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INTERNATIONAL FINANCIAL INSTITUTIONS

AND MONETARY POLICY SUBCOMMITTEE ON NATIONAL SECURITY, ILLICIT FINANCE, AND

> The Honorable Mike Johnson Speaker

> U.S. House of Representatives Washington, DC 20515

> The Honorable Tom Emmer Majority Whip U.S. House of Representatives Washington, DC 20515



Congress of the United States House of Representatives

11/26/24

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The Honorable Steve Scalise Majority Leader U.S. House of Representatives Washington, D.C. 20515

The Honorable Elise Stefanik Chair of the Republican Conference U.S. House of Representatives Washington, D.C. 20515

Speaker Johnson, Majority Leader Scalise, Majority Whip Emmer, and Conference Chair Stefanik,

I write to you regarding the ongoing water shortage in the Rio Grande Valley (RGV) of Texas and to request \$280 million in emergency aid assistance be included in any potential appropriations bill. This funding is vital to farmers as they try to stay afloat while the U.S. government works to enforce the 1944 Water Treaty with Mexico.

The United States and Mexico share the waters of the Rio Grande under a 1944 Water Treaty. For years Mexico has regularly not fulfilled its obligations to annually deliver 350,000 acre-feet of water to the U.S., which is vital to irrigation farming and municipal use in the RGV. Currently, Mexico owes us over 960,000 acre-feet of water for this current five-year cycle, of which we are at the end of year four. As a direct result, the entire RGV region is suffering economic hardship, particularly in the agricultural sector.

As a potential legislative solution to bring emergency assistance to South Texas agricultural producers, I recently introduced H.R. 10113, the South Texas Agriculture Emergency Assistance Act, which has bipartisan support and details how aid funds could be effectively distributed to agricultural producers. It is supported by the Texas Farm Bureau, Texas Citrus Mutual, Texas International Produce Association, and the Texas Vegetable Association.

The devastating impacts of Mexico's inaction worsen by the day. This year, the only sugar cane operation in Texas, the Rio Grande Valley Sugar Growers, announced that after over 51 years they were forced to close operations and pull out the last remaining acres of sugarcane due to years of reduced irrigation water for a sufficient cane crop. With its closing, 500 jobs were lost. Additionally, farmers are forgoing planting vegetable and fruit crops that are vital to the health of our communities.

As farmers struggle to cope with this situation, below are initial estimations of losses due to a lack of irrigation water:

- Sugarcane: \$98,500,000 in 2024 economic losses at the farm level (5-year average value of production) as estimated by a 2023 report by Texas A&M; this estimate is now a reality as the mill has closed and there is no sugarcane crop. Comparing the 2020/2021 crop to the 2023/2024 crop, there was a reduction of 16,903 acres harvested and of 742,029.80 tons, for a loss of \$24,528,246 in grower payments. The sugar mill is valued at around \$200,000,000, however, they may only recover around 10% of the value when the mill is sold. As a COOP, that is a loss to the growers.
- Citrus: Since 2020, the LRGV has experienced an 85,000-ton reduction in citrus production, valued at around \$147,000,000, and the removal of 7,000 acres of citrus. The transition costs associated with removing these orchards are considerable, estimated at \$800 per acre, totaling \$5,600,000.
- Vegetables: For the 2024/2025 crop year, 40% of the LRGV vegetable industry estimates a combined loss of \$72,500,000 in gross revenue. Given similar scenarios for the other 60%, predictions are a total of \$180,000,000 loss in gross revenue.
- Row crops: As of August 2024, in the LRGV, corn and sorghum yields on irrigated acres are down approximately 40% from the 5-year average. At current low prices, the 40% yield loss amounts to \$25,000,000 between corn and sorghum. Producers, hit by a yield loss and a price loss, are challenged to pay back loans. A COOP Cotton Gin in La Feria, Texas is reporting total losses for 2023 & 2024 at \$24,625,208.30. A lack of irrigation water led to a loss of 22,992 bales in 2023, and 30,000 bales in 2024.

Earlier in 2024, water was selling for around \$300 acre-feet, at that amount, the value of the water in deficit is about \$280 million, the amount we are requesting in emergency aid. This does not come close to equaling the losses to producers, but is a starting point for funds needed to aid the region. Absent help, many growers may default on bank loans or be unable to secure financing for the next crop. No aid and no water will lead to bankruptcies and land auctions.

Thank you for your consideration of emergency aid assistance for South Texas farmers and ranchers who have been affected by Mexico's failure to make water deliveries under the 1944 Water Treaty.

Sincerely,

Monica De La Cruz Member of Congress

15th District of Texas