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Joint Oral Statement to U.S. International Trade Commission Public Hearing on Impact of United States-Mexico-Canada Agreement on U.S. Economy, Selected Industry Sectors and Consumer Interests.

November 15, 2018

Good morning [afternoon]. My name is Randy Gordon, and I am president and chief executive officer of the National Grain and Feed Association (NGFA). My remarks are presented on behalf of the NGFA and the North American Export Grain Association, with which we are co-located and have a strategic alliance.

NGFA, established in 1896, consists of more than 1,000 grain, feed, processing, milling, exporting and other grain-related companies that operate more than 7,000 facilities nationwide, and handle more than 70 percent of the U.S. grain and oilseed crop. NGFA also consists of 34 affiliated State and Regional Grain and Feed Associations. Meanwhile, NAEGA, established in 1912, consists of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry. NAEGA's member companies ship the vast majority of U.S. grain and oilseed exports.

We commend the U.S. International Trade Commission for conducting this hearing to allow for stakeholder input on USMCA's impact on the of the U.S. food and agricultural sector, as well as other sectors of the U.S. economy.

Allow me to highlight several provisions of USMCA that we believe will benefit the future competitiveness and economic growth of the U.S. grain, feed, grain and oilseed processing, and export sectors, and its continuing positive contribution to the U.S. balance of trade.

At the outset, we cannot overemphasize the importance of the North American market and integrated supply chain to both U.S. food and agriculture, as well as the overall U.S. economy. Total U.S. agricultural exports to Mexico and Canada have more than quadrupled since NAFTA took effect almost a quarter-century ago. Canada and Mexico, respectively, are the first and third largest markets for exports of U.S. food, agricultural products and related products – Canada is #1 in value while Mexico is #3.

But the economic benefits of the market access and tariff and quota eliminations brought about under NAFTA transcend our sector. The U.S. food and agriculture sector supports more than 15 million full-time U.S. jobs, most of those in the non-farm sector. Every $1 in U.S. ag exports generates another $1.27 in U.S. economic activity. Further, the U.S. food and agriculture sector represents America's largest manufacturing sector – comprising 12 percent of all U.S. manufacturing jobs.

Given the importance of North American trade to the U.S. economy and job creation, NGFA and NAEGA's principal recommendation to USTR was to preserve and build upon current market access and tariff concessions achieved for U.S. food and agriculture in NAFTA while using this opportunity to modernize the accord – particularly by addressing non-tariff trade barriers – to address the challenges of 21st century global agricultural trade.

Let me briefly highlight several ways we believe USMCA achieved these goals and will further enhance cross-border food and agriculture trade:

- First, USMCA preserves and expands upon current agricultural market access, thereby preserving vibrant trade with the United States' North American partners and fulfilling U.S. food and agriculture's admonition to "Do No Harm" with respect to U.S. market access.

- Second, USMCA maintains the dispute-settlement process for antidumping and countervailing duty cases. The inclusion of this dispute-settlement process in USMCA is a positive development for U.S. food and agriculture, as it has been used successfully by the United States to maintain agricultural market access under NAFTA.

- Third, and most importantly, USMCA makes significant improvements to reduce non-tariff trade barriers that can result when export shipments are detained by customs officials at the border, which can result in expensive delays, transportation congestion and demurrage charges, and even rejection of shipments without providing transparent reasons or scientific justification.

  To reduce these trade-disruption risks, USMCA would require an importing party that prohibits or restricts the importation of a product because of an adverse result of an import check to provide notification and rationale within five calendar days after the date of such a decision. That is an improvement over what was agreed to under the Trans-Pacific Partnership trade accord from which the United States withdrew. USMCA also establishes dispute-settlement rules to resolve sanitary and phytosanitary disputes in a timely and transparent manner.

  Next, USMCA would require the United States, Mexico and Canada to adhere to regulatory and SPS practices that are rooted in science, utilize proper risk-assessments and are implemented using accepted risk-management practices. In addition, by establishing a process for technical consultation on SPS measures, U.S., Mexican and Canadian quarantine officials should be able to more quickly resolve differences.

Another improvement from a non-tariff trade barrier perspective is that USMCA takes significant and positive steps to enhance ongoing regulatory cooperation in North America by including a new chapter on Good Regulatory Practices and by establishing Committees on Agricultural Trade, Sanitary and Phytosanitary Measures, Technical Barriers to Trade and Agricultural Biotechnology.

A fifth improvement to address potential non-tariff trade barriers is this: The most comprehensive and significant section yet on collaboration regarding regulatory approvals and oversight of agricultural biotechnology, and its inclusion of new plant breeding innovation techniques, such as gene-editing. Particularly important is the requirement that the three countries implement policies to facilitate the management of low-level presence occurrences involving biotech traits, which we believe will significantly reduce the potential for cross-border trade disruptions.

As for shortcomings, the NGFA and NAEGA are disappointed U.S. food and agriculture no longer would have access to investor-state dispute-settlement procedures that can be used in the event a party provides less favorable treatment for foreign versus domestic investors. NAFTA's current Chapter 11 previously had been used successfully to protect U.S. food and agricultural companies with investments in Canada and Mexico from discrimination, expropriation and localization requirements. While the USMCA preserves these protections for some industries, including oil and gas, power generation, telecom, transportation and infrastructure, it eliminates protections for U.S. food and agriculture companies beginning three years after NAFTA's termination.

To conclude, the NGFA and NAEGA are pleased USMCA maintains and expands current agricultural market access and preserves the dispute-settlement process for antidumping and countervailing duty cases, while modernizing the agreement to address the challenges of 21st century global trade. In addition, NGFA and NAEGA believe USMCA will help facilitate cross-border trade flows by addressing significant non-tariff trade barriers through higher levels of regulatory coherence and cooperation, the implementation of timelines and notifications for adverse import checks, the inclusion of steps to reduce the likelihood of trade disruptions in products of agricultural biotechnology, the use of technical consultations to resolve SPS issues, and by requiring SPS standards be grounded in science, based upon appropriate risk assessments and implemented using accepted risk-management techniques.

On balance, NGFA and NAEGA believe USMCA makes significant steps forward in facilitating the trade of grains, oilseeds and their derived products in the North American marketplace.

The NGFA and NAEGA again thank you for the opportunity to express these views and greatly appreciate the Administration's efforts on USMCA to preserve and build upon the core benefits of North American trade and the integrated supply chain that have helped the U.S. food and agricultural sector flourish and support U.S. economic growth and job creation.