

**Statement of Mike Hughes
Lamesa, Texas
Presented to the
House Agriculture Committee**

**San Angelo, Texas
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Thank you for coming to Texas and providing a way for Texas farmers and ranchers to let their thoughts be considered as you begin to develop future U.S. farm policy. I appreciate the opportunity to present these remarks about current and future farm policy. I also want to thank Representatives Conaway, Neugebauer and Cuellar for their service on the Committee and their strong support for farmers and ranchers.

My name is Mike Hughes. I farm approximately 2,500 acres of cotton, peanuts and wheat in Dawson and Gaines Counties. In addition to my farming operation, it is also my honor to serve as the current President of Plains Cotton Growers, Inc. PCG's membership consists of cotton producers in a 41-county area of West Texas. This area is also commonly known as the High Plains of Texas. We normally plant over 3.5 million acres of cotton each year and account for approximately 20 percent of the cotton grown in the U.S.

Mr. Chairman, the High Plains, along with the Rolling Plains region to our east, is home to a diverse agricultural economy. Cotton is our principle crop and farming and ranching are important components of our economy. It is critical to farmers and ranchers that our farm policy remains balanced between commodities and between the various programs. Program-driven shifts in plantings to alternative crops will result in unintended market disruption.

Cotton producers in my area, and across Texas, strongly support the current farm law. It is imperative that it continue to operate without major modification through its scheduled expiration with the 2007 crop. Producers have made substantial long-term investments and make cropping and marketing decisions based on their understanding of current law. We are particularly concerned by annual proposals to further tighten limitations on benefits or limit eligibility to the loan. We appreciate your expressed opposition to these proposals. Current limitations adversely impact many of our operations and especially irrigated operations.

We strongly support using current law as the basis for future farm law. The combination of a marketing loan, counter-cyclical payment when prices are low, and a direct payment for stability are a sound foundation.

As you develop new farm law, we urge you to maintain the marketing loan without limitations; maintain decoupled direct payments; maintain a counter-cyclical program for times when prices are low and preserve the cropping flexibility provision in current law. It is also important that payment limitations, which already unfairly penalize many of our growers, not be reduced further and that current eligibility requirements be maintained.

Conservation programs will continue to be an important component of farm policy. The Conservation Reserve Program (CRP) has been especially useful to farmers in this area. We have successfully reduced soil erosion and improved air quality. Conservation programs should be operated on a voluntary, cost-share basis as a valuable complement to commodity programs. However, they should not be viewed as an effective substitute for the safety net provided by commodity programs.

Research and crop insurance are also important to the future of our industry. Affordable, effective crop insurance is important in our area, given the extraordinary risk of weather-related losses. The cotton industry, through the National Cotton Council, recently presented our recommendations to improve crop insurance to the Federal Crop Insurance Corporation Board. We have also expressed interest in a permanent disaster program and innovative products including the combination policy developed by Representative Neugebauer.

I want to express my special appreciation for the continued cost share funds provided to APHIS to facilitate operation of the boll weevil eradication program. This year, every acre of cotton in Texas is in an active eradication program. Producers contribute a majority of the cost for this highly successful program. We are pleased to say that the eradication of the boll weevil may be just a few short years away. We also appreciate the support for the Pink Bollworm eradication program in the Trans-Pecos Valley, which will assist us in reducing insect control costs.

Mr. Chairman, research is an important function of USDA so we were disappointed that the administration's FY07 budget proposal reduced cotton research by 15% or \$8.2 million. We were particularly disappointed that the administration's proposal included closing the gin labs at Lubbock and Las Cruces, New Mexico and cutting research at the Cropping Systems Research Laboratory in Lubbock. We urge you and your colleagues in Congress to reject these proposed cuts and closures.

Due to changes in the international textile business, US cotton growers must now find an export market for up to 75% of the US crop. We support continuation of market development through the successful public-private partnership fostered by the Market Access Program (MAP). And we urge continued funding for the Foreign Market Development program and a WTO-compliant export credit guarantee program.

Mr. Chairman, we are deeply concerned that the language in the recent WTO Hong Kong Ministerial agreement will be used to single cotton out for special and differential treatment. We ask that you and your colleagues urge the US negotiating team to insist the negotiations be conducted as a single undertaking with no early harvest for cotton. We also urge you to make clear to our negotiators that the agreement must include meaningful increases in market access for all commodities before there can be agreement on reductions in domestic support. And we ask that you continue to tell our negotiators that any agreement presented to Congress for approval must be beneficial to US agriculture.

We are also concerned that certain countries, which are highly competitive in world markets, not be allowed to utilize special and sensitive product designations and safeguards, designed to assist the poorest of the poor, as a way to avoid following through on commitments to increase market access.

If negotiations in the Doha round cannot be completed to the point that the impact on future U.S. farm policy is clear, we would support continuation of the current farm bill for at least one additional crop year. While we understand Congress, not the negotiators in Geneva, will write the next farm bill, we believe it will be difficult for you to write new farm law while a far-reaching new trade agreement is being negotiated simultaneously. Further, if Congress modifies current law before negotiations are complete, it could undermine US negotiators' leverage to obtain concessions by our trading partners.

The US cotton industry has supported the Doha round but we will not be able to recommend that Congress support an agreement that requires cotton to accept deeper and quicker reductions in domestic support; that does not provide significant and meaningful increases in market access, particularly China, and that allows countries like Brazil, China, Pakistan and India to declare themselves less developed for the purpose of evading compliance.

Again, thank you for coming to Texas and for the opportunity to submit these comments.