Statement by Robert Rynning
President, US Canola Association

before the

Subcommittee on General Farm Commodities and Risk Management
Committee on Agriculture
U.S. House of Representatives

April 4, 2017

On behalf of the US Canola Association and the National Sunflower Association, I want to thank the Chairman and Ranking Member as well as the Committee for this opportunity to represent the views of U.S. canola and sunflower growers. I am Robert Rynning, President of the US Canola Association. I operate with my brother a 5th generation family farm in northwest Minnesota near Kennedy, growing canola, barley, wheat, and soybeans.

Because farmers grow canola and sunflowers in agronomic rotations with a number of other crops on their farms, I want to note the common areas of agreement USCA and NSA have with the groups affiliated with the statement attached to my testimony. Another area of agreement is the need for additional resources to write the next farm bill as outlined in the March 15 letter to the Senate Budget and Appropriations Committees that USCA and NSA signed along with 15 other farm organizations.

Regarding canola and sunflowers specifically, the U.S. has planted an average of 3.4 million acres of these alternative rotational crops – 1.7 million each – the last five years.

While the Northern Plains account for the majority of U.S. canola production, winter canola varieties have been successfully introduced in the Southern Great Plains and this region has the potential to become another major U.S. production area. Winter canola production can also be found in the mid-southern states, and much of this acreage supports double cropping of soybeans or other spring-seeded crops. A fourth production area is in the Pacific Northwest, which produces both winter and spring canola varieties. In 2016, the U.S. produced a record 3 billion pounds of canola seed, but for the coming year, the US will still need to import 68 percent of our expected canola oil consumption; and 75 percent of our expected canola meal consumption.

The majority of U.S. sunflowers are produced in the region stretching from the Dakotas to the panhandle of Texas, producing about 2.5 billion pounds of sunflower seed annually. Of the two types of sunflower seed produced, oil-type sunflowers represent approximately 80 percent of production, which is crushed for high quality cooking oil or sold as bird food. The remainder of production is confection seed and is used in the snack food and bakery markets. Confection seed types receive a premium over oil-type which causes the season average price of all sunflower seed to exceed that of other minor oilseeds. Seventy-five percent of U.S. sunflower oil is consumed domestically with the remainder exported to Canada, Mexico and Japan. Exports are extremely important to confection sunflower seed producers as seed and kernel exports represent approximately one-half of the U.S. confection sunflower industry's production. The main markets for confection seed and kernel are Spain, Mexico, Canada and Middle East region.

USCA and NSA support the continuation of the ARC and PLC programs, with support payments tied to historical crop bases and the ability to choose between the programs by crop. We also encourage the use of RMA yields first rather than NASS yields when computing ARC-CO yields. In the 2014 Farm Bill sign-up, 97 percent of canola base acres were entered into the PLC program. Sunflower base sign-up was more diverse with 56 percent entered into PLC and 43 percent ARC-CO. Prices for both canola and sunflowers have fallen 40 percent from their peak and both crops have received payments from the 2014 Farm Bill, although sunflower payments have been less due to the confection-type's price premiums, which increase the all sunflower season average price. However, for the 2016 crop, confection premiums declined considerably and payments for PLC and ARC-CO are expected to increase.

Although annual planted acres appear stable for canola and sunflowers, there is real concern that core acreage will not continue to be planted at levels high enough in the future to sustain the seed and processing infrastructure for these alternative crops. Many producers in the Northern Plains who plant canola and sunflowers have also begun planting soybeans as well as corn. The per acre cost of seeding canola is $50 more (and sunflowers $20 more) than soybeans this spring, and soybean acres will increase this year as farmers strive to reduce overall input costs. Sunflower producers in the prairie pothole region also have the added burden of potential black bird depredation, and can lose a substantial portion of their crop in the fall if large migratory flocks infest their fields.

Beyond the healthy oil both these crops supply as well as the high quality canola meal used to supplement dairy herd rations; canola and sunflowers also provide needed quality habitat for honey bees as well as wild pollinators.

Honey bees support $15 billion of agricultural production in the U.S. through pollination services, but a major decline in honey bee health in recent years has put these benefits at risk. This decline in bee health has been linked to a variety of factors, including the lack of suitable habitat due to increased agricultural monocultures and declining wild spaces. Canola and sunflowers provide ideal habitat and forage for honey bees when they are not being used for pollination services; and are preferred hive sites by beekeepers. Canola fields bloom for relatively long periods; some fields can provide bees with a good source of nectar for a month or longer under ideal weather conditions. Sunflowers bloom in late summer, providing habitat and forage at a time when fewer plants are blossoming. Maintaining the acreage of cropland planted annually to these two crops is essential to the continued viability of the honey bee industry; and increasing the acreage by just 2-3 million acres across the U.S. would have an immediate positive impact on honey bee health.

The USCA and the NSA support the creation of an incentive to include canola and/or sunflowers in cropping rotations to provide habitat for honey bees and wild pollinators. We are uncertain whether this incentive should be in the Commodity Title or the Conservation Title, but are willing to work with the Committee to develop such an incentive.

Thank you Mr. Chairman for your time and attention. I will be happy to answer questions the Committee may have for me.

FARM BILL ISSUES ON WHICH WE AGREE

March 24, 2017

On March 15, 2017, farm and commodity organizations sent a letter to the Senate Budget and Appropriations Committees pointing to the sharp fall in farm prices and income since 2013 and asking Congress to provide additional funding in order to develop an effective farm income safety net in the 2018 Farm Bill. A number of these organizations have met to discuss specific issues that need to be addressed in the next farm bill and will continue to work to develop consensus proposals to share with the Agriculture Committees on potential ways to resolve them. The following organizations are in agreement on the attached initial list of positions. To be clear, the beginning of this document covers only those issues where there is a consensus on every issue.

As our discussions continue and as guidance from the Committees is provided, we hope to expand this list to cover additional issues expected to be considered during negotiation of the new Farm Bill.

Overarching Issues:

Increase funding in the 2018 Farm Bill in order to address the significant reductions in farm prices and income incurred since 2013, and to meet other critical needs.

Federal crop insurance and commodity programs are our top funding priorities.

Commodity Programs:

Continue a counter-cyclical program like the Price Loss Coverage (PLC) program and a revenue program like the Agricultural Risk Coverage (ARC) program.

Change the ARC and PLC programs to make them more effective and fairer to all farmers.

If the ARC and PLC programs continue, farmers must be allowed to re-elect and re-enroll on a crop by crop basis.

Commodity program payments should be based on recent historical crop production rather than on current year planting.

Crop Insurance Programs:

Oppose reducing premium discounts.

Conservation Programs:

Maintain strong funding for federal conservation programs which preserve environmental benefits, while continuing the prioritization of working lands conservation programs.

Maintain strong funding of the Environmental Quality Incentives Program (EQIP) and the Conservation Stewardship Program (CSP).

Examine the rental rates of the Conservation Reserve Program (CRP) and the Conservation Reserve Enhancement Program (CREP) annually at enrollment to ensure they mirror the rental rates of comparable land in the immediate area.

Improve State Technical Committees to make them more ag-friendly by encouraging producers' participation and input.

Other Programs:

Ensure adequate funding for agricultural research and education.

Continue work on simplifying procedures, reducing paperwork requirements and streamlining interactions between the Farm Service Agency (FSA), the Natural Resources Conservation Service (NRCS) and the Risk Management Agency (RMA) via the Acreage Crop Reporting Streamlining Initiative (ACRSI).

Continue and work to improve the Young and Beginning Farmer Programs implemented in the 2014 Farm Bill.

American Farm Bureau Federation
American Soybean Association
National Association of Wheat Growers
National Barley Growers Association
National Corn Growers Association
National Farmers Union
National Sunflower Association
U.S. Canola Association

Future Farm Policy Work:

On several other issues, more than a majority of the organizations are in agreement, but one or two have conflicting policy statements. We plan to continue to work towards agreement, but rather than another consensus document, we hope to "negotiate" some of those differences in future meetings and provide additional input to Congress.

Note: The National Cotton Council, Southern Peanut Farmers Federation and USA Rice have also participated in these discussions but do not have sufficient policy yet to support these provisions. All three of those groups, as well as those listed on this statement, intend to continue to work together to see if we can come to further agreements on these and other 2018 farm bill issues.