Testimony of Dale Foreman,
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"Expanding U.S. Agricultural Trade and Eliminating Barriers to U.S. Exports"
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Subcommittee on Trade
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Thank you Chairman Reichert and Ranking Member Rangel for the opportunity to testify before the Subcommittee today on expanding agricultural trade and eliminating barriers to U.S. exports. I have been an apple, pear, and cherry grower for more than 30 years. I am the chairman of Foreman Fruit Company, a large orchard operation based in Wenatchee, Washington, that my wife Gail and I operate with our three adult children and their spouses.

I am also a past chairman of both the Washington Apple Commission and the U.S. Apple Association, and have had the opportunity to travel to many foreign countries to promote American tree-fruit during my career. I have been in the fruit markets of Hong Kong, Taipei, Cairo, and Jerusalem. I have met with our U.S. trade officials in New Delhi, Quito, Bogota, and Buenos Aires. I have met importers throughout India, Chile, Mexico, Costa Rica, Panama, and all over Europe. I know how vital foreign trade is to our country. In addition to farming, I am an attorney and previously served in the Washington State Legislature and was the House Majority Leader from 1995 to 1997.

The Pacific Northwest is home to family-owned orchards that provide approximately 66 percent of the apples, 75 percent of the pears, and 80 percent of the sweet cherries grown in the United States. Export markets are critical to our industry, with approximately one-third of the crop – valued at approximately $1 billion – exported to dozens of countries across the globe each year.

The trade policies implemented by the United States and its trading partners matter to the growers, packers, and shippers of Pacific Northwest tree-fruit. For example, when Korea's 24 percent tariff on cherries was eliminated in 2012 through the U.S.-Korea Free Trade Agreement, cherry exports nearly doubled to this country in the first year and have continued to grow exponentially, making it our third largest market in 2015.

It is important to note that tariffs are only part of the picture when it comes to barriers to trade. Some countries, many with tree-fruit industries of their own, impose sanitary and phytosanitary (SPS) policies purportedly intended to address human health or plant pest and disease concerns, but which we believe are often not based on science or an accurate risk assessment, and are actually created to protect their domestic industries by keeping our products out of the marketplace.

These SPS barriers, such as requiring an onerous process like methyl bromide fumigation or months-long cold storage requirements to make the fruit "safe" before export, imposing burdensome pesticide residue test-and-hold policies, or employing questionable inspection protocols at the port, increase cost and risk for shippers – sometimes to the point of effectively closing major markets or potential markets to commercial shipments. Such policies exist in countries like Australia, Korea, and Japan.

While not completely eliminating these types of non-tariff barriers, the negotiated Trans-Pacific Partnership (TPP) includes a Sanitary-Phytosanitary chapter that encourages participating countries to conduct risk assessments and base their policies on the best available science. This chapter also requires participating countries to make available an appeals process that allows for a timely response by the importing country when a shipper disputes the rejection of a shipment upon arrival. While the appellate decision may still not be in favor of the shipper, the guarantee of a timely ruling may allow for the possibility of diverting the shipment to another market while these perishable products are still in good condition.

On the tariff side, the TPP eliminates the 10 percent tariff on apples, pears, and cherries in the growing market of Vietnam, which is already the sixth largest market for Washington apples – in spite of apples shipped by our Australian and New Zealand competitors entering duty-free.

The agreement also reduces the 17 percent tariff on apples, 5 percent tariff on pears, and 9 percent tariff on cherries in Japan. Japan's phytosanitary protocol currently prevents the United States from exporting apples regardless of tariff levels. However, this important trading partner is already a top-ten market for cherries, and there is the potential for additional growth with the elimination of this 9 percent tariff.

It is also worth noting that the Asia-Pacific region this agreement covers is one of the most commercially-important areas in the world for tree-fruit – and one of the fastest growing. By enhancing our trade relationship with these countries, the TPP would improve the platform to address bilateral disagreements, including on SPS issues, and raise the rule-of-law standards for trade policies in other countries throughout the region.

For these reasons, the Northwest Horticultural Council (NHC) that represents the Pacific Northwest tree-fruit industry on international trade issues has adopted a position in support of the TPP, and encourages Congress to move forward with approving this agreement. It may be worth noting that I am a former trustee of the NHC.

Many previous trade agreements adopted by the United States have benefited tree-fruit growers and I am certainly supportive in general of our government pursuing new agreements that are fair to tree-fruit exporters. However, I would like to highlight some concerns our industry has with the Trans-Atlantic Trade and Investment Partnership (TTIP) currently being negotiated with the European Union (EU).

While the EU used to be an important market for U.S. apples and pears, a hazard-based or precautionary principle approach to the regulation of crop protection tools and food additive tolerances has caused our tree-fruit exports to plummet. In spite of a significant increase in crop size, apple exports to the EU have gone down from more than 1.1 million boxes in 2001 to about

151,500 boxes this year, and pear exports have reduced from more than 574,000 boxes in 2001 to a little more than 9,000 in the same time period.

I am skeptical that TTIP will bring about the drastic change to the EU's restrictive regulatory framework necessary to again make Europe a viable export market. Yet at the same time, USDA's Animal and Plant Health Inspection Service (APHIS) recently released a proposal for public comment to allow apples and pears from certain EU countries – including Poland, which has not exported to the United States previously and therefore has not gone through a full pest risk assessment to ensure that imports would not place our domestic industry at risk by introducing new pests – to enter the United States under a systems approach-protocol.

While our industry has no objection to reducing administrative burdens in trade so long as sufficient safeguards against importing pests and diseases are in place, we oppose moving forward with the EU proposal because we do not believe this threshold has been met. In fact, we are concerned that APHIS was pressured to move forward on this proposal too quickly to fully consider the pest risks to U.S. growers – for political reasons related to TTIP negotiations.

The introduction of new pests and diseases creates the double threat of making it more difficult for American growers to provide top-quality fruit to consumers, and jeopardizing entire export markets. I would ask the Committee members to monitor this proposal and evaluate if it is necessary or beneficial to move forward as proposed, given the tenuous nature of TTIP negotiations. Asking apple and pear growers to absorb the financial costs associated with increased imports – including from Poland, the second largest apple-growing country in the world behind China – in return for progressing trade negotiations, is a very bad trade-off and is not the way to generate support for trade.

I would also like to highlight how policies seemingly unrelated to trade can have a significant impact on the ability of growers to get their goods to international markets. For example, the failure of President Obama to intervene in last year's labor dispute that caused slowdowns at West Coast ports, cost Pacific Northwest apple and pear growers more than $100 million in lost sales overseas. I would encourage Congress to change federal law to prevent future labor contract negotiations from interrupting commerce at our nation's ports in such a draconian way again.

Seemingly domestic decisions by other countries can also impact trade. Burdensome licensing requirements imposed by the Indonesian government on their own importers have made it more difficult for us to export to this commercially-important market for apples, which has and will continue to have an effect on the bottom line for tree-fruit growers, packers, and shippers – especially of Red Delicious apples, which are very popular in Indonesia. Our industry supports and appreciates the decision by the U.S. Trade Representative (USTR) to contest these unfair policies at the World Trade Organization (WTO). Strong enforcement of WTO rules is increasingly needed.

I would also like to highlight the embargo imposed by Russia in 2014 on agricultural products from the United States and other countries, which was issued in retaliation for the sanctions our government set on Russia for its actions against Crimea. The embargo has created a serious imbalance in world apple and pear trade by disrupting well-established trade flows. It has had a huge financial impact on Northwest pears, as Russia was our third largest market before the embargo, with nearly 500,000 boxes shipped in the 2013/2014 crop year.

While there are certainly a lot of challenges for Washington tree-fruit growers looking to export their products, I would like to end my testimony as I began it – on a positive note. Whether it be working to reverse a bad policy decision by a trading partner or helping get answers for an individual shipper whose container has been held up at an international port, USTR, USDA's APHIS, and USDA's Foreign Agricultural Service (FAS) representatives serving in Washington, D.C., and overseas do an excellent job representing and advocating for our agricultural exporters, in what can often be confusing and difficult regulatory environments. In addition, the FAS-administered Market Access Program has played an invaluable role in leveraging grower dollars to increase access to foreign markets for all three of the crops that I grow.

I believe that these agencies – and this program – are good investments of taxpayer dollars.

With more than 95 percent of the world's population living outside of the United States, the continued success of our growers, packers, and shippers is dependent on maintaining and expanding access to these international markets. If we do not continue to pursue fair trade agreements and policies that lower both tariff and non-tariff barriers for U.S. exporters, we will not only lose out on opportunities to expand exports, but will also jeopardize our current market share, as our international competitors plow full steam ahead on new agreements that will lower their tariff rates and place our growers at a disadvantage. The United States must also be vigilant both in holding our trading partners accountable for fair, science-based trade policies, and in meeting our own international trade obligations.

Once again, thank you for the opportunity to testify before you today. I am happy to answer any questions the subcommittee may have.

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