Submitted Electronically

November 6, 2020

Secretary
U.S. International Trade Commission
500 E St., S.W.
Washington, DC 20438

RE: Docket No. TPA-105-008

The National Grain and Feed Association (NGFA) and North American Export Grain Association (NAEGA) submit this joint statement in response to the request for public comments on the “Economic Impact of Trade Agreements Implemented under Trade Authorities Procedures” since 1984, as requested in the June 17, 2020 edition of the Federal Register. These comments seek to inform the U.S. International Trade Commission about the importance of trade agreements to the U.S. grain, feed, grain and oilseed processing, and export sectors that are made possible by trade authorities procedures, commonly known as trade promotion authority.

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 75 percent of the U.S. grain and oilseed crop. Its membership includes grain elevators, feed and feed ingredient manufacturers, biofuels companies, grain and oilseed processors and millers, exporters, livestock and poultry integrators, and associated firms that provide goods and services to the nation’s grain, feed and processing industry. NGFA also consists of 33 affiliated State and Regional Agribusiness Associations.

NAEGA, a not-for-profit trade association established in 1912, consists of private and publicly owned companies and farmer-owned cooperatives that are involved in and provide services to the bulk grain and oilseed exporting industry. NAEGA-member companies ship and support the vast majority of the highly competitive, sustainable and fungible U.S. grain and oilseed export supply. NAEGA works collaboratively around the world to improve and maintain the trade of grains, oilseeds and other agri-bulks by informing industry and addressing both commercial and official practices.
The U.S. food and agricultural sector is the world’s largest and most efficient. It provides unparalleled food security to domestic and world consumers. America’s safe, reliable, affordable and abundant supply of food and agro-industrial products are produced from renewable, sustainable and efficient supply chains that start with farms and ranches, encompass the food, beverage and export industry, and extend throughout North America and around the world. The U.S. food and agricultural sector has benefited greatly from free-enterprise, competitive and open market-based policies, nearly 200 million acres of prime farmland, enterprising and highly efficient agricultural producers and agribusinesses, and secure and reliable access to foreign markets. Today, U.S. agricultural producers and agribusinesses compete successfully in the global market for agricultural products ranging from raw commodities to value-added products, such as meat, poultry, dairy and biofuels, adding value and creating jobs in communities throughout the nation. The U.S. food and agriculture system constitutes America’s largest manufacturing sector.

The benefits of U.S. agricultural trade are not limited to farmers, ranchers, grain elevators, feed manufacturers, feed ingredient suppliers, grain and food processors, livestock, poultry and dairy operators, and the many other agricultural businesses whose livelihoods depend extensively on access to foreign markets. Indeed, the economic multipliers associated with the U.S. food and agricultural sector accrue to the broader U.S. economy, particularly in terms of job creation and economic growth. According to data from the U.S. Department of Commerce, as well as analysis conducted by the U.S. Department of Agriculture, the food and agricultural sector contributes $1.1 trillion to the U.S. gross domestic product – a 5.2-percent share – and supports more than 22 million full- and part-time U.S. jobs – constituting 11 percent of total U.S. employment. Every dollar in U.S. agricultural exports generates an additional $1.17 in U.S. economic activity.

**Trade Promotion Authority for Grain and Feed**

Much of U.S. agriculture and the grain, feed, processing and export industry’s value to the U.S. economy and job creation is attributable to the market access provided through trade agreements. And successful negotiation of those trade agreements was made possible by the existence of trade promotion authority. The balance of trade surplus for U.S. grain and feed products [corn, distiller’s dried grains with solubles (DDGS), soybeans, soybean meal, wheat, feeds and fodders, grain sorghum, barley, soybean oil, ethanol, biodiesel and pulse crops] increased from $4 billion with trade agreement counterparts in 1984 to $16.2 billion in 2019, in large part attributable to increased market access resulting from such accords.

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<th>Year</th>
<th>Net Trade Surplus (In Billions)</th>
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<tr>
<td>2019</td>
<td>$16.2</td>
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<td>1984</td>
<td>$4.0</td>
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While most agricultural products handled, marketed and exported by NGFA- and NAEGA-member companies result in a significant trade surplus for the United States, our organizations
fully recognize, affirm and support the benefits of two-way trade. Two-way trade enables U.S. agricultural producers and agribusinesses to source farm inputs, such as fertilizer, from global trade counterparts and to match areas of surplus with regions in need of supply. Sourcing from the most economical origin reduces U.S. agricultural production costs, enhances the global competitiveness of U.S. food and agricultural exports, and provides affordable food for U.S. consumers.

Grain and feed trade with U.S. trade agreement counterparts is vibrant. Ratification of trade agreements has led to the elimination of many grain and feed tariff barriers that restricted U.S. access to these markets. In many cases, trade agreements either have leveled the playing field or provided the United States with a competitive advantage over foreign competitors. Further, the existence of trade agreements and subsequent efforts to address sanitary and phytosanitary impediments and encourage regulatory cooperation have assisted in addressing non-tariff barriers to trade. As a result, U.S. trade agreement counterparts have become large and reliable export markets for U.S. agricultural products.

The following list includes examples of barriers for U.S. grain and feed exporters that often are eliminated or reduced through trade agreements:

- Scientifically unjustified and unreasonably low pesticide and maximum residue limits (MRLs) on grain and grain product shipments.
- Non-functioning biotechnology regulatory processes in importing countries that often result in biotech-enhanced events remaining unapproved for import for food, feed or for further processing long after being approved as safe in the United States and other countries operating under science-based governmental regulatory systems, creating rejection risk for U.S. exporters and undercutting trade volumes.
- Sampling and testing for mycotoxins at the destination on imported grain shipments instead of the normal procedure of recognizing U.S. Department of Agriculture Federal Grain Inspection Service certification of quality at U.S. export loading ports. Testing at destination creates substantial and often unacceptable risks for U.S. shippers that also leads to reduced export volumes.
- Using a hazard-based instead of a risk-based approach to sanitary and phytosanitary regulations.
- Banning growth-promoting hormones in imported meat that reduces meat and poultry exports, thereby indirectly reducing U.S. grain and feed utilization for U.S. animal protein production.
- Prohibiting the use of any substance other than water to reduce pathogens from animal products.

Following the removal of market-access trade barriers through trade agreements, members of NGFA and NAEGA have invested in strategically located physical plants and logistics to facilitate the efficient distribution of U.S. agricultural products to global markets. U.S. trade agreement counterparts also have invested in facilities to cost-effectively import U.S. agricultural products. These strategically planned business investments that reduced transportation costs and
integrated supply chains were made possible by the removal of market-access barriers achieved through trade agreements. Taken together, these developments have enabled U.S. agriculture to reliably and competitively serve these growing markets, contributing significantly to global food security, which, in turn, reduces international conflicts associated with food shortages and enhances U.S. national security.

In addition, trade agreements have enabled specialization and opened opportunities for niche markets. For example, the United States is well positioned to produce and supply bulk quantities of corn and soybeans. Meanwhile, some of our trade agreement counterparts are more competitive suppliers of other commodities, such as oats, canola and certain classes of wheat. This specialization has freed up U.S. acreage for other crops for which the United States has a strong comparative advantage. Moreover, trade agreements have created opportunities for U.S. exports of value-added agricultural products, such as meat, dairy and biofuels, that are produced in large part using U.S. grain and feed products. Consequently, trade agreement counterparts indirectly import a large quantity of U.S. grains, oilseeds and feed through value-added agricultural products, contributing to U.S. manufacturing jobs in and related to the food and agricultural sector.

In short, the U.S. food and agricultural sector has benefited immensely from market-access gains achieved under U.S. trade agreements that were made possible by trade promotion authority. Trade agreements provide for critically needed convergence of standards and rules to level the playing field and ensure against unjustified, unscientific and discriminatory regulatory initiatives that impede trade. Further, trade agreements enhance grain and feed trade by encouraging higher levels of regulatory cooperation, accountability, transparency, and compliance while acting as a foundation for increased efficiency, sustainability, investment and innovation to the benefit of the United States.

For the aforementioned reasons, NGFA and NAEGA urge Congress to reauthorize trade promotion authority, with appropriate consultation with the U.S. Trade Representative’s Office, to enable the United States to initiate new, or continue ongoing, negotiations with other trading partners to consummate new trade agreements that reduce tariff barriers and remove non-tariff barriers to trade. As has been demonstrated repeatedly, other countries are reluctant to negotiate and come to agreement on trade accords with the United States if those agreements can be undone or modified significantly by Congress after-the-fact.

**Conclusion**

The U.S. grain, feed, grain and oilseed processing, and export sectors have benefitted from trade agreements made possible by trade promotion authority. NGFA and NAEGA strongly urge Congress to extend that authority. We also strongly urge an expansion of U.S. trade agreements to include more trading partners – particularly with Asia-Pacific countries – that preserve and build upon the core benefits that have helped the U.S. food and agricultural sector grow U.S. exports and support U.S. economic growth and job creation.
NGFA and NAEGA are eager to work actively, constructively and expeditiously with the U.S. trade team to develop specific strategies to preserve, improve and build upon existing and new trade relationships to benefit U.S. and world consumers.

Thank you for your consideration of our recommendations. We would be pleased to respond to any questions you may have.

Sincerely,

Randall C. Gordon
President and Chief Executive Officer
National Grain and Feed Association

Gary C. Martin
President and Chief Executive Officer
North American Export Grain Association
Summary for Inclusion in the Report

Much of U.S. agriculture and the grain, feed, processing and export industry’s value to the U.S. economy and job creation is attributable to the market access provided through trade agreements. The balance of trade surplus for U.S. feed and grain products [corn, distiller’s dried grains with solubles (DDGS), soybeans, soybean meal, wheat, feeds and fodders, grain sorghum, barley, soybean oil, ethanol, biodiesel and pulse crops] increased from $4 billion with trade agreement counterparts in 1984 to $16.2 billion in 2019, in large part attributable to increased market access resulting from such accords.

The benefits of U.S. agricultural trade are not limited to farmers, ranchers, grain elevators, feed manufacturers, feed ingredient suppliers, grain and food processors, livestock, poultry and dairy operators, and the many other agricultural businesses whose livelihoods depend extensively on access to foreign markets. Indeed, the economic multipliers associated with the U.S. food and agricultural sector accrue to the broader U.S. economy, particularly in terms of job creation and economic growth. According to data from the U.S. Department of Commerce, as well as analysis conducted by the U.S. Department of Agriculture, the food and agricultural sector contributes $1.1 trillion to the U.S. gross domestic product, a 5.2-percent share, and supports more than 22 million full- and part-time U.S. jobs – constituting 11 percent of total U.S. employment. Every dollar in U.S. agricultural exports generates an additional $1.17 in U.S. economic activity.

Grain and feed trade with U.S. trade agreement counterparts is vibrant. Ratification of trade agreements has led to the elimination of many grain and feed tariff barriers that previously restricted U.S. access to these markets and in many cases has either leveled the playing field or provided the United States with a competitive advantage over foreign competitors. Further, the existence of trade agreements and subsequent efforts to address sanitary and phytosanitary impediments and encourage regulatory cooperation have assisted in addressing non-tariff barriers to trade. As a result, U.S. trade agreement counterparts have become large and reliable export markets for U.S. agricultural products.

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