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Comments of North Dakota Grain Dealers Association  
Re Conservation Reserve Program  
For consideration in Draft Environmental Impact Statement  
Submitted via email to: CRPcomments@tecinc.com

The North Dakota Grain Dealers Association (NDGDA) is a 98 year-old voluntary membership trade organization representing the interests of the 400 licensed grain elevators in North Dakota. These grain elevators are a mix of locally-owned cooperatives, locally-owned closed corporations and proprietorships, and some operated by large grain companies. These businesses purchase grain from farmers, clean, condition and blend it, then ship it out by rail or truck to markets across the nation and around the world. These businesses also provide seed, fertilizer, crop protectants and application services. All of that requires acres in production. That is why this organization is very concerned about the present size of CRP and any proposals for more acres in CRP.

### **CRP reduces economic activity**

Our primary message is that too much CRP damages, and can literally destroy businesses like grain elevators and other ag input dealers. This adversely affects the entire business climate in those communities and ultimately detracts from the services available to farmers who do not participate in CRP. We favor only environmentally sensitive acres being in CRP. There's something wrong when on one side of a rural road there's cropland producing a great crop and on the other side CRP.

Putting too much land in CRP is the equivalent of shutting down the food factory. In addition, in recent years the biofuels industry has developed, increasing the need for crop acreage. We need these acres back in production for our own use and for the export markets that help us with our balance of payments problems. If forced to choose between the two Action Alternatives offered, NDGDA would pick #2 because it calls for 24 million acres in CRP instead of 32 million. But we question if even 24 million is necessary or in the nation's best interest. Domestic use, exports, biofuels and more are requiring acres.

The biggest problem with CRP is that it decreases economic activity in the affected areas. There is reduced need for ag inputs and services. Bushels once raised and handled by local grain elevators and transportation companies are gone. Jobs are lost and rural communities decline. Some farmers move off the land completely, taking their business and school children and income tax base elsewhere. The coyotes and jackrabbits that inhabit CRP acres don't pay taxes or otherwise support rural economies.

A North Dakota grain elevator manager testified at a USDA meeting about CRP in May 2002 in Moorhead, MN that there were about 82,000 acres of CRP in his county. He estimated those acres would generate \$5 million of agricultural inputs to raise a crop and produce over five million bushels of grain. The sale of those inputs and handling that grain would have generated economic activity and jobs.

### **CRP closes businesses**

In 1986 there were only 37,000 acres of CRP in North Dakota. By 1990 there were 2,865,770 acres. In the six counties with the highest percentage of cropland in CRP in 1990, the number of licensed grain elevators fell by 32% in the years 1988 to 1993. In the six counties with the lowest percentage of cropland in CRP the decline was only 8% in those same five years. There were other factors affecting the livelihood of all grain elevators, but the difference of 24% in this example is based solely on percentage of cropland in CRP.

### **Reduce, don't increase, the 25%**

We strongly oppose expansion beyond the 25% limit per county in both alternatives regardless of who has approval authority. The trade areas of some grain elevators in high enrollment counties are already well over 25%. It would be better to reduce instead of increase this allowable percentage in CRP.

### **Better farming practices**

Farming practices have changed significantly since CRP was created 25 years ago. In this state moldboard plowing and thousands of bare summerfallow acres have given way to no-till and minimum till farming. These protect the soil from wind and water erosion, besides holding moisture for the following crop.

### **Food security and world needs**

There is a food security issue for the United States in this. We cannot afford to let our productive capacity slip and our rural infrastructure erode to the point of being dependent on foreign food as we are on foreign oil. On September 24, 2009 the Food and Agriculture Organization of the United Nations stated: "The global food production must shoot up by 70 per cent to be able to feed an additional 2.3 billion people by 2050..." An article titled "The Global Food Crisis" in the June 2009 issue of National Geographic stated: "For most of the past decade, the world has been consuming more food than it has been producing." These are scenarios for getting MORE U.S. cropland into production, not less.

### **Recreational use doesn't measure up**

CRP proponents tout how hunting and other recreational uses of CRP land make up for the lost economic activity crop production would have provided. That is about 75% myth. According to RURAL ECONOMIC EFFECTS OF THE CONSERVATION RESERVE PROGRAM IN NORTH DAKOTA, Agribusiness & Applied Economics Report No. 497-S from Leistritz, Hodur and Bangerud at North Dakota State University in Fargo, ND, "Overall, recreational revenues averaged 26 percent of the agricultural losses."

### **Early retirement program for farmers**

Several years ago the Agribusiness and Applied Economics Department at North Dakota State University published report No. 476-S, Local Socioeconomic Impacts of the Conservation Reserve Program. One of the “positive aspects” most frequently mentioned by leaders in study groups was income stability for participating landowners. The report says “the guaranteed income in some cases improved farm viability and in other cases was used as a transition to retirement for older farmers.” This confirms that putting your land in CRP is a better deal than farming it. Is that what USDA is supposed to be doing, promoting a retirement plan for older farmers through CRP, while detracting from rural America? Seems to serve a few at the expense of many, and is counterproductive.

This same study revealed the negative aspects such as contraction of the farm supply and service sector. That’s us, grain elevators and other ag input suppliers. This is that infrastructure decline from CRP. The effect is probably greater than the percentages would indicate. Fixed costs of an agribusiness are covered by the first increment of business. The profit of a business, and its ability to reinvest to maintain itself and possibly provide more and better services, comes from the last, not the first, increments of business. When CRP lops off 15 or 20 or 25% of an ag input supplier’s or grain elevator’s business, it takes the entire profit with it.

### **Government competition on rent**

CRP puts the young farmer who wants to expand at a disadvantage. He is in competition with the federal government for land. Artificially high rental rates are capitalized into artificially high land prices. CRP rentals should follow, not lead, rentals paid for production. We oppose adjusting CRP rentals upwards based on spikes in commodity prices the past couple years. That will lock-in CRP rental rates ahead of prevailing rental rates.

### **Weeds**

Another negative feature of CRP is the increase in noxious weeds. Seeds spread to nearby fields and cost that farmer for weed control.

### **Railroad abandonment**

North Dakota has usually ranked in the top three states for CRP and in 2007 had about 9% of the nation’s CRP acres. This has had some devastating effects. In addition to the adverse effects on local businesses and jobs, abandonment of railroad lines has happened. After a decade of CRP, two lengthy railroad branchlines through heavy CRP counties in the central part of North Dakota were abandoned. Too many acres in any and all land idling programs destroys the infrastructure of rural America to do what we do best - raise a crop and get it off to hungry mouths in this nation and around the world. Once this infrastructure, such as local grain elevators and rail branchlines is gone, replacing them in a time of need will be extremely difficult. Rail line abandonment also has an affect on our state road system. When rail lines are abandoned then all grain must be moved out by truck.

### **Target highly-erodible**

In the future, CRP must more precisely target only highly-erodible land. This includes re-enrollments. Let's not compound the mistakes of the past by re-enrolling land that never should have qualified in the first place. Instead, enrollment should be directed into acres that benefit water quality. No more acreage should be enrolled in counties already at or above 25% of acres already in CRP. Consideration should be given to reducing that limit to 20%.

### **Conclusion**

NDGDA is a member of the National Grain and Feed Association and endorses its statement in this matter. NDGDA is also a signatory to the submission of the Alliance for Agricultural Growth & Competitiveness.

CRP is fine for fragile acres and some conservation/water quality purposes. But there is a limit to how much supposed benefit comes from that, as compared to the damage being done to the productive capacity for world food, feed and fuel needs, and society of rural America.

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