



**National Grain and Feed Association
North American Export Grain Association
1400 Crystal Drive, Ste. 260, Arlington, VA 22202**

Submitted Electronically

May 10, 2017

TO: Office of the U.S. Trade Representative;
U.S. Department of Commerce's International Trade Administration

RE: Docket No. DOC 2017-0003

Dear Reviewing Officials:

The National Grain and Feed Association (NGFA) and North American Export Grain Association (NAEGA) submit this joint statement in response to the request for input, published in the April 17, 2017 *Federal Register*, to inform the preparation by the U.S. trade representative and secretary of commerce of an Omnibus Report on Significant Trade Deficits for the President in response to Executive Order 13786, issued on March 31, 2017.

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. 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 34 affiliated State and Regional Grain and Feed 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.

While the focus of this notice and request for comments, as well as the public meeting to follow, is on trade deficits in goods in 2016, the U.S. food and agriculture experience is one of generating significant trade surpluses that have benefited the U.S. balance of trade, job creation and economic growth. While we understand the need to examine the underlying causes of trade deficits to various sectors of the U.S. economy, it also remains essential that the United States

continue to recognize the economic principle of comparative advantage and the benefits that two-way trade contribute to advancing U.S. and world economic well-being and global security.

The U.S. food and agricultural sector is the world's largest and most efficient, and its many, unequalled benefits provide unparalleled food security to domestic and world consumers. America's safe, reliable, economical and abundant supply of food and agro-industrial products are produced from renewable, sustainable and efficient supply chains that start with farms and ranches and encompass the food, beverage and export industry. U.S. food and agriculture is one of the biggest success stories for U.S. trade, one that predates the nation's founding. Time and again over its rich history, U.S. agricultural producers and agribusinesses have ably demonstrated their ability to compete successfully in the global market for agricultural products ranging from raw commodities to value-added goods, such as meat, dairy and biofuels.

The economic benefits of agricultural trade have been enjoyed by farmers, ranchers, dairy operators, feed mills, grain elevators, feed ingredient suppliers, grain and food processors, and many other agricultural businesses. But those benefits also have accrued 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 agriculture sector supports more than 15 million U.S. jobs, creates more than \$423 billion in annual U.S. economic activity, and represents the single largest U.S. manufacturing sector -- constituting 12 percent of all U.S. manufacturing jobs. Every dollar in U.S. agricultural exports generates an additional \$1.27 in U.S. economic activity.

While the U.S. food and agriculture sector has seized the opportunity and greatly benefitted from trade, increasing and enhancing market access is a continual process and warrants innovative approaches. Food and agricultural trade is tied closely to the dynamic and everchanging geopolitical environment. In addition, new technologies are reshaping the trade environment and consumer preferences. Further, supply capacity and competition around the world are increasing rapidly and evolving in response to new and expanded market demand.

These dynamics reinforce the importance and urgency of reducing political, as well as sanitary and phytosanitary, barriers that can impede U.S. access to world consumers and undermine U.S. food and agriculture's strong comparative advantage in terms of price, quality and reliability.

Too often, nonmarket-based trade advantages are not corrected based upon the mistaken assumption that agricultural markets will clear all products. Under this misguided assumption, if one market is shut down, then another will appear. This "clearing" phenomenon can occur in the short term if supply is tight relative to demand. However, in the long run the loss of a market results in a permanent reduction in demand and price for the U.S. product and eventually results in a smaller, less economically vibrant industry within the United States.

The NGFA and NAEGA seek to work actively and constructively with the Trump administration with a goal to preserve and improve upon existing trade relationships, as well as create new export opportunities. Key areas we believe would preserve and expand U.S. agricultural competitiveness include the following:

- Maintaining and expanding market access, tariff concessions and other provisions that have enabled economic integration.
- Improving regulatory coherence and cooperation by implementing enhanced science-based sanitary and phytosanitary rules, such as a rapid-response mechanism that commits trading partners to swiftly notify and resolve such issues, thereby averting costly demurrage and trade inefficiencies associated with U.S. agricultural exports being held at customs in importing countries.
- Strengthening efforts to address technical barriers to trade to prevent non-tariff barriers that lack scientific merit.
- Increasing transparency and cooperation on activities related to modern agricultural production technologies, including seed-breeding innovations.
- Aligning standards, including product and ingredient registration, fortification and certification requirements.
- Enabling innovation of information technologies to improve logistics and regulatory implementation.

Specific Analysis of U.S. Grain, Oilseed and Feed Trade

In response to the specific topics on which USTR and the U.S. Commerce Department seek information, the NGFA and NAEGA provide the following data.

The following table displays the U.S. trade *surplus* for corn, distiller's dried grains with solubles (DDGS), soybean meal, soybeans and wheat with trading partners with which the United States had a significant overall trade deficit in goods in 2016. The trading partners include the following countries: Canada, China, the European Union, India, Indonesia Japan, Korea, Malaysia, Mexico, Switzerland, Taiwan, Thailand, and Vietnam. As can be viewed in the table, the United States had a very large trade surplus for these significant agricultural commodities in 2016.

U.S. Grain and Feed Trade in 2016 with Partners that had Overall Trade Surplus with U.S. (In Million Metric Tons) 1/

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	36.3	0.9	35.4
DDGS	9.3	0.3	9.0
Soybean Meal	3.3	0.3	3.1
Soybeans	53.8	0.3	53.5
Wheat	11.4	2.1	9.3
Total	114.2	3.9	110.3

1/ This table represents U.S. grain and feed exports with the following countries: Canada, China, the European Union, India, Indonesia Japan, Korea, Malaysia, Mexico, Switzerland, Taiwan, Thailand, and Vietnam.

Source: U.S. Department of Commerce, Bureau of Census

The tables below contain grain, oilseed and feed trade data for 13 specific trading partners with which the United States had a significant overall trade deficit in goods in 2016. Several of these countries represent the largest import markets for these agricultural commodities and are the most important export customers for U.S. food and agriculture. For example, China is the largest market for U.S. soybeans and had been the largest market for U.S. DDGS until it began increasing tariff rates and assessing anti-dumping and countervailing duties on U.S. DDGS toward the end of 2016/beginning of 2017. Meanwhile, Mexico and Japan are the leading U.S. corn markets and South Korea and Taiwan are also major markets for U.S. corn. In addition, a large quantity of U.S. wheat is exported to Mexico, Japan, South Korea and Taiwan.

China/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.3	0.0	0.3
DDGS	2.4	0.0	2.4
Soybean Meal	0.0	0.1	-0.1
Soybeans	35.8	0.0	35.8
Wheat	0.9	0.0	0.9
Total	39.4	0.1	39.3

Source: U.S. Department of Commerce, Bureau of Census

Canada/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.9	0.8	0.1
DDGS	0.5	0.3	0.2
Soybean Meal	0.7	0.2	0.6
Soybeans	0.3	0.2	0.1
Wheat	0.1	1.9	-1.8
Total	2.5	3.4	-0.8

Source: U.S. Department of Commerce, Bureau of Census

European/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.6	0.0	0.6
DDGS	0.6	0.0	0.6
Soybean Meal	0.2	0.0	0.2
Soybeans	4.9	0.0	4.9
Wheat	0.7	0.2	0.5
Total	7.0	0.2	6.8

Source: U.S. Department of Commerce, Bureau of Census

India/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.0	0.0	0.0
DDGS	0.0	0.0	0.0
Soybean Meal	0.0	0.0	0.0
Soybeans	0.0	0.1	-0.1
Wheat	0.0	0.0	0.0
Total	0.0	0.1	-0.1

Source: U.S. Department of Commerce, Bureau of Census

Indonesia/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.3	0.0	0.3
DDGS	0.4	0.0	0.4
Soybean Meal	0.0	0.0	0.0
Soybeans	2.6	0.0	2.6
Wheat	1.0	0.0	1.0
Total	4.2	0.0	4.2

Source: U.S. Department of Commerce, Bureau of Census

Japan/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	12.0	0.0	12.0
DDGS	0.3	0.0	0.3
Soybean Meal	0.1	0.0	0.1
Soybeans	2.4	0.0	2.4
Wheat	2.7	0.0	2.7
Total	17.5	0.0	17.5

Source: U.S. Department of Commerce, Bureau of Census

Korea/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	4.8	0.0	4.8
DDGS	0.9	0.0	0.9
Soybean Meal	0.0	0.0	0.0
Soybeans	0.5	0.0	0.5
Wheat	1.1	0.0	1.1
Total	7.4	0.0	7.4

Source: U.S. Department of Commerce, Bureau of Census

Malaysia/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.1	0.0	0.1
DDGS	0.1	0.0	0.1
Soybean Meal	0.0	0.0	0.0
Soybeans	0.4	0.0	0.4
Wheat	0.2	0.0	0.2
Total	0.8	0.0	0.8

Source: U.S. Department of Commerce, Bureau of Census

Mexico/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	14.0	0.0	13.9
DDGS	1.9	0.0	1.9
Soybean Meal	2.0	0.0	2.0
Soybeans	3.6	0.0	3.6
Wheat	2.8	0.0	2.7
Total	24.3	0.1	24.3

Source: U.S. Department of Commerce, Bureau of Census

Switzerland/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.0	0.0	0.0
DDGS	0.0	0.0	0.0
Soybean Meal	0.0	0.0	0.0
Soybeans	0.0	0.0	0.0
Wheat	0.0	0.0	0.0
Total	0.0	0.0	0.0

Source: U.S. Department of Commerce, Bureau of Census

Taiwan/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	2.7	0.0	2.7
DDGS	0.2	0.0	0.2
Soybean Meal	0.0	0.0	0.0
Soybeans	1.5	0.0	1.5
Wheat	1.1	0.0	1.1
Total	5.5	0.0	5.5

Source: U.S. Department of Commerce, Bureau of Census

Thailand/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.0	0.0	0.0
DDGS	0.8	0.0	0.8
Soybean Meal	0.2	0.0	0.2
Soybeans	0.9	0.0	0.9
Wheat	0.7	0.0	0.7
Total	2.6	0.0	2.6

Source: U.S. Department of Commerce, Bureau of Census

Vietnam/U.S. Grain and Feed Trade in 2016 (In Million Metric Tons)

Commodity	U.S. Exports	U.S. Imports	U.S. Surplus/Deficit (-)
Corn	0.5	0.0	0.5
DDGS	1.2	0.0	1.2
Soybean Meal	0.0	0.0	0.0
Soybeans	0.9	0.0	0.9
Wheat	0.2	0.0	0.2
Total	2.9	0.0	2.9

Source: U.S. Department of Commerce, Bureau of Census

While the United States has significant trade surpluses for the agricultural commodities in the tables with most trading partners, the NGFA and NAEGA fully understand the economic law of comparative advantage and the importance of mutually beneficial two-way trade. For example, within the agricultural space, imports of farm inputs, such as fertilizer, may lower U.S. production costs and enable U.S. food and agricultural exports to remain competitive.

Summary

The NGFA and NAEGA are eager to assist in identifying opportunities to update and modernize existing U.S. trade agreements and relationships with other countries – and to initiate new agreements, particularly with Asia-Pacific countries – while preserving the core benefits that have helped the U.S. food and agriculture sector support U.S. economic growth and job creation.

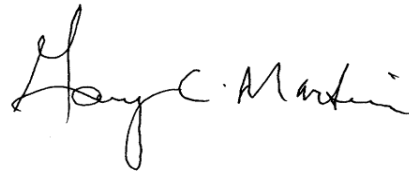
Key areas that would preserve and enhance U.S. agricultural competitiveness include not only expanded market access and tariff concessions, but also improved regulatory coherence and cooperation, removal of non-tariff barriers that lack scientific merit, more closely aligned standards, and enabling innovation of information technologies. NGFA and NAEGA, are eager to work actively, constructively and expeditiously with President Trump and the administration's trade team to more closely examine these key areas and 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 comments, and we would be pleased to respond to any questions you may have.

Sincerely,



Randall C. Gordon
President
National Grain and Feed Association



Gary C. Martin
President and Chief Executive Officer
North American Export Grain Association