THE IMPORTANCE OF TRADE TO U.S. AGRICULTURE

HEARING

BEFORE THE

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HOUSE OF REPRESENTATIVES

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THE IMPORTANCE OF TRADE TO U.S. AGRICULTURE

WEDNESDAY, MARCH 18, 2015

HOUSE OF REPRESENTATIVES,
COMMITTEE ON AGRICULTURE,
Washington, D.C.

The Committee met, pursuant to call, at 9:57 a.m., in Room 1300 of the Longworth House Office Building, Hon. K. Michael Conaway [Chairman of the Committee] presiding.

Members present: Representatives Conaway, Lucas, Thompson, Crawford, DesJarlais, Benishek, Denham, LaMalfa, Davis, Yoho, Rouzer, Abraham, Newhouse, Peterson, David Scott of Georgia, Costa, Walz, McGovern, DelBene, Vela, Lujan Grisham, Kuster, Nolan, Kirkpatrick, Aguilar, Plaskett, Adams, Graham, and Ashford.

Staff present: Scott C. Graves, Jackie Barber, Bart Fischer, Matt Schertz, Mollie Wilkin, Caleb Crosswhite, Jessica Carter, Haley Graves, Ted Monoson, John Konya, Andy Baker, Liz Friedlander, and Nicole Scott.

OPENING STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

The CHAIRMAN. Good morning. We are going to call this hearing of the Committee on Agriculture to order, regarding the importance of trade to U.S. agriculture. Please come to order. I have asked David Scott if he would open us with a prayer. David?

Mr. DAVID SCOTT of Georgia. I want to first of all thank you. Thank you for the many blessings that you bestow upon us. Blessings, somehow, someway, dear God, that oftentimes we did not know how or where or what to ask for, but we thank you for your Holy Spirit that intercedes on our behalf with words that are often unheard. Dear God, as we, as your public servant, go forth in our duty to represent the people of our great nation, we simply ask you to bestow in our hearts, for us to do the things the right way with the right things, those things that your angels desire to look into. These and other blessings, we ask in your son, Christ Jesus', name. Amen.

The CHAIRMAN. Amen. Thank you, David.

I want to start by welcoming our witnesses and thanking them for taking time out of their schedules to come share their thoughts with us today.

As those of us in the room are aware, America's farmers and ranchers are the most productive in the world. They have continuously proven their ability to meet rapidly-growing and ever-changing demands here at home, but their reach stretches well beyond the U.S. border. In fact, exports now account for almost ⅓ of total U.S. farm income. In the case of commodities like cotton, tree nuts, rice, and wheat, over ½ of total production is exported.

Beyond the obvious benefits to producers, trade also helps support almost one million American jobs in production agriculture, and in related sectors like food processing and transportation. As a result, it is crucial, not only for American agriculture, but to the American economy as a whole to maintain and increase access to the world's consumers, 95 percent of whom live outside our borders.

To obtain that access, it is imperative that we work to reduce and eliminate international barriers to trade, so that our farmers and ranchers can compete globally on a level playing field. On that front, the U.S. is currently engaged in negotiations for the Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership. These agreements present opportunities for market access throughout Europe and Asia, and the Asia-Pacific region. TPP, for example, would connect 12 nations that account for nearly 40 percent of global GDP. But as history has shown, in one form or another, Trade Promotion Authority has played a critical role in completing and implementing past agreements. In fact, Congress has granted TPA to every President since 1974, and the 114th Congress should be no exception. TPA will provide our negotiators with the credibility necessary to conclude the most effective trade agreement possible, by making it clear to the rest of the world that Congress and the Administration are serious about this endeavor.

That being said, the details of these agreements are of utmost importance. This Committee will do its part to ensure they are favorable to U.S. agriculture. At the end of the day, even with TPA in place, it is Congress who decides if trade agreements will be ratified, but passing TPA is an essential part of getting to that point. So, I look forward to hearing from our witnesses today about the role that both trade and TPA play in maintaining a strong and vibrant rural economy.

[The prepared statement of Mr. Conaway follows:]

PREPARED STATEMENT OF HON. K. MICHAEL CONAWAY, A REPRESENTATIVE IN CONGRESS FROM TEXAS

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The CHAIRMAN. And with that, I recognize the Ranking Member for his comments.

OPENING STATEMENT OF HON. COLLIN C. PETERSON, A REPRESENTATIVE IN CONGRESS FROM MINNESOTA

Mr. PETERSON. Thank you, Mr. Chairman, and thank you for calling the hearing. And thanks to today's witnesses.

And we all understand how important trade is to agriculture, and that most of the people that eat in the world live outside the United States, although a lot of them don't have a whole lot of money to buy anything, so we understand that it is important.

But with regard to the Trade Promotion Authority, the TPP, I have been visiting with Ambassador Froman a considerable amount of time over some issues, and I am not totally to the point where I have gotten all the answers that I need. I am kind of waiting to see where I am going to end up on that, but what I am concerned about is that we don't cause problems in this agreement, like we did with NAFTA. Some of them, like the sugar thing, we knew was coming, but what a lot of people aren't focused on is what we did with poultry, eggs and milk in Canada. We basically let them keep their system up there. It is very profitable. There are some in the United States that would like to see that kind of a system in the U.S., but it is not going to happen. The system up there that limits the amount that they can produce, and their producers make a lot of money. You have to have quota in order to do it. It costs a fair amount to buy the quota, but what people haven't focused on is that when we started NAFTA, the Canadian ownership of our processing was not even on the radar screen. Now, the Canadian co-ops in Quebec; Agropur and Saputo, are the number one and number three owners of processing of dairy in the United States. And the reason for that is because they are making all this money, and they can't invest it in their own industry, and so they are investing it in the U.S. I am not sure that is what we intended or I am not sure that is a good thing. We need to get that straightened out in this deal. The Canadians are going to be in this deal. We need to get that straightened out. There are other issues in Japan and Mexico as well.

Ambassador Froman assures me that they are going to get started on doing this. We will see. And we appreciate the people being here today to give us their point of view of how they think things are progressing with this agreement, and I look forward to their testimony.

The CHAIRMAN. I thank the Ranking Member.

I would like now to welcome our witnesses to the table. Mr. Bob Stallman. Bob, how are you doing? He is the President of the American Farm Bureau Federation here in Washington, D.C.; Dr. Howard Hill, National Pork Producers Council, Cambridge, Iowa; Mr. Pete Kappelman, National Milk Producers Federation, Two Rivers, Wisconsin; and Mr. Bob Guenther, Senior Vice President for Public Policy, United Fresh Produce Association, Washington, D.C. Gentlemen, thank you for being here this morning.

And with that, Mr. Stallman, the microphone is yours.

STATEMENT OF BOB STALLMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION, WASHINGTON, D.C.

Mr. STALLMAN. Well, thank you, Mr. Chairman, Ranking Member Peterson, Members of the Committee, for holding today's hearing and for allowing the Farm Bureau to come present our views on the importance of trade to U.S. agriculture. The Farm Bureau strongly supports efforts to increase agricultural trade through comprehensive new trade agreements.

America's farmers and ranchers exported more than $152 billion worth of farm goods last year; a testament to their own hard work and productivity, as well as the positive impacts of opening new markets around the globe.

Agricultural exports have grown about 40 percent over the past 5 years thanks to global economic growth, and a parade of agreements that have lowered tariffs and expanded tariff rate quotas. However, the United States has not concluded a new trade agreement since 2011. A major reason for this slowdown is that Trade Promotion Authority expired in 2007. TPA allows U.S. trade negotiators to present our best deal to trade partners, and receive our trade partners' best offers, all the while reserving Congress' right to a yea or nay vote on the final deal.

New trade agreements cannot come soon enough. U.S. agricultural exports are projected to decline by as much as $9 billion this year. Some of that decrease is due to lower commodity prices, but it is also due to non-science-based restrictions on one product or another, and high tariffs around the world.

For America's farmers and ranchers to see continued export growth, we must pen deals that knock down those trade barriers, and giving the Administration Trade Promotion Authority is necessary to reach those market opening agreements. The U.S. should be planting seeds today for future growth in agriculture trade, and there are seeds that are ready to be planted. U.S. negotiators are working to conclude major regional trade talks with 11 other countries, including Japan, under the Trans-Pacific Partnership. Japan is already a significant market for U.S. agriculture. It promises to be an even more important market if we can remove the barriers and high tariffs on a number of agricultural products as they try to protect their agricultural production.

The Farm Bureau supports efforts to achieve a meaningful outcome from the TPP talks, meaning that all commodities are on the negotiating table, and the talks must not set up new barriers to U.S. exports. We also support efforts to increase agricultural trade with the countries of the European Union. The Transatlantic Trade Investment Partnership, or TTIP, gives us the opportunity to remove longstanding barriers to conventionally raised beef, remove restrictions against U.S. poultry and pork, and remove non-science-based actions that limit U.S. goods produced through biotechnology.

The EU is the world's largest import market for food and agriculture commodities, and was once the top destination for U.S. agricultural exports. Today, it has fallen to number five on the list. If U.S. farmers and ranchers were able to compete on a fair and scientific basis, the EU once again could be a major growth market for us. The opportunities to resolve longstanding trade issues through TTIP is exciting for those who, like me, and I am sure many of you, have been frustrated for far too long by the EU's use of the precautionary principle, geographic indications, and other restrictions to limit access to its markets. We don't know if these negotiations will succeed. There are tough issues, and again, longstanding issues that must be dealt with. There must be positive outcomes for all sides, but we need to plant these seeds of future trade, and Trade Promotion Authority is the soil that allows new trade agreements to grow.

When Congress extends TPA to the Administration, it also stipulates that U.S. trade negotiators must consult with Congressional committees. The Farm Bureau firmly believes this is vital to ensuring that Congress provides oversight on the conduct and outcomes of trade negotiations. This oversight role is bolstered by the ability of Congress to establish negotiating objectives for the Administration.

I will close by reiterating that passage of TPA is critical to achieving our trade goals. The certainty of having TPA in place ensures that U.S. negotiators have the leverage to obtain the best agreement possible. Agricultural exports have a real impact on real farmers and ranchers. They create demand for our crops, meat, and other products, and they help sustain millions of American jobs. The Farm Bureau urges Congress to approve Trade Promotion Authority as a critical component for a successful trade policy agenda.

Thank you, Mr. Chairman, for this opportunity to highlight the benefits of trade to America's farmers and ranchers.

[The prepared statement of Mr. Stallman follows:]

PREPARED STATEMENT OF BOB STALLMAN, PRESIDENT, AMERICAN FARM BUREAU FEDERATION, WASHINGTON, D.C.

Good morning. I am Bob Stallman, a beef and rice producer from Columbus, Texas, and President of the American Farm Bureau Federation. Farm Bureau is the nation's largest general farm organization, representing farmers and ranchers of all farm sizes, producing every commodity, using a large variety of production methods, in every state.

Farm Bureau strongly supports efforts to increase agricultural trade through comprehensive trade agreements. The $152.5 billion of U.S. agricultural exports in 2014 demonstrates the strength of U.S. agricultural productivity, the important contribution of trade to the economic well-being of farmers and ranchers, and the ability of the United States to provide competitive food and farm products to markets worldwide.

Trade Promotion Authority

Farm Bureau has long supported Congress extending Trade Promotion Authority (TPA) to the President to provide U.S. trade negotiators the leverage they need to complete negotiations and set the stage to put into effect international trade agreements. Currently, TPA is important to ongoing work on the Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (TTIP). For these negotiations to move forward while maintaining the focus on improving and expanding trade between our negotiating partners, we need to have TPA in place.

TPA authorizes the President to negotiate and sets the stage for Congress to consider, without amendment, the trade agreements that the Administration reached with foreign trading partners. Typically, when Congress extends this authority, it also stipulates that U.S. trade negotiators must participate in consultations with interested Congressional committees and Members in an ongoing process as to how the negotiations are progressing. We firmly believe this is vital to ensuring that Congress has its hand in providing oversight on the conduct and outcomes of trade negotiations. This oversight role is bolstered by the ability of Congress to establish negotiating objectives for the Administration.

For farmers and ranchers, this hearing is a clear example of how this Committee and your leadership enhances agriculture's participation by providing an opportunity for farm and commodity organizations and our respective members to work with you and our individual representatives to help them understand the necessity of expanding agricultural trade opportunities. The negotiating objectives of improved market access to foreign markets by tariff reduction and removal, along with the necessity of science-based standards for international agricultural and food trade, are critical to successful trade negotiation outcomes for agriculture.

TPA establishes the support for and understanding of trade goals necessary for Congress and the Administration to achieve ambitious international trade agreements that work to the benefit of many sectors of the U.S. economy. For agriculture in particular, experience suggests that market access measures are usually finalized toward the end of negotiations. The certainty of having TPA in place ensures our negotiators have the leverage to obtain the best agreement possible because those on the other side of the table know it will not be amended by Congress—and just as important, it helps our side make the point that if Congress deems the agreement insufficient, it will not be ratified.

We urge the House to promptly consider and approve Trade Promotion Authority as a necessary and critical component for a successful trade policy agenda.

Trans-Pacific Partnership

A major regional trade effort for the United States is the TPP negotiations between Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam and the United States.

The addition of Japan to full participation in the TPP talks enhances the significance of the negotiations and makes the agreement much more encompassing of U.S. agricultures' goals for agricultural trade. Japan's inclusion has also fueled interest among other Asia-Pacific nations for similar opportunities to improve trade relations with the U.S. and other participating countries.

Japan is the fourth-largest agricultural export destination for the U.S. with more than $13.4 billion in sales in 2014. Despite the significance of this market, barriers exist that prohibit sales from reaching their full potential. Japan maintains several restrictive policies that inhibit U.S. exports, such as high tariffs on dairy, horticulture, rice and other products, along with various Sanitary and Phytosanitary barriers. By joining the TPP negotiations under the same conditions as other participants, Japan is negotiating to resolve long-standing trade barriers for all agricultural products.

Indications are that there will be a reduction in Japan's beef tariffs, reform of their gateway price system for pork, additional TRQ for rice and reduction in tariffs on dairy products.

A recent USDA study indicates that 70 percent of agricultural export gains by the U.S. would be through increased sales to Japan. These increases depend upon Japan reforming its tariffs on agricultural imports.

Discussions with Canada over import restrictions on dairy, poultry and eggs from the U.S. also must yield new access for U.S. farmers and ranchers into this market.

The TPP will only fulfill its promise of improved and increased trade in the Pacific region by achieving commercially meaningful market access for agricultural products.

We are looking for a substantive outcome for American agriculture from these talks. This can only be achieved by removing tariffs and other trade barriers that intentionally reduce U.S. agricultural opportunities to compete in export markets.

We also believe that trade negotiations must not include new barriers to the competitiveness of U.S. agricultural products in foreign markets. Singling out a specific commodity for unique treatment will lead to a growth in trade barriers for other agricultural exports, something we have had to remind our own Administration of as these negotiations have progressed.

Transatlantic Trade and Investment Partnership

Farm Bureau supports efforts to increase agricultural trade flows and remove trade barriers that currently exist between the United States and the European Union.

The TTIP negotiations between the U.S. and the EU must deal with the many substantive issues that impede U.S.-EU agricultural trade, such as long-standing barriers against conventionally raised U.S. beef, ongoing restrictions against U.S. poultry and pork, and actions that limit U.S. exports of goods produced using biotechnology.

The U.S. and the EU are major international trading partners in agriculture. U.S. farmers and ranchers exported more than $12.6 billion worth of agricultural and food products to the EU in 2014, while the EU exported more than $20 billion worth of agricultural products to the U.S. last year.

The EU was the once the largest destination for U.S. agricultural exports. Today, it has fallen to our fifth-largest export market. The U.S. is losing market share in the world's largest import market for agricultural commodities and food. While EU agricultural imports have grown, according to USDA, U.S. market share has steadily declined to just seven percent—½ of the level achieved in 2000.

Over the last decade, growth of U.S. agricultural exports to the EU has been the slowest among our top ten export destinations. If U.S. farmers and ranchers were provided an opportunity to compete, the EU market could be a growth market for them. However, regulatory barriers have become a significant impediment to that growth.

Unless these trade barriers are properly addressed within the Transatlantic Trade and Investment Partnership or TTIP negotiations, they will continue to limit the potential for agricultural trade. It is imperative that TTIP be a high-standard trade agreement that covers all significant barriers in a single, comprehensive agreement. Scientific standards are the only basis for resolving these issues.

Continuing barriers to the export of U.S. beef, pork and poultry, along with the slow approval process for biotech products, are major areas of interest to the U.S. in the TTIP negotiations. Both the U.S. and the EU adhere to the World Trade Organization's Agreement on Sanitary and Phytosanitary Measures, which states that measures taken to protect human, animal or plant health should be science-based and applied only to the extent necessary to protect life or health.

The U.S. follows a risk-assessment approach for food safety. The EU is additionally guided by the "precautionary principle," which holds that where the possibility of a harmful effect has not been disproven, non-scientific risk management strategies may be adopted.

The use of the "precautionary principle" is inconsistent with the WTO SPS Agreement and is used as a basis for scientifically unjustified barriers to trade. The TTIP negotiations must result in a modern, science- and risk-based approach, based on international standards that can truly resolve SPS disputes. SPS issues must be directly addressed as a part of the negotiations, and these provisions must be enforceable.

The EU approach for approving products of biotechnology combines a lengthy approval process with the ability of EU member states to ban approvals. The result is restrictive import policies and substantial reductions in U.S. exports of corn and soybeans to the EU.

The EU system of geographic indications for foods and beverages designates products from specific regions as legally protected for original producers. The U.S. has opposed recognizing geographical names for foods when it would inhibit the marketability or competitiveness of U.S. products. The TTIP must not become an avenue to erect a new barrier to U.S. agricultural exports through the use of geographic indications.

Negotiations on bilateral concerns move in both directions. There must be positive outcomes for all sides. The European Union has concerns about U.S. rules on EU beef and dairy products. An emphasis on finding trade-opening solutions to sanitary barriers will assist in resolving our many trade issues.

The TTIP negotiation proposal calls for working toward the elimination of tariffs. The average U.S. tariff on imported agricultural products is five percent, with 75 percent of our tariff lines at between zero and five percent. For the EU, the average tariff is 14 percent, with 42 percent of tariff of lines at zero to five percent. In order to expand market opportunities for U.S. agricultural products in the EU, tariff reductions will be necessary.

We call for an ambitious agreement that addresses the real barriers to the growth of agricultural trade between the United States and the EU.

Biotech

American Farm Bureau Federation remains dedicated to resolving issues related to the approval of biotechnology products. Today we face a myriad of challenges, some old, others a bit more new.

In the European Union implementation of the regulatory procedure for approving the import of new biotechnology products has been slow and suffered from political interference, which has led to large disruptions in the transatlantic trade in raw materials used by EU food and feed producers and increased costs for producers, the agricultural supply chains and EU consumers. European Commission President Juncker initiated a 6 month review of the EU's biotech import approval procedure which should be concluded by April 30, 2015. The review has introduced an additional level of uncertainty and risk to trade in crops imported by EU traders. Currently, thirteen new biotech products are pending final import approval in the EU. Farm Bureau is working through the U.S. Biotech Crops Alliance for EU regulations that are consistent with the EU's obligations under the WTO SPS agreement.

In China, the timeline for biotech product approval for use as food, feed or processing has grown less certain and extended in duration since 2012. The divergences in U.S. and Chinese approvals have and will continue to put billions of dollars of U.S. exports at risk. While we welcomed the news that China approved three biotechnology products in December 2014, significant concerns remain with the approval of several events remains in question. At the December 2014 Joint Commission on Commerce and Trade (JCCT) meeting the U.S. and China agreed to form the JCCT Strategic Ag Innovation Dialogue (SAID). Through this new dialogue between our two nations we hope that the important role that biotechnology plays in achieving food security, including timely approval of new products, will be a primary focus.

USDA Export Promotion: Farm Bureau strongly supports the work of the USDA-funded export councils that assist agricultural commodity and product sales. The Market Access Program and the Foreign Market Development program are funded at $200 million annually for MAP and $34.5 million annually for FMD.

West Coast Ports: Work has resumed as the two sides settled on a new contract, which has yet to be finally ratified. It is estimated that the situation in the West Coast ports cost agricultural shippers of containerized products over $1.7 billion per month and disrupted agricultural exports across the country.

While not directly related to the West Coast port issue, it does serve to remind us all of the importance of a strong, robust commitment to upgrading and maintaining our nation's transportation infrastructure. As one of our specialty crops farmers shared with our Trade Advisory Committee not too long ago, sometimes our biggest obstacle to taking advantage of trade opportunities is getting our commodities and products to U.S. ports for shipment.

World Trade Organization

As agricultural exporters, U.S. agriculture must continue to seek a commercially meaningful outcome through expanded market access from WTO negotiations. We must remain committed to advancing the goal of trade liberalization and increased opportunities for real trade growth.

Farm Bureau wants an outcome to trade negotiations in the WTO that will open new markets around the world, produce new trade flows and grow the global economy. We can achieve this outcome by negotiating on the basis of a new agenda, not by reliving the failures of the past.

For the "post-Bali work plan" the U.S. is pushing for a new agenda while developing countries are in favor of keeping the existing Doha Development Agenda and working from the 2008 agriculture draft. Farm Bureau supports a fresh approach, with updated information and having market access as the most important part of any future agricultural discussions. Starting again with the previous failed agenda that focused on domestic support reductions that are not balanced by increased market access, especially to developing countries, will not achieve a positive market opening result for U.S. agriculture.

Conclusion

Farm Bureau members all across our nation know that expanding opportunities for agricultural trade is necessary to their continued success. We appreciate your leadership in holding this hearing and look forward to working with the Committee on advancing the progress of agricultural trade.

And in that regard, as we have done in the past when negotiations on a particular trade agreement are concluded, we will conduct our own economic analysis of trade agreements and how they impact, positively or negatively, farmers and ranchers in a given state or region. I offer to all of you that when we have an agreement to analyze, we would love the opportunity to share the results of our analysis with you.

Thank you Chairman Conaway, Mr. Peterson and Members of the Committee.

The CHAIRMAN. Thank you, Mr. Stallman.

Dr. Hill?

STATEMENT OF HOWARD T. HILL, D.V.M., PH.D., PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, CAMBRIDGE, IA

Dr. HILL. Thank you, Mr. Chairman. I appreciate the opportunity to appear here on behalf of NPPC, National Pork Producers Council.

Since 1989, when the United States began using bilateral and regional trade agreements to open foreign markets, U.S. agriculture exports have nearly quadrupled in value, and now stand at a record $150+ billion. Exports in 2014 supported more than a million full-time jobs, and more than ½ of those jobs were created in the past 10 years. In 2014, the agricultural trade surplus is estimated to be around $40 billion. Each and every one of the trade agreements that made these remarkable achievements possible were themselves made possible by the enactment of Trade Promotion Authority bills. This is why NPPC, and virtually every other agricultural organization in the United States, are in favor of Congress expeditiously moving TPA legislation.

The key reason TPA is needed is so that the Administration can conclude the TPP negotiations. TPP has the potential to be the highest standard, most economically significant regional free trade agreement ever negotiated, and the United States is largely driving the proverbial bus on the trade talks. It is critically important that the United States gets TPP correct.

U.S. trade negotiators will have the final leverage they need to close the TPP negotiation when Congress passes TPA. It will allow the nations to cut their bottom line negotiating position on TPP. But it gets better than that. Other nations already have lined up to come into the U.S.-led regional FTA. With the World Trade Organization Doha multilateral trade negotiation on life support, TPP clearly has the potential to become the *de facto* platform for future global trade expansion.

If Congress does not pass TPA, the 11 TPP countries with which the United States is negotiating won't be empowered to get to a bottom line position. Instead, it will signal to those TPP partners in the Asia-Pacific region—which is the fastest growing economic area in the world—and to the rest of the world that the United States is turning its back on the Asia-Pacific region, and that it is willing to allow other nations to write the rules of trade.

There are a number of other FTAs under negotiation in the Asia-Pacific region that, if implemented, would undermine U.S. competitiveness in the region.

Let me specifically talk about pork. The U.S. pork industry has benefited tremendously from trade agreements and expanded trade. As a result of trade agreements, exports have increased 1,550 percent in value, and 1,268 percent in volume since 1989, the year the U.S. implemented the free trade agreement with Canada, and started opening international markets for value-added agricultural products. The United States' pork industry, the number one pork exporter in the world, now exports more pork to the 18 FTA partners than to the rest of the world. According to a study conducted at Iowa State University, U.S. pork exports support more than 147,000 U.S. jobs.

The benefits from TPA are expected to exceed the benefits delivered in past trade deals, representing, in the words of ISU, or Iowa State University, economist, Dr. Dermot Hayes, "the most important commercial opportunity ever for the U.S. pork industry."

My friends in the beef and poultry sector also have benefited significantly from free trade agreements. The United States exports almost as much beef, pork, and poultry to the 18 nations in which we have FTAs as it does to the 148 nations in which we do not have FTAs. Additionally, the rate of trade growth is much faster to FTA nations than to non-FTA nations. Since 2000, pork, beef, and poultry meat exports to the 18 FTA countries increased by 273 percent, while exports to the 148 non-FTA countries increased by just 126 percent.

In summary, the U.S. pork industry, U.S. agriculture, indeed, the entire U.S. economy, needs TPA and we need it soon.

Thank you.

[The prepared statement of Dr. Hill follows:]

PREPARED STATEMENT OF HOWARD T. HILL, D.V.M., PH.D., PRESIDENT, NATIONAL PORK PRODUCERS COUNCIL, CAMBRIDGE, IA

The National Pork Producers Council (NPPC) hereby submits the attached written testimony to the U.S. House Agriculture Committee for its March 18, 2015, hearing on "The Importance of Trade to U.S. Agriculture." This submission, submitted March 16, 2015, is for consideration by the Committee and for inclusion in the printed record of the hearing.

Introduction

The National Pork Producers Council (NPPC) is an association of 43 state pork producer organizations that serves as the voice in Washington, D.C., for the nation's pork producers. The U.S. pork industry represents a significant value-added activity in the agriculture economy and the overall U.S. economy. Nationwide, more than 68,000 pork producers marketed more than 111 million hogs in 2013, and those animals provided total gross receipts of over $20 billion. Overall, an estimated $21.8 billion of personal income and $35 billion of gross national product are supported by the U.S. hog industry. Economists Daniel Otto, Lee Schulz and Mark Imerman at Iowa State University estimate that the U.S. pork industry is directly responsible for the creation of nearly 35,000 full-time equivalent pork producing jobs and generates about 128,000 jobs in the rest of agriculture. It is responsible for approximately 111,000 jobs in the manufacturing sector, mostly in the packing industry, and 65,000 jobs in professional services such as veterinarians, real estate agents and bankers. All told, the U.S. pork industry is responsible for more than 550,000 mostly rural jobs in the United States.

U.S. Agriculture Benefits from Trade

The economic well-being of American agriculture depends on maintaining strong export markets and creating new market access opportunities. Export markets are in large part the result of trade agreements negotiated over the past 2 decades. Since 1989, when the United States began using bilateral and regional trade agreements to open foreign markets, U.S. agricultural exports have nearly quadrupled in value and are now a record $150.5 billion. During that period, earnings from U.S. agricultural exports as a share of cash receipts to farmers have grown from 22 percent to 35 percent. Exports of high-value products such as pork have recently overtaken bulk products and now represent nearly ⅔ of the total; 25 years ago it was the reverse.

Farm and food exports have a positive multiplier effect throughout the U.S. economy. According to the Office of the U.S. Trade Representative, every $1 in U.S. farm exports stimulates an additional $1.22[1] in business activity. Off-farm activities and services include purchases by farmers of fuel, fertilizer, seed and other inputs and post-production processing, packaging, storing, transporting and marketing the products shipped overseas. Exports of $150.5 billion in 2014, therefore, generated another $184 billion in economic activity in the United States, bringing a total benefit to the economy of $334 billion. This economic activity creates jobs. Every $1 billion of U.S. agricultural exports requires the full-time work of approximately 7,580 Americans throughout the economy. Exports in 2014, therefore, supported more than one million full-time jobs, and more than ½ of those jobs were created in the past 10 years.

Agricultural exports also help offset part of the U.S. nonagricultural trade deficit. Agriculture has been a positive contributor to the nation's trade balance for more than 50 years. In 2014, the agricultural surplus is estimated to be around $40 billion.

Each and every one of the trade agreements that made these remarkable achievements possible were themselves made possible by the enactment of Trade Promotion Authority (TPA) bills. Those bills gave U.S. negotiators the ability to extract the best deals possible from other countries. Without it, no country would be willing to make the toughest concessions to the United States for fear that Congress could subsequently demand more. That is why NPPC and virtually every other agricultural organization in the United States are in favor of Congress expeditiously moving TPA legislation. Attached to this statement is a letter sent by NPPC and 70 other agricultural organizations in support of TPA.

The key reason TPA is needed is so the Obama Administration can conclude the Trans-Pacific Partnership (TPP) negotiations. The TPP has the potential to be the highest-standard, most economically significant regional Free Trade Agreement (FTA) ever negotiated. And the United States is largely driving the proverbial bus on the trade talks. It is critically important that the United States get TPP right. While NPPC and most other private groups will make a determination on support for TPP once there is a final agreement to review, U.S. trade negotiators will have the final push they need to close the negotiations when Congress passes TPA. It will allow nations to cut to their bottom line negotiating position in TPP.

But it gets better. Other nations already are lining up to come into this U.S.-lead regional FTA. With the World Trade Organization Doha multilateral trade negotiations on life support, TPP clearly has the potential to become the *de facto* platform for future global trade expansion.

If Congress does not pass TPA, the 11 TPP countries with which the United States is negotiating won't be empowered to get to their last and best position. Instead, it will signal to those TPP partners, to the Asia-Pacific region—the fastest growing economic area in the world—and to all the world that the United States is turning its back on the Asia-Pacific region and that it is willing to allow other nations to write the rules of trade. There are myriad other FTAs under negotiation in the Asia-Pacific region. Some are small bilaterals, while others are large, such as the RCEP—Regional Comprehensive Economic Partnership, which involves the ten nations of the Association of Southeast Asian Nations (ASEAN) and Japan, South Korea, China, India, Australia and New Zealand—that, if implemented, would undermine U.S. competitiveness in the region.

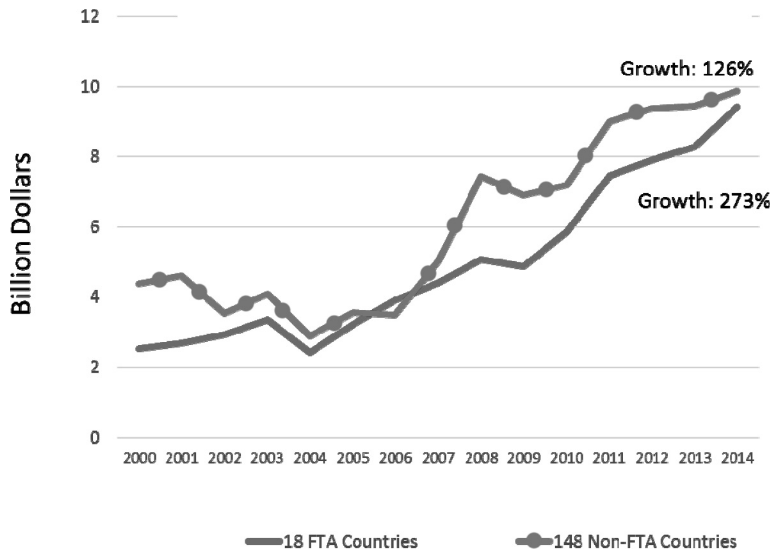
The U.S. pork industry, U.S. agriculture, indeed the entire U.S. economy needs TPA, and they need it soon.

The U.S. Meat and Poultry Sectors Benefits from Trade

The United States exports almost as much meat and poultry to the 18 nations with which it has FTAs as it does to the 148 nations with which it does not have FTAs. Additionally, the rate of trade growth is much faster to FTA nations than to non-FTA countries. Since 2000, pork, beef and poultry meat exports to the 18 FTA countries increased 273 percent, while exports to the 148 non-FTA countries increased by just 126 percent. (See the chart below.)

[1] ERS Agriculture Trade Multipliers were last updated February 26, 2015.

Total U.S. Pork, Beef, Chicken, and Turkey Exports to FTA Countries and Non-FTA Countries

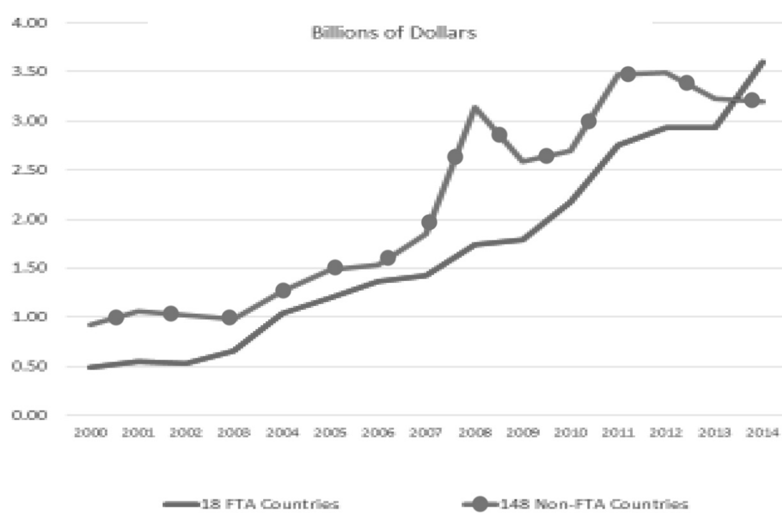


Pork

The U.S. pork industry has benefited tremendously from trade agreements and expanded trade. As a result of trade agreements, exports have increased 1,550 percent in value and 1,268 percent in volume since 1989, the year the United States implemented the FTA with Canada and started opening international markets for value-added agriculture products. The U.S. pork industry, the number one pork exporter in the world, now exports more pork to the 18 FTA partners than to the rest of the world. Anyone who says that trade doesn't benefit the U.S. pork industry is either seriously ill informed—or lying.

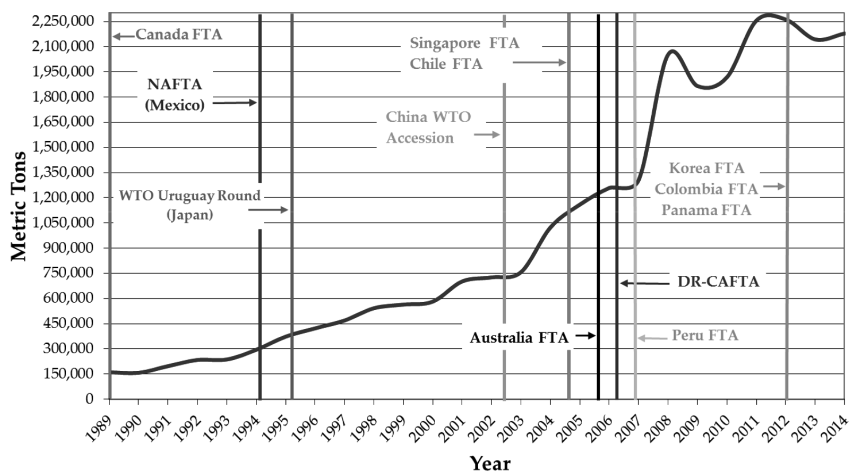
The benefits from TPP are expected to exceed the benefits delivered in past trade deals, representing, in the words of Iowa State University economist Dermot Hayes, "the most important commercial opportunity ever for U.S. pork producers."

Pork Exports and Free Trade Agreements



Since 2000, pork exports to all 18 FTA countries increased 642 percent. Pork exports to the 148 non-FTA countries increased by only 245 percent. The accession of China and Taiwan to the WTO are included in the graph below, which details the tremendous pork export explosion that commenced in 1989, with the U.S.-Canada FTA.

U.S. Pork Exports



Source: USDA GATS.

Exports of pork have hit new records for 20 of the past 22 years. In 2014, the United States exported more than $6.6 billion of pork to more than 100 nations, which added about $62.45 to the price that producers received for each hog marketed. (That amount is significant given that the average price producers received for a market hog in 2014 was $162.) According to a study conducted by economists Daniel Otto, Lee Schulz and Mark Imerman of Iowa State University, U.S. pork exports support more than 147,000 U.S. jobs. According to economist Dermot Hayes of Iowa State, the TPP has the potential to create 10,000 more U.S. jobs through increased pork exports.

Beef

The U.S. beef industry has gained incredible opportunities from trade agreements. Beef exports in 2014 reached a record high even with production being down 5.6 percent for 2013. Beef exports have been on an upward trajectory for the last 30 years. In 1984, the United States exported only 330 million pounds of beef (150,000 metric tons), which represented just 1.4 percent of total U.S. beef production; by 1988 exports exceeded 1 billion pounds. Less than 10 years later, in 1997, exports exceeded 2 billion pounds. (That number would later decline to 460 million pounds in 2004 because of the first case of BSE in the United States.) The industry was able to recover by 2010 to a record volume exports of nearly 2.8 billion pounds (1.267 million metric tons).

In 2014, beef exports reached $7.13 billion, which accounted for a 16 percent or a nearly $1 billion increase from 2013. Export volume was just under 1.2 million metric tons, and exports equated to 14 percent of total production and 11 percent of muscle cuts. The value per head averaged a record $297.68 last year, up $52.72 from the previous year. December export value was $340.69 per head, up $61.53 from a year ago.

Poultry

The U.S. poultry industry also has seen tremendous gains from exports. Poultry meat and egg exports in 2013 reached a record high of $5.862 billion. Combined U.S. chicken and turkey export value climbed to $5.527 billion, egg exports reached a new record value of $335.4 million and exports of broiler meat was valued at $4.3 billion. The top export markets for U.S. broiler meat (including paws) are Mexico, China, Russia, Angola and Hong Kong, which combined imported 3.6 million tons valued at $4.6 billion in 2013.

The industry also supports approximately 300,000 jobs at chicken processing plants nationwide and another 60,000 in feed mills, hatcheries, distribution centers, corporate headquarters and other locations.

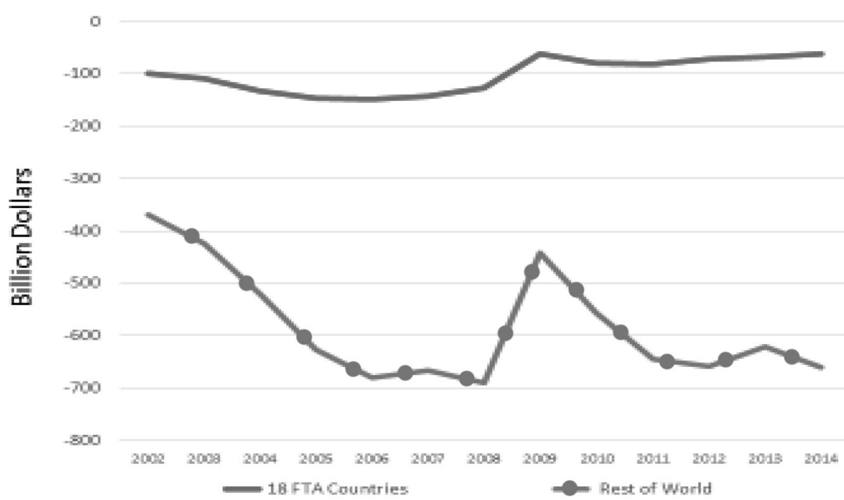
In recent years, exports of poultry products have increased with the success of various trade agreements such as the WTO Uruguay Round, NAFTA and CAFTA so that export sales now represent approximately 22% of production. However, successful exports of U.S. poultry can sometimes be frustrated by the sudden imposition of non-tariff barriers, such as those the United States has long faced in South Africa, and some that have recently been imposed in historically important markets such as China and Russia.

The U.S. poultry believes that for the industry to be successful in the long term, it needs fair and open access to as many markets as possible. TPA will make it possible for the U.S. Government to pursue additional market opportunities in Asia, Europe and Canada where there are substantial opportunities for exports of U.S. products.

The U.S. Trade Balance

Finally, much has been said about the impact of FTAs on the United States balance of trade in goods. As the chart below clearly demonstrates, FTAs do not have a negative impact on the overall trade balance of the United States. As noted previously, agriculture has been a positive contributor to the nation's trade balance for more than 50 years. In 2014, the agricultural surplus is estimated to be around $40 billion.

U.S. Trade Balances with FTA Countries and the Rest of the World



ATTACHMENT

February 5, 2015

Dear Member of Congress,

The undersigned organizations strongly support the introduction and enactment of Trade Promotion Authority legislation as quickly as possible. The people we represent—American farmers, ranchers, food and agriculture companies, retailers and their workers—are heavily dependent on trade for their livelihoods. Their ability to compete in global markets is tied to the ability of the United States to eliminate impediments to international trade.

As a result of trade agreements implemented since 1989, when the U.S. began using bilateral and regional trade agreements to open foreign markets to our goods, U.S. agricultural exports have nearly quadrupled in value and now stand at a record $152.5 billion (fiscal 2014). During that period, earnings from U.S. agricultural exports as a share of cash receipts to farmers have grown from 22 percent to over 35 percent.

These farm and food exports have a positive multiplier effect throughout the U.S. economy. Every $1 in U.S. farm exports is estimated to stimulate an additional

$1.27 in business activity. Off-farm activities and services include purchases by farmers of fuel, fertilizer, seed and other inputs as well as post-production processing, packaging, storing, transporting and marketing the products we ship overseas. Exports of $152.5 billion in fiscal 2014 therefore generated another $194 billion in economic activity in the U.S., bringing the total benefit to the economy to $347 billion.

This economic activity creates jobs. Every $1 billion of U.S. agricultural exports requires the full-time work of approximately 6,600 Americans throughout the economy. Exports in fiscal 2014 therefore supported over one million full-time jobs, and more than ½ of these have been generated in the past 10 years as our exports have more than doubled in value.

Each and every one of the trade agreements that delivered remarkable achievements was made possible by the enactment of Trade Promotion Authority bills. Those bills gave U.S. negotiators the ability, with clear direction and backing from Congress, to extract the best deals possible from other countries.

Without TPA, our negotiating partners would be unwilling to make the toughest concessions, and why should they if they judge that the U.S. will be forced to backtrack on a "final" deal as a result of Congressional amendments to the implementing legislation? In short, trade agreements such as those being negotiated with 11 other countries under the Trans-Pacific Partnership (TPP) and with the European Union under the Transatlantic Trade and Investment Partnership (TTIP) cannot achieve U.S. goals without TPA.

There are myriad trade deals under negotiation in the Asia-Pacific region, the fastest growing economic region in the world. TPP is not the only agreement under consideration, but it is the most important. In the TPP, the Administration is working hard to close a comprehensive, high-standard, 21st century deal that will eliminate barriers to our exports and raise standards within the TPP nations. Should Congress not pass TPA, it will signal to our TPP partners and to the world that we are turning our back on the fastest growing economic region in the world.

TPP can become the most important regional trade negotiation ever undertaken if the result is truly comprehensive. But for TPP to become a reality, Congress needs to pass TPA. We urge you to vote for TPA.

Agribusiness Council of Indiana
American Farm Bureau Federation
American Feed Industry Association
American Peanut Council
American Peanut Product Manufacturers, Inc.
American Seed Trade Association
American Soybean Association
Animal Health Institute
Archer Daniels Midland Co.
Biotechnology Industry Organization
Blue Diamond Growers
Bunge North America
California Cherry Export Association
California Dried Plum Board
California Farm Bureau Federation
California Fresh Fruit Association
California Pear Growers
California Walnut Commission
Campbell Soup Company
Cargill, Incorporated
Commodity Markets Council
Corn Refiners Association
CropLife America
Distilled Spirits Council of the U.S., Inc.
Food Marketing Institute
Grain and Feed Association of Illinois
Grocery Manufacturers Association
Juice Products Association
National Association of State Departments of Agriculture
National Association of Wheat Growers
National Barley Growers Association
National Cattlemen's Beef Association
National Chicken Council
National Corn Growers Association
National Council of Farmer Cooperatives
National Fisheries Institute
National Grain and Feed Association
National Oilseed Processors Association
National Pork Producers Council
National Renderers Association
National Sorghum Producers
National Sunflower Association
National Turkey Federation
North American Blueberry Council
North American Equipment Dealers Association
North American Meat Institute
Northwest Horticultural Council
Ohio AgriBusiness Association
Oregon Potato Commission
Pet Food Institute
Produce Marketing Association
Sunmaid Growers of California
Sunsweet Growers Inc.
Sweetener Users Association
Texas Grain & Feed Association
Tyson Foods, Inc.
U.S. Apple Association
U.S. Apple Export Council
U.S. Canola Association
U.S. Dry Bean Council

U.S. Hide, Skin and Leather Association
U.S. Livestock Genetics Export, Inc.
U.S. Wheat Associates
United Egg Producers
USA Poultry & Egg Export Council
USA Rice Federation
Wal-Mart Stores, Inc.
Washington State Potato Commission
Western Growers Association
Wine Institute
WineAmerica

The CHAIRMAN. Thank you, Dr. Hill.
Mr. Kappelman?

STATEMENT OF PETER J. KAPPELMAN, CHAIRMAN, INTERNATIONAL TRADE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, TWO RIVERS, WI

Mr. KAPPELMAN. Good morning, Chairman Conaway, Ranking Member Peterson, and Members of the Committee. Thank you for inviting me today to testify on the vital importance of trade to the U.S. dairy industry. I am a fourth generation dairy producer from Two Rivers, Wisconsin, and I am Chairman of the National Milk Producers Federation International Trade Committee.

National Milk member cooperatives produce the majority of the milk in the United States, making National Milk the voice of more than 32,000 dairy farmers from across the country on national issues. I would also add that I am a Board Member of the U.S. Dairy Export Council. National Milk coordinates closely with the Export Council, including its processor members, thereby helping the industry to speak with one voice on trade issues.

In the past 15 years, U.S. dairy exports have grown by 625 percent to a record $7.1 billion. The same trend holds true when looking at export volumes as well. Fifteen years ago, we were exporting five percent of our milk production, and a portion of that was with the assistance of export subsidies or food aid donations. Today, we are exporting three times that level with no government support, even as overall U.S. milk production has continued to grow. That equates to 1 day's milk production each week that ultimately ends up overseas, making exports critical to the health of my farm and our industry.

It is not at all coincidental that the enormous growth over this period occurred during a time in which the U.S. was implementing a number of new market-opening, free trade agreements, each of which were concluded under and ultimately approved through the use of Trade Promotion Authority. These agreements removed tariff and often non-tariff barriers. In many cases, they also gave our products a preferential advantage over other supplying countries. In every case, our dairy exports to FTA partner countries have shown substantial and sometimes dramatic increases.

The fact is that 96 percent of the world's population lives outside of our borders. That population is growing faster than ours, and that is where the output of our increasing dairy productivity must find a home. This means that for our farmers to continue to grow, and for our processing companies to continue to expand, overseas markets are critical.

As a producer myself, I know firsthand what this means to me and my bottom line. When our exports increase, I benefit. When, for whatever reason, our exports are impeded or we give up market share, the effect is ultimately felt by the farmer in the price we receive. But it is not just dairy producers who are impacted. USDA estimates that each billion dollars of U.S. dairy exports generates 20,000 jobs in dairy processing and marketing. Therefore, our $7 billion of exports last year supported more than 140,000 incremental jobs here in the U.S., and generated nearly $20 billion in additional economic activity.

When it comes to trade, those who stand still fall behind. Our competitors are negotiating trade agreements all over the globe. Unfair import barriers remain in place, and new ones are erected all the time. The TPA legislation introduced last year put a strong new priority on tackling non-tariff barriers which have been cropping up more and more lately, whether they take the form of SPS barriers or the abusive geographical indications to impede U.S. exports. We hope to see those provisions replicated in this year's bill.

The reality is that if we aren't in the game actively negotiating on these issues, we are ceding ground to our competitors and those looking to make it tougher for us to do business in their markets. A case in point is that TPP negotiations significant access to the TPP's most protected dairy markets, Japan and Canada, is absolutely essential to us, and both of those countries have pointed to the importance of having a TPA in place as these TPP talks enter their final stage. Our negotiators have moved the ball forward on many key issues, but more work still needs to be done. To deliver an agreement that delivers net trade benefits for the U.S. dairy industry, we need to have TPA in place to get there.

The U.S. dairy industry is thinking globally and prepared to do what our customers want and need. What we need now is for Congress to move forward with TPA so that the Administration can conclude high quality trade agreements that preserve our ability to compete and deliver net trade benefits to the U.S. dairy industry.

I appreciate this opportunity today to provide comments on the important issue of trade. Thank you.

[The prepared statement of Mr. Kappelman follows:]

PREPARED STATEMENT OF PETER J. KAPPELMAN, CHAIRMAN, INTERNATIONAL TRADE COMMITTEE, NATIONAL MILK PRODUCERS FEDERATION, TWO RIVERS, WI

Chairman Conaway, Ranking Member Peterson, and Members of the Committee, thank you for inviting me to testify on the importance of trade to the U.S. dairy industry. My name is Pete Kappelman. I'm a 4th generation dairyman from Twin Rivers, Wisconsin and I'm Chairman of the International Trade Committee of the National Milk Producers Federation (NMPF).

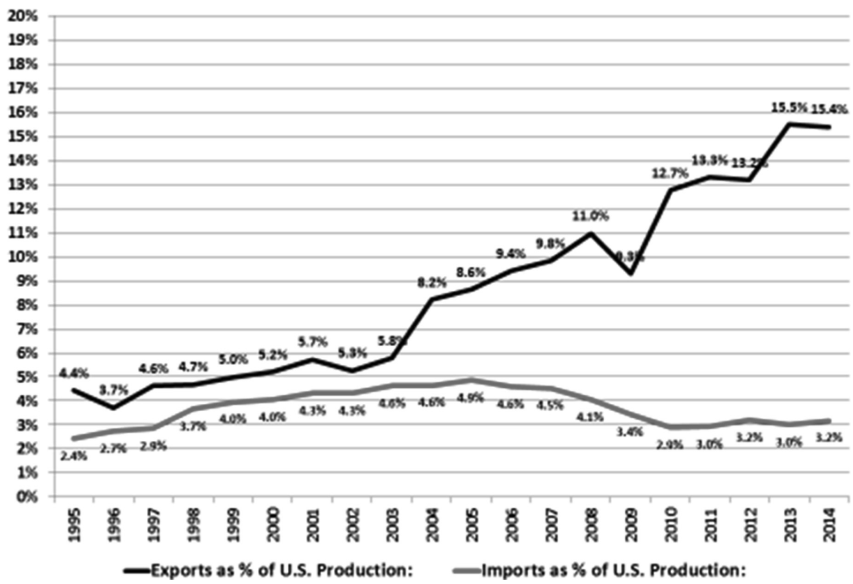
NMPF develops and carries out policies that advance the well-being of dairy producers and the cooperatives they own. NMPF's member cooperatives produce the majority of the U.S. milk supply, making NMPF the voice of more than 32,000 dairy producers on national issues. International trade is one of those issues and in recent years it has been one of the most important to our industry. NMPF works closely on international trade issues with the U.S. Dairy Export Council whose partnership between producers, proprietary companies, trading companies and others interested in supporting U.S. dairy exports, has contributed greatly to the success of the industry.

Introduction

This industry has come a long way on trade in the past several years. Our nation has gone from exporting dairy products valued at less than $1 billion in 2000 to exporting a record $7.1 billion in 2014, an increase of 625 percent. That reflects not just a tremendous jump on a value basis but also a dramatic increase in the proportion of U.S. milk production that's finding a home overseas, as reflected in the chart below.

Fifteen years ago we were exporting roughly 5% of our milk production, now we're at three times that level, even as overall U.S. milk production has continued to grow. That means that the equivalent of 1 day's milk production each week from the entire U.S. dairy industry ultimately ends up overseas, making exports integral to the health of my farm and our dairy industry at large.

U.S. Dairy Balance—20 Years



It is not coincidental that the enormous growth over this period occurred during a time in which the U.S. was implementing a number of market-opening free trade agreements, each of which were approved through the use of Trade Promotion Authority. These agreements lowered and ultimately removed tariffs and in many cases they gave our products a preferential advantage over other supplying countries. They also often helped remove technical and regulatory barriers to our trade. In every case, our dairy exports to countries with which we implemented free trade agreements have shown substantial, sometimes dramatic, increases (*Attachment 1*).

The fact is that 96 percent of the world's population is overseas. That population is growing faster than ours and that is where the output of our increasing dairy productivity must find a home. This means that for our farmers to continue to grow and processing companies to continue to likewise expand, overseas markets are critical.

Concentration of World Population

As a producer myself, I know first-hand what this means to me and my bottom line. When our exports increase, I benefit. And when, for whatever reason, our exports are impeded or we give up market shares, the effect is ultimately felt by the farmer in the price we receive.

But it is not just dairy producers who are affected for better or worse when exports rise or fall. USDA's Economic Research Service (ERS) estimates that each billion dollars of U.S. dairy exports generates 20,093 jobs at the milk production level and that $2.76 of economic output are generated for each $1.00 of dairy exports. It is remarkable that, while for agriculture as a whole each billion dollars in exports generates 5,780 jobs,[1] in the dairy sector each billion dollars in exports generates over three times as many jobs. Thus, the $7.1 billion that we exported in dairy products in 2014 supported more than 142,000 U.S. jobs at the production level. And according to the ERS multipliers, those exports generated nearly $19.6 billion in additional economic activity at that level.

At the manufacturing level, where the milk is turned into cheese and other processed dairy products, ERS estimates that each billion dollars of exports generates 3,150 jobs. So, our exports in 2014 supported 22,300 jobs at the manufacturing level. This, in turn, generated additional economic activity of nearly $25 billion.

Exports account for approximately 31.7 billion pounds of U.S. milk, equating to the milk from 1.4 million cows. As global demand for dairy continues to rise, U.S. dairy exporters are meeting the challenge by making the right products with the right packaging and the right specifications for each customer. The U.S. is now the world's leading single-country exporter of skim milk powder, cheese, whey products and lactose, thereby benefiting millions of customers in hundreds of countries around the world.

To best understand the level of importance that exports have today for the U.S. dairy industry and farmers in particular, a key barometer is the percentage of incremental milk solids going to support U.S. dairy exports. Since 2003, total U.S. milk production increased by nearly 35.7 billion lbs. Over that time, 61 percent of the increase in U.S. milk solids produced was required to supply U.S. dairy product exports. That means that more than 21.8 billion lbs of the additional milk the U.S. has produced since 2003 has been devoted to exports. At the 2014 all-milk price of $24.00/cwt, this represents nearly $5.2 billion in additional dairy farm revenue.

[1] *http://www.ers.usda.gov/data-products/agricultural-trade-multipliers/effects-of-trade-on-the-us-economy.aspx.*

That amount of milk also represents the amount that more than 4,800 average sized (*i.e.,* 204 cows per farm) dairy farms would produce.

There is no doubt that exports will continue to play an increasingly important role within the U.S. dairy industry. Our future is dependent on continued growth in dairy exports.

USDA's long-term baseline projects U.S. milk production to increase to 230.4 million lbs. by 2019, which represents an increase of 24.354 million lbs. If 57% of new milk continues to supply export markets, an additional 13.882 million lbs will be used for exports. During that time period, milk production per cow is expected to increase to 24,580 pounds per cow. That means that, without growth in dairy exports, 623,676 fewer cows would be required to produce milk in the United States and 5,423 fewer average-sized farms would be needed to keep up with the supply and demand for U.S. milk. For U.S. milk producers to continue to see robust milk production growth, exports must increase in not only absolute terms, but also in relative terms because the rate of domestic consumption growth is insufficient to maintain milk production growth, as projected by USDA.

When we talk about the importance of agricultural exports, or in my case, dairy exports, it is easy to wade too deeply into statistics, and for that I apologize. It is important to also stress that the benefits of agricultural exports go not just to the farmers in your districts back home. The benefits also go to the people who sell farmers fuel, fertilizer, seed and other inputs, and to the people involved in processing, packaging, storing, transporting and marketing the farm products that end up moving overseas. And, of course, the multiplier effect goes even farther—to the benefit of people in the communities where farmers buy goods and services, from school clothes to haircuts.

I have painted a rosy picture so far of the potential trade offers. But when it comes to trade, those who stand still fall behind. Our competitors are negotiating trade agreements all over the globe. Unfair import barriers remain in place and new ones are erected all the time. These types of challenges are detailed in our 2014 National Trade Estimate comments. They range from unjustifiable health and safety measures to certification requirements to the more recent and extremely protectionist efforts by the EU to prevent the use of common cheese names—by misusing Geographical Indications to give its producers a lock on international markets. If we aren't in the game actively negotiating on these issues, we're ceding ground to our competitors and those looking to make it tougher for us to do businesses in their markets.

That's why we need to continue to be able to use trade agreements to keep expanding export opportunities. Not one of the free trade agreements that have been so beneficial to us in the past has been implemented without some form of trade negotiating authority from Congress (TPA). Knowing that a trade agreement will be considered by Congress under such a process is what allows our negotiating partners to make their best offers on issues and products of greatest sensitivity. Inevitably, dairy and many other agricultural products fall into that category.

A case in point is the Trans-Pacific Partnership (TPP) negotiations. Access to the TPP's most protected dairy markets—Japan and Canada—is essential to us and both countries have pointed to the importance of having TPA in place as TPP talks enter their final stages on agricultural negotiations. Our negotiators have moved the ball forward on many key issues but in order to ensure that we conclude a high-standard, balanced agreement that delivers net trade benefits for the U.S. dairy industry, we need to have TPA in place.

We also see tremendous value in TPA's ability to not only spur our trading partners to make hard decisions in the final hours of trade negotiations, but also in its ability to highlight issues that Congress deems to be of critical importance in order to direct the Administration to focus on addressing those topics. The TPA legislation introduced last year included strong new provisions instructing U.S. negotiators to tackle sanitary and phytosanitary (SPS) measures in a heightened manner and address the abuse of geographical indications to impede U.S. exports. Both of these types of non-tariff barriers have posed sizable challenges to U.S. exports in fast-growing markets and we very much look forward to seeing TPA legislation introduced that retains a focus on addressing these critical issues.

In addition, TPA has given U.S. negotiators the direction to prioritize products that are subject to significantly higher tariffs in major producing countries. This prioritization is extremely important for our industry since dairy tariffs, particularly into large and developed dairy markets, are often extremely high. A case in point is Canada where dairy tariffs typically range from 200%—300%. We want to ensure that our negotiators devote particular priority to the highest tariffs confronting U.S. agricultural exports and see TPA as a vital tool in ensuring that that appropriate focus is not lost.

All of this is why TPA is so important in order to allow us to deal with these tough issues effectively via well-negotiated trade agreements. TPA is a clear directive to the Administration about what types of agreements will be acceptable to Congress and a reassurance to our trading partners that if they make tough calls to address those problems the U.S. has identified, they can take confidence in seeing the agreement get a fair hearing by Congress. That is why we sent the attached letter (*Attachment 2*) to Congress earlier this month to urge swift action on TPA.

In Conclusion

The attached table, which I mentioned earlier, reflecting our dairy trade balance with all U.S. FTA partners in the past 2 decades, is strong evidence of the progress that can be made with TPA in place. We can be competitive & increase sales in markets as diverse as Latin America, the Middle East and Asia—what we need are well-negotiated agreements and the necessary avenue to achieve and implement them. TPA is that avenue. Without TPA, though, we run the risk of instead losing market share as our trading partners forge ahead with their own agreements that address their tariff and non-tariff concerns while at the same time putting us at a disadvantage.

The U.S. dairy industry is thinking globally and it is prepared to do what our customers want and need. Our industry recognizes the market opportunities that exist overseas. We are prepared to capitalize on the good name that the U.S. has established as a reliable supplier of safe and nutritious products. Moreover, many throughout the U.S. dairy industry are undertaking significant long-term investment commitments in order to meet foreign demand.

What we need now is for Congress to move forward with TPA so that the Administration can conclude high-quality trade agreements that preserve our ability to compete and deliver net trade benefits to the U.S. dairy industry.

I appreciate the opportunity to provide comments on this important issue to this Committee. Thank you.

ATTACHMENT 1

U.S. Dairy Exports to Free Trade Agreement Partners

FTA	Date Entered into Force	U.S. Dairy Exports		Growth
		Year Before Agreement	2014	
		Million Dollars		Percent
Mexico—NAFTA	1/1/94	252	1,586	+529
Canada—NAFTA	1/1/94	65	343	+428
Jordan FTA	12/17/01	2	7	+250
Singapore FTA	1/1/04	8	98	+197
Chile FTA	1/1/04	3	59	+1,867
Australia FTA	1/1/05	6	171	+2,750
El Salvador (CAFTA)	3/1/06	5	14	+180
Honduras (CAFTA)	4/1/06	8	23	+188
Nicaragua (CAFTA)	4/1/06	4	19	+375
Guatemala (CAFTA)	7/1/06	30	36	+20
Morocco FTA	1/1/06	0.1	97	+96,900
Bahrain FTA	8/1/06	0.6	27	+44,000
Dominican Republic	3/1/07	17	75	+341
Costa Rica (CAFTA)	1/1/09	3	16	+433
Oman	1/1/09	0.6	1	+67
Peru	2/1/09	20	63	+215
South Korea	3/15/12	220	410	+86
Colombia	5/12/12	8	55	+588
Panama	10/31/12	32	45	+41

Source: USDA GATS.

ATTACHMENT 2

March 2, 2015

Dear Member of Congress:

The National Milk Producers Federation (NMPF) and the U.S. Dairy Export Council (USDEC) support the introduction and enactment of Trade Promotion Authority legislation as quickly as possible. Trade Promotion Authority (TPA) is a critical piece in the effort to secure and pass balanced, well-negotiated trade agreements.

TPA legislation would be a vital step forward in strengthening Congress's role in trade negotiations. By having a clear framework through TPA for participating actively in the negotiating process, Congress increases its ability to influence the agreements as they are being written and to help craft a deal that will be beneficial for the United States. In this way, TPA plays a key part in supporting a strong trade policy agenda. That type of active trade policy agenda is particularly important to our industry in light of the fact that we are now exporting the equivalent of 1 day out of every week's milk production. Last year the U.S. dairy industry exported over $7 billion last year, making trade vital to our industry's future.

At this stage of TPP, we have significant concerns regarding how critical elements of the TPP talks—particularly those related to dairy market access and the use of common food names—will ultimately be resolved in ongoing negotiations. Given the strong dairy export potential TPP could offer, it would do our companies and farmers a disservice to accept an agreement that could disproportionately increase imports while forgoing comparable export openings for the U.S.

Our goal is an agreement that on balance offers net trade benefits to the U.S. dairy industry. To get there, market access into the region's most protected dairy markets—Japan and Canada—is imperative. Our negotiators have worked extremely hard and moved the ball forward on key issues such as expanding access to the Japanese market and improving safeguards surrounding the use of common food names in the face of the EU's abuse of geographical indications to erect barriers to U.S. exports. However, Japan needs to do more; in particular it needs to provide avenues for U.S. export growth in all areas. Likewise, Canada has yet to put forward an offer on dairy. In order for TPP to be successful and truly comprehensive, it is imperative that Canada provide significant market openings for the full range of U.S. dairy products.

TPA support is not a blank check on TPP; TPP must be considered on its own merits. However, without TPA, we will not be able to seize the opportunities that well-negotiated agreements may ultimately present. That is why we urge Congress to move forward with TPA without delay and simultaneously actively engage in the final stages of TPP negotiations.

Sincerely,

THOMAS M. SUBER,	JAMES MULHERN,
President,	*President & CEO,*
U.S. Dairy Export Council;	National Milk Producers Federation.

The CHAIRMAN. Thank you, Mr. Kappelman.

Mr. Guenther. Did I pronounce your name correctly?

Mr. GUENTHER. Yes. Yes, you did.

The CHAIRMAN. All right, 5 minutes, sir.

STATEMENT OF ROBERT L. GUENTHER, SENIOR VICE PRESIDENT FOR PUBLIC POLICY, UNITED FRESH PRODUCE ASSOCIATION, WASHINGTON, D.C.

Mr. GUENTHER. Thank you, Chairman Conaway, and Ranking Member Peterson, for providing United Fresh Produce Association with the opportunity to share our perspective from the fresh fruit and vegetable sector about the importance of trade to our industry and to agriculture in general.

Exports and imports are crucial to the viability of many of our member businesses, so we are very appreciative of having the chance to elaborate on why promoting trade is so important to U.S. agriculture. This hearing is particularly timely given the ongoing debate within Congress regarding renewing Trade Promotion Authority, and the U.S. efforts to negotiate trade deals such as the

Trans-Pacific Partnership and the Transatlantic Trade and Investment Partnership.

First, a bit of background about our organization. United Fresh Produce Association was founded in 1904, and we are the only trade association that represents all segments of the fresh fruit and vegetable production chain across the United States. While most of our members are based here in the U.S., export and import markets are essential to our members as they seek to ensure business viability and meet consumer demand.

As with all agriculture sectors represented here today, the export and import situation for fresh fruits and vegetables is constantly evolving. Recent information from the Economic Research Service at USDA forecast fresh fruit and vegetable exports for Fiscal Year 2015 with a value of nearly $8 billion. Exports to key export markets such as Canada, Europe, and Japan are expected to continue expanding.

Where we have seen the most difference in recent years, however, is in the area of imports. It is worth noting that while fruit and vegetable exports have doubled since the mid-1990s, fruit and vegetable imports in the same time have nearly tripled. Factors that contribute to this include trade policies that do not address non-tariff trade barriers to U.S. exports of fruits and vegetables. We have experienced that as tariff levels have been brought down, there have been corresponding increases in non-tariff barriers. Examples of non-tariff barriers include, but are not limited to, restrictive import and administrative procedures, or product or processing specifications. Exports of commodities such as apples, pears, peaches, citrus, and potatoes to countries including Korea and Mexico have been limited due to non-tariff barriers, among other examples.

If we are to ensure that export and import levels are put back on an even keel, United Fresh urges Congress and the Administration to ensure that any future trade deal creates new ways to break down these artificial barriers using sound science. We also urge the creation of a dispute settlement process that resolves non-tariff trade issues in a timely manner.

We also know that promoting free trade can work for the fresh produce industry, and have seen results from a variety of trade agreements. One recent example is an announcement earlier this year by USDA's Animal and Plant Health Inspection Service that China has agreed to allow all apple varieties into the Chinese market, which is the largest destination for U.S. agriculture products. This announcement was a culmination of a sustained effort by a coalition of apple industry organizations, and provides apple growers with comprehensive access to this major market for the first time. But there are certainly other examples of how the fresh produce industry could benefit significantly from enhanced trade opportunities. For example, the National Potato Council estimates that the adoption of the Trans-Pacific Partnership trade agreement could increase fresh potato exports to Mexico by nearly $150 million a year, up from the current level of $39 million a year.

The fresh produce industry knows that we must continue to be vocal about the need to improve trade relations and policies, members of the produce industry must do what they can to be ready to take advantage of business opportunities in foreign markets. Congress and the Administration need to do more. It is essential that the President and Congress have the necessary authority to promote robust trade policies that maintain current opportunities, and as in the case of fruits and vegetables, ensures trade equilibrium.

United Fresh believes it is in agriculture's best interests for Congress to expeditiously enact TPA. Such action would allow these critical trade deals to move forward and provide producers with much-needed tools in their efforts to be successful in the marketplace.

In conclusion, I would like to once again thank you, Mr. Chairman, Ranking Member Peterson, as well as the entire Committee for all you have done to ensure fresh fruit and vegetable producers have trade opportunities, as well as the tools to address a multitude of trade challenges. To build on the good work that you have done, United Fresh urges the Committee and the entire Congress to enact Trade Promotion Authority to maximize trade opportunities for America's agricultural producers. Thank you.

[The prepared statement of Mr. Guenther follows:]

PREPARED STATEMENT OF ROBERT L. GUENTHER, SENIOR VICE PRESIDENT FOR PUBLIC POLICY, UNITED FRESH PRODUCE ASSOCIATION, WASHINGTON, D.C.

Thank you, Chairman Conaway and Ranking Member Peterson, for providing United Fresh Produce Association with an opportunity to share our perspective from the fresh fruit and vegetable sector about the importance of trade to our industry and to agriculture in general. Exports and imports are crucial to the viability of many of our members' businesses, so we are very appreciative of having a chance to elaborate on why promoting trade is so important to U.S. agriculture. This hearing is particularly timely given the ongoing debate within Congress regarding renewing Trade Promotion Authority (TPA) and the U.S. efforts to negotiate trade deals such as the Trans Pacific Partnership (TPP) and the Trans-Atlantic Trade and Investment Partnership (TTIP).

First, a bit of background about our organization. United Fresh Produce Association was founded in 1904. We are the only trade association that represents all segments of the fresh fruit and vegetable production chain across the United States. While most of our members are based here in the U.S., export and import markets are essential to our members as they seek to ensure business viability and meet consumer demand.

As with all the agriculture sectors represented here today, the export and import situation for fresh fruits and vegetables is constantly evolving. Recent information from the Economic Research Service at USDA forecasts fresh fruit and vegetable exports for Fiscal Year 2015 with a value of nearly $8 billion. Exports to key markets such as Canada, Europe and Japan are expected to continue expanding. Where we have seen the most difference in recent years however, is in the area of imports. According to USDA statistics, horticultural produce imports are expected to exceed $50 billion in Fiscal Year 2015. Fresh fruit and vegetable imports account for more than ⅓ of that total value.

It is worth noting that while fruit and vegetable exports have doubled since the mid-1990s, fruit and vegetable imports in that same time period have nearly tripled. Factors that contribute to this include U.S. import policies that are beneficial to foreign commodities and continued non-tariff trade barriers to U.S. exports in some countries. Trade policies are essential to putting export and import levels back on an even keel. In particular, non-tariff trade barriers are becoming a growing problem. As tariff levels have been brought down, there has been a corresponding increase in non-tariff barriers. Examples of non-tariff barriers include, but are not limited to, restrictive import and administrative procedures or product or processing specifications. Exports of commodities such as apples, pears, peaches, citrus and potatoes to countries including Korea and Mexico have been limited due to non-tariff barriers, among other examples. With respect to produce, United Fresh urges Congress and the Administration to ensure that future trade deals create new ways to break down these artificial barriers using sound science. We also urge the creation of a dispute settlement process that resolves non-tariff trade issues in a timely manner.

On a separate but relevant topic, I would like to also add that the ability of producers to move commodities in and out of our nation's ports in a timely manner is also crucial to achieving a trade balance for fruits and vegetables. We at United Fresh are hearing increasingly from our members about port delays that are due at least in part to inadequate resources or lack of personnel at port facilities to complete examinations of shipments expeditiously. Our members have also raised questions about examination procedures and logistics and their impact on the movement of product. We welcome the opportunity to work with Members of this Committee to address funding shortfalls and policy priorities that affect ports operations to ensure perishable fruits and vegetables move safely and quickly. We also welcome the opportunity to work with you and others on how best to address issues such as the recent slowdown in operations at West Coast port facilities to ensure that commodities continue to move through our nation's ports.

Another issue relevant to the movement of fresh produce into the United States is a recent proposal by the Animal and Plant Health Inspection Service (APHIS) to replace the region- and commodity-specific phytosanitary import requirements that are currently codified in the U.S. Code of Federal Regulations. APHIS proposes to use general phytosanitary requirements or performance standards that can be applied to all fruit and vegetable commodities. We appreciate the work that the agency has made to help interested stakeholders understand the nature of the proposal and how it would be implemented. However, many of our members continue to have concerns about this proposal and how it could affect the potential introduction of pest and disease risks into the United States. We pledge to do all we can to work with our members, APHIS and the Members of this Committee to ensure that U.S. import policies enhance the safety of fruits and vegetables imported into the United States, while also promoting economic opportunities and meeting consumer demand.

We know that promoting free trade can work for the fresh produce industry and have seen the results from a variety of trade agreements. For example, since the full implementation of the North American Free Trade Agreement in 2009, U.S. exports to Canada and Mexico have grown more than 50 percent to a current level of over $41 billion—fresh and processed fruit exports grew from less than $2 billion to more than $3 billion in 2014. Furthermore, export markets are essential to the economic well-being of many of America's key fruit and vegetable production areas. Just two states provide striking evidence of that. For the U.S.'s top exporter of agricultural products, California, exports were valued at nearly $20 billion in 2013 and supported almost 150,000 jobs. Another top producing state, Florida's, exports were nearly $4.5 billion in 2013 and supported almost 33,000 jobs.

Leveling the playing field of specialty crop exports and imports is highly beneficial to our industry and the overall economy. And we believe this Committee has demonstrated a recognition of this position. This Committee has already made a major commitment to promoting balanced agricultural trade through provisions of the 2014 Farm Bill. United Fresh is the coordinating body of the Specialty Crop Farm Bill Alliance, a coalition of over 120 specialty crop organizations that came together in 2002 to assess farm bill programs. For each successive farm bill, the Alliance has provided a set of recommendations about how those programs could maximize the ability of specialty crop producers to be successful in providing Americans and others around the world with an abundant supply of our commodities. The Alliance is grateful that in the 2014 Farm Bill this Committee acted on our recommendations to enhance and facilitate trade. More specifically, as the Alliance recommended, the 2014 Farm Bill reauthorized and maintained funding of $200 million annually for the Market Access Program to encourage exports and promotion of foreign market activities. The farm bill also reauthorized the Technical Assistance for Specialty Crops program for $9 million annually to addresses sanitary and phytosanitary issues, as well as technical barriers to U.S. exports, which I mentioned is one of the leading factors in the current difference between exports and imports of fresh fruits and vegetables. In addition, the Alliance supported the farm bill provision authorizing the position of Under Secretary of Agriculture for Foreign Agricultural Affairs to focus on agriculture trade priorities. These programs are key to helping specialty crop producers be innovative and proactive in pursuing foreign market opportunities. Furthermore, these farm bill provisions send a strong signal that this Committee recognizes how essential trade policy is to the success of specialty crops and to agriculture broadly.

And our industry is being proactive in pursuing opportunities in international markets. One recent example is the announcement early this year by USDA's Animal and Plant Health Inspection Service (APHIS) that China has agreed to allow all apple varieties into the Chinese market, which is the largest destination for U.S. agriculture products. This announcement was the culmination of a sustained effort by a coalition of apple industry organizations and provides apple growers with comprehensive access to this major market for the first time. But there are certainly other examples of how the fresh produce industry could benefit significantly from enhanced trade opportunities. For example, the National Potato Council estimates that adoption of the Trans-Pacific Partnership trade agreement could increase fresh potato exports to Mexico by nearly $150 million a year, up from the current level of $39 million.

The fresh produce industry knows that we must continue to be vocal about the need for improved trade relations and policies. But as members of the produce industry must do what they can to be ready to take advantage of business opportunities in foreign markets and meet consumer demand here at home, Congress and the Administration need to do more. It is essential that the President and the Congress have the necessary authority to promote robust trade policies that maintain current opportunities and, as in the case of fruits and vegetables, to ensure trade equilibrium. As we speak, Congress has the opportunity to pass Trade Promotion Authorization (TPA), crucial legislation that would allow the White House to submit trade agreements to Congress for a straight up or down vote, without adding amendments. Historically, every President dating back to FDR has been granted authority to negotiate trade agreements. TPA was last enacted in 2002 and expired in 2007.

Spurring interest again this year in TPA are major trade deals in the works that have industry groups, business executives, consumer advocates and Members of Congress weighing in with various perspectives. The Trans-Pacific Partnership (TPP), a massive trade deal in which the U.S. is looking to enter with 11 other Asia-Pacific countries, would be the largest trade deal in history, opening markets and expanding access to U.S. agriculture exports to more than 800 million people. So massive, TPP would account for nearly 40 percent of the global economy.

The U.S. is also negotiating the Transatlantic Trade and Investment Partnership (TTIP) with the European Union, an agreement that would expand access to Made-in-America goods and services through strategic partnerships in European markets. The relationship between the U.S. and EU is the largest in the world, with $1 trillion of goods and services traded and nearly $4 trillion invested in each other's economies—all of which supports about 13 million jobs on both sides of the Atlantic. Facing opposition in Europe from various environmental, progressive and national entities, European agriculture officials met recently here in Washington, D.C., with the Administration and key Congressional leaders to further reiterate the significance of the deal and immediate need for action. United Fresh believes it is in agriculture's best interest, including fresh fruits and vegetables, for Congress to expeditiously enact TPA. Such action will allow these critical trade deals to move forward and provide our producers with a much-needed tool in their efforts to be successful in the marketplace. We urge Congress to pass TPA now.

In conclusion, I would like to once again thank you Mr. Chairman and Ranking Member Peterson, as well as the entire Committee for all you've done to ensure that fresh fruit and vegetable producers have trade opportunities, as well as the tools to address a multitude of trade challenges. To build on the good work that has been done by you, United Fresh urges the entire Congress to support Trade Promotion Authority to maximize trade opportunities for America's agriculture producers.

Thank you for holding this hearing and allowing United Fresh to share our perspective on this important issue. I look forward to answering any questions and United Fresh looks forward to working with you on this and other crucial issues.

The CHAIRMAN. Thank you, Mr. Guenther. I appreciate it. I appreciate all of your presentations.

I would remind Members that they will be recognized for questioning in order of seniority for Members who were here at the start of the hearing. After that, Members will be recognized in the order of their arrival, and I appreciate the Members understanding.

With that, I recognize myself for 5 minutes.

Again, thank you, gentlemen, for being here.

Mr. Stallman, you mentioned in your conversation with us certain uncertainties with respect to TTIP, and the things that are going on. There are those who oppose TPA that are using those uncertainties as a reason to shy away from passing TPA. Can you respond to their arguments?

Mr. STALLMAN. Well, Mr. Chairman, I would argue just the opposite. I think you have a lot more certainty on a couple of fronts if you have TPA in terms of completing a successful negotiation. First, the Congress gets to define what they want in terms of a consultative role in that they get to define what they would like to see in terms of negotiating objectives. That provides more certainty from a policy perspective. But even more importantly, during the negotiations—and now, negotiation is a continuum. It goes a long time, like any other negotiation, back and forth, offers, counteroffers. But countries aren't going to put their best offers on the table unless they have a certainty, or feel like they have a certainty, that the U.S. is committed to completing the negotiation and the trade agreement. And so the certainty of having a good agreement is certainly enhanced, I believe, by having Trade Promotion Authority in place.

The CHAIRMAN. All right, thank you.

This question is for any of you who want to take it on. All four of you have mentioned in one form or another, the importance of passing TPA. Can you comment about what the impact would be if we don't pass TPA?

Dr. HILL. Well, as I pointed out in my comments, that if we don't pass TPA, the likelihood of passing TPP is dramatically reduced. And if that happens, other countries in the Asian region will do bilateral agreements and multilateral agreements, and we will be left out, and it will put us, not only the pork industry but all of agriculture and our whole economy, at a great disadvantage as far as being able to trade with those Asian-Pacific countries.

Mr. GUENTHER. Well, I would say personally, it does not allow our negotiators the strongest possible tools to be able to negotiate a strong trade agreement that can be the best benefit for our members in the fresh produce industry.

As I mentioned before, these issues related to non-tariff trade barriers are extremely important that we bring these down, because they are the major reason preventing increased exports for fruits and vegetables around the world. And without having TPA, it does not put our negotiators in a position to be able to strongly negotiate with their counterparts in that area as well.

Mr. KAPPELMAN. I would agree with all the comments. Case in point, when we did the free trade agreement with Korea, we were put in the driver's seat because we were first. As we are standing still and not signing new agreements, we are put in a less advantageous position.

Mr. STALLMAN. Well, I certainly concur with my colleagues here at the table. Not having TPA is going to cause the U.S. to be left out of trade negotiations to a great extent. We may engage in trade negotiations, but completing successful negotiations will be extremely difficult, if not impossible, without having TPA because the other countries are going to believe we are not serious about a trade agenda, and it is very important that that is a component of the discussion as you go into the tough negotiations it takes to get a good deal.

The CHAIRMAN. TPA basically allows for an up-or-down vote on the agreement that was made. If I am a country other than the United States, and I am looking at 535 additional negotiators without TPA, is that an impact? In other words, if our trade representatives are trying to negotiate a deal, and the people on the other side know that that deal has to come to Congress so we can amend it, change it, are they likely to make a deal with our trade rep without TPA?

Mr. STALLMAN. If I were sitting across the table, I wouldn't do it. And let me give you Japan as an example. They are trying to reform their agricultural sector to rationalize it, and in the process, they know that they are going to have to create greater access to their markets, but those are very politically-difficult decisions. What elected leader in Japan is going to take those politically-difficult decisions, take all the heat from that, and then with the prospect of the agreement coming back over here after they have laid it on the table, and being basically chopped up by amendment and turned into something that is unacceptable.

The CHAIRMAN. All right. Thank you gentlemen.

With that, I recognize the Ranking Member for 5 minutes. Mr. Peterson.

Mr. PETERSON. Thank you, Mr. Chairman.

Mr. Kappelman, are we still in the situation where our dairy products going to Canada still has tariffs on it?

Mr. KAPPELMAN. Well, actually, if you look at some of the numbers, it will show that there is quite a bit of product moving to Canada, but that is actually under a processing agreement where it moves and then comes right back. So that is where some of those—and there is actually very little product going into Canada because they were, I guess, excluded—dairy was excluded in NAFTA.

Mr. PETERSON. Right. But coming this way, there are basically no tariffs on the Canadian dairy coming this way.

Mr. KAPPELMAN. Exactly.

Mr. PETERSON. That has been one of my real burs in my saddle over the NAFTA agreement. And whether, politically they are going to be able to move the Canadians where they need to go, I am right, am I, that these Canadian co-ops are buying up—and they just bought Davisco in Minnesota here a few months ago. And one of them is now the number one processor in the U.S., from the information that I have gotten.

Mr. KAPPELMAN. Yes, in my neighborhood, I have two Canadian-owned facilities; one by a co-op, one by a proprietary, Agropur and Saputo. And it is interesting because if I were a Canadian dairy producer, they are thinking totally defensive. And they need to think a little bit offensively because they have tremendous opportunity to produce milk. Their processors want to grow their industry, and yet they said they want to come to the table or play the game with TPP, but on dairy, they are standing on the sideline. They haven't put on a uniform yet. So we would be very, very hesitant to support TPP if Canada cannot bring to the table anything on dairy.

Mr. PETERSON. So your position is that something has to be done.

Mr. KAPPELMAN. Absolutely.

Mr. PETERSON. And, Mr. Stallman, you are a rice farmer, right?

Mr. STALLMAN. Yes.

Mr. PETERSON. So Mr. Froman has told me that he thinks they are going to get some access for rice in Japan. Do you think that is realistic?

Mr. STALLMAN. I believe they will get some additional access. Rice is the most sensitive product in Japan and protected the most. There is no question about it.

Mr. PETERSON. Some additional access. What does that mean? Like——

Mr. STALLMAN. More than we have now. And actually, if we can get more than we have now, that would be a start in that effort.

Mr. PETERSON. Yes. And that is my concern, that we need to make some progress in Japan. We need to make progress in Mexico for sure in the supply managed areas. Having watched the NAFTA situation, the side agreements and how they weren't enforced and so forth, I am concerned about where we would end up, at the end of the day. Are we going to get traded off for auto manufacturing or whatever? What I have been looking for is some pretty good assurance that we are going to make progress in those areas because I am skeptical, having met with Canadians and Japanese. I don't know, I mean I hope that we can get movement but I am skeptical.

So I guess that is my main point, and I yield back.

The CHAIRMAN. The gentleman yields back.

Mr. DesJarlais, for 5 minutes.

Mr. DESJARLAIS. Thank you, Mr. Chairman. And thanks to our panel. It is a great hearing today.

I represent Tennessee's fourth Congressional district, and it happens to be home to the largest Farm Bureau in the nation. Mr. Stallman, I am sure you know Lacy Upchurch and Joe Pearson, they were up to visit a couple of weeks ago and asked to send their regards to you.

Like many other individuals here, I come from a rural area with a largely agriculture-based economy, and just literally over the past week or 2, we have been visited by Tyson Foods, soybean growers. I was in a visit with McKee Bakery, makers of products like Little Debbie. Their interest in the sugar trade. Charles Hord of the Cattlemen's Association has been in contact with me. So great interest from our state in regards to today's topic. The farmers and ranchers everywhere I go have been very outspoken in their support of the commercial opportunities that this trade deal presents, especially regarding the potential increase in access to the Japanese markets.

Mr. Stallman, I believe you stated in your testimony that U.S. agriculture exports to Japan exceeded $13.4 billion in 2014, this despite Japan's high tariffs and restrictive policies that inhibit U.S. exports. What outcomes do you, or anyone else on the panel, foresee in the negotiations with Japan in regards to overcoming these trade barriers?

Mr. STALLMAN. Well, some economists are basically saying that our growth in agricultural exports, that if we have a successful TPP agreement, that 70 percent of our ag export gains will be in the Japan market. And because it is a high-value market, they have a very strong economy, and when you talk about the meat sector particularly, that makes a big difference. And they have protected those industries with high tariffs and import restrictions for so long, and now they are trying to figure out a way to engage in the negotiations and provide some offers that are meaningful. If all that occurs and it remains to be seen, but we are on the right path, if all that occurs, that could be a huge increase for the U.S. ag export market, and they could move up the list. They are number four now, but they could move up the list to being an even larger importer of our products, of our exports.

Mr. DESJARLAIS. Okay. Does anyone else on the panel have a comment?

Dr. HILL. That $13 billion you referred to, over $2 billion of that was pork. As you know, when these negotiations got started, Japan really just wanted to throw us a bone, which we didn't accept, and we—I guess you could say we raised Cain about it. To the credit of our trade negotiators, there has been a lot of progress made. We reserve the right to see what the final outcome is, but we are confident that we will not get a TPP deal if we don't have TPA.

I know Congressman Peterson has gone, he had another meeting but when we use the word *negotiation,* that is what it means, negotiating. We can't fix everything. We have to negotiate. And I agree, we need a better deal with Canada, but I hope we don't hold the negotiations and hold one issue up and miss the big picture here when we try to get TPA and TPP passed, because it is a huge, huge opportunity for the U.S. economy.

Mr. DESJARLAIS. Okay. Mr. Kappelman, or, Mr. Guenther, did you have anything to add?

Mr. KAPPELMAN. Yes, I would. In regards to Japan, first of all, I agree that TPA is going to be absolutely critical because we have very little access to Japan. Limited TRQs. They have a fairly substantial dairy industry, but every country really protects their dairy industry. They want milk for their kids. And we understand that, but at the same time, their Administration knows their farming population is aging, and that land has other uses, and the Administration, we believe, wants to start opening the door. But, they can't lay all their cards out if they know they are going to get left high and dry. And that is where TPA really comes in.

Mr. DESJARLAIS. Okay. Gentlemen, I thank you all for your comments.

And, Mr. Chairman, I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back.

Mr. Scott, for 5 minutes.

Mr. DAVID SCOTT of Georgia. Thank you, Mr. Chairman.

Let me first start off with dairy. Could you tell us who are the largest countries that are exporters of dairy into the United States?

Mr. KAPPELMAN. Well, I would say that in the top five is, number one, New Zealand. New Zealand, and it is no surprise, they export over 90 percent of their production. New Zealand's industry, by the way, is only about as large as California's dairy industry, so——

Mr. DAVID SCOTT of Georgia. Yes.

Mr. KAPPELMAN.—they export a lot. We see them as a giant because it is most of their production. So they have about $750 million of exports to the U.S.

Mr. DAVID SCOTT of Georgia. Okay.

Mr. KAPPELMAN. And then we have, from Europe, it is mostly specialty cheeses coming from European countries.

Mr. DAVID SCOTT of Georgia. All right. Let me ask you then, do you see any reason for us to be concerned that TPP may provide these countries with greater access to the United States market and, therefore, having some downward pressure on our own industry in this county?

Mr. KAPPELMAN. That is the worry, because with TPP, we have in those 12 nations, we have dairy's biggest opportunities in Japan and Canada, and we have dairy's biggest threat which might be New Zealand. And that is why, when we are opening the doors to trade, you might open the door in your house and let the cat out, but sometimes the dog will come in.

Mr. DAVID SCOTT of Georgia. Yes.

Mr. KAPPELMAN. It is important: 15 years ago, this dairy industry in the U.S. was intimidated by global trade. We are not anymore. We can compete. We can compete at a high level, but on a level playing field. So that is why getting this good agreement and TPP is important. We are willing to compete, but we need access and exchange.

Mr. DAVID SCOTT of Georgia. All right.

Thank you very much, Mr. Chairman. I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back.

Mr. LaMalfa, for 5 minutes.

Mr. LAMALFA. Thank you, Mr. Chairman.

A lot of talk about Japan here, and concern about how they will act. For everybody on the panel, I will probably start with Mr. Guenther, but, with the access we have been looking for for rice, pork, beef, wheat, dairy, do you see that the opportunities are really going to open up, ongoing, is it going to be a true negotiation that results in significant tangible new markets for our American products?

Dr. HILL. Well, I can speak for pork. The answer is absolutely yes. And we can say that for a lot of our other industries, particularly in agriculture, we typically develop new technology, adopt new technology, and become the most efficient producers in the world of agricultural products. So as was just pointed out, there is no fear that we can't compete and be low-cost, efficient producers. So I would say that the potential is, again, huge for not only pork, but agricultural products and for other products that we produce in the United States.

Mr. GUENTHER. Yes, I would agree with those comments. I think that when you look at the robust economy of Japan that the potential for increased access for fruits and vegetables is there, and we certainly want to continue to push forward in that way.

Mr. LAMALFA. Mr. Stallman?

Mr. STALLMAN. Well, absolutely. I think that there is great promise in the TPP negotiations with Japan, as you referenced, but also we have talked about Canada, both highly developed countries, citizens with good incomes, good appetites, and as the world's greatest competitor in the agricultural sector, we can get our products in there as long as the playing field is level. But until we have TPA, and we can complete the negotiation, we can't get to that point where the playing field will be leveled sufficiently to allow additional exports into those markets.

Mr. LAMALFA. Well, speaking of rice, just for an additional minute here, how much rice do you think is sitting in cold storage in Japan right now?

Mr. STALLMAN. There is probably some. There has been ever since they were required to take the quota. Rice is a difficult subject. First, most U.S. rice is not of the type that the Japanese eat. California has the opportunity to provide some that they do. And so our goal has always been to try to expand those quotas as much as we can to get rice in because, once you get in, establish a market, and more importantly, hopefully giving their consumers a choice about what products they are able to buy, and let them try other rice from other countries that eventually we can expand that.

They are going to have to rationalize their whole protection and subsidy system over there before we can make great inroads, but they are in the process of doing that. So it is slow, but we are making progress. And directionally it is correct, and we need to expedite that process with a successful conclusion for TPP.

Mr. LAMALFA. Okay. Gentlemen, thank you.

Dr. HILL. Could I just follow up by pointing out that when we trade with foreign countries, a lot of times we are trading—I will take the pig as an example. We trade parts of that pig that are not valued in our domestic market. In the U.S., we value the muscle meats, the bacons, the loins, shoulders, but we export all the parts of the pig that we don't value to these foreign markets, where they are sometimes considered delicacies, and we get higher value for them than we do for the muscle cuts.

Same in the poultry industry. I mean if you go to China, you eat chicken feet. I don't think they serve very many of those in the United States.

It is estimated that offal and these snouts and feet and tails, and all that come off of that pig that we export, adds almost $9 to every pig that we raise in the United States. So it is a very, very important market for us.

Mr. LAMALFA. Okay. Mr. Kappelman? And, just comment if you would.

Mr. KAPPELMAN. Yes, and so, first of all, Canada is—Japan, we think we are starting to make some progress. I already referred to Japan, but Canada is obviously a prime market for us. They are right there. Their dairy segment escaped the first time with NAFTA, and we have to make sure that with TPP that doesn't happen again.

Mr. LAMALFA. Yes, it seems the U.S. is the one that absorbs most of that trade deficit, and we have to do better next time around.

The CHAIRMAN. The gentleman's time has expired.

Ms. Adams, for 5 minutes.

Ms. ADAMS. Thank you, Mr. Chairman.

Agriculture is very important to North Carolina. It is an important industry for our state that must be supported through policies that promote good job growth, but in North Carolina we still remember the more than 200,000 jobs that were lost in the state from NAFTA. Job losses were certified under the trade agreement assistance programs as loss to offshoring or imports since NAFTA. So any new agreements must carefully be considered in order to ensure that our workers will see an improvement in their livelihoods.

Mr. Hill, my question to you, I was looking at the graphs in your testimony. They show the volume of pork exports has overall increased since 1989. Does the data that you show here, does this data show if the growth in exports came from new markets or was simply from increased demand by countries that were already trading with the U.S.?

Dr. HILL. Most of that increase in exports is the result of free trade agreements with now 18 different countries. We send more pork to those 18 countries with free trade agreements than we do the other 148 countries that we do business with. So it just shows the importance of free trade agreements, in my opinion.

Ms. ADAMS. Okay. Mr. Guenther, North Carolina is a growing state with specialty crops. How will supporting TPP promote opportunities for growers in our state?

Mr. GUENTHER. Well, as we mentioned before, having the ability to increase different market opportunities for different products and specialty crops, and fruits and vegetables in particular, is going to be critical. And TPP allows that opportunity because that is such a robust potential market for fresh produce in terms of commodities that are available there, or can be available there. So that is one reason why we are very supportive of the effort.

Ms. ADAMS. Okay. To follow up, what is your understanding of the TPP's rapid settlement mechanism, and are you concerned that other countries could use this provision to undermine U.S. laws?

Mr. GUENTHER. I am not familiar with that at this point, ma'am, but we can certainly get you an answer for that.

Ms. ADAMS. All right. I would appreciate that.

Mr. Chairman, I yield back.

The CHAIRMAN. The gentlelady yields back.

Mr. Crawford, for 5 minutes.

Mr. CRAWFORD. Thank you, Mr. Chairman. Gentlemen, I appreciate you being here today.

I want to start with Mr. Stallman. I am concerned about some of the things that our trading partners do to get around their obligations, without triggering WTO enforcement remedies. I will give you an example. Obviously, we know that China is subsidizing cotton at levels that manipulate global prices, and there is just not a whole lot we can do about that. Do you think TPA should include some provisions that strengthen the enforcement remedies under our trade laws to make sure that U.S. industries have some recourse when our trading partners evade their trade obligations?

Mr. STALLMAN. Well, as a general principle, all trade agreements should have enforcement mechanisms, otherwise, the terms are fairly meaningless. And what we have always asked for are for those enforcement mechanisms to be transparent, to be timely, that is two main items which, in many cases, with current dispute settlement procedures, that is not the case. And so we always want to see those in the trade agreements as we get them, and that certainly has been one of the negotiating objectives.

Mr. CRAWFORD. We have had about a 40 percent decline in cotton acres in my district. I don't know if that is consistent with nationwide cotton producers, but I am sure that what is going on in

China has a large impact on our planting decisions in my district in Arkansas.

Let me sort of expand on an issue that Congressman LaMalfa addressed, and that is with regard to rice. I know the American Farm Bureau Federation is an advocate for all production agriculture, and in the South Korea Free Trade Agreement, the rice industry was somewhat excluded. I know there are some cultural sensitivities with regard to rice. You addressed that as it applies to Japan with regard to the short grain market that they have, whereas we do produce a lot of long grain, medium grain, certainly in my part of the country. But I am concerned that rice could possibly be left out again in the TPP, or become somewhat of a sticking point. What position will the American Farm Bureau Federation take if that should happen, or with any other commodity for that matter?

Mr. STALLMAN. Well, since American Farm Bureau Federation is a general farm organization, so we strongly support the negotiations, but we reserve the right to do an economic analysis of those negotiations once they are completed to determine their impact on American agriculture. We obviously analyze the impact on various commodities, but at the end of the day, the impact has to be positive overall for American agriculture for us to support the final agreement. That has been an operational policy of ours for well over a decade now.

And so to get to the crux of the question, we seek gains for all commodities, and we want our negotiators to strongly pursue those, but at the end of the day, we have to look at what the overall impact of the trade agreement is before we decide whether to support it or not.

Mr. CRAWFORD. I appreciate that. My concern is that, as was the case in Korea, that the rice industry will say, "We are going to take one for the team to get this deal done," with the long-term vision being that it is important for us to do this in order for the next step to take place with TPP.

Mr. STALLMAN. I think we have made the strong point to the Administration, to our negotiators, that we didn't want to see a repeat necessarily as to what happened in South Korea that Japan should reform its protected agricultural sector. Part of that reform should be to allow products in for those sensitive products, and rice is certainly one of those. We are going to, as I already said, we will get some additional access. How much, is still on the negotiating table.

Mr. CRAWFORD. Okay. And the last point. Have we resolved the issue with Vietnam that may have been a problem there as far as TPA is concerned, or do you not see that being a problem?

Mr. STALLMAN. I don't know the answer to that question. I do not know.

Mr. CRAWFORD. Okay.

All right, I yield back. Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

Ms. Plaskett, for 5 minutes.

Ms. PLASKETT. Thank you, Mr. Chairman. Good morning, gentlemen.

I had a great interest in the discussion you were having, in particular, Mr. Guenther, about fresh fruit and vegetables. Coming from the Virgin Islands, that is the product that we hold very dear, and are interested in increasing in exports. You talked about TPP and the impediments that non-tariff trade barriers had. I know that some of those include restrictive import and administrative procedures, but what are some of—can you give us examples of how this has been a difficulty for that area?

Mr. GUENTHER. Yes. Usually, when we talk about things like this, these are really pest or disease-type barriers that are happening where there are phytosanitary-type issues. Where you can see things related to that is when you are looking at these types of decisions that are made that are based on potential problems that may or may not be in terms of the barriers, but also in terms of what is the best process to address these barriers, and whether it is bringing people here to the U.S. to address them in terms of science and understanding what is happening here in terms of protocols, or the other way around in terms of other countries bringing a product here to the United States. We have to make sure that these processes related to whether they are phytosanitary pest and disease-type issues, are addressed in the most scientific way that we are ensuring that there is not an evasiveness in terms of bringing them here to the United States.

Ms. PLASKETT. So would that not be an impediment to imports coming into this country, as opposed to——

Mr. GUENTHER. It goes both ways, yes, ma'am.

Ms. PLASKETT. And are they more restrictive in the import market or——

Mr. GUENTHER. I would say that certainly, when both sides of a negotiation in terms of countries trying to bring product here into the United States, and us getting access to other countries, there are certain protocols that each country has that allows that process to move forward.

I think that when you look at, in terms of the way that we have seen imports come here to the United States that we feel very strongly that our process is working, but also we need to have access to other countries as well.

Ms. PLASKETT. So if it works both ways—I am just trying to understand why our numbers, the American exports, have not grown as quickly as the imports coming in here.

Mr. GUENTHER. Sure.

Ms. PLASKETT. If theirs have tripled, and we have the same restrictions based on tests——

Mr. GUENTHER. Yes.

Ms. PLASKETT.—then it has to be some other impediment, right, or barrier?

Mr. GUENTHER. Well, I think that some of it is tariff——

Ms. PLASKETT. It is a process, administrative process?

Mr. GUENTHER. Just some of it is tariff barriers, okay, so they have tariff barriers that come down here in the United States.

Ms. PLASKETT. When you say tariff barriers, what do you mean specifically that is causing that?

Mr. GUENTHER. Basically, there are trade agreements that have happened over the past——

Ms. PLASKETT. Yes.

Mr. GUENTHER.—NAFTA, for instance, trade agreements with Chile, Peru, major countries that we have imports in, so those tariffs have come down. We have not seen reciprocal barriers come down in terms of those areas—or in those countries as well. That is one area we have to look at, but also the continued non-tariff trade barriers, as I mentioned in my testimony, of exports into countries that are not tariff-based.

Ms. PLASKETT. How much of it is based on consumer demand or——

Mr. GUENTHER. A lot of it is based on consumer demand as well. It is a very good point to point out because what we have seen here in this country is we now have a consumer demand of year-round supplies of products, so the kind of seasonal issues that related to that where we are not producing certain commodities here in this country, and other countries can provide that, is an important area as well that we have seen increases in imports.

Ms. PLASKETT. And what countries do you find is the greatest opportunities for exporting?

Mr. GUENTHER. I think we continue to see the Asian communities, European communities as well, when—and some—when we look at these trade agreements that we are currently looking at. Mexico and Canada continue to be a viable market as well for our exports. We continue to try to increase access there——

Ms. PLASKETT. Okay.

Mr. GUENTHER.—because they are trading partners.

Ms. PLASKETT. Thank you. Thank you very much.

I yield the balance of my time.

Mr. CRAWFORD [presiding.] The gentlelady yields back.

The gentleman from Michigan is recognized for 5 minutes.

Mr. BENISHEK. Thank you, Mr. Chairman. Welcome, gentlemen. I appreciate you being here. I represent the northern half of Michigan, so I work with our Michigan Farm Bureau. And, Mr. Kappelman, I am a Packer fan, so I know you live near Green Bay. And we produce in northern Michigan quite varied products throughout my district especially.

And I have been listening to the debate here. I am a surgeon, I am not a farmer, and I know how important this trade is. You have all been advocating for it and it all sounds good, but I do have a few specific questions that I would like to ask.

Mr. Guenther, we produce a lot of fruit and vegetables in northern Michigan. Where are the—particular to fruit and vegetables, which we do a lot of great stuff in Michigan, apples, cherries, as you probably know, can you give me just a brief—how is the free trade agreement, specific to those commodities, going to help us in Michigan?

Mr. GUENTHER. Well, when you look at the export opportunities such as for apples and cherries, the Asian market in particular can be very beneficial, and those are important areas that we can focus on. Those are areas we are really going to try to spend a lot of time on in terms of increasing access to those areas.

Mr. BENISHEK. Mr. Kappelman, something came up which I wasn't really aware of, the Ranking Member mentioned the Canadian NAFTA agreement excluded the dairy situation, and he was concerned about their dairy industry becoming pretty strong and we are not able to compete with them very well. What is the input to the negotiators? How does this happen that here is a major— where it is a—American milk producers are involved with the NAFTA agreement, how does this happen?

Mr. GUENTHER. Well, I was in high school at the time.

Mr. BENISHEK. Yes, but how does this happen where we are talking about negotiating free trade agreements that are fair, and it all sounds positive, but here is this thing that happened that is not all that positive, so what happens, and——

Mr. GUENTHER. Well, I——

Mr. BENISHEK.—do you have input to that process?

Mr. GUENTHER. I understand that issue goes back to the original Canada-U.S. Free Trade Agreement, which was a predecessor to NAFTA, and dairy was left out of that. And then they left dairy out of NAFTA again.

And, it goes back to their code of system. They put up really tall walls around their dairy industry, and they are really trying to protect it, and they just are standing by their producers.

Mr. BENISHEK. Well, Mr. Stallman, what does the input that the industry has, towards the negotiations, with the Administration given negotiating this trade authority, right, how do they know your interest? What is the communication process there?

Mr. STALLMAN. Well, there are a variety of ways, and I am going to just speak about what we do in Farm Bureau——

Mr. BENISHEK. Okay.

Mr. STALLMAN.—because our colleagues in the other commodity groups do the same thing. There are trade advisory committees that advise our negotiators directly. We, as well as our colleagues, have very direct discussions and consultations, and——

Mr. BENISHEK. Does this happen in real-time?

Mr. STALLMAN. Yes.

Mr. BENISHEK. Okay.

Mr. STALLMAN. Real-time. There are those of us who have security clearances, we get real-time phone calls from our negotiators if issues are coming up that they want to have input on. We provide input ahead of time about the things that we would like to see. So I feel like we have a great deal of input.

Mr. BENISHEK. Well, Michigan not only has a great agriculture industry, it has an automotive industry as well. You were talking about Japan a little bit, and I want to see our stuff being able to be sold in Japan, our ag stuff, but also our car stuff. So it concerns me that there is—talking about one sector or the other maybe having favorability in the agreement. I want to support an agreement because I believe in free trade, but I want to have a fair deal too. So I am just trying to find out how this all works better so I can support both those industries in my state, and not have one agree to one and then ditch the other, like what happened with the milk guys. So do we all have input to that? Anybody familiar with any of these agreements personally?

Dr. HILL. I would say that everybody has the opportunity for input. Some organizations, some groups are more active than others. We have been very active. The pork industry has been very active.

I don't know if you are aware but in your state, they just announced that there is going to be a new packing plant. I am not sure if it is in your district or not, but it is partially owned by producers, and they will slaughtering pigs and they will want to export product from that facility in the international market.

The CHAIRMAN [presiding.] The gentleman's time has expired.

Mr. Costa, for 5 minutes.

Mr. COSTA. Thank you very much, Mr. Chairman. And I thank Representative Kuster for allowing me go as I have an appointment I need to go to.

Gentlemen, I appreciate your testimony, and these two trade agreements both with our Asian trading partners and the Europeans are both very important to the country as a whole, but also to American agriculture. A lot of detail, not a lot of time to ask questions. I will submit some later on, and I would hope to get a written response. We have both the tariff and the non-tariff barriers that we are dealing with in agriculture. I would like to quickly ask each of you which do you think are of greatest concern to you, the tariff or the non-tariff barriers, as it relates to agriculture? And I know there are two different sets of negotiations going on.

Mr. STALLMAN. I think it depends on the market. That varies by market.

Mr. COSTA. Right, and commodity.

Mr. STALLMAN. Yes, and commodity. In general, we knew that when the Uruguay Round was completed, and there were reductions in tariffs, everyone suspected that the non-tariff barriers would rise to the forefront as being some of the strongest impediments to increased imports, and that has happened. I would suggest that the EU at this point, in terms of non-scientific-based trade barriers, is probably one of the main struggles that we face in agriculture——

Mr. COSTA. Right. And we are——

Mr. STALLMAN.—and as tariff——

Mr. COSTA. And we are stressing best use of science. They have made some progress on GMOs. Obviously, we are still having difficulty with poultry, as an example, but yet they use it on fresh fruit and vegetable products, which is inconsistent, I think. And then, of course, the naming rights which are—I love parmesan, but I mean whether parmesan is made in California or whether it is made in Italy, it is still parmesan. I mean that is like name branding pizza, seems to me. But these are issues we have to work for.

Would some of the three of you like to make a comment?

Dr. HILL. Well, I would say that removing the tariffs or lowering tariffs is probably key to getting into those markets, but the SPS issues are equally important, and those are what come back to haunt us later, and that is why the SPS chapter in TPP is so important because it will strengthen the enforcement.

Mr. COSTA. Mr. Stallman said he thought they were getting good access in this process. How about yourself? In terms of——

Dr. HILL. Well, we have had——

Mr. COSTA.—negotiations.

Dr. HILL. We have had very good input. We have worked closely with the——

Mr. COSTA. Go ahead.

Dr. HILL.—TPA—or the——

Mr. COSTA. Mr. Kappelman, because of my time.

Mr. KAPPELMAN. Yes. So I am going to say that, first of all, for us with TPP access, increased TRQs with Canada and Japan or lower tariff, and the non-trade barriers.

Mr. COSTA. Well, and some of our trading partners like to play it both ways, as you know.

Mr. KAPPELMAN. Right, yes. So we have to be ready for both.

Mr. COSTA. Yes. Mr. Guenther?

Mr. GUENTHER. As tariffs continue to come down on fresh fruits and vegetables, the non-tariff trade barriers are the ones that are probably most critical to success of equilibrium of trade for fresh fruits and vegetables.

Mr. COSTA. Do any of you care to comment on the fact that some of the opposition, obviously, is coming from the area of Trade Promotion Authority, when you look at the history, I don't know how we pass a major trade agreement unless we have some version of Trade Promotion Authority. What is your view on that? I mean do you think we could have these two trade agreements with, I don't know, shall we say an open rule on the House floor, but I mean give me your thoughts.

Mr. STALLMAN. I think it would be virtually impossible to complete and sign off on trade agreements without trade promotion.

Mr. COSTA. Yes.

Dr. HILL. I would agree.

Mr. KAPPELMAN. Yes, also.

Mr. GUENTHER. Yes.

Mr. COSTA. Dr. Hill, do you have any further points you would like to make on the issue of the geographical indicator issues?

Dr. HILL. Of the what issues?

Mr. COSTA. Geographical indicator issues like parmesan like I mentioned a moment ago

Dr. HILL. No.

Mr. COSTA. Okay. Mr. Guenther, beyond the various Federal programs that you mentioned in your testimony, obviously, specialty crops are not only big in California but elsewhere throughout the country. Are there other things that you think we should be looking at as it relates to these negotiations that not only for California but for other states that are engaged in your products, that we can pursue?

Mr. GUENTHER. Well, making sure that we have increased access, you are talking about 300 different commodities grown here in the United States.

Mr. COSTA. Right.

Mr. GUENTHER. And it is very difficult to balance out all that when you are talking about trade agreements, so that is why we think TPA is a very important component or tool for the Congress. But what I would say in terms of that is that we need to make sure that these trade barriers, I continue to go back to that, we have a fair, good, scientific and expeditious process when these come up that is consistent, because that is what they are getting when they come here to U.S.

Mr. COSTA. All right.

My time has expired, Mr. Chairman. Thank you very much. The question I am going to send to you is what happens if we don't have a trade agreement, *i.e.,* the *status quo?* I think we need to look at that as well. Thank you.

The CHAIRMAN. The gentleman's time has expired.

Mr. Newhouse, for 5 minutes.

Mr. NEWHOUSE. Thank you, Mr. Chairman. Thank you all four for being here this morning.

I am from Washington State, one of the most trade-reliant states in the country, so this is a very important topic for me and my producers in Washington.

I would first like to direct a question to Mr. Stallman, if I may. You all are well aware, those of us in the Pacific Northwest, all along the West Coast experienced significant damage due to the West Coast ports labor dispute, significant market shares have been lost by our farmers because we couldn't get access to those markets. Could you perhaps discuss some opportunities that TPP might help us in reclaiming those markets?

Mr. STALLMAN. Well, I believe it would just on the general principle that we have more opportunity if we complete a successful TPP. With more opportunity, that should increase the trade flows into those markets, and should help us recapture some. I mean the fundamental issue with the transportation was there was just a delay and a shut off of the transportation of those products, to the extent the countries went to other sources. I still think that being as competitive as we are in the U.S., we can get them back. It is not a desirable situation, I might add, but if we work at it, we can get those back. We just don't need any more shutdowns like that.

Mr. NEWHOUSE. To follow up on that, do you think programs such as MAP, Market Access Program, foreign market development under a TPP agreement, would those be useful tools?

Mr. STALLMAN. I think they continue to be useful. I am not sure, depending on what the outcome of the TPP agreement would be in terms of opening up markets, what that would mean for those specific programs, but those specific programs have been very instrumental in improving our exports over the years.

Mr. NEWHOUSE. Okay. Good.

Mr. GUENTHER. I am sorry. I was going to just interject on this as well. When you look at the cost of $1.7 billion in lost agriculture sales exports out of this country, certainly a TPP is going to help bring back some of that business, because I know in the fruit and vegetable world, we are seeing losses in customer confidence, in the ability to export because of what happened since October and March.

Mr. NEWHOUSE. Actually, Mr. Guenther, I was going to turn to you next: speaking about specialty crops, so that is a good segue. My state produces a lot of them; 300 different crops from the State of Washington, and fresh fruits, vegetables, apples, cherries, hops, you can name it, we can do it. Could you maybe discuss specifically some of the opportunities in some of those crops, what the trade agreement might present for growers?

Mr. GUENTHER. Well, in the apples and cherries and those types of tree fruits, it has a great advantage and opportunity to have increased access. They are already doing a fair amount of exports over there, but certainly this will be helpful in those areas as well.

Mr. NEWHOUSE. Mr. Kappelman, welcome. We talked a lot about Japan and Canada, as it relates to dairy products, so if you were able to, what instructions would you give our trade delegation as it relates to getting milk products into these countries?

Mr. KAPPELMAN. Well, actually, I sit on the Ag Policy Advisory Committee for the Administration, and my coaching all along has been don't let dairy lag, because we have in the past.

Nations are very protective of their milk supply. It is one of the staples that——

Mr. NEWHOUSE. Yes.

Mr. KAPPELMAN.—nations want to protect, and I think that it is just that, for us as an industry that was protectionist, we found that opening the door a little bit was okay. The water was fine. And that would be my message to Canada if I were a negotiator, that you need to open the door a little bit because the water will be fine.

Mr. NEWHOUSE. Okay. All right.

Thank you, Mr. Chairman. I yield back the balance of my time.

The CHAIRMAN. The gentleman yields back.

Ms. Kuster, 5 minutes.

Ms. KUSTER. Thank you, Mr. Chairman. And thank you all of you. This is an important issue facing all of us in the Congress, and I really appreciate your time.

I want to direct my question to Mr. Kappelman. I appreciate the work that you do on behalf of the nation's dairy farmers. New Hampshire and New England are home to many small family-run dairy operations right in my district that are vulnerable to price fluctuations.

Mr. KAPPELMAN. Yes.

Mr. KUSTER. And one concern that I have about the TPP is the impact on increased foreign dairy imports that we have been talking about this morning on these small dairy farmers. So could you please elaborate further on the challenges posed to our American dairy farmers from the New Zealand exports, and the you talked about the opportunities in dairy, Japan and Canada, and just how we might balance this in terms of what the impact could be and, in particular, we are talking about the TPP, I am trying to figure out the impact here in northern New England——

Mr. KAPPELMAN. Right.

Ms. KUSTER.—and so if you can give a sense on that, it would be very helpful.

Mr. KAPPELMAN. Well, there are a couple of—thank you for the question, by the way. And there are some thing, because I represent, as a Land O' Lakes Board member, I represent a lot of family-sized operations——

Ms. KUSTER. Yes.

Mr. KAPPELMAN.—family-sized from 30 cows to thousands of cows, and first of all, I want to thank Congress for passing a farm bill where we have a margin protection program, an insurance program that helps guarantee in times of—because what we are seeing now is that we have seen a precipitous drop in milk prices over the last 4 months, 40 percent drop. Now, they were at all-time highs, and we are falling back into a low range, so we need a safety net, and we appreciate that.

Opening the markets really has done a lot of things for us, and getting rid of our price support programs. We are creating new products in the industry that the world wants. We used to produce products that we could sell to the government if we had to.

Ms. KUSTER. Yes.

Mr. KAPPELMAN. So if everything went bad all at once, we could sell butter, we could sell powder, we could sell cheddar. Well, the world doesn't buy 80 percent butter, they buy 82 percent fat butter. They don't buy nonfat dry milk, they buy skimmed milk powder, and they don't generally buy cheddar, although we did sell some cheddar to England, which is kind of interesting.

Ms. KUSTER. Well done.

Mr. KAPPELMAN. Yes. Not a lot but we got it done. But they sell a lot of Gouda and——

Ms. KUSTER. Yes.

Mr. KAPPELMAN.—other products. So by moving to a market-oriented system, we are now creating products that the world wants, and we are now trading some of those products. We are also developing a great artisan market for a lot of—just like the microbrews have opened up the brewing industry, same thing is happening in cheeses.

Ms. KUSTER. We are seeing some great cheese in New Hampshire, and it is all small, small operators.

Mr. KAPPELMAN. And that is going to do a couple of things. First of all, I have friends in Wisconsin who produce farmstead cheese and are exporting it. But it also keeps some of those artisan cheeses from coming in from Europe. When you go to the dairy case now in the supermarket, you see a lot of American artisan cheeses.

Ms. KUSTER. Yes.

Mr. KAPPELMAN. You don't have to just buy cheddar to mozzarella. We have a lot of opportunities now.

Ms. KUSTER. That is great. That is very, very helpful. Thank you very much.

And then this is just a general question for the group, one concern that I have heard from many of my constituents is that, in the past, the Administration has not always been aggressive enough in enforcing trade agreements, and I wouldn't single out this Administration; I would say Administrations generally, from hardwood forest products, another big issue in my district, to aluminum extrusions. China and other countries have unfairly subsidized their exports, harming manufacturers in my state. What steps should be taken to better enforce our trade agreements and hold our trade partners accountable for violations so that we can better protect American agricultural producers and manufacturers? I just would open this up, maybe if you just want to go left to right, or my left to right, and that would be great if you could start.

Mr. STALLMAN. Well, as I referenced earlier, the first thing we need to do in trade agreements is be sure that we have enforcement provisions that are transparent, that are timely, that you can move forward with to address these situations.

We will have a lot of issues with China, and one of the moves to get them into the WTO was to make them subject to a lot of the world trading rules that exist. We probably can always do better with enforcement, but it is not always easy when you file cases, it is not always easy to win cases and it takes a long time, but we continue to urge this Administration, and past Administrations, to do as much as they can to enforce trade agreements.

Ms. KUSTER. Thank you.

And my time is up so we won't have the opportunity. Thank you very much.

The CHAIRMAN. The gentlelady yields back.

Mr. Davis, for 5 minutes.

Mr. DAVIS. Thank you, Mr. Chairman. Thank you, panelists.

I just wanted to address a few things about my home State of Illinois. And, Mr. Kappelman, do you see me behind Mr. Rouzer? Okay, perfect. He is a great block here. Illinois is my home state, and is the number one soybean producer in the nation, and we are the number two corn-producing state. Forty-four percent of the grain produced in Illinois is for exports. Trade is crucial to my district. My state ranks third in ag exports with $8.2 billion in exports. The Farm Progress Show, I will invite you all there, is going to be held September 1, 2 and 3, Decatur, Illinois. I would love to be able to have you there, along with the gentleman sitting behind me, whom I invited yesterday.

Obviously, the issues you have been addressing are extremely important to my district, but also extremely important to this country. And several of you commented in your written statements about the multiplier effect that exports have, specifically, on rural communities. Can you highlight some of those examples? I will start with Mr. Guenther there since he has had to see me more so than the rest of you lately.

Mr. GUENTHER. I think that when you look at how many jobs that we produce in terms of exports, two states that are very important, critical to fruits and vegetables, for instance, is California. They exported nearly $20 billion in 2013, which supports almost 150,000 jobs. And then another top-producing state is Florida, where they export nearly $4.5 billion in 2013, which supports over 33,000 jobs. So when you look at the export opportunities and what they mean to the agriculture community, the fruit and vegetable community in particular, I mean it is an important tool in the toolbox. And you look at, in terms of our risk management portfolio, and what things we have and don't have based on farm bills and exports is a critical part of our business model.

Mr. DAVIS. I mean it is important to remember what you are saying is you are not growing fruits and vegetables in urban areas. These are rural communities, and the ag sector is such an important and vital part of our rural communities that I serve.

Mr. GUENTHER. Yes, sir.

Mr. DAVIS. Mr. Kappelman?

Mr. KAPPELMAN. Yes. Multiplier effect for dairy is nothing short of miraculous. First of all, our growth in our industry will mostly be exported. We are growing our domestic consumption, but a lot of it is going overseas. And that multiplier effect of, basically, for economic activity, 2.75, so every dollar of export dairy, we are generating $2.75 of economic activity in the U.S., but bigger than that is the jobs. The amount of dairy exports we have grown over the last 15 years, 140,000 incremental U.S. jobs. And we are not done growing yet. This industry can grow if we are given the tools to export.

Mr. DAVIS. Thank you. Thank you, sir.

Dr. Hill?

Dr. HILL. I think the best way I can answer your question is to use my own farming operation as an example. I have a relatively small farm. We have 350 sows and we farm about 3,000 acres, but this operation has three full-time people and a couple of part-time people. I don't write checks to any of those, my accountant does that, but I have enough Scotch in me that I still want to write the checks to everybody else, so I do that. And I write about 40 checks a month, and those checks go to the local hardware stores in a town of 5,000, a hardware store in a town of about 300 people, welding shop, seed, fertilizer, I do business with a local co-op. Those are the people that are out there that I do business with, and they are all in the rural area. And in order for us to maintain our market, we have to rely on exports, and that is why I keep going back to the fact that we need TPP, we are not going to get TPP if we don't get TPA. We have to have TPA.

Mr. DAVIS. Well, thank you.

Now, Mr. Stallman.

Mr. STALLMAN. Just a couple of numbers. First, every additional $1 billion in ag exports generates 7,300 jobs. Every dollar in additional ag exports generates $1.27 worth of additional economic activity. I mean you have the processing, packaging, transportation sector. It boggles my mind that there are entities and groups of workers in this country who oppose trade agreements, when these same trade agreements are going to create jobs in transportation and for port workers. I don't understand it, but it happens.

Mr. DAVIS. Well, thank you all very much. It is a very important issue being addressed today.

And thank you, Mr. Chairman. My time has expired.

The CHAIRMAN. The gentleman's time has expired.

Mr. Yoho, for 5 minutes.

Mr. YOHO. Thank you, Mr. Chairman. Gentlemen, thank you for being here, and I look forward to moving forward with TPA and TPP as long as it is in the best interest of America. As we move forward, we are all for balance and fair trade, and being who I am, a Republican and a capitalist and all that, we just hope our deal is a little bit better for us. I am okay with that. But again, balance and fair trade, because as you brought up, Dr. Hill, everything you do, the jobs it creates, and as you brought up, every job or every time we export, it creates more jobs here in America. And as we move forward, what we saw in these multinational agreements, like with NAFTA and what happened on the Sugar Program and how it paid off, that we prevent those type of trade situations where it cost the American taxpayers $250 million, and that we have in place a way to recoup those losses, and that we can do that. And as we move forward with TPP, how do you see that working to where we have those negotiations, if somebody violates that, is there a way to resolve that without the WTO? Can there be an agreement within the trade agreement? We will start with you, Mr. Stallman.

Mr. STALLMAN. Yes. I mean it is anticipate that the TPP agreement would have specific dispute settlement processes, enforcement mechanisms under that agreement itself. The countries still fall under, in general, the rules of the WTO for those that are WTO members, but we should have a specific set of enforcement mechanisms for the TPP.

Mr. YOHO. All right. Dr. Hill?

Dr. HILL. Yes, I don't think we can foresee every pitfall that occurs, but if it is a major problem, then we have to take it to the WTO. We have to enforce our rights, and some think that maybe we are not as aggressive enough there. Probably others think that maybe we are too aggressive. I am not sure, but that is what we have to do.

Mr. YOHO. Well, again, when we negotiate these, and when there is a violation, we need to be forthright and forthcoming, and we need to do it quick. You do need to stand strong, because you are talking about, not just the trade imbalance, but you are also talking national security and what is best for America. And it is time we take a strong stand on that.

Mr. Kappelman?

Mr. KAPPELMAN. Yes, I agree totally with my fellow testifiers here.

Mr. GUENTHER. I mean, yes——

Mr. YOHO. Same thing.

Mr. GUENTHER.—I would agree with everything.

Mr. YOHO. Okay. And then one of the things that we hear a lot about is the GMO and the restrictions put on American products, whether it is the GMO or the EPA, like the neonicotinoids that are used, and the restrictions put on our products. What are your feelings on that in this negotiation? Can we negotiate strongly on those to where we can put some kind of a pressure on the EU to accept those products with the research and development that have gone into those products, whether it is the neonicotinoids on pesticides, or the genetically-modified products that we produce that have gone through rigorous testing, and before they get released, they have already gone through that testing and they have years, and millions if not billions of dollars into that. How can we work with that negotiation where it is based on science and not on, I don't know if this is the right word, but environmental McCarthyism maybe, to where they are attacking this because it is this "GMO" with quotes around it.

Dr. HILL. Well, in the case of TPP, a lot of that has occurred, and we have made significant progress. With TTIP, I am not as convinced that we will ever get the Europeans to back off the issues, as you pointed out, I don't think they have negotiated in good faith to this point. That is why I am skeptical that TTIP will see the light of day, at least in the near future. TPP though can.

Mr. YOHO. Okay. Anybody else have a different opinion or comment?

Mr. STALLMAN. No, it is not an opinion, we just have to address those in the agreements themselves. I would concur that TTIP is going to be much more problematic in that regard. I get to meet with the negotiators from other countries, including the EU negotiators that come over and tell me all the things they are not going to be able to do in this negotiation related to agriculture, and I point out to them, well, if there is not going to be anything changed, then why should we be supportive of it?

Mr. YOHO. You know, and I like that because don't tell me what you can't do, tell me what we can do so we can do that. And I appreciate you being forthright on that, and I thank you for your time.

And, Mr. Chairman, I yield back.

The CHAIRMAN. The gentleman yields back.

Mr. Rouzer for 5 minutes.

Mr. ROUZER. Thank you, Mr. Chairman. I think maybe perhaps I am the last Member. Maybe one more. Anyhow, here at the very end, I can assure you the record is going to show that all of you are in support of TPA and trade agreements in general.

I want to focus my line of questions, and just a couple of them, to Dr. Hill. I have a very strong pork producing district in southeastern North Carolina. Obviously, pork is a critically important commodity to the State of North Carolina and to the country as a whole. And it occurs to me that we have had a significant amount of growth in exports probably since the late 1990s directly related to the opening of new markets, and I thought maybe it might be instructive for the Committee and others in the public to have a good sense of that history. Can you provide that?

Dr. HILL. Yes. Well, up until about 1992, 1993, the United States was a net importer of pork. And as we developed these free trade agreements and started opening markets, we have successfully increased the amount of pork that we have exported every year but 1, year over year. And last year volume was down slightly. Value was higher than 2013. But we export approximately 24 percent of all the muscle meat, and another roughly three percent of variety meats, which would include the offal and everything that I mentioned before, which that variety meat adds significantly to the value of the pig that eventually goes back to the producer. And as you said, North Carolina is, of course, they have the largest number of sows, and it is obviously very important. And now with Smithfield having that inroad into China, it is extremely important for them. And, China is one of those countries that we think eventually may want to join the TPP.

Mr. ROUZER. We have been told that TPP will create significant business opportunities across the board for the pork industry, in particular for the State of North Carolina. Has there been any economic analysis in terms of jobs created? My district is one of those districts that has an above average unemployment rate, and the pork industry is critical to my district, so any new jobs we can create as it relates to this trade agreement, I would be most interested in.

Dr. HILL. Yes, there absolutely has. Dr. Dermot Hayes, who is an ag economist at Iowa State University has done a study, and his predictions are that if we implement TPP, that it will create, just in the pork sector, another 10,000 full-time jobs.

Mr. ROUZER. Any other comments that you would like to have in the last 1 minute and 49 seconds? This is your opportunity.

Dr. HILL. We need TPA.

Mr. ROUZER. I thought you were going to say that.

I yield back my time, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

G.T. Thompson for 5 minutes.

Mr. THOMPSON. Thank you, Mr. Chairman. More than happy to play cleanup here. Thank you for hosting this hearing. Gentlemen, great to see you. Thanks for being here. I appreciate what you do here in the hearing room and what you do back home.

Dr. Hill, I wanted to follow up on what my colleague was talking about. Would you agree then that the hog industry, where it was, that the fact of responding to export demand and opportunity in the 1990's really has stimulated growth in the hog industry, and quite frankly, created jobs?

Dr. HILL. Yes, it absolutely has, and of course, it not only helps the pork industry but it helps the corn producers, it helps the soybean producers, and helping all.

Mr. THOMPSON. I think that is a great point that is missed, because sometimes we think about trade, about just meeting the needs of current workers, current agricultural products, current farmers, ranchers, and the fact is that it seems like that these trade agreements have—really have stimulated future growth as well.

You had referenced Dr. Hayes from the Iowa State University in your testimony, and you made reference to him with something else he had said in the previous line of questioning. The comments about the TPP, Dr. Hayes said comments that the TPP may be the most important commercial opportunity ever for U.S. pork producers. Can you elaborate on that?

Dr. HILL. Well, the countries that are represented, the 12 countries represented in TPP, account for about 40 percent of the global market, and so it is going to open up a lot of opportunities. We exported about $2 billion of product to Japan. We don't know exactly, it depends on what happens with the tariffs and everything, but we expect that that market can be significantly increased. We expect Vietnam and Australia also, and if China comes in eventually we look for China to be a huge market. China, of course, produces more pork than just about the rest of the world, but they have an increasing population and developing a middle-class that wants that protein.

Mr. THOMPSON. Right.

Now, Mr. Kappelman, keeping agriculture products moving now demands not only work by our trade agencies, such as USTR and FAS, but also regulators, given that often countries are looking for assurances about the safety of the products we are shipping. Now, for your business and the dairy business specifically, is this a process that works, and are our regulators sufficiently prioritizing trade issues?

Mr. KAPPELMAN. Thank you for the question. Because in dairy the rapid growth and trade is new, we are not staffed up. New, I say 10 years old, right. So we have had 10 years to figure this out, but we are not staffed up to meet the needs that we have to step up to certify our products to some of these countries. For instance, with Chile, we had the agreement made but then they said, "Okay, great, we need to get your plants certified." And to the FDA, it is like, well, we are not staffed for that yet. So that whole FDA staff-ing, and for us it is—a lot of it is plant certification that we are certified to export, but we are not there yet.

Mr. THOMPSON. Yes. And and I apologize, I was coming in late, but I heard this being asked to another Member of the panel, something similar, and Mr. Kappelman, I wanted to see if you can respond to this. Can you please discuss the importance to U.S. agriculture of preventing restrictions on the use of the generic food names?

Mr. KAPPELMAN. That is an interesting concept. Of course, TTIP and Europe is front and center in that, and they think that a lot of their products they should have rights to those products. And unfortunately for them, a lot of our cheese makers came from Europe and we're making the cheeses that they made three or four generations ago, and we have not only been manufacturing them, we have been promoting them, we have been marketing them, we have been building the market for those categories of cheese. So we have been building the global market, and now they want to take that back. Well, I don't think Parma can make enough parmesan to feed the world. So we absolutely need to stand firm in those GIs.

Mr. THOMPSON. Very good.

Thank you, Mr. Chairman.

The CHAIRMAN. The gentleman yields back.

Gentlemen, thank you for coming this morning and visiting with us, and getting a couple of things on the record: your clear support for TPA, and why that is necessary in order to get these broader agreements done. It is important that you have access to our negotiators, as well as negotiators on the other side of these deals so that everybody understand what is in the best interests of the entire agreement, and that you all reserve the right to support or not support the ultimate trade agreements based on the impact that you see on not only your particular industry, but also the broader impacts. I would be remiss if I didn't recognize that today is National Agriculture Day, and so having this hearing on a topic so vital to the agricultural economy is serendipitous. I would like to say I planned months ago that we would have trade discussed on National Agriculture Day, especially given the level of exports, the jobs created, the wealth created, and the improvement in the U.S. economy that is associated with exporting things that we grow that other people want to eat or wear.

So with that, under the rules of the Committee, the record of today's hearing will remain open for 10 calendar days to receive additional materials and supplemental written responses from the witnesses to any questions posed by a Member.

This hearing of the Committee on Agriculture is adjourned. Thank you, gentlemen.

[Whereupon, at 11:41 a.m., the Committee was adjourned.]

[Material submitted for inclusion in the record follows:]

SUBMITTED COMMENT BY HON. MICHELLE LUJAN GRISHAM, A REPRESENTATIVE IN CONGRESS FROM NEW MEXICO; ON BEHALF OF DAVID SANCHEZ, VICE PRESIDENT, NORTHERN NEW MEXICO STOCKMEN'S ASSOCIATION

The following comments were sent to our office by the Northern New Mexico Stockmen's Association (NNMSA) on March 13, 2015. The attached comments detail NNMSA's concerns regarding USDA's proposed rule to allow livestock imports from Brazil.

Department of Agriculture

Animal and Plant Health Inspection Service

9 CFR Part 94

[Docket No. APHIS–2009–0017]

RIN 0579–AD41

Importation of Beef From a Region in Brazil

[FR Doc. 2013–30464 Filed 12–18–13; 8:45 a.m.]

Northern New Mexico Stockman's Association, represent approximately twenty thousand ranchers and farmers in New Mexico and Colorado. The majority of our producers are minorities, Hispanic and Native American (Indians). On behalf of our minority families are comments are the following:

1. We do not support USDA in their proposed rule to allow the import of "Brazil Beef" into the United States.
2. We are very concerned about the health risks this process would impose on our people and livestock industry.
3. We believe this USDA Rule and proposed Brazil Beef import would damage the economy of our rural communities and our minority producers ability to sustain themselves.
4. We are very disappointed that USDA and the current Administration would propose and support the Brazil Beef Import.
5. We believe that the USDA proposed Rule and effort is a violation of our "Civil Rights" as minority livestock producers socially and economically.
6. We are very concerned that USDA is not protecting our rights to fair trade for minority producers and the ability to better themselves.
7. American Beef is Safe and that is what we demand for our families and foremost our children "in our communities and across the nation".

Note: I'm the Vice President of NNMSA.

SUPPLEMENTARY MATERIAL SUBMITTED BY ROBERT L. GUENTHER, SENIOR VICE PRESIDENT FOR PUBLIC POLICY, UNITED FRESH PRODUCE ASSOCIATION

March 25, 2015

Hon. K. MICHAEL CONAWAY,
Chairman,
House Committee on Agriculture
Washington, D.C.;

Hon. COLLIN C. PETERSON,
Ranking Minority Member,
House Committee on Agriculture
Washington, D.C.

Dear Chairman Conaway and Ranking Member Peterson:

On behalf of United Fresh Produce Association, I would like to thank you for allowing me the opportunity to share United Fresh's perspective on the importance of trade to agriculture during the Agriculture Committee hearing on March 18. In addition to my prepared statement, I would also like to submit these comments, which elaborate on the potential benefits of trade policies and agreements currently under discussion to the fruit and vegetable sector, for the hearing record.

As Members of the Committee are well aware, there is ongoing debate within Congress and among interested stakeholders about granting Trade Promotion Authority (TPA) to the President. This debate is happening at the same time that the United States is negotiating two key trade agreements. First, The Trans-Pacific Partnership (TPP) is intended to open up trade opportunities in the Asia-Pacific region. Secondly, the Transatlantic Trade and Investment Partnership (TTIP) would establish a free-trade area between the United States and the European Union (EU). The fruit and vegetable sector does have a significant interest in the passage and implementation of each of these proposals.

As I mentioned in my written statement and oral testimony, export and import markets are both crucial to our members' ability to succeed and meet year-round consumer demand for nutritious fresh fruits and vegetables. Focusing on exports, an indication of how fruit and vegetable exports could increase through free trade agreements (FTA) is shown through recent information from USDA. According to the Department, U.S. imports of horticultural products, including fresh fruits and vegetables, from current FTA partners were twice the level of exports to those same countries in 2009–2011. While our written testimony and Committee discussion focused a lot of attention on non-tariff trade barriers, another major impediment that has led to this imbalance is the high tariffs placed by TTP and TTIP countries on exports of fresh fruits and vegetables from the United States.

For example, U.S. exports of fresh fruits to the TPP partners of Australia, Brunei, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru Singapore and Vietnam face tariffs as high as 40 percent. Under the TPP, these tariffs would be cut, allowing for and increase to the current $3.1 billion in U.S. fresh fruits exports to the TPP region. Furthermore, exports of U.S. fresh vegetables to the TPP region face tariffs of up to 90 percent. Cuts to these tariffs as part of the TPP, would allow U.S. vegetable producers to grow the nearly $5 billion in fresh and processed vegetables currently exported to the TPP region. Similarly, the terms of TTIP seek to increase the $10 billion in agriculture commodities the United States currently exports to the European Union. United Fresh agrees with the Administration's assertion that this number can and should be higher.

For top fruit and vegetable producing states represented on the Committee, the potential for growth in exports under trade agreements currently being negotiated is significant. For example, agriculture exports from Michigan generated nearly $2.8 billion in the most recent information from the Michigan Department of Agriculture and Rural Development, and fruit accounts for nearly $200 million of that amount. Among the top export markets for the state of Michigan are the TPP counties of Canada, Mexico and Japan. Under TPP, tariffs for top Michigan crops such as apples and cherries will be cut, thereby opening up key foreign markets even further, helping the state of Michigan reach their stated goal for 2015 of doubling agriculture exports. Similarly, countries such as Canada, Mexico and Japan are among the top five export markets for the state of North Carolina, which counts apples among its top producing crops. It should also be noted that USDA estimates that agriculture exports support nearly 26,800 jobs and 28,200 jobs in Michigan and North Carolina, respectively, both on the farm and in related industries.

During the hearing several Members raised the issue of non-tariff barriers to trade. While tariff levels are often an impediment to foreign market opportunities for fresh fruit and vegetable providers, non-tariff barriers can be just as detrimental. For fresh produce providers to be able to take full advantage of opportunities overseas, it essential that trade policies address non-tariff issues such as inputs, production, processing and mitigation. These measures can also include restrictive import and administrative procedures, bans on products from specific producing regions, and product and/or processing specifications, among others. Both TPP and TTIP seek the elimination of unwarranted, non-tariff measures that serve as trade barriers. United Fresh supports efforts to negotiate agreements that address non-tariff barriers in a way that is science-based, ensures product safety and also promotes opportunities for America's fresh produce producers.

In conclusion, Mr. Chairman and Ranking Member Peterson, United Fresh believes that trade agreements such as TPP and TTIP hold great promise for not only ensuring continued opportunity and job growth here at home through imports but also to provide a level playing field for U.S. fruit and vegetable exports into key foreign markets. Furthermore, we would like to reiterate our support for the passage of Trade Promotion Authority to facilitate the expeditious approval of trade agreements. We believe that such actions will enhance the work done by America's fruit and vegetable producers to make the most of export and import opportunities that meet consumer demand and promote business growth. United Fresh stands ready to assist you in promoting sound trade policies that benefit America's agriculture sector.

ROBERT GUENTHER,
Senior Vice President, Public Policy,

United Fresh Produce Association.

SUBMITTED LETTER BY PHILIP ELLIS, PRESIDENT, NATIONAL CATTLEMEN'S BEEF ASSOCIATION

Hon. K. MICHAEL CONAWAY, *Chairman,* House Committee on Agriculture Washington, D.C.;	Hon. COLLIN C. PETERSON, *Ranking Minority Member,* House Committee on Agriculture Washington, D.C.

Philip Ellis, President, National Cattlemen's Beef Association
Submission for the Record

Chairman Conaway, Ranking Member Peterson, and Members of the Committee, on behalf of the U.S. beef industry, I thank you for holding this hearing on the importance of trade to U.S. agriculture. My name is Philip Ellis, and I am a cattleman from Chugwater, Wyoming. I am the President of the National Cattlemen's Beef Association (NCBA), the nation's oldest and largest trade association representing the U.S. beef industry and I am honored to share with you the pros and cons of trade that we have experienced as an industry over the years.

Cattlemen and women support open markets, level playing fields, and science-based standards when it comes to international trade. We do not support trade based on politics and protectionism where governments, not consumers, determine demand. Simply put, when governments get in the business of picking winners and losers, everybody loses. The U.S. beef industry has been both the beneficiary and victim of trade policy and it is important that Congress and the White House get it right the first time.

Beef demand around the world continues to grow at a strong and steady pace. In order to keep up with demand we rely on science and technology to assure our natural resources are efficiently used. We also rely on proper conservation practices to make sure our pasture and grazing lands remain healthy even in tough times like these. The judicious use of scientific interventions such as antibiotics, pest control, and growth promotants allow me and other producers to compete with beef producers across America and around the world for a growing consumer base that is hungry for the safe and delicious beef we produce. It is very important to me and many other ranching families that we do everything possible to ensure that the next generation will have the opportunity to continue providing high quality beef to consumers around the world. While government incentives for young and beginning producers may sound good in theory, the truth is nothing attracts workers like the promise of the almighty dollar. I believe that exports will help provide the real economic incentive needed to stem the tide of disappearing farmers and ranchers needed to continue providing safe and affordable food to a growing global consumer base.

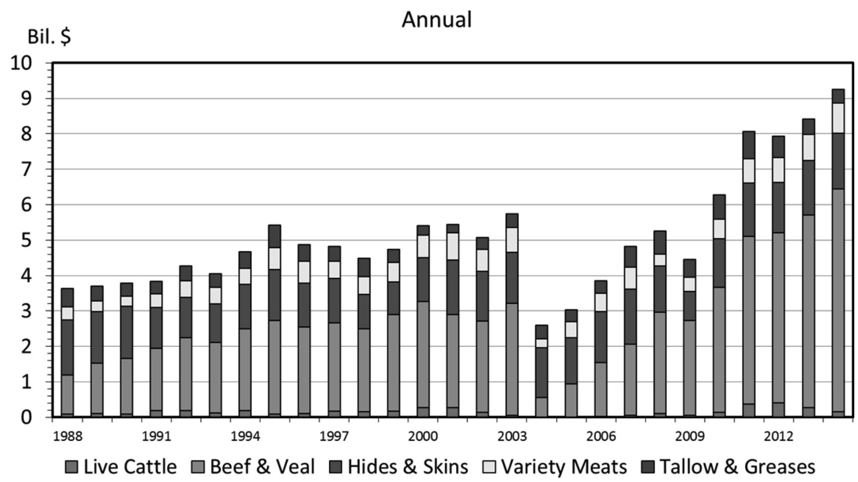
The elimination of tariff and non-tariff trade barriers is a top priority for the U.S. beef industry. I strongly encourage you to work with President Obama to craft current and future trade agreements based on free market, science-based principles that will resolve the limited market access we face due to tariff and non-tariff barriers. It is my hope that this information will highlight expanded trade opportunities as well as the barricades to trade that we continue to face in the U.S. beef industry.

Overview of U.S. Beef Industry and Exports

According to the U.S. Department of Agriculture, the U.S. beef industry consists of nearly 915,000 cattle and calf operations with a national herd size of 89 million head of cattle, with 90 percent of cow herds consisting of less than 100 head (average is 44 cows per operation). In 2013, the U.S. beef industry generated $44 billion in farm gate receipts and the average American spent approximately $300 per capita on U.S. beef products. Without question, our domestic market is our largest consumer base and the focus of most of our marketing campaigns. Americans love beef, and we enjoy a dominant share of the domestic market place. At the same time, international consumers are often willing to pay premiums for cuts and variety meats such as tongue, livers, short ribs, skirts, and stomachs that are not as valuable in the U.S. market.

The U.S. beef industry has traditionally exported 10 to 15 percent of our products and we expect that percentage to rise as more consumers are exposed to U.S. beef in other countries. In 2014, foreign consumers purchased 1.2 million metric tons of U.S. beef and beef products at a total of $7.1 billion. In addition to beef and veal, we also export hides and skins, tallow, live cattle, semen, embryos, and even rendered cattle. If there's a market demand for any part of the animal we do our best to meet it. According to CattleFax, a global leader in beef industry research, analysis, and information, exports accounted for $350 per head of fed cattle in 2014. Beef and beef products are the largest segment of our export portfolio. According to the U.S. Meat Export Federation, our top five export markets in 2013 were: Japan ($1.58 billion, 241,129 metric tons), Mexico ($1.17 billion, 242,566 metric tons), Hong Kong ($1.15 billion, 154,420 metric tons), Canada ($1.03 billion, 137,532 metric tons), and Korea ($847 million, 117,567 metric tons).

U.S. Beef Industries Export Values



Livestock Marketing Information Center I–N–70, 02/25/15.
Data Source: USDA–FAS, Compiled & Analysis by LMIC.

Success Stories for U.S. Beef Trade

Quite possibly one of the greatest success stories for the U.S. beef industry has been the North American Free Trade Agreement (NAFTA). In 1993, the pre-NAFTA level of U.S. beef exports to Mexico were 39,000 tons valued at $116 million. As a result of NAFTA, Mexico eliminated its 15 percent tariff on live cattle slaughter, the 20 percent tariff on chilled beef and the 25 percent tariff on frozen beef. Fast forward to 2014—Mexico was our second largest export market, valued at over $1 billion. With the announcement that Mexico lifted the 30 month age-based restriction on U.S. beef products, we anticipate further growth in our exports to Mexico. Meanwhile, Canada has traditionally been our largest export market for U.S. beef, but finished fourth overall with a remarkable $1.03 billion in sales. Having two large export markets at our borders has greatly benefited the U.S. beef industry.

Not only do we trade beef with Mexico and Canada, the live cattle trade is also a very lucrative business for all three nations. In 2014, we imported over one million head of cattle from Canada and over one million head of cattle from Mexico. Mexican-born and Canadian-born cattle are a critical component to the success of the U.S. beef industry, something on which U.S. cattlemen depend in order to supplement our herd shortage.

Likewise, our trade agreements with other countries in the western hemisphere have proven to be very successful for the U.S. beef industry. After 10 years under the terms of the Central American Free Trade Agreement (DR–CAFTA) where we are experiencing the benefits of elimination of 15–40% tariffs over 15 years and the strengthening of SPS measures.

Of course, we are very excited to see the growth and opportunities that have been created with the implementation of the free trade agreements with Korea, Colombia, and Panama. Korea is a top five market for U.S. beef exports and the 15 year phase out and elimination of the 40 percent tariff on U.S. beef allows us to sell more U.S. beef to more Korean consumers. We currently enjoy an eight percent tariff rate advantage over Australia and Canada because Congress implemented our agreement before Australia and Canada. In recent years critics questioned whether the Korea FTA was beneficial to the beef industry because sales were not as high as the year before the FTA was implemented. One important fact they do not take into account is that prior to the implementation of the FTA, Korea was suffering from a massive shortage in their domestic livestock production due to animal health issues that led to a spike in beef imports. Domestic production in Korea has been recovering at a rapid pace, and even in spite of that, 2014 was a record year for beef sales in Korea at $874 million.

While elimination of Korea's massive 40 percent tariff is important, equally as important are the strong sanitary and phytosanitary standards (SPS) in the Korea FTA. The Korea FTA's SPS agreement is considered the gold standard of SPS agreements and is something we want reflected in all future agreements. Similarly, the SPS agreements in the Colombia and Panama FTAs are also very strong.

One market that has been beneficial for U.S. beef exports is Hong Kong. The cause of this increase in sales has not had as much to do with the removal of tariff barriers as the removal of a non-science based, age-based restriction on U.S. beef. In May 2013, the U.S. was designated as "negligible risk status" for bovine spongiform encephalopathy (BSE) by the World Organization for Animal Health (OIE). Under a previous agreement Hong Kong agreed to grant full market access (no more restriction on age) for U.S. beef. In 2008, Hong Kong purchased $43 million in U.S. beef. In 2014, that number grew to $1.15 billion.

Without question, one of the greatest developments for the U.S. beef industry was Japan lifting their age-based restriction on U.S. beef from 20 months to 30 months on February 1, 2013. Prior to that time Japanese protocol limited imports of beef from the U.S. to cattle slaughtered before they reached 21 months of age. The removal of that arbitrary trade barrier caused the sale of U.S. beef to climb from $4 million in 2004, to $1.6 billion in 2014. Japanese consumers want U.S. beef, and the removal of the age-based restriction will further encourage our sales to grow.

Hindrances to U.S. Beef Trade

Unfortunately we continue to face many unnecessary barriers from tariffs, tariff rate quotas, and non-science based non-tariff barriers. Many of these restrictions have been the result of government reaction to cases of BSE.

China

China's market remains closed to U.S. beef since the 2003 discovery of a Canadian-born cow infected with BSE in the U.S. Since 2003, China has continuously used non-science based standards to ban imports of U.S. beef, a product that is recognized internationally as a safe product. Arbitrary guidelines not based on science have resulted in lost profits for U.S. beef exports across the globe. According to CattleFax, the U.S. beef industry lost nearly $22 billion in potential sales through 2010 due to BSE bans and restrictions around the world.

The U.S. beef industry has taken great strides to open markets and promote U.S. beef in Asia. As the middle-class grows throughout Asia, consumers are switching to a protein-based diet. There are tremendous opportunities for beef, pork, and poultry in China, a place with a high population and a growing demand for protein. It has been estimated that U.S. beef sales in China could exceed $300 million annually if given access.

U.S. beef isn't the only industry to suffer from these non-science based trade restrictions. On a larger scale, the elimination of China's tariffs and other trade restrictions could lead to an additional $3.9 to $5.2 billion in U.S. agricultural exports to China, according to a study by U.S. International Trade Commission.

One of the greatest hindrances for the U.S. beef industry has been China's reluctance to embrace internationally recognized science-based standards for beef such as those standards recommended by the World Organization for Animal Health (OIE) and the *Codex Alimentarius* (*Codex*).

According to a March 2011 report by the United States International Trade Commission, U.S. and Chinese officials have been unable to reach an agreement on requirements for trade in a variety of beef products, owing to China's regulations related to BSE. In June 2006, China agreed to allow imports of boneless U.S. beef from cattle less than 30 months of age. However, approval was subject to a number of stipulations, many unrelated to BSE risk, and an agreement has not been reached.

On May 29, 2013, the OIE upgraded the United States' designation for BSE from controlled-risk to negligible risk for BSE. The *negligible BSE risk* distinction applies to cattle and commodities from countries or zones that pose a negligible risk of transmitting the BSE agent as demonstrated by: (1) a risk assessment; (2) the appropriate level of BSE surveillance; (3) one of the following: no BSE cases, only imported BSE cases or indigenous BSE cases born no more recently than 11 years; (4) an existing education and reporting program; and (5) a feed ban that has been in place for at least 8 years if an indigenous or imported case or other risk factors exist.

Negotiators were able to reach agreement on trade in several other bovine products that present a low risk of BSE (bovine semen and embryos), but were unable to reach an agreement on trade in beef tallow. Today, in order to export U.S. beef to China the product must meet all 22 requirements set by the Chinese government.

It is unfortunate that China will import beef from other countries that have negligible risk status, such as Australia and New Zealand, and even from countries such as Canada that have controlled-risk status, a lesser status in the OIE scale of designations, but not from the U.S. NCBA encourages U.S. and Chinese negotiators to develop a beef protocol based on sound science and commercial feasibility instead of political interests.

Another area of concern is China's opposition to the proper use of internationally-approved technologies, particularly beta agonists such as ractopamine. Beta agonists are fed to cattle (steers and market heifers) in feedlots during the last 28 to 42 days of the finishing period to safely increase carcass gain, feed efficiency and carcass leanness while maintaining beef's natural taste, tenderness and juiciness. The Codex Commission, the international food standards-setting body recognized in the WTO–SPS Agreement, has established a set of Maximum Residue Levels (MRLs) widely accepted in international trade. On July 5, 2012, *Codex* adopted standards for maximum residue levels for ractopamine. The establishment of international standards for veterinary drugs like ractopamine is important since many countries rely on science based food standards to ensure that the food they are importing is safe. U.S. agricultural exporters and consumers worldwide benefit from the adoption of international standards for food safety. Unfortunately, China continues to find reasons to delay approval of technologies like ractopamine, instead of incorporating into their protocol the proven scientific standards of the international community. Other countries have changed their beef protocols in the wake of the Codex approval. NCBA encourages China to do the same. As the global population continues to grow, and as a result a growth in the demand for protein, food production must adapt through the use of safe technological advances that rely on fewer available natural resources.

Russia

Prior to 2013, Russia was the fifth largest market for U.S. beef exports with Russian consumers purchasing more than $300 million of U.S. beef in 2012. Unfortunately, at the end of 2012 Russia closed its doors to beef from the United States, Canada, Mexico, and Brazil due to non-science based concerns over production technologies used in each of those countries. While the impact of unnecessarily closing a $300 million market to U.S. beef has impacted our industry, this unfortunate move by the Russian government did not come as a surprise.

On August 22, 2012, Russia officially joined the WTO. As part of Russia's accession agreement with the U.S., Russia agreed to expand market access for U.S. beef to 60,000 metric tons (frozen beef) and an unlimited supply of High Quality beef at a 15 percent tariff rate. Even though the U.S. beef industry raised concerns with our government over Russia's history of implementing market-disrupting non-science based trade barriers, the increase in available quota for U.S. beef was viewed as a promising move for U.S. beef producers and Russian consumers who continually purchased more U.S. beef year after year (2010: $152 million in annual sales/57,453 metric tons; 2011: $256 million in annual sales/72,797 metric tons; 2012: $307 million in annual sales/80,408 metric tons).

Prior to Russia joining the WTO, the U.S. beef industry had not been a target for Russia's non-science-based market closures suffered by other U.S. meat industries like pork and poultry. Russian consumers had not raised concerns about the safety of U.S. beef, nor had the Russian government. Even after Russia voted in opposition of the *Codex Alimentarius'* (*Codex*) establishment of a maximum residue level (MRL) for ractopamine, Russia continued to import record amounts of U.S. beef through 2012. It was not until the end of 2012, that Russia announced it would no longer accept beef and pork that was not certified as "ractopamine-free". Unfortunately, Russia has yet to provide any science-based standards to justify this action and has provided little direction to the U.S. beef industry on how to meet their demands for ractopamine-free beef.

Unfortunately, Russia continues to find reasons to delay approval of technologies like ractopamine instead of incorporating into their protocol the proven scientific standards of the international community. Other countries have changed their beef protocols in the wake of the *Codex* establishment of a MRL for ractopamine and NCBA encourages Russia to do the same.

Hindrances to U.S. Beef Trade Caused By U.S. Policy

Unfortunately, there are some policies enacted that have managed to restrict the U.S. beef producer's ability to sell beef in some countries.

One situation that is still fresh on our memories is the trade retaliation that resulted from the U.S. Government failing to enact a cross-border trucking program with Mexico. While the U.S. may have been the first country to implement carousel retaliation schemes, other countries have picked up on the idea and are becoming experts at innovating its implementation. Fortunately U.S. beef was not on the first retaliation list for Mexico during the trucking dispute, but we are very confident that we will be on the top of the list for both Mexico and Canada following the decision from the World Trade Organization (WTO) regarding the U.S. mandatory Country-of-Origin Labeling (COOL) program.

The WTO has continuously ruled that the U.S. COOL program violates international trade laws and if the U.S. does not change its law Canada and Mexico will most likely be authorized to sue for relief against the U.S., most likely in the form of retaliatory tariffs. If the WTO rules against the U.S., then Mexico and Canada will start the process toward retaliation. Rest assured, U.S. beef and cattle will be at the top of the list for retaliatory tariffs, followed by a long list of other agricultural and manufactured goods. The only way to resolve this potential trade war is to repeal COOL and allow the beef industry to market our product competitively.

NCBA Supports Science-Based and Market-Driven Trade Opportunities

Trans-Pacific Partnership

The Trans-Pacific Partnership (TPP) is an ambitious, 21st-Century trade agreement that includes Australia, Brunei Darussalam, Canada, Chile, Japan, Malaysia, Mexico, New Zealand, Peru, Singapore, Vietnam, and the United States. NCBA believes that the TPP has the potential to open a number of export opportunities for U.S. beef and expand our presence in Asia. NCBA has been strong supporter of our government's efforts to push for tariff elimination and strong science-based standards among all TPP nations for as long as the U.S. has been part of TPP. We encourage our negotiators to remain vigilant and to continue to push the Japanese on beef access because the U.S. beef industry cannot afford to be handed a deal that resembles anything close to the terms given to the Australians. Under the Japan-Australia agreement, Japan will reduce its massive 38.5 percent tariff on frozen beef to 19.5 percent over 18 years, and reduce the tariff on chilled beef from 38.5 to 23.5 percent over 15 years.

We have always supported our government and we appreciate the hard work of our negotiators, but NCBA's ultimate support for the TPP hinges on the terms of the deal. Make no mistake; the U.S. has been accused of taking similar action on sensitive products. And we know exactly what happens in this situation, beef always gets the short end of the stick.

NCBA Supports Renewal of Trade Promotion Authority

NCBA supports the timely renewal of Trade Promotion Authority (TPA). Every United States President from Gerald Ford to George W. Bush has been able to negotiate under TPA, and this expired policy is long overdue for renewal. Opponents of free trade are throwing everything they can in front of TPA efforts in an attempt to derail future trade agreements from being finalized. Some of these groups have made claims that previous trade agreements are a prime example of why future trade agreements should not be allowed. They have used unsubstantiated arguments to support their false claims and have tried to convince the public that previous trade agreements are not delivering on promises previously made. To those critics I would like to point out that trade agreements do not guarantee success, but they do remove barriers to trade and allow us to compete fairly for consumers overseas. For example, trade agreements negotiated under TPA achieved the following:

- Korea-U.S. FTA: Elimination of 40% tariff over 15 years; inclusion of strong SPS* measures.
- Colombia-U.S. FTA: Elimination of 80% tariff over 15 years; inclusion of strong SPS* measures.
- Panama-U.S. FTA: Elimination of 30% tariff over 15 years; inclusion of strong SPS* measures.
- DR–CAFTA–U.S. FTA: Elimination of 15–40% tariffs over 15 years; inclusion of strong SPS* measures.
- Chile-U.S. FTA: Elimination of price-band system; recognition of U.S. beef standards.

- Peru Trade Promotion Agreement: Re-opened market to U.S. beef, eliminated 25% tariff; inclusion of strong SPS* measures.

Meanwhile, some elected officials have criticized TPA as granting additional constitutional powers to the President or claiming that supporting TPA is essentially the same as abandoning their Congressional responsibilities. In fact, TPA is legislation that ensures our government is working together to finalize trade agreements that provide greater market access for U.S. goods and services. TPA affirms Congressional authority by establishing negotiation objectives and by requiring the President to consult with Congress during negotiations with the guarantee that Congress can either approve or reject the final deal, but not amend it.

But why is TPA so important for trade? The U.S. import market is one of the most open markets in the world. The only way to level the playing field for U.S. exports is to negotiate increased market access and tariff elimination/reduction for our exports via trade agreements. TPA ensures that the U.S. has the credibility to conclude the best deal possible at the negotiating table.

We need Congress to act immediately to renew TPA so that our negotiators and our trading partners can finalize good trade deals in good faith. And for those who want to delay action on TPA until there is a new President in the White House be sure to keep in mind that for every day that passes, our competitors are finalizing trade agreements and taking market share away from Americans.

Conclusion

With 96 percent of the world's consumers living outside of the U.S., access to foreign markets for our beef and beef products is significantly important for our industry to grow. Exports are vitally important for the future success of U.S. beef producers and rural America. Future growth of the U.S. economy depends upon our ability to produce and sell products competitively in a global marketplace. Economic globalization is not simply a matter of ideological or political preference; it is a fundamental reality that will determine whether America remains an economic superpower or becomes a secondary economic force.

We support President Obama's effort to double U.S. exports and create jobs in rural America. On behalf of NCBA and many other stakeholders of the U.S. beef industry, I thank you for your continued efforts to open and expand market access for U.S. beef producers.

Sincerely,

PHILIP ELLIS
President, NCBA