

**Statement by
Thomas Vilsack
Secretary of Agriculture
Before the House Ways and Means Committee
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Mr. Chairman, members of the Committee, thank you for the opportunity to testify today on the benefits of agricultural trade, trade agreements, and Trade Promotion Authority (TPA) for America's farmers, ranchers, and producers. I join with President Obama in saying that I am pleased by the introduction of TPA legislation in the U.S. House of Representatives by Chairman Ryan and in the U.S. Senate by Chairman Hatch and Senator Wyden last week.

I look forward to working with Democrats and Republicans in Congress to pass the bill. Securing TPA is a top USDA priority. That is why I have been speaking publicly and sending USDA officials to roundtables around the country to make the case for a trade agenda that merits strong bipartisan support. TPA is a linchpin in finalizing trade agreements that strengthen the U.S. economy through expanding exports, which are critically important to the U.S. agricultural sector.

Fiscal years 2009 to 2014 represent the strongest six years in history for U.S. agricultural trade, with U.S. agricultural exports totaling \$771.7 billion. Agricultural exports last fiscal year reached \$152.5 billion, the highest level on record. U.S. agricultural exports support more than one million jobs across America. These numbers would not be possible without the market access secured in trade agreements.

Access to export markets is vital to U.S. agriculture. Our producers rely on and prosper from access to foreign markets. We export:

- About half of U.S. wheat, milled rice, and soybean production;
- Over 60 percent of almond, walnut and pistachio production;
- More than two-thirds of cotton production;
- 40 percent of grape production, 20 percent of cherry production and 20 percent of apple production;
- 20 percent of poultry and pork production and 10 percent of beef production.

Population growth and rising incomes – particularly in the developing countries of the Asia-Pacific – are creating significant new agricultural export opportunities. U.S. farmers,

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ranchers, and food processors are well positioned to capitalize on growing global demand, especially since the productivity of U.S. agriculture is growing faster than domestic food and fiber demand. But to capitalize, we need to break down tariff and non-tariff barriers to allow our agricultural sector to compete on a level playing field. Eight former Secretaries of Agriculture agree. That is why they recently wrote to you noting that it is critical for U.S. agriculture that Congress passes a bipartisan TPA. The former Secretaries noted how each of them worked hard to open foreign markets and support trade agreements that help U.S. farmers, ranchers, and producers thrive.

Despite our export successes, many other countries' markets are not as open to American products as our markets are to theirs. Trade agreements are the most effective way to eliminate foreign tariffs, unscientific regulatory barriers, and bureaucratic administrative procedures designed to block trade. Trade agreements lead to expanded agricultural exports by promoting economic growth, removing trade barriers and import duties, and developing mutually beneficial trade rules.

Key to our ability to negotiate and implement market-opening agreements has been enactment of trade negotiating authority. TPA ensures that the United States has the credibility to conclude the best deal possible at the negotiating table. TPA ensures common trade agreement objectives between the President and the Congress, and appropriate consultation prior to final Congressional approval or disapproval of a trade agreement. TPA will signal to Trans-Pacific Partnership (TPP) and Transatlantic Trade and Investment Partnership (T-TIP) negotiation counterparts that Congress and the Administration stand together on the high standards we are seeking at trade talks.

For U.S. agriculture the opportunities of TPP are clear across the board. Here are a few examples where TPP will address tariffs and expand market opportunities for U.S. farmers and ranchers:

- Beef - Japan is the largest export market for U.S. beef, valued at \$1.6 billion in 2014. Tariffs are as high as 50 percent in some TPP countries.
- Pork – Japan was the United States' top pork market in 2014 with \$2 billion in sales despite high tariffs and a complicated import system, both of which will be addressed in TPP.

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- Poultry – Poultry tariffs in the TPP region are as high as 240 percent, and in 2014, the United States exported over \$2.5 billion of poultry to the TPP region.
- Dairy Products - TPP countries markets for dairy accounted for \$3.6 billion in U.S. dairy product exports in 2014.
- Fruits - Tariffs on fruits are as high as 40 percent across the TPP region, and in 2014, the United States exported almost \$3.1 billion in fresh fruits to the TPP region.
- Vegetables - In 2014, the United States exported almost \$5 billion in fresh and processed vegetables to the TPP region, and tariffs are as high as 90 percent..
- Wheat - In 2014, the United States exported more than \$2 billion of wheat to the TPP region, including to Japan where the United States is the dominant supplier.
- Soybeans and Soybean Products - The TPP region is the fourth-largest export destination for U.S. soybeans, accounting for over \$1 billion a year in sales, despite tariffs as high as 20 percent.
- In addition to cutting tariffs, the TPP will include strong sanitary and phytosanitary (SPS) provisions that will improve transparency and scientific decision-making to provide expanded access for U.S. products including meat, fresh fruits, and vegetables.

Trade in the 21st Century is also about America's place in the world. The TPP is key to markets in Asia and the ability for the United States to play a lead role in establishing the rules and terms of trade throughout the Pacific Rim. If we don't get a trade agreement, the world will not stand still; other countries will step in and fill the void. They will have their own trade agreements. For those of us in agriculture who are concerned about raising standards, reducing barriers to trade, securing preferential access, and instituting enforcement provisions, the question is who do you want writing the rules of the road? I want the United States negotiating those rules.

With TPA, the United States will be able to seal the deal on high standard agreements, like the TPP and the T-TIP, that will help America's farmers and ranchers increase U.S. exports and compete in a highly competitive, globalized economy. But don't just take my word for it, I urge you to speak to your farmers, ranchers, and producers. A group of more than 70 agricultural organizations recently sent a letter to Congress stating that TPP can become the "most important regional trade negotiation ever undertaken" but for "TPP to become reality,

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Congress needs to pass TPA.” I am committed to working with you in securing a bipartisan TPA.

Thank you. I look forward to your questions.

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