

House Ways and Means Subcommittee on Oversight to consider
the Realize America's Maritime Promise Act

February 1, 2012

Statement of Dr. Mike Strain, DVM

Commissioner, Louisiana Department of Agriculture and Forestry

Good morning, Mr. Chairman. My name is Dr. Mike Strain and I am the Commissioner of the Louisiana Department of Agriculture and Forestry.

I am testifying today on behalf the Louisiana Department of Agriculture and Forestry. My statement is also consistent with the position of the National Association of State Departments of Agriculture (NASDA). NASDA represents the commissioners, secretaries, and directors of the state departments of agriculture in all fifty states and four territories. State departments of agriculture are responsible for a wide range of programs including food safety, combating the introduction and spread of plant and animal diseases, and fostering the economic vitality of our rural communities.

I am also the President of the Southern United States Trade Association. This is a Regional Trade Group that offers services to help U.S. food and agricultural companies promote their products in foreign markets.

We commend you, Mr. Chairman, and members of the committee, for holding this hearing to discuss the Realize America's Maritime Promise Act and wish to express our appreciation for this opportunity to share our views.

I will provide you with compelling reasons to continue to fund efforts that help maintain the ability of American agriculture, and boost America's food and agricultural exports. By doing so, you will be supporting our farmers, our small businesses, and the Americans that produce these outstanding products.

The Mississippi River is the lifeline for transportation of agricultural products in our nation. The inland waterways navigation system, especially the Mississippi River, is a vital asset in the movement of important commodities such as grain, coal, steel, petroleum and aggregate materials. The Mississippi River and its tributaries form the most critical inland waterway system in the nation, supporting about 50 percent of the nation's soybean exports and 60 percent of the total U.S. corn exports. Annually, about 400 million bushels of soybeans, 1.1 billion bushels of corn and more than 30 million bushels of wheat are moved by barge to ports along the Lower Mississippi River. As one of the largest single contributor to the nation's Gross Domestic Product (GDP), agriculture is critical to our economy and any disruption in commerce will have devastating impacts to the farmers and ranchers who produce our food and fiber.

The inability to maintain the Mississippi River at sufficient depths and widths through dredging will also have significant impact to Louisiana agriculture. Agriculture is the largest sector of our state's economy. Agriculture, forestry and aquaculture comprise over 85 percent of the surface

area of this state, 9.7 percent of our work force, and over 243,000 jobs. Valued at more than \$30 billion, agriculture and forestry combined make up one of Louisiana's largest and most economically dependent industries.

Many of Louisiana's commodities are highly ranked at the national level. Our state ranks second in production of aquaculture and sugarcane, third in rice production, fourth in sweet potatoes and sixth in grain sorghum.

Louisiana's agriculture exports grew by a strong 15% last year to \$20 billion, accounting for almost 16% of America's total exports. Much of these exports -- such as wheat and other grains -- originate in the midwest but are transloaded and shipped out of our port system. There are more agricultural products from Louisiana and shipped through Louisiana than any other state in the nation. But global demand for Louisiana products, notably soybeans, cotton, and rice, also rose sharply. Louisiana's exports of forest products, including lumber and plywood, were also on the rise.

In August of 2011, United States Department of Agriculture Secretary Vilsack released the new forecast of U.S. agricultural exports. In this report data confirmed that the current U.S. export forecast for fiscal year 2011 was \$137 billion, \$22 billion higher than the previous record set in 2008 and \$28 billion above 2010. Experts are forecasting that exports for 2012 will remain equally strong and help to support over one million American jobs. The United States is experiencing the three best years of agricultural exports in history.

The passage of the three free trade agreements with Colombia, Panama, and Korea are an important building block in President Obama's quest to double U.S. exports by the end of 2014. Passage of these agreements means over \$2.3 billion in additional agriculture exports, supporting nearly 20,000 jobs in the U.S., according to the USDA. Because agricultural exports move in bulk, water-borne freight will grow as goods are carried by barge down the Mississippi river to the Gulf of Mexico. The agreements will particularly increase trade for a range of agricultural products that rely heavily on the Mississippi river system, including soybeans, poultry, rice, cotton, and corn. It is imperative that we keep our waterways open to commerce if we are to see this happen.

In Colombia, the Free Trade Agreement means that almost 70 percent of U.S. agricultural exports will be able to enter duty-free and duties on the remainder will be phased out over time. In Panama, the agreement immediately eliminates tariffs on more than half of U.S. agriculture exports. Under the Korean Free Trade Agreement, almost two-thirds of Korean imports of U.S. farm products will become duty free immediately. The U.S. Commerce Department's International Trade Administration forecasts grain shipments to Colombia and Panama to increase 60% to nearly 6 million tons as a result of the Free Trade Agreements.

With 60 percent growth projected in grain exports alone -- not counting feed and other agricultural commodities nor manufactured goods -- nearly 1,500 additional barge trips would be added by the Panama and Colombia free trade agreements based on export growth projections from the International Trade Administration. The long term health of U.S. agriculture and the entire economy depends on this nation making the necessary upkeep of our waterways. It would

seem futile to lose out on the advantages of the three Free Trade Agreements -- which took over five years of government and industry's hard work to finally pass – due to our inability to keep our shipping channels open.

In February 2011, the National Association of State Department's of Agriculture (NASDA) unanimously passed a resolution to support “action to fully utilize all funds in the Harbor Maintenance Trust Fund for the purposes of dredging our nation's ports, rivers and waterways to fully meet navigation channel maintenance requirements.” NASDA has since been active in recruiting co-sponsors for the RAMP Act and, in July 2011, then-President Leonard Blackham, Commissioner of the Utah Department of Agriculture, submitted a letter to the leadership of the House Transportation and Infrastructure Committee's Subcommittee on Water Resources and Environment supporting passage of the legislation. A lack of action is of concern not only to lower Mississippi River states an upper Mississippi River states, but all ports that utilize the Harbor Maintenance Trust fund to maintain navigation.

In just one generation, there were 100 million more people in America and 2.4 billion more people globally. Ninety-five percent of the increase in the middle class worldwide is outside the United States. Now, these people see other people in the world have access to better foods, and they want it. Our nation's exports of food and agricultural products can continue to be a major success story in these otherwise difficult economic times. This is not the time to cut back on these efforts. It is a chance to take advantage of these global opportunities and put Americans to work.

Neglecting the maintenance needs of the river threatens to raise the cost of transportation in a way that harms farmers, industries and shippers throughout the heartland of America. More importantly, it harms America's international competitiveness and could stifle our nation's farmers and rancher's ability to help meet President Obama's export initiative of doubling exports in five years. Mr. Chairman and members of the committee, I encourage you to support efforts that continue to boost America's food and agricultural exports, that support our farmers, our small businesses, and the Americans that produce these outstanding products and ask for your assistance in securing much needed financial support and funds to our nation's ports and waterways.

I urge you to pass this important legislation.