

June 10, 2020

The Honorable Sonny Perdue
Secretary
United States Department of Agriculture
1400 Independence Avenue Southwest
Washington, D.C. 20250

Dear Secretary Perdue:

The sweet potato industry would like to extend our most sincere thanks to you for your continual support of all of our nation's farmers and ranchers throughout the COVID-19 crisis. As an industry, we pride ourselves on our long history of producing a safe, healthy, and quality specialty crop product that is now available worldwide. As you are well aware, COVID-19 caused a severe disruption of the food service industry, which was detrimental to sectors of our marketing channels and has left many sweet potato growers with millions of pounds of sweet potatoes in storage that cannot be sold. As has been communicated with sweet potato growers by various FSA offices across the country, these sweet potatoes may not be eligible for coverage under the Coronavirus Food Assistance Program (CFAP) because FSA may still consider these sweet potatoes to be sellable. On behalf of the nation's sweet potato industry, our organizations would like to clarify why many of these sweet potatoes will, in fact, not be marketable.

Under the CFAP specialty crop program, we believe many the sweet potatoes still in storage should qualify under *Category Three: Payments for crop shipments that did not leave the farm by April 15, 2020, (for example, were harvested but sitting in crates on the farm), or mature crops that were unharvested by that date (for example, were plowed under) due to lack of buyers, and which have not been and will not be sold.* There are three overarching issues contributing to the industry losses that warrant consideration under this category.

Unsold processing-grade sweet potatoes due to the loss of processing markets:

After the commencement of COVID-19, many sweet potato processing plants who produce frozen and canned sweet potato products for the restaurant industry, school lunch programs, and food distribution companies who provide processed food service industry products to places such as schools, community centers, restaurants, corporate cafeterias, sports and entertainment venues, and college and university campuses slowed and/or halted operations. This resulted in processors cancelling numerous contracts with growers for the purchase of processing potatoes. Because of this, sweet potato growers across the country have millions of pounds of processing grade sweet potatoes in storage for which they cannot find a market. Many of these processing grade potatoes are grown specifically for specialized processing markets, and are not sellable in the fresh market due to their variety, shape, and size. Without a strong processing market in place, these potatoes simply are not marketable. Processing facilities are sitting on record levels of already processed frozen and canned inventories of products so if/when they do reopen to full capacity, they will not be able to accommodate the large volume of potatoes currently in storage, and many previously contracted potatoes will remain unsold and likely have to be discarded.

Unfortunately, some growers have already had to dump thousands of pounds of potatoes that were unsold because they deteriorated. Additionally, the few growers that have been able to sell these processing potatoes are currently selling them to dehydrating facilities and dog food processors for an average of 75% - 85% less per pound than the price per pound they would have gotten for the potatoes had their food processing contracts not been cancelled, many taking a less than breakeven price in an effort to get some

return on their investment, rather than risking a total loss. Furthermore, the sweet potatoes currently in storage must be moved soon for two reasons. Growers are currently having to wash and pack potatoes not in cool storage before they spoil in hopes of finding sales. Because of the length of time they have been in storage, these packed potatoes can only last approximately ten days before they begin to deteriorate and must be dumped. Secondly, growers who are holding potatoes in cool storage and incurring tremendous electricity bills each month to maintain a product for which they currently have no market, and those bills will only increase as we move into the warmer summer months. At some point, it no longer becomes practical to pay these immense storage bills for a product that will not sell.

Unsold sweet potatoes due to the loss of “wash-out” (or “pick-out”) markets:

When growers wash and pack sweet potatoes, their “pack-out” is the percentage of potatoes in a particular group that are packed to sell in the fresh market (usually potatoes classified as “number ones”, “number twos” and “jumbos”); their “wash-out” is the percentage of potatoes that were below the grade necessary to be packed for the fresh market because they were either too small, too large, poorly shaped, or of lower quality. Growers either repack their own wash-out potatoes and sell them into the processing market or sell their wash-out potatoes to larger grower-packers who then re-pack the potatoes to be sold for processing. The result of the stagnant processing market has had the same effect on growers’ wash-out potatoes as it has the potatoes grown specifically for the processing market. Growers are being faced with disposing of their wash-out potatoes due to deterioration, and most grower-packers are not currently purchasing wash-out potatoes from other growers because they cannot sell them, which is compounding the problem even further. These wash-out potatoes are typically sellable products that have a significant impact on growers’ ability to cash-flow. With the loss of processing markets, these potatoes simply are not sellable because consumers will not purchase them in the fresh market.

Unsold fresh market sweet potatoes due to the impact of restaurant closures and the loss of traditional holidays:

The fresh sweet potato market has also seen negative impacts from COVID-19 – especially in sales to food markets and distributors who sell to the restaurant industry. While the grocery market remained stable and eventually showed a slight increase in sales as the shelter in place orders continued to prevail, many producers who sell more of their fresh market potatoes into outlets intended for the restaurant and commercial food industries saw that market come to an abrupt standstill. The Farm to Families Food Box Program has provided some assistance to the industry; however, many producers were unable to sell all of their premium fresh-market potatoes originally bound for the food service market, causing higher-priced losses. On top of this issue, growers felt the negative effect of missing the Easter holiday, which is their second biggest sales season each year behind Thanksgiving. Due to social distancing, many families did not gather for big meals on Easter as they do during typical years. Moreover, while grocery sales during the first part of the pandemic remained stable, the market is not consistent. These issues have also left many growers with excess potatoes on hand for which they can no longer find a market, and if they do find one, they are being forced to sell the potatoes vastly below market value. Again, the Farm to Families Food Boxes have provided some sales outlets but as we approach the height of specialty crop season across the country, even those sales opportunities are beginning to dry up.

The impact of COVID-19 has undoubtedly shaken every aspect of our lives, and in the case of the sweet potato industry, the producers are feeling the same disruptions and losses as many other segments of agriculture. Food service closures meant an instantaneous loss of 35% of the sweet potato market. There is no doubt that Americans love their sweet potatoes; however, with this type of loss, we estimate that as much as 25% of the industry may end up out of business due to market disruptions. Sweet potato growers with potatoes in storage for which there are no markets need assistance to remain profitable and stay in business in order to continue their efforts to feed Americans and the world. Our request is that sweet

potatoes that have no market due to any of the conditions that we have outlined be considered eligible for immediate qualification under Category Three of the CFAP specialty crop program. We remain available to discuss this and provide any additional information required to render a qualification decision.

Sincerely,

Alabama Farmers Federation
Alabama Fruit and Vegetable Growers Association
Alabama Sweet Potato Association
Alabama Sweet Potato Growers Association
California Sweetpotato Council
Louisiana Farm Bureau Federation
Louisiana Sweet Potato Commission
Mississippi Farm Bureau Federation
Mississippi Sweet Potato Council
North Carolina Farm Bureau Federation
North Carolina Sweet Potato Commission
United States Sweet Potato Council