



**United States House of Representatives
Committee on Agriculture**

The Importance of Trade to U.S Agriculture

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Testimony of:

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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 (T-TIP).

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 a third 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 address 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 Undersecretary 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 (T-TIP) 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, DC 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.