



April 2, 2004

Dear Member of Congress:

On behalf of the commissioners, directors and secretaries of agriculture in the 50 states and Puerto Rico, I am proud to present "Improving the Competitiveness of Specialty Crop Agriculture: A Progress Report on State Agricultural Block Grants." In the fall of 2001, Congress chose States to administer a grant program directed at the specialty crop industry to address difficult circumstances caused by disease, low prices, and lack of funding in several areas including research, promotion, and inspection. Members of the National Association of State Departments of Agriculture (NASDA) believe that this block grant program has improved the specialty crop industry's ability to sustain, expand and enhance their production systems.

The program provided \$159.4 million in state block grants to assist the specialty crop industry, not in the traditional manner of farm assistance programs, but through a focus on projects to improve the industry's competitiveness. The demands for the grant funds were overwhelming; more than 3,900 requests for grant funding were made totaling \$1.52 billion.

State departments of agriculture took advice from their local constituency groups and ultimately made investments in more than 1,400 projects in areas such as marketing, education, research, pest and disease programs, and food safety. The program also made significant contributions towards fighting obesity, – a growing epidemic in the United States. More than \$10 million was invested in nutrition programs like 5-A-Day, In-School Nutrition Promotions, and Farmers' Market Nutrition Programs. States and individual grant recipients were also able to match the grant funds with more than \$45 million.

NASDA supports the continuation of a Specialty Crop Block Grant Program. We believe it was a major step in recognizing the importance of investment in the competitiveness and future of specialty crop agriculture in the United States. H.R. 3242, the Specialty Crop Competitiveness Act, permanently authorizes a block grant program with an annual fund of \$470 million from the Commodity Credit Corporation. It also makes provisions in several areas of federal agriculture policy that can be improved to promote increased consumption of fresh produce and increase the competitiveness and efficiency of specialty crop producers. NASDA fully endorses H.R. 3242 and asks that Congress approve the legislation as soon as possible.

As we pursue the permanent authorization of a specialty crop block grant program, the needs of specialty crop producers will surely not diminish, but likely will grow considering the economic challenges facing the industry. We respectfully ask that Congress provide funding for a block grant program in the fiscal year 2005 Agricultural Appropriations Bill.

In addition to a compilation of information regarding the grant program, the report also provides a brief profile of the industry. The profile reveals several important indicators of the economic pressure facing the industry. While the specialty crop industry annually accounts for more than \$53 billion in cash receipts – close to 54% of the total cash receipts for crops – they are expected to



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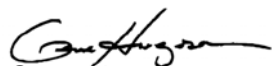
NASDA is a nonprofit association of public officials comprised of the Commissioners, Secretaries, and Directors of agriculture in the fifty states and four territories

experience lower than average income in 2003 due to higher energy and labor costs. In addition to lower than average income, imports of specialty crops have outstripped the small gain in exports. When comparing U.S. specialty crop import and export values over the period 1997-2002:

Imports - increased 39% to a total of \$14.7 billion in 2002; while,
Exports - increased 6.5% to a total of \$11.7 billion in 2002.

NASDA looks forward to working with Congress to strengthen the competitiveness of the specialty crop industry and we appreciate your favorable consideration of the needs of specialty crop producers.

Sincerely,



Gene Hugoson
Commissioner, Minnesota Department of Agriculture
NASDA President



Charles H. Bronson
Commissioner, Florida Department of Agriculture & Consumer Services
Chair, NASDA Marketing and International Trade Committee



A.G. Kawamura
Secretary, California Department of Food & Agriculture
Chair, NASDA Specialty Crop Task Force