

Testimony  
Committee on Small Business  
Subcommittee on Health and Technology  
Tuesday May 13<sup>th</sup> 2014  
10:00 am Livingston County Government Center  
6 Court Street Geneseo, New York

Honorable members of the Subcommittee, thank you for the opportunity to be here today as a representative of Seneca Foods Corporation to discuss “The Benefits of Partnerships in Small Agriculture Business Development”.

My name is Ray Schueth; I am Director of Agriculture for Seneca Foods Corporation. Seneca Foods is the largest fruit and vegetable processor in America with 22 processing facilities located in New York, Pennsylvania, Wisconsin, Illinois, Minnesota, Idaho, Washington and California. We are vertically integrated with vegetable seed production capability in Washington, a 12,000 acre farm in Wisconsin and three state of the art can manufacturing operations in Wisconsin, Idaho and New York. We employ approximately 3,300 full time and as many as 9,000 seasonal employees and generate annual revenue of approximately \$1.3 billion. In my role I am responsible for all agricultural activities for 11 of our facilities in Wisconsin, Illinois and New York, located in Geneva and Leicester.

In addition, we contract with approximately 2000 producers located near our processing locations for more than 230,000 acres of fruit and vegetable crops. These producer relationships are absolutely essential to our ability to secure the needed produce for canning and freezing. The number of acres contracted with each producer may be as small as a few acres of peaches or pears under multiple year contracts in Washington and California to in excess of 1000 acres of peas, sweet corn, green beans or any of the other fruit and vegetable crops that we process in the Midwest and New York.

While some producers specialize in vegetable production and producing the various crops that we need is their primary focus, for others it may be just a small part of their operation providing diversity for rotational purposes as well as management and working capital requirements.

Each year representatives of the Agricultural Departments at each of our plants work with their local producers to determine number of acres and varieties of crops that will be grown for that year. In some cases we might provide the full range of inputs from seed to planting and harvesting while in other cases our larger producers have their own capabilities in some areas. In all cases we are closely coordinating with our local producers to assure that crops are

managed and ultimately harvested and delivered to our facilities on schedules that vary by commodity over a 30 to 90 day harvest season.

Our products reach just about every retailer and foodservice operator in the United States and we export to more than 80 countries. We offer various styles of each commodity in numerous different packaging configurations to satisfy the needs of the market. Increasing awareness by consumers of where their food comes from as well as how it is produced has led to changes to our offerings. An example might be the consumer perception of bisphenol A (BPA). While sound science as well as FDA continue to support that these products used in the linings of many food cans for food safety reasons are safe, consumer perception based negative information but small but vocal activist groups has made BPA an issue. In response, Seneca Foods was the first major canned vegetable producer to switch the majority of our products to more expensive materials that do not utilize BPA in their manufacture.

Another important shift in our business has been the move towards organic products. While we have offered organically produced canned peas, sweet corn and green beans for a number of years we have seen significant increased demand for these and other products over the past couple of years. In response we have quadrupled our organic acreage over just the past three years and have added pumpkin, edam me as well as frozen peas and sweet corn to our line up. These crops are grown almost exclusively with smaller producers, many of whom are new into farming and have made the decision to focus on organic. Even more than with conventionally produced crops the importance of developing longer term relationships is paramount in order to achieve needed stability to allow proper rotation and markets for these crops. We see this shift as just beginning and are actively developing new organic sourcing in order to supply market needs in to the future. While the cost to produce these crops is higher and competitive alternatives for organic vegetable production such as field corn and soybeans are also growing, the consumer seems to be willing to pay the higher costs needed to sustain the shift.

Even in our own farming operations the need for collaboration and working hand in hand with local producers is paramount. We have developed a successful model where we have long term leases with varying sized potato producers for most of the land that we directly farm. These are producers who wish to focus exclusively on potato production and rely on us to farm the land when not being used for potatoes. We only grow vegetables that we need at our facilities vs other commercial crops that may not be the best rotation for potatoes and we in turn have reliable, high quality land under longer term arrangements in order to produce our crops.

In conclusion, while fruit and vegetable production is not available for all producers due to the location of processing facilities and crops that can be grown in certain areas and the challenges

and demands associated with growing these crops may not be for every producer even in the areas that they can be grown. It should be recognized that these producers and the relationships that are developed with the processors that they supply, plays an essential role in not only the success of the processing industry and our mission to provide nutritious and affordable food to consumers, but also the diversity and sustainability of the producers themselves. The development of Farm Policy must continue to be sensitive to the needs of the specialty crop producer as well as their processor partners.

Thank you for your consideration and I would be happy to answer any questions that you might have.