Bill and Federal Crop Insurance.

Thank you for your consideration.

Sincerely,

William Cole
Chairman

Southwest Council of Agribusiness
4517 West Loop 289
Lubbock, TX 79414
Tel 806.792.4904 | Fax 806.792.4906
www.southwest-council.com

July 15, 2015

Dear Senator:

On behalf of the Southwest Council of Agribusiness (SWCA), we urge you to oppose amendments to the Agriculture Appropriations Bill that would undermine the Agricultural Act of 2014 (the Farm Bill) or Federal Crop Insurance.

The SWCA is an organization comprised of 17 farm organizations, 27 lenders, and 73 main street businesses operating in the States of Colorado, Kansas, Oklahoma, New Mexico, and Texas.

As you know, the Farm Bill was debated for more than four years and is still very much in the implementation stage. Farmers, ranchers, dairymen, and their lenders have made significant, long-term financial decisions based upon the commitment of a five-year Farm Bill. With many regions of the country recovering from or still experiencing severe natural disaster, including flooding and record droughts, and producers of most crops coping with depressed prices caused in part by high and rising foreign subsidies and tariffs, the stability provided by the Farm Bill and Federal Crop Insurance are more important than ever.

Although we have not seen the specifics of any amendment that may be offered in the Senate, amendments attacking Federal Crop Insurance, cotton farmers, and sugar farmers were considered and rejected by the House Committee on Appropriations during that panel's consideration of the Agriculture Appropriations Bill last week. We urge you to reject all similar amendments that would harm farmers, ranchers, and dairymen by undermining the Farm Bill and Federal Crop Insurance.

Thank you for your consideration.

Sincerely,

R. L. Bearden

Rickey Bearden
President

National Cotton Council OF AMERICA

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PRODUCERS • GINNERS • WAREHOUSEMEN • MERCHANTS • COTTONSEED • COOPERATIVES • MANUFACTURERS

July 7, 2015

Dear Representative: (sent to members of the House Appropriations Committee)

On behalf of the National Cotton Council (NCC), I am writing in regard to the FY 2016 Agriculture Appropriations bill that will be considered by the House Appropriations Committee tomorrow. The NCC is the central organization of the United States cotton industry. Its members include producers, ginners, cottonseed processors and merchandizers, merchants, cooperatives, warehouses and textile manufacturers. A majority of the industry is concentrated in 17 cotton-producing states stretching from Virginia to California. NCC represents producers who cultivate between 9 and 14 million acres of cotton. Annual cotton production, averaging approximately 18 million 480-lb bales, is valued at more than $5 billion at the farm gate. The downstream manufacturers of cotton apparel and home furnishings are located in virtually every state. Farms and businesses directly involved in the production, distribution and processing of cotton employ more than 230,000 workers and produce direct business revenue of more than $27 billion. Accounting for the ripple effect of cotton through the broader economy, direct and indirect employment surpasses 420,000 workers with economic activity well in excess of $120 billion. In addition to the cotton fiber, cottonseed products are used for livestock feed, and cottonseed oil is used as an ingredient in food products as well as being a premium cooking oil.

NCC strongly supports the FY 2016 Agriculture Appropriations bill as reported by the Agriculture Subcommittee of the Appropriations Committee. Specifically, the bill includes funding for the ongoing boll weevil and pink bollworm eradication efforts, which are nearing the final phase of activities toward the goal of full eradication of these costly cotton pests. In addition, the bill includes full funding for both the Market Access Program (MAP) and Foreign Market Development (FMD) program, administered by USDA's Foreign Agricultural Service to help U.S. agriculture develop, grow, and maintain export markets. The U.S. cotton industry, through Cotton Council International (CCI), is a key participant in this public/private partnership by providing substantial industry matching contributions to help leverage these funds for export market promotion activities.

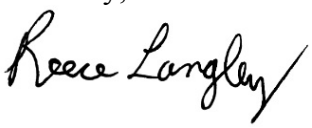
The bill includes a key provision to improve the administration and functionality of the marketing loan program, which is available to upland cotton and other loan eligible commodities (i.e. corn, soybeans, wheat, rice, peanuts) in the 2014 Farm Bill. This provision will restore the ability of USDA to utilize commodity marketing certificates for producers, marketing cooperatives, and merchants to redeem commodities from the marketing loan. The marketing loan functions as a short term financing tool to allow producers to receive some income by pledging their crop as collateral when harvested, rather than having to sell all their crop at harvest, which is often when market prices are the lowest. Certificates allow the marketing loan program to function as intended, and helps ensure USDA is not left with the cost of storing,

handling, and marketing loan commodities forfeited to the government. The use of certificates also eliminates cumbersome and time-consuming paperwork and processing costs for both USDA and marketing associations. Certificates simply provide for an additional mechanism for loan redemption and are of most importance when crop prices are below the loan rate. If market prices are below the loan rate for any commodity, then there is severe economic strain for that crop as loan rates are set well below the cost of production, and provide only a very basic, minimal level of support in times of low prices. For nearly the last two decades, when the marketing loan program was subject to a payment limitation, the authority to utilize certificates existed. Without this provision, producers may be forced to forfeit their commodities to USDA rather than actively market the crop, thus disrupting the flow of the commodity through the supply chain and into the marketplace. We urge you to support this provision (Section 739) and oppose any amendment that would attempt to strike or modify the provision, including an amendment that we understand may be offered to do so.

Cotton is unique among most commodities in that under the current farm bill the only policies available to cotton are crop insurance and the marketing loan program. Neither is designed to protect against significant price declines that occur over multiple years as a result of foreign production and policies that have a distorting effect on world markets. As such, we urge you to oppose any attempts to undermine the farm bill and crop insurance and ask that you please oppose any harmful amendments that may be offered, including attacks upon other producers, including sugar producers. Specifically, oppose any amendments that attempt to further limit crop insurance participation and assistance, further tighten eligibility for farm policy, modify current sugar policy, or any other changes that undermine the 2014 Farm Bill. As you know, this bill is the product of four years of debate and significant compromise, resulting in substantial budget savings and policy reforms.

We respectfully ask that you support U.S. farmers and American agriculture by opposing any harmful amendments and support the FY 2016 agriculture appropriations bill. Thank you for your consideration and support. Please contact me (**703-839-5297** or rlangley@cotton.org) or Robbie Minnich (**202-302-1315** or rminnich@cotton.org) if you have any questions or need any additional information.

Sincerely,



Reece Langley
Vice President, Washington Operations

Minnesota Corn Growers Association supports U.S. sugar policy

July 2, 2015

A recent story in the Star Tribune covered what it called a "declaration of war" by corn syrup makers on sugar refiners and U.S. sugar policy.

The Corn Refiners Association (CRA) is based in Washington D.C. and represents companies that manufacture products like corn sweeteners. The CRA would like to see U.S. sugar policy weakened.

A sugar beet field in Minnesota.

Since the story was published, we've received inquiries at the Minnesota Corn Growers Association (MCGA) about our position on U.S. sugar policy. MCGA supports the maintenance of current U.S. sugar policy. That position is clearly stated on page 4 of our 2015 resolutions handbook, which summarizes MCGA positions on a wide range of issues.

Minnesota's corn farmers fully support our state's sugar beet growers. All of agriculture is damaged when in-fighting occurs between agriculture organizations.

Here's to good weather the rest of the summer, stronger markets and a bountiful harvest this fall — both in our state's corn fields and sugar beet fields.

July 8, 2015

Dear Representative:

As you consider the Agriculture Appropriations bill, the National Sorghum Producers strongly urges you to oppose amendments that would undermine the Agricultural Act of 2014 or Federal Crop Insurance.

Although we have not seen specific amendments filed, we understand they may propose to re-litigate issues settled during debate over the farm bill. These important policies were put in place for a five-year period and are meant to provide producers, businesses, and lenders some degree of certainty at a time when commodity prices are depressed and severe natural disasters are affecting so many.

We understand these amendments may target Federal Crop Insurance and may also attack producers of specific crops.

After significant cuts to the commodity title of the farm bill, Federal Crop Insurance has become an even more important risk management tool for farm and ranch families. Amendments that would either limit participation in Federal Crop Insurance or expose producers to snoop group attacks would seriously undermine the viability of Federal Crop Insurance. Amendments to impose a first ever adjusted gross income test on crop insurance would be harmful for three key reasons: (1) the amendment would increase premiums on all farmers by taking many low-risk farmers out of the risk pool; (2) the amendment would penalize farmers in a crop year based on income from prior crop years even though farm income fluctuates significantly from one year to another, and farmers must build significant reserves in good years to weather bad years; and (3) the amendment will have the unintended consequence of renewing calls for unbudgeted and costly ad hoc disaster aid by producers who have been locked out of insurance. Please note that crop insurance does not make producers whole when they suffer a loss but rather covers a portion of their losses so they are better able to repay loans and secure financing. 35 percent of counties in 41 states were under disaster declaration in 2014 with many of our counties working to recover from successive years of severe drought. These production losses combined with collapsing crop prices are putting significant financial stress on farmers across the country and rural credit is already constricting.

Additionally, any amendment to impose a first ever payment limitation on crop insurance would have similar repercussions. This is a proposal that the USDA has called “ill advised” and would hit real, full-time farm families, not mythical corporations, affecting about one quarter of total liability under crop insurance if the limit is set at levels we have seen proposed by several members in other pieces of legislation. Ironically, both of these potential amendments would hit beginning and young farmers the hardest despite rhetoric from proponents that these are the sort of farmers they would like to see more of.

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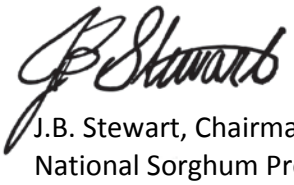
Also, several outside groups have repeatedly advocated for proposals that would make farmers' insurance information public. Farmers pay for crop insurance, often at higher premiums each year than the cost of the biggest investment most Americans will make in a lifetime. Crop insurance is written on private paper, sold and serviced by companies and agents. Consistent with property and casualty insurance, the private sector is prohibited from sharing insurance coverage information of farmers and so is the federal government. Any insurer or insured appreciates the critical importance of maintaining confidentiality regarding insurance information. Professional farm policy critics would like to gain access to this private information so they can sensationalize that information in order to misinform lawmakers and the public and for organizational fundraising purposes.

We also want to voice our support for the provision in the base language of the appropriations bill that provides producers one year of regulatory relief from penalties otherwise imposed under conservation compliance. The language would not undo the provisions of conservation compliance, which was imposed in the 2014 Farm Bill but would simply delay the application of the penalty for one year to give producers an opportunity to meet requirements. Many producers stand to lose coverage in 2016 because of paperwork issues rather than failure to comply. Conservation compliance was never meant to be punitive and we believe that it is equitable to afford producers this relief to ensure compliance and to avoid their being excluded from crop insurance.

We have also heard of amendments that would seek to directly attack some farmers and attempt to splinter the farm coalition. We are opposed to these efforts, including any amendment to remove a provision in the base text that provides for the orderly marketing of cotton and any amendment that would gut U.S. sugar policy. As sorghum producers, we understand the importance of standing by our fellow farmers in the face of attacks from groups who have publicly declared their intent to tear down all of U.S. farm policy.

If you have any questions concerning our recommendations, please contact me or our representatives in Washington at Combest Sell & Associates: Tom Sell (806) 535-0093, Jeff Harrison (202) 215-6645, Trevor White (806) 543-1044, or Brandon Reeves (202) 999-7320.

Thank you for your consideration.



J.B. Stewart, Chairman
National Sorghum Producers

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July 14, 2015

Chairman Thad Cochran
Senate Committee on Appropriations
SD-113 Dirksen Senate Office Building
Washington, D.C. 20510-2402

Senator Barbara Mikulski
Ranking Member
SH-503 Hart Senate Office Building
Washington, D.C. 20510-2003

Dear Chairman Cochran and Ranking Member Mikulski:

We understand that efforts may be made to amend the FY2016 Agricultural Appropriations Bill to abolish or revise the U.S. sugar program. We are writing to express our support for the U.S. sugar program as currently established and administered. The International Sugar Trade Coalition (ISTC) represents sugar producers in developing nations in Africa, Asia, the Caribbean, Central America and South America that export sugar to the United States under the U.S. sugar program.

Under the sugar program, sugar producers in developing countries enjoy a guaranteed minimum level of access to the U.S. sugar market at fair, predictable prices. Even when imports of Mexican sugar that was found to be dumped and subsidized created distress in the U.S. sugar market and injured U.S. sugar producers, the United States continued to meet its obligations under World Trade Organization agreements to offer access to its market for sugar from thirty-eight developing countries that are traditional suppliers.

About 80 percent of global sugar is consumed where it is produced, and only 20 percent is traded in the so-called "world market," where prices are highly volatile and have historically remained below world average cost of production for long periods of time. Sugar production and sugar markets around the world are riddled with economic distortions, including widespread subsidies and significant barriers to trade. Agricultural superpowers such as Brazil, which dominates trade in the world market, can survive in this market, in large part because their producers, like producers in Mexico, benefit from various forms of government support. Ending or weakening the U.S. sugar program would likely allow these subsidized mega-producers to increase their market share in the United States, at the expense of both ISTC members in some of the world's poorest countries and U.S. sugar producers.

We urge you to preserve the U.S. sugar program as it is now constructed and administered. We would be happy to provide any additional information.

Sincerely,

Paul Ryberg, President

cc: All Members, Senate Appropriations Committee