



**National Corn Growers Association
Testimony of
Pam Johnson, President
before the
United State House of Representatives
Committee on Small Business
Regarding
Ready to Export: Small Business Policy Recommendations for USTR
June 26, 2013**

Chairman Graves, Ranking Member Velazquez and members of the committee, thank you for the opportunity to testify about exports and policy recommendations for the United State Trade Representative (USTR). My name is Pam Johnson. I am a 6th generation farmer from Floyd, Iowa where I raise corn and soybeans with my husband and two sons. I currently serve as President of the National Corn Growers Association (NCGA). NCGA was founded in 1957 and represents over 38,000 dues-paying corn growers. NCGA and its affiliated state associations work together to help protect and advance corn growers' interests. We support a consistent U.S. trade policy so that corn and corn products are not disadvantaged for the benefit of another sector.

NCGA members have much to gain from government policies that encourage exports and facilitate small, family-owned farms entering the global marketplace. Developing new markets for our country's agricultural products will help our sector lead the nation in economic growth and international competitiveness. From a corn grower's perspective, new trade initiatives will result in benefits far beyond increasing international markets for U.S. corn. NCGA recognizes any opportunity to increase access to downstream, value-added products as a benefit to the U.S. economy.

The administration's current trade agenda is ambitious and complex. Negotiating simultaneously with the European Union and Asia Pacific countries will require a tremendous amount of resources and, perhaps more importantly, a well defined set of principles to guide trade talks. During my testimony, I hope to emphasize recommendations that will maximize family farmers' access to foreign markets.

U.S. Production and Export Demand

On May 30, 2013 USDA released its fourth Outlook for U.S. Agriculture Trade in fiscal year 2013. USDA projects \$139.5 billion in agricultural exports in FY 2013, which if realized would be a new record. Since 2009, U.S. agricultural exports have climbed from \$96.3 billion to the most-recent forecast of \$139.5 billion. USDA Secretary Vilsack noted that agricultural exports support more than one million jobs in the United States. If crafted properly, with an emphasis on increasing opportunities for family farmers, new trade initiatives will help farmers and ranchers continue this record breaking pace.

The United States is the largest corn producer and exporter in the world, and exports of corn and corn products are essential to producer income. During the 2012 marketing year, the United States exported 950 million bushels of corn worldwide. Corn products such as distiller's dried grains (DDGS) represent a growing export market for domestic producers.

WWW.NCGA.COM

**NATIONAL OFFICE
632 Cepi Dr.
Chesterfield, MO 63005
(636) 733-9004
Fax: (636) 733-9005**

**WASHINGTON, DC OFFICE
122 C Street NW, Suite 510
Washington, DC 20001-2109
(202) 628-7001
Fax: (202) 628-1933**

Production growth and consistency make the United States both a reliable supplier of grain and a steadfast advocate for new export markets for corn and livestock products. Despite numerous weather issues in 2012, U.S. corn growers produced over 10 billion bushels of corn. Mother Nature has ensured that this year is also off to a challenging start. However, the rebounds witnessed in previous years indicate growers' ability to harvest a record crop.

Transatlantic Trade and Investment Partnership

Currently, USTR is preparing for the first round of Transatlantic Trade and Investment Partnership (TTIP) negotiations. Since the inception of the U.S.-EU High Level Working Group in November 2011, NCGA has joined other agricultural trade associations in calling for the trade agreement to be comprehensive and to tackle the significant hurdles that must be overcome when dealing with agricultural products. For NCGA members, the biggest challenge is approval of corn and corn products derived through biotechnology. While the EU is a market that holds great potential, that potential is often overshadowed by delays in approvals and regulatory decisions dictated by political pressure and not science-based evaluations.

Upcoming negotiations will require the EU to negotiate and implement the type of high-standard, 21st-century agreement that is central to the Obama administration's trade policy efforts. Furthermore, EU regulatory measures often conflict with both U.S. interests and World Trade Organization (WTO) rules. Examples include biotechnology approval and labeling regulations that restrict U.S. corn and refined corn product exports and restrictions on production methods in poultry and pork.

In 2006, NCGA urged USTR to insist the EU honor its WTO obligations and end the moratorium on biotechnology products. We noted the WTO panel's conclusions were a "meaningful first step in removing the barriers to trade of biotech agriculture and food products imposed by the EU." The key conclusions of the draft interim report included:

- International trade rules fully support trade in products of biotechnology for planting, processing and marketing, subject to science-based regulation;
- De facto bans or moratoria on approvals by Europe and other WTO member countries will not escape scrutiny;
- The Biosafety Protocol and the Convention on Biodiversity are not relevant to the interpretation of the issues on the moratorium;
- Measures taken under the guise of the precautionary principle, absent relevant scientific evidence, are not justified; and
- Politically motivated bans or moratoria by WTO member states are not consistent with members' WTO obligations.

As was true in 2006, unjustified regulations are costing family farmers millions in lost sales to the EU and could result in even greater losses of U.S. exports if they are adopted by other countries around the globe.

NCGA members do not support a "take what you can get" approach to a bilateral agreement with the EU. The EU imposes myriad restrictions on U.S. agricultural products in the form of sanitary and phytosanitary measures. EU acceptance of internationally agreed standards and the adoption of science-based risk assessments must be an important part of improving trade relations. We urge U.S. negotiators to work with the European Food Safety Authority and the European Parliament to achieve higher levels of regulatory convergence and cooperation through alignment of standards and practices, by means of harmonization, mutual recognition or other methods.

We believe that the best way to achieve an outcome on these matters that the food and agricultural sector can strongly support is to use the Trans-Pacific Partnership (TPP) negotiating structure as the template for the TTIP.

Trans Pacific Partnership

TPP is intended to be a comprehensive agreement, covering all sectors without exceptions- all topics are to be concluded as a “single undertaking,” which means that nothing is agreed to until everything is agreed to. Moreover, TPP holds tremendous potential for economically significant market access opportunities. NCGA supports the TPP negotiations and appreciates the efforts of U.S. trade officials to work with importing trading partners including Canada, Mexico and Japan to facilitate full participation in the historic agreement. It is critical that Japan, in particular, recognize and accept that TPP is a comprehensive agreement.

Successful integration of Japan into TPP talks can spur even greater interest among other Asia-Pacific countries, which could lead to the type of Asia-Pacific regional agreement envisioned by the administration when it embarked on TPP.

As USTR aims to complete TPP talks this year, we appreciate the efforts of Congress to ensure family farmers are given an opportunity to provide input. In April, House Ways and Means Subcommittee Chairman Nunes requested comments from the U.S. agriculture community regarding trade negotiations and dispute resolution for agriculture. NCGA joined a diverse coalition in support of requiring that TPP SPS provisions be subject to dispute settlement, particularly in areas that build upon or clarify existing WTO commitments. I stress that not subjecting critically important SPS provisions to dispute resolution sends a signal that family farmers’ issues are a low priority in trade dispute resolution.

NCGA believes that there needs to be improvements in how the U.S. government resolves agricultural trade issues. However, this should not be a substitute for enforcing TPP SPS provisions through a legal process. We also support the inclusion in TPP of a Rapid Response Mechanism (RRM) to provide for greater trade facilitation, particularly with respect to shipment-specific SPS and TBT matters.

Trade Policy and Competitiveness

A growing number of free trade agreements among U.S. competitors have prompted questions about whether U.S. agricultural exporters may lose a share of the global market. Important agricultural exporters like the European Union and Canada have been particularly active in negotiating FTAs. As a producer, it is frustrating to watch these nations achieve preferential access to markets and secure a competitive edge over U.S. corn and corn products.

USTR must keep the concept of competitiveness in mind when embarking in trade talks. Our members want to preserve current export markets and significantly increase demand for corn through opportunities in value-added corn products.

As previously mentioned, our members are especially concerned by non-tariff barriers to trade in corn and corn products. In May, we applauded a bipartisan effort by Senators Stabenow and Grassley who sent a letter signed by 26 senators to USDA Secretary Vilsack and then Acting USTR Marantis to address international regulatory challenges for agricultural products derived from biotechnology. As the letter states, American farmers have readily adopted biotechnology, and advancements in seed technology are helping producers meet the needs of an expanding international marketplace. Trade disruptions caused by barriers to biotechnology stand to hurt the entire value chain, from technology

developers to grain exporters and international customers. We encourage USTR to strongly consider the letter and work to improve the international regulatory environment.

Conclusion

Agricultural producers succeed when industry and government work side-by-side. As a farmer, I cannot and should not assume that our industry will be taken care of in TPP or TTIP. It is critical that U.S. negotiators have an appreciation for how increasing exports translates into benefits for family farmers. The U.S. economy will not benefit from agriculture issues being placed on a “to-do” list. Now is the perfect time to eliminate long-standing barriers to agricultural exports and promote policies that bring economic opportunity back to rural America.

NCGA remains committed to the development and maintenance of fair and open global trade policies. We appreciate efforts by U.S. trade negotiators to increase meaningful and achievable access to foreign markets. Moreover, U.S. corn producers stand ready to develop and provide corn products to meet the demands of modern global consumption.