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April 10, 2015

Director, Product Administration and Standards Division
Risk Management Agency
United States Department of Agriculture
P.O. Box 419205
Kansas City MO 64133-6205

Re: Evaluation of Prevented Planting Coverage, Contract Number D13PD001146

Dear Mr. Hoffman:

The US Canola Association (USCA) writes to submit comments in response to the Risk Management Agency's (RMA) request for stakeholder input on recommendations contained in the Agency's Evaluation of Prevented Planting Coverage, Contract Number D13PD001146 released on February 2, 2015. The USCA is a non-profit commodity organization whose mission is to increase domestic canola production to meet a growing demand for healthy oil.

The USCA understands and concurs with RMA's concern regarding the high incidence of Prevented Planting (PP) indemnity payments in the Northern Plains growing region in recent years, and particularly the PP indemnity levels for canola. However, USCA does not concur with the recommendation to reduce canola PP coverage level from 60% to 45% for the base policy, a reduction of 15 percentage points that equates to a 25% reduction of coverage. USCA believes this reduction is too extreme and recommends as an alternative, the following actions be taken:

- USCA is concerned that many producers who buy up the additional 10% coverage for canola do so without really intending to plant the crop, as indicated by the statistics found in table 19, page 46, that 61% of total indemnity losses for canola are attributable to PP indemnities. USCA recommends that the option to buy-up additional coverage for canola be eliminated. Another recommendation in lieu of eliminating optional coverage would be to reduce APH yields in a year when PP losses are claimed, but no acreage of canola is planted at all. Currently, producers can collect PP indemnities without a reduction of their APH, which under a loss scenario, is not actuarially sound.

- A high rate of fertility, particularly nitrogen, is required to grow canola successfully and most nitrogen is applied in the fall, as acknowledged on page 253: *"Most producers (60%) spray nitrogen in the fall; the remainder use fertilizer just prior to planting. Nitrogen accounts for 75%-80% of the fertilizer budget."* However, in the most recent year evaluated, 2012, only $19.98 per acre of fertilizer costs were attributed to PP costs when total fertilizer costs were $79.92, with arguably $60-$64 of this cost attributable to nitrogen. USCA believes this cost factor is too low, especially for the producer who has applied nitrogen in the fall. For this reason, USCA recommends that the base policy PP coverage for canola be reduced from 60% to 55%, a reduction of 5 percentage points equating to an 8-1/3% reduction of coverage.

- USCA disputes the planting date statement included in the Evaluation on page 254: *"Spring planted canola should be planted in late April to early May. Planting beyond May 15 results in yield reductions that become significant if planting is pushed into June."* **In North Dakota, May 15 is the suggested final date for planting canola in the southwest, May 31 in the central portion of the state, and mid-June in the northern and northeastern portion of North Dakota (North Dakota State University Canola Production Field Guide, A1280, December 2014).** While early planting may be preferred, newer hybrids available in recent years have mitigated the yield loss potential for canola planted into early June. North Dakota experienced late planting seasons in both 2013 and 2014 and a considerable portion of the crop was seeded in early June. Despite late plantings those years, yields in North Dakota were above average at 1,820 and 1,800 lbs. per acre. In 2013, a considerable portion of the Minnesota crop was seeded in early June and Minnesota experienced record yields at 1,950 lbs. per acre that year. USCA appreciates that RMA extended the final planting date for canola in most areas of the Northern Plains in 2013, but continues to urge consideration of fully harmonizing canola final planting dates with other competing crops, especially in Northwestern Minnesota, so that canola is not the first crop targeted for PP in wet years.

USCA believes the combination of the above three recommendations – elimination of optional coverage and/or APH yield reductions, a 5 percentage point reduction in base policy PP coverage, and harmonized final planting dates – would be preferable and could likely be even more successful in reducing the incidence of canola PP indemnities than the Evaluation's recommendation of a reduction of 15 percentage points to the canola policy's base PP coverage level.

Thank you in advance for the review and consideration of these comments.

Respectfully yours,

Jeff Scott
President, U.S. Canola Association