Dear Representative,

The undersigned national farm organizations would like to express strong support for timely consideration by the House of Representatives of H.R. 1947, the Federal Agriculture Reform and Risk Management ("FARRM") Act. With current program authorities due to expire at the end of September, it is critical that the House pass its version of the farm bill and send it to Conference, where differences can be resolved with recently-passed Senate legislation. Farmers, ranchers, and others who depend on these programs need long-term certainty which only a new five-year bill can provide. In addition, both bills make significant contributions to reducing federal budget deficits.

Our organizations support many of the programs included in H.R. 1947, as reported by the Committee on Agriculture. The bill would consolidate conservation programs, reauthorize and fund agricultural research, energy, and export promotion programs, and make improvements in federal crop insurance. We strongly support these provisions, and ask that you oppose any amendments which would eliminate or weaken them.

We are very concerned, however, with the Price Loss Coverage (PLC) program option included in the Commodities Title of the Committee bill. The PLC program would set high, fixed reference prices for program crops which, in some cases, exceed their historical prices and cost of production. It ties payments to producers to crops they grow in the current year, which could distort planting decisions and production if market prices fall below their support levels.

Since the 1996 Farm Bill ("Freedom to Farm"), farm policy has provided planting flexibility, encouraging producers to respond to market signals in making their planting decisions rather than to the prospect of receiving government payments. We do not want to see policies return to the era of high supports tied to current-year plantings, which distorted crop production in the 1980's. The PLC program in the Committee bill should be modified to make it responsive to the market rather than the government.

We understand Representative Gibbs may offer an amendment to set reference prices at a percentage of recent average market prices, which do not exceed production costs. The Gibbs amendment would also provide for payments on historical crop acreage bases rather than on current-year plantings. These changes would make the PLC program more market-oriented and significantly reduce the risk of distorting planting decisions and production. They would also reduce the likelihood of the program violating U.S. commitments under the WTO. Moreover, they would achieve an estimated $10 billion in savings in addition to the Committee bill.

We respectfully request your support for the Gibbs amendment during House consideration of H.R. 1947. Again, we urge you to support final passage of this legislation so Congress can complete a new farm bill this year.

Sincerely yours,

American Soybean Association
National Corn Growers Association
National Sunflower Association
U.S. Canola Association