

House Concurrent Resolution No. 5041

By Committee on Appropriations

4-30

9 A CONCURRENT RESOLUTION urging Congress to support the
10 United States Department of Agriculture in taking immediate action
11 to examine a number of options to assist Kansas pork producers.
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13 WHEREAS, Input costs have combined to make 2008 a financially
14 challenging year for Kansas pork producers; and

15 WHEREAS, Feed costs represent the largest share of the variable
16 costs of hog production. During the first few months of 2008, corn prices
17 in the United States have been more than double historical levels, and
18 soybean meal, a key source of protein for hogs, is 75 percent higher than
19 historical levels; and

20 WHEREAS, Kansas pork operations consume over 33 million bushels
21 of corn and milo. At April 2008 prices, Kansas pork producers will spend
22 over \$181 million on corn and milo this year. Kansas pork operations also
23 consume the equivalent of over eight million bushels of soybeans through
24 soybean products. At April 2008 prices, Kansas pork producers will spend
25 over \$100 million on soy-based feed ingredients this year; and

26 WHEREAS, Corn futures prices suggest an unprecedented extended
27 period of higher feed cost for pork producers. Hog prices have averaged
28 about 47 cents per pound since 2001. Unfortunately, an equivalent hog
29 price to match feed costs based on an historical hog-to-corn price ratio is
30 between 90 and 100 cents per pound; and

31 WHEREAS, On March 28, the inventory of hogs in the United States
32 was shown to have increased by about seven percent over levels one year
33 ago, and pork in cold storage was shown to have increased by six percent.
34 As a result, hog prices are not likely to increase quickly in the short term
35 even with strong demand; and

36 WHEREAS, Every one dollar drop in hog prices results in an addi-
37 tional loss of \$2.70 per head under current feed cost pressures. This year,
38 the Kansas pork industry, which supports about 7,100 jobs statewide, has
39 been losing an estimated \$10 million in equity each month; and

40 WHEREAS, Eventually, hog prices will rise above production costs
41 and profitability will return, but only after a substantial reduction in sup-
42 plies. Existing producers are cutting production, but some producers will
43 be forced to exit the pork business. This dislocation will ripple through

1 rural economies: Now, therefore,

2 *Be it resolved by the House of Representatives of the State of Kansas,*
3 *the Senate concurring therein:* That we urge the Kansas Congressional
4 delegation to support the United States Department of Agriculture in
5 taking immediate action to examine a number of options to assist Kansas
6 pork producers including: (1) Increased pork purchases using either Sec-
7 tion 32 funds or other humanitarian feeding purchase programs; (2) tem-
8 porary emergency feed loan assistance for producers in extreme economic
9 circumstances; and (3) direct emergency loan guarantees for pork pro-
10 ducers; and

11 *Be it further resolved:* That the Secretary of State be directed to pro-
12 vide an enrolled copy of this concurrent resolution to each member of
13 the Kansas Congressional Delegation.