



ABA News

Press Release from the American Bakers Association



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FOR IMMEDIATE RELEASE
October 2, 2007

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A Step Backward in CRP

Industry efforts to relieve the current wheat price crisis hit a road block this week when USDA Acting Secretary Chuck Conner indicated he will not “offer penalty-free early releases from Conservation Reserve Program contracts at this time,” because of “higher than expected stocks in corn and soybeans for the 2007/08 crop year”.

The U.S. House of Representatives thought it important to allow farmers an early out provision in their version of the Farm Bill, and included language to allow greater flexibility for farmers that want to get out early without penalty. The USDA Secretary would have final say on who can participate in the early out provision.

“This decision could not have come at a worse time”, said ABA President & CEO Robb MacKie. “There is a perfect storm brewing. The oft-quoted adage ‘the remedy to high prices is high prices’ unfortunately will not prove to be correct since government is unfairly influencing the market through subsidies, ethanol supports and other programs. Opening a portion of the CRP lands to alleviate the market is the right thing to do and should be done now so farmers can plant wheat.”

David Brown, Vice President of Procurement at Sara Lee Corporation and Chairman of the ABA Commodity Task Force, shares Mr. MacKie’s sentiment. “I am extremely disappointed in this decision. Wheat stocks are at an all time low while wheat prices are at an all time high. If there ever was a time to allow farmers to farm their land, it is now.”

Secretary Conner also stated that “wheat market prices are indicating an expected significant increase in planted area this fall and next spring in the U.S. and around the world. The potential exists for increased double-cropping and the planting of fallow ground.”

“We hope Secretary Conner will reconsider this position. While early release of CRP acreage will not solve the problem,” said Mr. MacKie, “it would ease some of the pressure”.

In both June and August of this year, ABA sent letters to past USDA Secretary Johanns requesting that the CRP issue be revisited. Members of the ABA Commodity Task Force also met with Secretary Johanns in June to relay their concerns regarding wheat acreage and prices. In September, ABA President & CEO Robb MacKie discussed these same issues with the new USDA Acting Secretary, Chuck Conner. ABA will continue to aggressively lobby members of Congress and USDA regarding this issue.

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To learn more about ABA Commodity Task Force activities, contact ABA Federal Government Relations Manager Cory Martin at (202) 789-0300 or cmartin@americanbakers.org.

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