

**Hearing on Advancing the U.S. Trade Agenda: Benefits of Expanding U.S.
Agriculture Trade and Eliminating Barriers to U.S. Exports**

HEARING
BEFORE THE
SUBCOMMITTEE ON TRADE
OF THE
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**Hearing on Advancing the U.S. Trade Agenda: Benefits of Expanding U.S.
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U.S. House of Representatives,
Committee on Ways and Means,
Washington, D.C.

The subcommittee met, pursuant to notice, at 10:05 a.m., in Room 1100, Longworth House Office Building, Hon. Devin Nunes [chairman of the subcommittee] presiding. [Advisory](#)

*Chairman Nunes. The hearing will come to order. But before we start, today is a very special day for us, especially for Mr. Rangel. It is his birthday today. So, Charlie, we brought you a little -- do you want to light the candle and blow it out?

*Mr. Rangel. Thank you, thank you, thank you.

*Chairman Nunes. Should we do the -- anybody know the Boehner birthday song? I know you guys know it.

[Laughter.]

*Chairman Nunes. Okay, ready? Kelly, ready?

This is your birthday song, it doesn't last too long. Hey.

[Applause.]

*Mr. Rangel. Thank you. Thank you.

*Chairman Nunes. And Charlie is 62 today.

*Mr. Rangel. This is the 22nd anniversary of my 62 years old.

[Laughter.]

*Chairman Nunes. Well, congratulations, Charlie.

*Mr. Rangel. Thanks a million, Chairman.

*Chairman Nunes. Absolutely. Good morning. Welcome to today's hearing on the benefits of expanding U.S. agricultural trade and eliminating barriers to agriculture exports – key factors in advancing our trade agenda and creating U.S. jobs and economic opportunity.

I would like to make four points. First, the United States must remain the world's leading agriculture exporter. We excel at producing and exporting a wide variety of agricultural products. For example, my home state of California is a leading export of dairy, beef, fruits, vegetables, and nuts. Global demand for agriculture products is increasing rapidly, creating opportunities to boost U.S. economic growth and create U.S. jobs by selling to these expanding markets.

The second point, agriculture exports benefit both rural and urban America. America's farmers and ranchers increasingly depend, for their livelihood, on exports. In addition, two-thirds of the jobs supported by agriculture exports are in the non-farm sector in diverse areas such as transportation, financial services, and biotechnology research.

Third, we must tear down tariff and non-tariff barriers to U.S. agriculture. Tariffs must be eliminated without exclusion. In negotiations for the Trans-Pacific partnership, or TPP, I am concerned that the Administration is not holding Japan and Canada to the level of ambition that Congress has demanded. In some cases, a long time frame may be warranted. But there has to be a path to zero. If any countries insist on retaining tariffs, then we must complete the negotiations without them, and allow them to rejoin when they can commit to full tariff elimination.

A growing concern is non-tariff barriers, particularly unwarranted sanitary and phytosanitary or SPS measures. While countries can implement measures to protect human, animal, and plant health, many measures are actually thinly-veiled protectionist barriers that ignore science and international standards, and do not enhance food safety in any way. I am pleased the Administration has heard Congress's message that only strong, enforceable rules will ensure that SPS measures are transparent, science-based, and are not unduly restrictive.

I am particularly concerned by European restrictions on the use of generic food names, which the EU improperly designates as geographical indications. The TPP and the U.S.-EU trade negotiations are good opportunities to reduce both tariff and non-tariff barriers. To gain support in Congress, these agreements must result in complete market access.

Fourth, to strengthen USTR's position in trade negotiations, we must pass Trade Promotion Authority without delay. The bipartisan Congressional Trade Priorities Act introduced earlier this year would establish clear direction to open agricultural markets and address unwarranted SPS measures and other trade barriers. If the Administration finishes these negotiations before TPA is granted, it will not get the best deal for our farmers or other exporters. Therefore, I call on the Administration to focus on passing TPA this Congress before completing TPP.

*Chairman Nunes. I will now yield to Ranking Member Rangel for the purpose of an opening statement.

*Mr. Rangel. Thank you, Mr. Chairman. This is an important and timely hearing. Agriculture imports are important in my home state of New York, and to our country, as a whole. Many markets are still protected, or even closed to our farm, ranch, and dairy products. We need to open those markets, and new trade agreements are one way to do it.

But it isn't just foreign governments that deny our farmers and ranchers access to the markets. In the case of Cuba, our very own government stands in the way. And I know the chairman does not agree with me on this issue, and I respect his views, but, in my view, the embargo is not working, not for the Cuban people, and certainly not for Americans. So, I hope we can work together to find a path for the solution of this important agricultural issue.

Another issue we want to discuss today is food safety. Without a doubt, some of our trading partners put into place laws that they say is about food safety, but they really are keeping U.S. products out of their markets. We do need strong rules in our trade agreement to prevent this from happening. And I want to make certain that we don't agree to a set of rules that ends up tying the hands of our own regulators, who is trying to keep our people safe, and trying to protect our crops from invasive pests. We need to eliminate bogus food safety laws, but we also need to preserve the legitimate ones.

Our regulators are increasingly having to defend these rules at the World Trade Organization. In the first years of the WTO, U.S. sanitary measures was challenged just twice. But in the last five years U.S. measures had been challenged five times. It is important to remember that what makes U.S. products so attractive to other markets is their quality. And our regulatory regime supports that quality. Our regulators do their best to make certain that we don't produce tainted food. They protect our growers by doing their best to keep away invasive pests. We need to make certain that any rules that we sign into free trade agreements allow them to continue to follow these high standards.

Finally, let me say a word about the Trans-Pacific Partnership negotiations. They're at a critical stage, and our attentions need to be focused on ensuring an outcome that this Congress can support. We need to work with our colleagues, with our stakeholders, and the Administration, on major outstanding issues, as you pointed out, including tariff, as well as non-tariff barriers on the agricultural products.

In Japan, in particular, have not -- they have not demonstrated an interest in opening up their agricultural market, nor has Japan shown an interest in opening up its automobile market, for that matter. Unfortunately, Japan's position in these negotiations looks like a real problem that still yet has to be resolved.

Some say the problem is that we haven't passed trade promotion authority legislation, that Japan won't get serious until TPA is in place. I don't believe that argument fits with the facts. To the contrary, I think a lot of Members want to make certain what the TPP negotiations are moving in the right directions right now. I don't believe it is helpful to blame ourselves for the position that has been taken consistently by the Japanese Government.

So, I think these hearings are timely. I thank the chairman for holding them. And I thank the witnesses for taking the time to share their views with us this morning.

*Chairman Nunes. Thank you, Mr. Rangel. Today we are joined by five witnesses.

First we will hear from Professor Dermot Hayes, the Pioneer Hybrid International Chair in Agribusiness, professor for economics, and professor of finance at Iowa State University. Professor Hayes is a highly regarded agriculture economic expert, particularly regarding trade.

Second we will hear from Bob McCan, who is President of the National Cattlemen's Beef Association and oversees the cattle and other operations of his family's company, McFaddin Enterprises, in Texas. Mr. McCan has a distinguished record as a leader in the cattle industry.

Third we will hear from Andrei Mikhalevsky, President and CEO of California Dairies. California Dairies is a top dairy-processing cooperative in the leading dairy-producing state in the country.

Fourth we will hear from Ryan Turner, President of West Side Trading, a leading almond, pistachio, and walnut trading company.

Finally, we will hear from Terence Stewart, managing partner of the Law Offices of Stewart and Stewart.

We welcome all of you, and we look forward to your testimony.

Before recognizing our first witness let me note that our time this morning is limited so witnesses should limit their testimony to five minutes, and Members should keep their questioning to five minutes.

Professor Hayes, your written statement, like those of all the other witnesses, will be made part of the record, you are now recognized for five minutes.

*Mr. Hayes. Chairman Nunes, Ranking Member Rangel, thank you for focusing on this issue at this time. The trade negotiations that are underway with the Pacific Rim and with Europe have the potential to fundamentally transform U.S. agriculture.

In the first class, when I teach Economics 101, I contrive to get two copies of a textbook into the hands of one student. I recognize that student, and then find a student who has yet to purchase the textbook. The second copy is worth almost nothing to the first student, but it is worth about \$100 to the second student. When they trade, each student comes out -- they typically trade at about \$50, and each student comes out \$50 ahead. In that sense, wealth is created with free trade. And the theory that underlies the economic arguments in favor of free trade are based on that simple principle: you take resources from a place where they are in plenty supply, and you move them to a place where it is scarce.

Now, as it happens, the U.S. has an abundance of agricultural resources. So we are a natural exporter of agricultural products. The problem is that the countries that have imposed trade barriers on value-added agricultural products, whereas they allow their raw materials to enter free. So if these negotiations are successful, we will end up adding much more value-added agriculture products to -- and those industries will effectively move from places like Asia back into the U.S.

As crop production technology has improved in the U.S., rural areas have become depopulated. And this is a real opportunity to repopulate those areas with people working in livestock and dairy sectors, and with industries that use livestock and dairy products such as ice cream or manufacturing eggs. So that is the punch line.

So, I see enormous opportunity here for my part of the world in Iowa, and for all of rural America. And I really appreciate your focusing at this time on this issue.

I want to make two points specifically to the ongoing agreements. The first is about Japan and the TPP, and the second is about Europe and the regulatory equivalence that we should ask for.

Prior to the entrance of Japan, the focus of the negotiations was to eliminate all duties and non-tariff barriers, and progress was very, very successful. Unfortunately, Japan has recently hijacked the negotiations by insisting on permanent protection for its beef, pork, dairy, wheat, rice, and sugar sectors. As announced, the intention of using the money generated by these duties to subsidize the relevant sectors -- so, for example, duties collected on imported pork would be used to subsidize the Japanese pork sector. And, in that sense, the U.S. pork producer is paying a tax to subsidize their competitor.

I sincerely hope that our negotiators will hold out for an agreement that results in eventual free trade, and I do so for the following reasons.

The benefits of trade I described earlier come from the reallocation of resources, putting the resources in the right place at the right time. What Japan is asking for is, essentially, allowing free trade, but one student has to end up with two textbooks. And that doesn't make sense. You can't protect a sector under free trade.

The second, Japan has insisted on this outcome because of food security. But Japan imports all of its feed grains. And so, you don't get much food security from animals that are located in Japan, but which are -- rely exclusively on imported feed.

And, third, if Japan gets away with this distortion, then other countries that join the TPP, such as China, will ask for a similar rule. And, in that sense, we could lose billions of dollars in trade because of a giveaway right now.

Next I want to talk about equivalence and Europe. Right now, in the U.S. corn market, we have a serious disruption because China did not recognize one of our scientific technologies, one of the varieties we grew last year, and it is causing enormous disruption in that market. Now, the solution to that would be for China and the U.S. to agree on similar science. And, in so doing, when U.S. scientists approve of a technology then it would be automatically approved in China. That is called equivalence, and the U.S. has asked for that equivalence in all of its -- in most of its free trade agreements.

And equivalence works because the scientists can eventually form a consensus on what is safe. The process breaks down if non-scientific arguments are introduced. The European Union has allowed this to happen, and has imposed bans on genetically-modified crops and growth enhancers in livestock that scientists all over the world view as being perfectly safe. Now, I realize that some consumers in the U.S. oppose these technologies. But under the U.S. system, these consumers have a choice. The European system eliminates this choice, and it is as if the people who shop in Whole Foods in the U.S. had a veto power over the rest of us.

And in a well-structured TTIP agreement, the U.S. and EU systems will be viewed as equivalent, and European consumers will have a choice amongst the alternatives. Unless the deal results in regulatory equivalence, countries will be able to impose new subjective barriers to replace those that have been eliminated. With equivalence, the U.S. will be able to avoid the type of trade distortion currently roiling the U.S. corn market. Thank you.

*Chairman Nunes. Mr. McCan, you are now recognized for five minutes.

*Mr. McCan. Chairman Nunes, Ranking Member Rangel, and members of the committee, on behalf of the U.S. beef industry I thank you for holding this hearing on the benefits of expanding U.S. agricultural trade, and eliminating barriers to U.S. exports. I am a rancher from Victoria, Texas, located in southern Texas, near the Gulf of Mexico, not far from the Mexican border. I am also the current president of the National Cattlemen's Beef Association.

For NCBA, the elimination of tariff and non-tariff trade barriers is a top priority for the U.S. beef industry. We view potential trade agreements like the Trans-Pacific Partnership as a great opportunity to eliminate tariffs, quotas, and non-tariff trade barriers to all TPP countries. Terms that all countries, including Japan, should agree to.

NCBA is also a strong supporter of trade promotion authority because, without it, our negotiators will have a difficult time finalizing terms of TPP. Unlike other parts of our culture, the U.S. beef industry is not subsidized, nor do we wish to be. To put it plainly, we thrive on competition, and we live and die by the marketplace. The only guarantee we have is that if we do not deliver a high-quality product to our growing consumer base, then we will lose market share to another country. At the same time, we are successful because we do everything we can to give our consumers what they want: a safe, tender, delicious product.

Many times, U.S. beef has been the victim of trade terms that have been driven by politics and not science. For instance, the United States has one of the safest risk designations from the World Organization for Animal Health, yet we continue to have age-based restrictions on our product that are not supported by science. It is estimated that U.S. beef has lost over \$20 billion in export opportunities due to BSE restrictions alone.

The removal of tariffs and quota restrictions are important to our future success. But just as important is the establishment of trade terms based on sound science. Unfortunately, U.S. beef has also been victim to U.S. trade policies that are also based on politics instead of science. As you may know, we are facing an intense drought throughout California and the southwestern part of the United States. Our herd size in the United States is the smallest it has been since the 1950s.

At the same time, international demand for U.S. beef is at an all-time high. In order to continue meeting demand, we rely on the importation of Mexican-born and Canadian-born cattle to supplement our herd loss. My family has been importing Mexican-born calves for many years, and we have enjoyed the benefits of international trade. Unfortunately, the cost of compliance of mandatory country-of-origin labeling has driven some feed yards and processors out of the business, creating less competition for my cattle. And that places me, and cattlemen like me, at a disadvantage.

And if the World Trade Organization rules against the United States on the pending appeal, you can rest assured that beef will be at the top of the list of retaliatory tariffs. Mexico and Canada are two of our largest export markets for beef. But they won't be for very long if we face retaliation.

So, it is my hope that my testimony will highlight expanded trade opportunities, as well as the barricades to trade that we continue to face in the U.S. beef industry. I appreciate this opportunity to appear before you today, and I look forward to answering any of your questions. Thank you very much.

*Chairman Nunes. Thank you, Mr. McCan. Mr. -- I should know how to pronounce your name, but it is -- you are my constituent, so I should know.

*Mr. Mikhalevsky. Andrei is fine.

*Chairman Nunes. Andrei?

*Mr. Mikhalevsky. Andrei is perfect.

*Chairman Nunes. You are now recognized for five minutes.

*Mr. Mikhalevsky. Thank you very much.

*Mr. Mikhalevsky. Thank you, Mr. Chairman and committee, for allowing California Dairies to come speak with you today regarding a subject that is very important to us, and it is a big part of our business every day.

My name is difficult, but I am Andrei Mikhalevsky, and I am president and CEO of California Dairies. And I have been fortunate in my career to be able to manage dairy businesses on six continents, and the seventh continent doesn't have many dairy cows right now.

My comments today will focus, really, in three areas. The first is the opportunity for U.S. dairy exports; the second the key barriers that we face in exporting product; and third, the upcoming free trade agreements.

California Dairies may not be familiar to everyone, but we are a member-owned cooperative based in California, and a major dairy exporter today. You can find our products on your local grocery store shelves in all 50 states, and you can find it in 50 foreign countries, also. We are responsible for 12 percent of U.S. dairy exports. We export already today over 425 million pounds of milk products every single year. And increasing these dairy exports is very important to our industry, beneficial to the United States, and also good for California Dairies.

And I will give you three areas that we believe these benefits are centered: first it is around economic and financial benefits; second, it creates jobs domestically and creates jobs internationally; and, third, we believe there is implications for national security of having a good dairy export business.

In 2013, just last year, the industry reported a record 15 percent of all milk in the United States was exported valued at about \$6.7 billion. One day of every week's production of milk -- so one day of milking cows -- now goes into export in the United States. And in 2014, this year, California Dairies will export more milk powder than we will sell domestically in the United States. So we have become a larger exporter than we are domestic seller in milk powder.

And the U.S. dairy industry is currently in a state of transition from an inward-facing industry to a dominant world exporter. And the question might be asked, "Why is there a change in the U.S. dairy industry?" And the answer is, really, opportunity. We all know the worldwide demand for dairy continues to grow, driven by population growth and disposable income growth. And this is creating a large demand gap in the world market for dairy products. And dairy is very important. Remember, people start from infants using dairy, all the way through old age.

But there is barriers to us taking advantage of that export growth, and they fall in the areas that were earlier mentioned: tariff barriers; non-tariff barriers; and internal domestic barriers, which we haven't mentioned.

Let me first give an example of tariff barriers. Canada and Japan, today who are in the news, both imposed astronomically high tariffs on imported dairy products. The tariffs we face every day are between 250 and 300 percent of the value of the product that we ship into those countries. So, basically, impossible to meet.

There is also non-tariff barriers, which are commonly known as SPS measures, sanitary and phytosanitary measures. Those are being abused in markets around the world.

And third, geographical indications. And the EU, as we all know, is probably the most aggressive and abusive in its interpretation of these GIs.

I would also just note that there are internal barriers that we face also, but that is a conversation for another day.

I would like to shift now to free trade agreements. We have talked about the TPP and the TTIP, TTIP. And both of these are wonderful opportunities for us to break down these barriers and expand our area of exports. And so I would like to just share our viewpoint in a few sentences.

First, we actively support the inclusion of dairy in all FTAs. We would like dairy in.

The second thing we would like to see is the inclusion of all dairy products. For example, the South Korean FTA excludes things like butter. It is a fundamental product, and we would like to have all products in the FTAs.

We support the complete elimination of all tariffs. We need a level playing field with our competitors. China, for example, we don't have a level playing field with New Zealand. They get the first 300,000 tons in there at a reduced tariff. We need a level playing field.

Market access must be real, measurable, and equitable. And we believe that TPP and TTIP are really the most likely -- the most important trade agreements that we have seen in a generation. California Dairies also highly supports trade promotion authority. We think it is essential.

So, in summary, there is a great opportunity here. But to achieve the success, we must have FTAs that are comprehensive and inclusive of all dairy, including zero tariff access, and ensure that unjustified non-tariff barriers and regulatory requirements do not block us, moving forward. Thank you very much for your time today.

*Chairman Nunes. Thank you, Mr. Mikhalevsky. Mr. Turner, you are now recognized for five minutes.

*Mr. Turner. Good morning, Chairman Nunes, Ranking Member Rangel, and the members of the Subcommittee on Trade. Thank you for inviting me to be here with you today. My name is Ryan Turner, and I am here to testify today as a farmer and as the president of Westside Trading Company, WTC. I founded WTC three-and-a-half years ago to export California almonds, walnuts, and pistachios.

WTC is a trading company that buys product from farmers and packers and resells the product exclusively into export markets. WTC specifically finds its niche in taking the export risk for our suppliers. After purchasing the product from California growers and processors, we are responsible for payment to supplier, marketing, logistics, documentation, and collection of the export sale. Any export-import problems, failure to collect funds, false quality claim from the end customer, it all falls on WTC. And we make our name by insulating the suppliers from these risks. So we truly are on the front lines of the trade discussion.

Since the inception of the company, we have exported to more than 40 countries around the world. We have exported to Canada and Mexico, South America, all over Europe and Eastern Europe, Russia, Middle East, North Africa, as well as China, India, Singapore, and Bangladesh. About 85 percent of the products we have shipped to date are almonds, and so I will focus, in the interest of time, on almonds for the rest of the testimony.

The California almond industry is a great example of the strong U.S. industry that dominates the world market because of our significant long-term investment, innovation, high food safety standards, and strong global marketing. California almonds add \$2.82 billion in export value in the 2012-2013 season, ranks as California's largest agricultural export, and the U.S.'s largest specialty crop export. Currently, more than 80 percent of the world's supply of almonds are grown and produced in California.

The U.S. is the largest buyer of California almonds, consuming, on average, about a third of our supply. However, that means that, on average, two-thirds of California almonds are exported. The top 5 export countries are China, at approximately 10 percent of the U.S. crop, followed by Spain, India, Germany, and UAE. In total, California exported directly to 57 countries last season.

The California almond industry is dependent on export for the long-term sustainability of the industry, but it is also a huge success story. Over the past decade, export growth has averaged nearly 10 percent, year after year. The industry has not been able to wait for trade agreements in many countries, but has forged ahead in tackling major issues, opening new markets around the globe. These challenges, though, however, come at a high risk to farmers, processors, and exporters, as well as our overseas processors and the end user, ultimately increasing the cost of our products to consumers, worldwide.

WTC faces export challenges head-on every day, due to trade barriers that exist in markets around the globe. From tariffs and SPS differences to banking and finance rules, as well as labeling requirements, port protocols, documentation requirements, as well as dispute resolution issues. The almond industry faces tariffs, specifically, in dozens of its markets. However, like in other industries where the product is in strong demand, gray market activities are developed to avoid such tariffs. The biggest examples exist in two of our largest export markets, China and India.

The vast majority of almonds are exported to China, are shipped from California to Hong Kong, then redirected through Vietnam and trucked north to various points for delivery to processing plants mainly in China. Most U.S. exporters ship to Hong Kong and are paid for the product at that point. While it

customarily only takes two weeks or so to ship a container from California to Hong Kong, it could take an additional three to four to move that product through the gray channels to the end user.

While a larger percentage of customers actually pay the tariff in India and take delivery in major ports, more and more importers have begun to smuggle the product from Kashmir. This product is mostly shipped from U.S. to Dubai and then shipped in trucks, via trucks, saving the importer the tariff. While lower trade barriers and relatively strong business protections in Dubai and Hong Kong keep risks lower for us exporters, the risks borne by our end customers through the gray channels increases their risk and delays shipment of product.

In addition to the gray markets, where product is physically moved to avoid tariffs, many markets in the Middle East rely on falsification of documents to reduce tariff exposure. These practices create challenges that differ in each market which require exporters to constantly stay on defense, to ensure that gray market behaviors do not put our companies and our products at risk.

The U.S. produces the safest food and food products in the world. Agricultural and food safety regulations, coupled with innovation of farmers and processors themselves, have given our products the strongest reputation for quality. However, differing SPS standards in some of our export markets create major problems, add costs, and, at times, significantly put our products at risk. Whether it is lower allowable levels of aflatoxin in the EU, or the ever-increasing changing and somewhat arbitrary standards in other parts of the world, it is extremely important that SPS standards must be, at a minimum, based on science.

We have had many loads returned to the U.S., and many more held at ports for long periods of time, subjecting our products to additional testing and fees for results that we never see. It is very important that any new trade agreement address banking finance and dispute resolution protocols, as well, so that exporters such as ourself can have more confidence in international collection and contract enforcement. We have had minor typographical errors lead to major searches of funds, we have had several international banks release documents prior to payment, we have had ports release containers without proper documentation, we have had money rerouted and lost through illegal foreign currency traders. These are just a few of our examples caused by lack of uniform standards.

In conclusion, multi-faceted, comprehensive, regional trade agreements that not only level the playing field, but normalize business practices between the U.S. and its trading partners, will allow us to grow export markets faster and more reliably. Thank you for your time.

*Chairman Nunes. Thank you, Mr. Turner. Mr. Stewart, you are recognized for five minutes.

*Mr. Stewart. Thank you, Mr. Chairman, Ranking Member Rangel, members of the subcommittee. I am here in my personal capacity, not representing any particular clients. We have had the opportunity to work with agricultural fishery groups over the years.

There is little doubt that the United States, as the world's largest agricultural exporter, faces many unwarranted barriers abroad, and that a key priority in any trade negotiation should be the liberalization of tariffs, quotas, and non-tariff barriers, such as SPS measures, and an effort to restrict our friends in Europe in their effort to claim that nothing can be shipped that doesn't come from Europe because of geographical indications. Those are givens.

Global trade in agriculture in 2012 was \$1.6 trillion. The United States occupied about 8 to 9 percent of that, at 148 billion. And what our true exports could have been, if we had had much more open markets, is anybody's guess. But it certainly would be a far larger percentage and a far larger dollar amount. So there are, obviously, enormous opportunities for American business, American workers, and rural America, in terms of liberalization of agriculture.

At the same time, when one looks at SPS measures, there is a tension between food safety, on the one hand, and control of the SPS measures on the other. The World Trade Agreement's sanitary/phytosanitary agreement is the first global effort to try to put some discipline into SPS measures. The United States has tried to use that agreement to upgrade or harmonize, in an upward direction, international standards. That is a desirable objective. At the same time, we run into serious cultural and political problems in other major trading partners. Europe has been identified as one, and certainly the problems our beef industry has faced from the BSE and that our grains exporters have faced from genetically modified challenges around the world are significant challenges.

When you look at it from the import side, which, from a U.S. perspective, is relevant, as well, to consumers, the issue is not whether there should be liberalization, the issue is whether or not the liberalization is coupled with the ability to ensure that products that enter the United States maintain the food quality that the United States has been famous for, and that U.S. consumers expect. That is an issue which, as trade has developed with a lot of developing countries, is a much more complicated matter. The United States engages in a lot of technical assistance to try to help other countries raise their standards, and that is important to do. But there are many stories, including in seafood, but certainly also in other agricultural products, where imported products contain elements which are banned in the United States and yet have made it into our food supply.

So, there are legitimate concerns from consumers about the safety of their food supply. And, as you look at trade negotiations, it is important that that aspect be dealt with. At the same time, the merits of an SPS measure are often in the eyes of the beholder. We -- USTR puts out an annual report. There is more than 100 measures that we identify abroad that are problematic to U.S. exporters. Europe puts out its own report, and there is a large list of things that they complain about in terms of the United States. Dialogue is a critical element if you are, in fact, going to get past disputes, and if you are, in fact, going to facilitate the liberalization in agriculture, particularly an SPS measure.

Technical assistance is important. With that I think that you have a big challenge ahead of you, in terms of getting our trading partners to comply. Japan is a classic example, and I wish you great success, and the Administration great success in that effort. Thank you.

*Chairman Nunes. Thank you, Mr. Stewart. Since you discussed SPS measures, we will start on SPS. The real issue is whether or not we are going to have dispute resolution. Because, as all of you are well aware, all of the other areas of the economy and all the previous trade agreements are subject to dispute resolution. Agriculture, however, has always been left at the table without dispute resolution, and so they are forced to go to the WTO, which can take years and years to come to resolution.

So, do you see any problem with having -- and I will just start with Mr. Stewart and I will ask the same question -- a dispute resolution mechanism in TPP?

*Mr. Stewart. The answer is I don't see a problem with having dispute resolution in any free trade agreement. The real issue is how it will be administered, and whether there is agreement, in terms of the basic terms and conditions. The challenge that we face in the WTO, as an example, where there is dispute settlement, is that we are the subject of 8 of 41 challenges that have been made. If you were to step back and ask yourself would you expect the United States to be one of the worst offenders in terms of SPS measures, I think your answer would be the same as mine: obviously not.

So, part of the challenge is whether the rules actually work to conform practice to what you have agreed to, or whether it becomes a forum for people to achieve that which they haven't achieved through the negotiations themselves. But I don't have a philosophical issue with having dispute settlement in TPP or any other agreement.

*Chairman Nunes. Thank you, Mr. Stewart. One of the reasons I wanted to have Mr. Turner here is because he is an exporter. Mr. Turner, I don't know if you could walk the committee through a real-life

example of the problems that you face. If you could pick one example and just kind of walk the committee through where you faced an SPS measure that has blocked the entry of your product.

*Mr. Turner. The most consistent SPS issue that we deal with is in Europe. And Europe has, as I mentioned, lower allowable levels for aflatoxin. And so, there is now an entirely different process to deal with and work with the EU in getting product in.

But basically, because they require a lower allowable level, the almond board has worked with the industry to create what we call a -- or what is called a VASP. So it is a voluntary aflatoxin sampling program -- I believe it is program. And so, every single load that is going to go to Europe has to basically have this additional test. Right? And it is a -- sampling procedures that are required by Europe. Then we go through the entire process, and then it has got to have this VASP report.

We have probably had a -- I would say maybe about 10 loads that we have had stuck for any sort of reason, but just related to not having the proper VASP. So when we ship product, all of it has been certified, inspected by USDA, internal, as well -- internals, as well. And we ship that product. Europe requires the VASP, though. So if you -- we have had product that we have shipped to the Middle East. We need to redirect it, it can't go to Europe. So that is it.

*Chairman Nunes. Thank you, Mr. Turner. I am going to shift gears, Mr. Mikhalevsky, to talk about TPP. Specifically, you are probably well aware, but there has been rumors floating around that Japan has hundreds of items that they want to take off the table. And in your testimony you mentioned how butter was left out of the South Korean agreement. What do you think the solution is?

For example, if Japan does not want to reduce these tariffs and take them to zero, should we wait and have Japan come in later? Or do you have any other options of how we could move forward?

*Mr. Mikhalevsky. Well, I truly believe, optimistically, that with proper negotiation we can get Japan in. And it is very important. Japan is a highly developed market in dairy. It is very important to us. There is a lot of things in TPP and TTIP. Ultimately, they will probably be the blueprint for maybe 70 percent of the traded dairy around the world. So it is important we get these first ones right. And I would be optimistic about getting Japan in. And, from our perspective, dairy has to be one of those items in, not just because we are in the industry. We think it is because it is also very important, as you look at the other countries that are involved, and how important dairy is to them. So that would be kind of my response.

*Chairman Nunes. Mr. McCan, can you answer the same question?

*Mr. McCan. Yes. I think that it is -- you know, Japan needs to comply by the same rules that all the other TPP countries have to comply with. And, you know, we don't -- I don't think we are at that point yet to where -- in our negotiations where we -- they really tried to shift the weight towards us, which -- I think Japan really wants to be part of this trade pact more than they are letting on. And so I think, you know, we just need to work through it. It may take more time, but it is important, as Andrei mentioned, that this is a 21st century type modern trade pact. Because, as we look forward towards TTIP and the European negotiations, we need to make sure that it is that type of a trade pact with tariff elimination.

And the beef industry has certainly put pressure on Japan for the tariff elimination, and that is what we would look forward to.

*Chairman Nunes. Thank you, Mr. McCan. In the interest of time, I will go ahead and recognize the ranking member, Mr. Rangel.

*Mr. Rangel. Thank you so much, Mr. Chairman. Do any of you, as exporters, see any sound economic or political reasons why we should continue the embargo against Cuba? Are there any reasons that you could suggest to guide the Congress as to what is in our best national security or economic interests?

[No response.]

*Mr. Rangel. Then I assume, by your silence, that all of you think that it would be sound trade policy for us to resume negotiation with Cuba, for the Cubans and for the United States, and let competition be an element where we can gain, as we would with any trade agreements.

I hope that you don't find yourself being placed in a political position because of this, but we are talking about exports, we are talking about jobs, we are talking about improving our economy. And if there is no reason why we should not expand these exports, I think that, under American system, you have to be heard.

The second question is that all of you agree that we should have -- maintain a high quality of imports that come into the United States because, while you cannot expect each and every product, the reputation of our country in having high standards is something that has to be maintained. Have any of you ever thought about the issue as to whether or not the Congress provides enough resources to make certain that we can do this? Has that ever been an issue that you discuss? Anybody? Mr. Stewart?

*Mr. Stewart. Thank you, Congressman Rangel. The issue is that, for many industries that confront imports, where there are issues of quality there is a perception that the Administration does not have the resources to be able to ensure the safety of the product. Some of that flows from the change in patterns of trade that have occurred over the last decade or so, where we are dealing with a lot more developing countries, and developing countries have greater challenges, in terms of getting their standards up to what the U.S. requires. And some of it has to do with practices in certain countries where, whatever the agreement is as to the standard they should export, individual producers choose to go around that and ship product in that clearly is not suitable.

When you take a look at the small percent of products that can be inspected at the border, the answer is that the security of the food supply system in the United States can be at risk. And so it is an important issue for Congress to consider, to be sure that we don't let ourselves get into that situation.

*Mr. Rangel. Well, I am hoping that when you have your trade associations meetings, and you have your priorities, which we, as Americans, support because it is good for our great country, that you also put in there what you expect the Congress to do to maintain these standards, to help us to have less of a political problem, and more that is related to the expertise which you bring to the field, which -- clearly, you have more than any of us.

Lastly, you very strong about -- say in Japan -- that they maintain their international standards, that they don't protect just their products, in terms of our exports, and allow theirs to come in. Now, how would you expect the Congress to support the positions that we agree with? Most of you know that the Constitution gives this authority to the Congress, and nobody would want to have 535 negotiators with these countries. And so, therefore, we agree to give the trade promotion authority to the President.

Now, when the bill finally comes to the Congress, it is just yes or no. In order to protect some of the things that you advocate, and we support, wouldn't you believe that we have to get that into the trade promotion authority, that what authority we give the President has to include the things that we are talking about in terms of fairness in trade?

There is another way to do it, and that is just to give them authority to do whatever he wants to do. And after they negotiate, then we have to say, well, it doesn't help our dairy people, doesn't help our cattle people, and then we are left either swallowing the whole trade package, or rejecting it because of something that could be local. Have you discussed the trade promotion authority? I know you should be advocating

that we give that authority to the President. Without doing it, our trade ambassador cannot adequately negotiate. Isn't that correct?

How could he negotiate -- if he is negotiating with people that have the authority to cut a deal, and we are sending an ambassador that can't cut the deal unless he comes back to the Congress, doesn't it make sense that he should have -- the President should have some authority to close the deal and bring it back to us?

[No response.]

*Mr. Rangel. The answer is yes. Well, you better give some thought to it, because I can see that you haven't. And it is going to be a big political problem. We want to make certain that the President is able to authorize the negotiations of deals that are good for the American people in international trade.

By the same token, it just doesn't make sense to have included or excluded from agreements the things that may cause us not to be able to support it. Some of them is labor standards, some is environmental issues. Some of it is just the quality of the products. But please help your congresspeople to resolve these problems and not leave it to us to seek a political solution to come and -- problems that we have to resolve.

Thank you, Mr. Chairman.

*Chairman Nunes. Thank you, Mr. Rangel. Mr. Reichert is recognized for five minutes.

*Mr. Reichert. Thank you, Mr. Chairman, and thank you all for taking time to be here today. I am from Washington State, so I visit with my farmers, apple growers, cherries, heading into the wine -- little bit of -- I think we are second from California now, with the amount of wine we produce out of Washington State.

So, you know, when I talk to my Washington farmers, they are pro-trade, obviously. Washington State is the most trade-dependent state in the country. And they also recognize, though, that the way to get there is -- and I am going to jump on Mr. Rangel's bandwagon and the chairman's bandwagon -- and that is TPA.

And I talked to some business folks yesterday, and explained the need for TPA and how important it is for us to proceed forward with TPP, and asked for their help. And I think that is what Mr. Rangel is saying today, too, is we need your help to convince others in Congress that TPA is a needed tool here to move forward with this trade agreement.

And -- but I am also interested in your testimony that you shared today about the benefits incurred from previous trade agreements, the benefits as it relates to jobs. And if we don't work hard to continue to increase American ag exports, what happens? What is the negative impact, Professor Hayes, if we don't continue to increase our ag imports, United States?

*Mr. Hayes. Our agricultural exports. If we --

*Mr. Reichert. I am sorry, exports, yes.

*Mr. Hayes. Yes, yes. Argentina is a great example of how you can go wrong. Fifty years ago, it was the seventh wealthiest country in the world. Then it began to look for import substitution. It began to fight trade. It taxed exports. It tried to create domestic alternatives for imports. And it fell from number 7 to number 75 in wealth tables. And so it essentially created poverty.

Singapore is an example of the other side. Average person in Singapore makes 20 percent more than the average American. And it is a complete free trade country; they even import their water. They have no

resources, and they are a very wealthy country, based on the principle of free trade. Wealth is created when you move from surplus to deficit areas.

*Mr. Reichert. So if TPP doesn't move forward, what do you see happening in the United States?

*Mr. Hayes. A stagnation. But, more importantly, other countries are concurrently negotiating free trade agreements. Europe has a negotiation with Japan. Canada, outside of TPP, has a negotiation with Japan. If we don't participate and keep up with those countries, they will form free trade agreements, and we will be left out.

*Mr. Reichert. It is already happening, isn't it?

*Mr. Hayes. Yes, it is already happening.

*Mr. Reichert. Yes, sir. Anyone else wish to comment?

*Mr. McCan. I would add that, in the free trade agreement that was negotiated recently, that the United States gained a pretty good advantage over our Australian friends because we were able to negotiate a quicker phase-in of tariff elimination. And so we are benefitting from a good advantage of being able to export bigger volumes of beef to Korea because of that. We got in there with a free trade agreement before the Australians did. They have ultimately got one now, but they are behind us because we have got a better tariff advantage to them. So we are able to get more volume there. So --

*Mr. Reichert. That is a great point. And -- yes, sir?

*Mr. Mikhalevsky. I thought I would just add, too, we were -- two subjects to address your questions.

First, in terms of jobs, when a -- there is \$1 billion worth of exports generated out of the manufacturing sector. It generates about 5,500 jobs in the U.S. When you have \$1 billion worth of agriculture products go, you generate about 6,800 jobs. So, moving agriculture and moving more into agriculture exports actually does more for job creation, we believe, in the United States.

Secondly, the power of free trade agreements. While, from my company's point of view, we are not satisfied with the South Korean free trade agreement due to exclusion of products, dairy actually gained nine share points just increasing exports of cheese, whey, and lactose after that agreement was signed. And that is share of imported products. So it actually has a real benefit, once you get these free trade agreements. And expanding exports and agriculture products also generates more jobs.

*Mr. Reichert. Well, appreciate your testimony. And, remember, we do need your help. I yield back.

*Chairman Nunes. The gentleman from Massachusetts is recognized for five minutes.

*Mr. Neal. Thank you, Mr. Chairman. Mr. McCan, you seem to indicate during your testimony that you had some inside knowledge as to the Japanese coming around on some of these issues. Do you perhaps have some perspective that you want to share with us on currency manipulation?

*Mr. McCan. It is just my personal opinion that --

*Chairman Nunes. Mr. McCan, your mike is not on.

*Mr. McCan. I think it is just my personal observation. I think they would like to try to shift the weight to us that we really need them in here, whereas I really feel that Japan, you know, wants to be part of this

trade pact pretty badly. They were a latecomer into the negotiations, and I think they are -- they really want it worse than what they are letting on to us.

But, you know, I think eventually we will get there with them, but I don't have any particular intelligence that I could base that on.

*Mr. Neal. Okay. And perhaps -- Mr. Stewart, would you expound on the whole notion of currency manipulation and remind us again of why it is such a barrier?

*Mr. Stewart. Thank you, Congressman. You know, if you -- well, it has primarily arisen from industrial users such as the auto sector vis a vis Japan. We have had problems with misaligned currencies that are driven by government policies for several decades with countries in Asia, Japan being one of the major ones, Korea being another. And, obviously, China is the one that has received most of the attention.

And it is -- if you think about liberalizing trade and reducing tariffs, if you permit a false exchange rate, you basically create a new tariff, which, in many ways, is often higher than the average tariff that is being eliminated. So it is a question of whether you are really liberalizing trade or not. And currency manipulation, when it occurs, can drive a dramatic false competitive advantage.

*Mr. Neal. As you know, the President has set out a pretty assertive and a pretty aggressive trade agenda, and he has been able to, I think, highlight some pretty encouraging statistical data, as well. But there are, as it relates to Asia and the Pacific, there are a number of very stubborn problems, as we go forward. And we are going to have to wait and see how they are best resolved. But I think it is fair to say that, whether it is beef, or whether it is currency manipulation, there is a ways to go on all of this. Thank you, Mr. Chairman.

*Chairman Nunes. The gentleman yields back. Mr. Buchanan is recognized for five minutes.

*Mr. Buchanan. Thank you, Mr. Chairman. I want to thank all our panelists. As one of my colleagues mentioned from a different state, I am from Florida, and I can just tell you, over the last four or five years, where it has been difficult construction and tourism is up, but it was also impaired to some extent. Agriculture kind of carried along the state. It is a gigantic industry in our state. So I appreciate the opportunity to visit with everybody here today.

Let me mention, Mr. Stewart -- I want to start off with you -- I just got back about 30 days -- or it seems like 30 days or maybe 60 days ago -- one of the largest delegations, Democrats and Republicans, we went to Tokyo. We are talking about China and the Japanese, but all of us -- a lot of us were concerned. I think we had 13 Democrats, 7 Republicans, so we had a large delegation, I think the largest in 30 years.

But everybody -- and some of my colleagues have brought up about the whole thing of the -- we spent a lot of time on TPP. But the thought was -- is that, you know, the idea is a lot of them were for the free trade agreement, but they want to make sure it is fair.

And one of the things they bring up as it relates to these industries, even if you get an agreement -- and I can tell you, the prime minister, we had a chance to meet with him, he seems like he would like to move, you know, clearly, in this direction -- but as we look to the ag industry and we talk about Japan, the thought was, by some of the Members, is that when you look to the auto industry, we have somewhat of a free trade agreement, but they have 30 percent of the marketplace here in the U.S., or whatever that number is -- and I am in the car business, so I will say that -- but the other side is we had less than one percent there.

So, even if you get the trade agreement, and you get a point where it looks like it is fairly fair, the question is, does it work both ways, and why hasn't it worked that way in the auto industry. But that was one of the concerns they brought forward, and it is a concern I have, as well. So I will boot it to you.

*Mr. Stewart. Well, I think that that is a very valid concern with certain of our trading partners, where it is not -- for Japan it has not been an issue of what the tariff levels are, although in agriculture they can be extraordinary. My recollection is that the end of the Uruguay round they had a deal on rice where they could charge 600 percent duties and have a 400 percent minimum markup, and they still wouldn't let any rice in the country, even it could come in and compete at those prices.

But in industrial goods, and I think in agriculture, if a country is not, in fact, committed to opening its market, there are lots of ways to do that, and you will spend your time in disputes, trying to go step by step. But we have had the same problem with Europe on beef. I mean how long ago was the beef case? It was back in the 1980s, as I recall. And we are 25 years later, and we have had a little bit of progress, but hardly the kind of progress that the --

*Mr. Buchanan. I think the mindset -- let me just say this, because we are limited time -- is that a lot of us are free trade. But at the end of the day, my idea of negotiation -- I have been in business 40 years -- at the end of the day, in 6 months, a year, 5 years, it has got to be somewhat a win-win.

*Mr. Stewart. That is right.

*Mr. Buchanan. And that is the attitude I take to it, because I want to fight for our industries. I want to -- and I think if we do, we got a good chance to win.

Dr. Hayes, let me just mention just quickly, you had mentioned that these trade agreements would transform our exports. Could you expand on that a little bit, what you meant by that?

*Mr. Hayes. Sure. As I indicated, most of what we export now without duty are raw materials, such as corn and soybeans. The duties that are in place against our products are typically against value-added products like pork or milk or beef. And so it is as if those countries are artificially located value-added industries in their own countries. And, with free trade, those industries would naturally migrate back to the U.S. because it is far more efficient to move the final product than it is to move the bulkier raw material.

But to put this in an example, free trade with China, we could double or triple some of our livestock industries just to access -- just because of the potential demand out of that market.

*Mr. Buchanan. Thank you. And I am going to go with Andrei. The -- you had mentioned about tariffs being 250, 300 percent. That is unbelievable to me. I mean maybe it is something I should know about, but why is it so high?

*Mr. Mikhalevsky. I think generally, for Canada and for Japan, they are protecting their internal dairy industry. But it also has the added detriment to the people in those countries that they are paying an awful lot for the dairy products that they have. And if you look at the price of dairy products in Canada, it is much higher than you might find in the United States.

Similarly, I believe Japan probably has the highest priced dairy products on shelf for their consumers of anywhere in the world. So it is really, I believe, just protectionism of the local industries. And I think that is pretty much the simple answer.

Although there are areas -- for example, China -- where the duty is around 10 percent on dairy products. But their countries get an advantage of five percent for a product. And that puts us on a unlevel playing field. And that is why it is so important we have a level playing field as we look out around the world.

*Mr. Buchanan. Yes. And let me just say, Mr. McCan, in terms of the beef industry, you know, I have eaten a lot of meat around the world, been in 60, 70 countries. We have got the best beef in the world. And the bottom line, you know, what more can we do, or should we do, to help get our exports, as it relates to

your industry out there? Because, obviously, you know, you are getting blocked in a lot of different directions. But is there a couple of things that we could do to make a big difference on it? Because I think that is an industry that has enormous opportunity, worldwide.

*Mr. McCan. Well, I think, from the beef industry standpoint, you know, we adding about \$300 a head to every animal, fed animal, harvested right now that is due to our international export market. So it is significant, what that trade does for our industry. And, you know, I think what -- all we would ask is that, you know, we try to get all these trade pacts back to sound science negotiations, and non-tariff-type trade barriers, and it would help tremendously. It really adds a lot.

In 2013 we exported \$6.1 billion worth of beef, internationally. And it was pretty much all due to a lot of the trade pacts of the past. However, as Andrei mentioned, we have a very high tariff in Japan. We exported \$1.4 billion worth of beef in Japan in 2013. They love our beef. It is the highest quality, we feel like, in the world. And so they want it. And if we could remove that tariff, it would mean a lot for our producers and for our market, certainly.

*Mr. Buchanan. Thank you, and I yield back.

*Chairman Nunes. Thank you. Thank the gentleman. Mr. Smith is recognized for five minutes.

*Mr. Smith. Thank you, Mr. Chairman. Thank you to our witnesses today.

Dr. Hayes, if you could, touch a little bit more on the impact to consumers, foreign consumers, for example. You mentioned a little bit about how wealth is created when you move away from a surplus. And also, how protectionism -- and then I think we heard also how the price of dairy to consumers with protectionism is much higher. Could you elaborate more on that?

*Mr. Hayes. Sure. I will give you an example. In Colombia they have almost no feed grains, and so, therefore, pork production is extremely expensive. And people in Colombia can literally not afford to eat pork. However, we now have a free trade agreement with them. And their per capita pork consumption is skyrocketing. They literally have access to something they didn't have before.

I have been in supermarkets in Korea and seen pork selling at four or five times the U.S. price. When those consumers eventually get access to our product, they will benefit from having a much more affordable product. And, in that sense, their wealth grows.

*Mr. Smith. Is -- are there any examples of where consumers -- perhaps in Japan, because Japan is such a central point of discussion here this morning, with protectionism -- do Japanese consumers benefit from any of their protectionism? Can anyone point to such a thing?

*Mr. Hayes. I will take a stab at it. They believe that they have food self-security because of protectionism. But, as I mentioned, they are importing all their animal feed, so it doesn't make a lot of sense.

*Mr. Smith. Anyone else? Mr. Stewart?

*Mr. Mikhalevsky. Yes. I would just say that they import a tremendous amount, as Dr. Hayes said, import a tremendous amount of their product. And there is a very small percentage of the population that are actually ag producers there. So it is -- and it is a -- they are very protectionist.

*Mr. Smith. Mr. Stewart?

*Mr. Stewart. Just address the food security issue, because it has been a big issue in Japan and in a number of other countries.

If you go back to 2007, 2008, grain prices, rice prices went up 200, 300, 400 percent because there ended up being a few shortages. And I think it was 35 or 40 countries imposed export restraints on key agricultural products, including rice, including wheat, including a number of other products.

If you are an import-dependent country like Japan, right now the international trading system doesn't guarantee them access to food supplies. Every country has a right to restrict exports if they perceive it to be in their national interests. That is a legitimate issue. Whether it drives the high tariffs and other things, I would say probably not. That is large political. But that is an issue that the overall trading system has not addressed.

*Mr. Smith. Okay. All right. I thank you, Mr. Chairman. I yield back.

*Chairman Nunes. I thank the gentleman. The gentleman from Oregon is recognized for five minutes.

*Mr. Blumenauer. Thank you, Mr. Chairman. I would like to just continue the discussion dealing with Japan. I am wondering if we are going to reach a point where the Japanese political system, or their philosophy regarding trade negotiations, just makes it no longer reasonable for us to pursue. Or do we reach a point where we just decide that it is not worth it to fight to keep Japan in the agreement?

*Mr. McCan. I would just say I don't think we are at that point yet, Mr. Congressman. I hope. I think, from our industry, we certainly view Japan as an important part of this negotiation. And we just remain confident that we -- in the future we will be able to bring them on board at the level of all the other TPP countries.

*Mr. Blumenauer. Mr. Turner?

*Mr. Turner. Yes, I would just say that the framework of the TPP itself is supposed to be a living treaty, you know, to grow and to adapt. And I think to -- not to fight through those issues with Japan now -- Japan gives the TPP much more credibility with the size being added to it, and it is important.

And I just relate to a lot of my packers and suppliers. You either ship to Japan or you don't. There is no middle ground. Because you have to do certain things, you have to work through it. But, at the end of the day, good business opportunities, and a big market, and I think it should be included -- at least fought for.

*Mr. Blumenauer. Well, certainly that is the philosophy with which we have pursued it. And, all things being equal, we are all better off in a comprehensive agreement that speaks to some of the problems that you are alluding to.

But I just wonder -- and perhaps, just in terms of making the negotiations work better, if it is clear that there is a point where we do pull the plug, where we are just not going to continue down this path, that we will reach a point, if we can't reach reasonable accord on things that give our producers access, and we are not facing pretty grotesque barriers, that it is clear that we are not going to play.

I must admit I was blown away recently in conversation with some Japanese officials about their expectations dealing with fisheries. Pretty unsettling, in terms of what their plans were, and some of their practices that are going to pose a challenge for us, I think, in reaching an agreement that is acceptable for most of us. And I am just curious at your reflections. Appreciate your feedback. Thank you.

Thank you, Mr. Chairman.

*Chairman Nunes. The gentleman yields back. The gentlelady from Kansas, Ms. Jenkins, recognized for five minutes.

*Ms. Jenkins. Thank you, Mr. Chairman, and thank you all on the panel for being here today. I represent eastern Kansas, and I have seen firsthand how strong trade agreements open international markets to Kansas beef, pork, Kansas wheat and cereal grains, as well as planes and other products manufactured in Kansas.

I also know that the best way for Congress to ensure that we can get strong agreements that include congressional priorities is to pass legislation like the bipartisan Congressional Trade Priorities Act that Chairman Camp has introduced, along with our chairman and Chairman Sessions. And it is my hope that we can get that important legislation through the House and the Senate this summer.

Mr. McCan, as president of the National Cattlemen's Beef Association, you are well aware that the World Organization for Animal Health places U.S. beef at its lowest possible risk category. Unfortunately, some countries, including some of those who are currently participating in the Trans-Pacific Partnership negotiations, continue to either ban or limit U.S. beef exports.

So, Mr. McCan, could you please discuss the markets that are still closed to U.S. beef and pork, and the impact this has on U.S. producers? I would also like you to discuss the challenges that the mandatory country-of-origin labeling, or COOL standards, created by the USDA plays on our negotiators when they try to get other countries to end non-tariff based barriers.

I specifically mention COOL because, over the past couple of years, I have heard from many Kansas producers that these standards are placing an unworkable burden on their operations. In addition, a study done back in November of 2012 by Professors Glynn Tonsor, Ted Schroeder, Michael Taylor from Kansas State University, and Jayson Lusk of Oklahoma State University found that U.S. consumers are not willing to pay a premium for labels that distinguish between livestock born in Canada but raised in Montana and those born and raised anywhere else in the U.S. So it appears that these standards may be more trouble than they are worth. Could you comment?

*Mr. McCan. Yes, ma'am. I will answer your concerns about the BSE status first. We are a negligible risk status country now, which is the lowest status you can be for BSE. And there are other countries who are exporting beef that don't have as low a status for BSE than we do that are exporting beef to China. China we view as a really huge future market for us. We were locked out of China in 2003 with the BSE cattle from Canada, and we have not been able to get access back into China.

So, we certainly view that as something that we need to -- our Administration, I think, needs to work hard on. And our industry views that as a very important market. And we don't see any reason why we should be kept out at this point.

As to the country -- mandatory country-of-origin labeling, it has -- in our opinion, in the beef industry, we -- it has not really benefitted anyone. Referring to the study that you referred to done at Kansas State and other universities, our domestic consumers really don't seem to really care, really pay a lot of attention to that origin label. So it has certainly not shown any economic benefit to any of our producers in the United States, although it has been a really tough rule to comply with.

And we handle Mexican steers on our family's operation. And so, every year, when we market them, we are faced with anywhere from a \$35 to a \$50 a head discount for no apparent reason. And when those cattle come in to this country, they are lightweight calves, usually. And it is an added value type of a program. We add value at the ranch level, the feed lot operators add value, the packers add value. By the time those animals are processed and ready for distribution in the retail markets, the majority of the value of that animal is value that has been put on them here in this country.

So, another reason why we don't see any real benefit to the mandatory country-of-origin labeling rule right now. And I -- and it has caused some serious disruption on the borders, south and north. There are some processing facilities that have recently gone out of business that depend on a lot of that border trade, and because of mandatory COOL have been hurt and had to go out of business.

So, we have limited infrastructure now across the country for processing cattle. We want to protect that infrastructure as much as we can to keep a good, robust competition in our industry.

*Ms. Jenkins. Thank you, Mr. Chairman. I would yield back.

*Chairman Nunes. Thank the gentlelady. The gentleman from Louisiana is recognized for minutes.

*Mr. Boustany. Thank you, Mr. Chairman. And I thank all the witnesses for their testimony. My home state of Louisiana is a maritime state, highly dependent on trade. And agricultural exports are the top -- our top export item. Rice is very important in my district, and getting a high level agreement that opens up markets for rice and some of our other agricultural commodities is of major importance to me.

But I would submit that, even with all the work done on TPP and TTIP, the negotiations, very difficult negotiations, much more needs to be done. And these are much more than commercial agreements. They are not static. This is the way we get back to a rules-based trading system. And I will tell you. American leadership is in demand more so than ever before to get this done. And the first step, I think, that is critical in exerting this American leadership in this engagement is to get trade promotion authority.

Now, we have a bill, the Bipartisan Congressional Trade Priorities Act of 2014. It was introduced on January 9th. A lot of work was put into that. It is much more -- it is a much more-evolved piece of legislation than the previous TPA. And I believe it addresses all the 21st century issues, from SPS to, you know, the global digital economy, state-owned enterprises. It also enhances the consultative role of Congress as it engages with the executive branch and USTR.

So, my question to all of you is -- I want each of you to answer this for the record. Do you believe that our negotiators can get the best possible deal, which I believe is essential, the best possible deal in these negotiations, if we don't have trade promotion authority, and specifically, this legislation we have before us?

Why don't we start with Dr. Hayes.

*Mr. Hayes. Common sense suggests that you don't give your best deal until the very last minute. And you can't do that under the current situation. Because without trade promotion authority, there is always the possibility we will go back and reopen the deal. So I absolutely agree with you.

*Mr. Boustany. And would you agree that time is slipping by? There are a lot of external events going on, both politically and economically?

*Mr. Hayes. Yes, just --

*Mr. Boustany. That is why we need to have a sense of urgency?

*Mr. Hayes. Absolutely. Just looking at the congressional timeline and the U.S. election process, this is a very critical moment.

*Mr. Boustany. Thank you. Mr. McCan?

*Mr. McCann. I would concur that I think the trade promotion authority is critical in being able to get these negotiations done in a timely manner, and get the right trade pact that we are looking for, and a good, modern, 21st century-type trade pact. I think we need to give the Administration all of the latitude that we can, and the agencies that they have at their disposal.

*Mr. Boustany. Thank you. Yes, sir?

*Mr. Mikhalevsky. Thank you. Two comments. First, as I said in my comments, we are highly supportive of the trade promotion authority. Right on board, we believe that it is essential to make this thing go forward, and so we are right on with that.

The second part I wanted to answer a little bit differently, and I just wanted to talk about time running out, and the sense of urgency. From a dairy industry perspective, the EU has caps on dairy products today that go off in 2014 and 2015. Those products -- there is a significant amount of product that is going to flood into the world market at that point in time. So it is really important that we tie these things up very quickly. Otherwise, we will be at a competitive disadvantage in the dairy industry in the future.

*Mr. Boustany. Thank you. Mr. Turner?

*Mr. Turner. I agree that trade promotion authority is not only urgent, but required. The sooner, the better.

*Mr. Boustany. Thank you. Mr. Stewart?

*Mr. Stewart. Thank you, Congressman. I will be -- take a contrarian view, simply because I am a bit of a historian. We didn't have TPA before 1974, and we managed to do lots of trade agreements. I am not opposed to TPA, and the bill that was introduced is a good start. And for some trading partners it may be a help. But I don't actually believe that it is critical to have before you have a deal.

Most of the trading partners we deal with have a process that is not a lot different than ours. And, theoretically, the deals could be taken back and reopened. And they don't do TPA, we are the only country that does. So, I am in favor of TPA, but I don't view it as a critical element, legally or historically.

*Mr. Boustany. I would just simply submit that history is a nice guide, but we are in a much more complex negotiating environment with many very difficult 21st century issues. And I do believe that the full weight of the U.S. Government needs to be exerted in these negotiations. And if we get bipartisan trade promotion authority, that sends a very powerful signal to all of our negotiating partners that we mean business. It is essential to get the best possible deal.

And, with that, I will yield back, Mr. Chairman, thank you.

*Chairman Nunes. Thank you, Dr. Boustany. The gentleman from Wisconsin, Mr. Kind, is recognized for five minutes.

*Mr. Kind. Thank you, Mr. Chairman. I want to thank the panelists for your testimony today. Obviously, being from Wisconsin, agriculture is a very important part of our state's economy. Dairy, in particular, second in the nation when it comes to dairy exports.

And I would agree with my friend from Louisiana, Dr. Boustany. I would have preferred to see TPA dealt with sooner, rather than later. Obviously, I am concerned that we are not going to get the last best offer from those in TPP, unless they have some assurance that the President can ultimately deliver the agreement at the end of the day, and trying to negotiate with 535 independent Members of Congress is going to make that a little bit dicey.

But let me also paint a little political scenario which would make TPA passage eventually very difficult in this Congress. I think the political reality is we are not going to be able to move it before the elections. If there is a flip in the Senate, if there is any backing away from the May 10th agreement, which was embraced by the previous Bush Administration, involving core international labor and environmental standards and access to prescription medicine in the developing world, it is going to make getting the votes for TPA very, very difficult in this place. And so, I think the November elections are going to be very important to where the trade agenda goes in the future.

We have also -- I have also done a lot of outreach with our TPP negotiating partners. I have had meetings, breakfast and lunch meetings, with the TPP ambassadors, including the Japanese ambassador. It would be weird, to say the least, if we moved forward on TPP without Japan being there at the end of the day.

And my impression, Mr. McCan -- I think I agree with you -- a little more optimistic. I think all the nations involved in negotiations want to get to yes, they want to get to an agreement. But, naturally, all eyes are on Japan right now. I would like to be able to support a good negotiated agreement, but I have a hard time supporting a bad agreement. I think a lot of Members in this place probably feel the same way. And agricultural access to these markets is going to play a crucial role in where this agreement ultimately ends up. And we all know that there is more work to be done.

But let's face it. We have got work to do in our own Congress when it comes to our own agriculture policy to be good stewards of the global trading system. So I have been so active in the past on farm bill debates, trying to move us away from these market and trade-distorting commodity subsidy programs that tend to get us into trouble, globally.

Probably the most salient one that we are dealing with right now is the box we are in with Brazil and our domestic cotton subsidy program, and the WTO implications of that. I understand this week there are important negotiations to see if we can resolve this with Brazil. They are convinced that this Congress did not fix it -- neither am I -- in the last farm bill. And, because of that, we have been, in effect, bribing Brazil with \$150 million worth of payments that now go to subsidize Brazil cotton farmers. It just shows you how crazy this farm bill has gotten in this country.

And we have a responsibility to be living up to some of our trade obligations and the challenges that we face in the WTO on the front end, as well. So I am hoping that, as we continue talking about our own agricultural reform programs, that trade and the implications of trade are considered a little more deeply in it, rather than kind of shoulders being shrugged, and we taking our chances through WTO claims and cases. That puts us in a bad spot.

Mr. Turner, you came and talked about SPS and that, too, is kind of a new phenomenon that we have in our trade agreements, and certainly with the trade promotion authority legislation that was introduced earlier. Is there any concern on your part in regards to the standards used for SPS -- because it is a two-way street -- that they might ultimately be used against us or our products?

Or do you see the way it is being negotiated and the language that is being used right now is going to create a livable world for us when it comes to some of the nuances of SPS and some of the non-tariff barriers that we face, especially for agriculture in recent years?

*Mr. Turner. Everything I have seen so far, I mean, looks good. You know the two-edged sword. As a farmer I used to struggle with the stringent requirements that we had growing our food with both federal standards and state standards and everything else in California. But now, as an exporter, and someone who spends time traveling the world, I have a great appreciation for the reputation that we have built globally, based on our high standards. And so I do think it is very important.

You know, we have to respect foreign countries' standards, and the reasons why they want to do things the way they want to do them. And they have a right to protect the food in the best way that they seek. However, at the end of the day, transparency, and if it is based on science, I think we can all agree with that.

*Mr. Kind. I think it really comes back to whether it is science-based research that we can agree to, as far as the equivalency standards and what not. That will be crucial, moving forward.

Mr. Mikhalevsky, obviously we would like to be able to work with you a little bit more about how we can take advantage of some of the greater export opportunities in the dairy market that exist in the Pacific Rim, China, right now. One of the -- I think the tragedies of Russia and Crimea was we had talks in regards to Russia with dairy that suddenly collapsed overnight. We have been shut out since 2010. Hopefully there will be an avenue to try to revive them when things start settling down again over there.

Thank you, Mr. Chairman. I yield back.

*Chairman Nunes. Thank you, Mr. Kind. Mr. Paulsen is recognized for five minutes.

*Mr. Paulsen. Thank you, Mr. Chairman. And this is a topic that is important to my home state of Minnesota, as well. And while I don't have a district that is necessarily agriculture-oriented, there is no doubt that Minnesota is an agriculturally-oriented state. In fact, Minnesota is the fourth largest agriculture exporting state in the country.

In 2012, our agriculture exports totaled about \$8.2 billion. That was a 14 percent increase over the year before, which is a pretty common pattern, I am thinking, from -- based on some of the testimony we have had here, and what I have read, and has happened in other states. And so the agriculture and food industry accounts for more Minnesota exports, actually, than any other industry in our state. More than double, actually, than the next closest industry, which is machinery. So, we are absolutely helping feed the world, much as you and the folks that you represent are. And so it is absolutely vital to our economy.

I just want to associate my comments about the importance of getting TPA authority so we can get the best-negotiated deals possible that will benefit American consumers and American exporters. And I just want to thank you for your testimony, for your help, for asserting that relevance of having trade promotion authority. It is actually really, really critical.

And, of course, as you mention, we are not just dealing about tariffs, which are issues, though. It is also these non-tariff barriers and the opportunity to think about 21st century trade agreements, modernizing high-standard agreements so that other countries will then follow our lead. Right?

And the United States has definitely gotten back into the game with the passage of the recent agreements that occurred with Korea, and Colombia, and Panama. And so, we are back on the playing field. But we need to push forward with these huge opportunities with both the Trans-Pacific Partnership and the TTIP.

Let me do this. I just want to ask a question real quick, because it is not just, as we mentioned, tariffs, it is non-tariff barriers. But, Mr. Turner, I was interested in your testimony. You are directly involved in getting agriculture products through this myriad of administrative and regulatory hurdles to get those products into foreign markets. You deal with that every day for your customers.

Can you describe a little bit just your experience in dealing with countries that have multiple entry requirements, and the lack of harmonization of customs procedures between countries, and the opportunity that we should be looking at with these agreements in trade?

*Mr. Turner. Yes. Are you looking for a specific example, or just kind of talk about --

*Mr. Paulsen. Yes, anecdotal stories. I mean give some perspective of why this is important, and why this is something that we should address, or help address, that can benefit us in the United States.

*Mr. Turner. Yes. You know, there -- when you look at the SPS issues in particular, there are just so many different things to get products from one place to another. And we look at -- you know, the easy part, when we talk about the businesses doing the commodity trade and doing the sale, and then we have to, you know, then send that through the office and the conference room, where the ladies do the real work, and deal with all the different layers and all the different things. And it is just -- every single country is different, you know.

We have import permits required in some places. Import permits are very, very challenging. We have products that need to get shipped out, but we can't ship the product until it has been labeled properly with an import permit number. We face that mostly in India. Fumigation requirements are different. Biggest challenge is Chilean fumigation. Chilean fumigation has to -- is a -- even the packers themselves have to weave a fine little line to be able to accomplish what needs to be accomplished to get into Chile with still being legal in the U.S. It just goes on and on and on.

*Mr. Paulsen. Let me just follow up on your comment about India, because U.S. agriculture exports to India are actually really small, or paltry, with a mere \$863 million in 2013, and it has gone up a little bit in 2012. But you think about India, it should be a booming market of opportunity, right? Growing middle class, rapidly growing population becoming wealthier.

Can all of you maybe just comment and just follow up on that regarding what are some of the barriers to agriculture that we see right now with -- dealing with India? Maybe Mr. McCan? Or you can go right down the line.

*Mr. McCan. I am not terribly familiar with all of those issues, but I know that, because of their -- because of the -- their feeling towards bovines in that country -- and I am not sure how it really relates to beef consumption -- that there is just not a huge interest to negotiate with the beef industry for importing much of our product.

They also have a huge population of water buffalos, which they export. And they don't put on the same equivalency as a bovine animal over there. So there is lots of kind of cultural issues there that seem to complicate the trade over there. And, yes, we haven't had much opportunity there at all.

*Mr. Paulsen. Mr. Mikhalevsky, on the dairy side, can you speak to that just a little bit?

*Mr. Mikhalevsky. Sure. The -- one of the issues that we have when we ship to countries -- and I will primarily speak about India in a second -- is we are actually testing for 933 separate substances today in order to meet different export requirements, which creates a lot of cost in our system. But there is a number of things that you test for that are related to food safety, and then there are other things that you test for that are related to food quality and perception of quality. And, for us, the food safety one is essential. The food quality one is a matter of judgement.

When it comes to India specifically, they do have a wonderful market there. They have tariffs there. They do give tariff holidays occasionally when they need product to come into the market. But we have generally had problem with the SPS standards there. One example of that would be testing for things like paratuberculosis in milk and that. There is a number of standards that they impose that are more food quality standards, as opposed to food safety.

And so, the way I would respond is it is a closed market to us and many of the other dairy exporters around the world, and it is a wonderful opportunity.

The last piece on dairy, which might be interesting, is dairy in India is different than dairy here. We assume that our dairy comes from cows. Over there it may come from buffalo or other sources.

*Mr. Paulsen. Thank you, Mr. Chairman. Yield back.

*Chairman Nunes. I thank the gentleman. The gentleman from Pennsylvania is recognized for five minutes.

*Mr. Kelly. I thank the chairman, and thank you all for being here. I am greatly interested in this. I come out of the automobile industry -- in fact, the retail end of it. We do a lot of bid work. But as we would go through the bid process, there were -- sometimes the bid specs were set up so that no matter what the final price was, I couldn't have met the specs.

And I am looking at each of you. You are producers. So, first of all, you better have a product that everybody wants to own. Right? And then you better be able to put it at a price point that is affordable. And we are looking now at -- talking with you about these trade agreements. One of the things for me that was very important, if I was sitting across from a perspective owner I had to have the decision-maker at the table. Or none of the negotiations mattered. It was just chatter.

And the other thing was time was always of the essence, because I would know that if I wasn't able to satisfy a need at that time, or fill a need at that time, this person is probably going to leave our dealership and go someplace else. And the next day there would be an automobile in their driveway with somebody else's name on the back of it, which really didn't help me, because I still had payrolls to meet.

I think sometimes we get really involved in these things as to what it is that we're trying to do.

So, American products, globally. Globally. And did I read there somewhere -- one of you say that the consumers, as a percentage, consumers -- outside of the United States, how big is the market?

*Mr. McCan. I would just tell you for the beef market we consider that 96 percent of our product's consumers are outside of this country.

*Mr. Kelly. So, out of 10 buyers, 9.6 of them are not here. You are trying to fill a market that is someplace else.

*Mr. McCan. Ninety-six percent.

*Mr. Kelly. Ninety-six percent. Well, okay. But my whole point is your market is not just the United States. And you are producing not just for the United States, because there is no way in heck we could digest the product that you are producing. There is an overcapacity, which we have watched in the automobile industry with some of the domestics. You can't overproduce for a market that isn't there. And if you do, you better look at the market that is available, and then produce for that and get your share of it. You are all looking for your share of the market. Is that not true? And all you are asking for is to be treated fairly, and not to get gamed.

So, my question is, when we go into these other places, and we are trying to drive these trade negotiations -- and I am with Dr. Boustany, because I do believe time is of the essence. And if we think we can sit back and the world will wait for us to come around, I guarantee you somebody will put a product in somebody else's driveway, and we will never get a chance to get back in that home again.

So this TPA, a lot of question about that back home. In Pennsylvania ag is the number-one business. There is a lack of confidence, or a lack of trust that it is going to be handled the right way. I have people tell me, "No, you guys better keep track of that. You better not let him do something that really hurts us. Okay?" Now, whether you agree with the President or don't agree with the President, there is a real perception out there that we have a problem in negotiations.

You are all here for a very particular reason. And I like what Mr. Rangel said. You have got to help congresspeople understand what is going on. But, more importantly, we have got to help the American people to understand what it is we are trying to get to. Don't we?

I mean if we don't get a bigger share of this global economy, we won't have a dynamic and robust economy. We will not have jobs. We will not have the ability to fuel all these wonderful programs we have, because they are all revenue-driven. Tell us. What would be the best way right now? Because I know you are all looking for something.

Mr. McCan, you are in beef. Mr. Turner, you are in almonds. Andrei, you are with the dairy products. Mr. Stewart, you have been on both sides of it, right? Mr. Hayes, just tell us, please, because I think it is critical that the American people understand where it is we are trying to get.

And I got to tell you, from my perspective, I wanted to be in everybody's driveway every day. I didn't want to get there from time to time. But I didn't want to get gamed, either, by the process. How badly gamed are we right now, in order to get our products around the world? If 96 percent of the market is outside our shores, then that is the target we have got to shoot for.

What else can we do, gentlemen?

*Mr. McCan. Well, I will take a stab at it, Mr. Congressman. But, you know, we view trade promotion authority as very critical in the negotiations. The Administration --

*Mr. Kelly. But tell me why. Why is it important?

*Mr. McCan. Well --

*Mr. Kelly. Because the American people need to know why --

*Mr. McCan. My personal view, the President has his different agencies, the USTR, USDA, FAS, they are all very critical in these negotiations and these trade pacts. And, you know, without TPA, I view it that they are somewhat weakened if they don't have that strength of the TPA authority. And those are the people that are at the table on these things, more so than anybody.

*Mr. Kelly. Decision-makers are at the table.

*Mr. McCan. Exactly.

*Mr. Kelly. The people who are going to say yes or no are at the table.

*Mr. McCan. Exactly.

*Mr. Kelly. So if we are going to negotiation, but the person or the entity that needs to be there to go ahead and compete head to head doesn't have that same authority --

*Mr. McCan. They have the expertise for these negotiations, whether it is technical, you know, non-tariff stuff, SPS, they have the expertise within these agencies, and those agencies are part of this Administration.

*Mr. Kelly. Okay. Any of you? I know you are all facing a difficult challenge. Tell us -- and not so much Congress, but the American people -- about the market and how we have to go about getting a bigger market share. Because, at the end of the day, it is good for America. And our products, I don't think it is a matter of not having the right product, it is just not having the right policies. At least that seems to me -- and the other thing is time. We cannot continue to let this time slip away. It is the one thing you can never get back. And another thing you will never get back, you will never claw back market share.

Andrei, were you going to say something? Because the dairy products that we put out are phenomenal.

*Mr. Mikhalevsky. Well, I was just going to say that you asked about why TPA is so important and how we might explain that --

*Mr. Kelly. Right.

*Mr. Mikhalevsky. -- outside of this room. And my view on that is whenever you do a negotiation, as you mentioned, if you don't think you have someone across the desk that can make a decision, or that had some authority, your negotiation is not going to go very far. And if you believe that negotiation, when you bring it back, is going to get modifications or twisted or turned around, you are very unsure of how you are going to negotiate. You may not put your best foot forward, because you don't believe that you are actually negotiating the final and best deal for both countries.

So, our support for TPA is we believe that is the fastest way to get the best deal, and then you bring it back to Congress for an up or down vote. But you have to have the authority sitting at the table, and people have to believe it. And that is the way I would explain it to anyone in our area.

*Mr. Kelly. Mr. Turner? Anything at all on that?

*Mr. Turner. I would just expand on your prior question, which is, you know, we are competing globally. When you look at the population growth in India and China, Southeast Asia, you know, there is limited ag land, there is limited water, globally speaking. And we are here, the time is now, to position ourselves in the best possible way that we can to compete globally to feed the world and the next generation.

*Mr. Kelly. Okay. Well, I got to tell you, just from what I have done all my life, if I didn't have the decision-maker sitting across from me, I knew there was no sense in going forward with it, because I couldn't finish the deal. And I think that is what we are looking at right now. You all do such great things with the product, you work so hard. At the end of the day we are looking to get market share that grows and grows and grows and gets the American people back to work and does an awful lot of things.

I think people want to own American products. I think sometimes we get to the point and we forget we are not the only person in town with a product. There is other people that will work just as hard for the market. But I just don't like the way we get gamed sometimes. Sometimes the specs are see up that, no matter what we do, we can't get there. And I guess that is where the oversight part comes in. But I want to thank you all for what you do. Not just what you -- by coming here today.

But would you please do me a favor, and to everybody in Congress, and the country? You all have such great credentials. You have great credibility. Your associations have the ability to get the message out to the American people in a way that they will believe it and they will understand it. That is the real challenge we have right now, the lack of understanding of how we get to market domination. How we get to growing

our market share all lies in the fact that people just don't understand, and they seem to think that there is somehow that we can just sit back and they will come to us, the world will flow to us.

I really do believe, with the market opportunity we have, the sky is the limit. We never had bluer skies or a stronger wind at our back in America than we have right now, of all the assets that we have. So it is just a time now to put ourselves in order, get out, win these trade negotiations. But we better have somebody at the table that can actually drive a hard bargain and come back home and say, "You know what? I closed the deal, and it is good for everybody." It is a win-win situation.

Thanks so much. Mr. Chairman, thank you for allowing me to be here. I appreciate that.

*Chairman Nunes. The gentleman yields back. I will just say that Congress has the authority vested by the Constitution. If we look at what has happened in the previous few years, whether it is the implementation of different laws that have passed the Congress, the various different executive orders, and not to get into the politics of this, but the situation with the Bergdahl-Taliban five swap, clearly -- and I will just reiterate -- we have to have trade promotion authority, or you could very well kill TPP in its infancy. That is the reality of the politics that we face, and it is the law.

And so, I would encourage the Administration to work as quickly as they can with Chairman Camp and others to pass TPA as quickly as possible.

Our record will remain open until June 25th. I urge interested parties to submit statements to inform the Committee's consideration of the issues discussed today.

I want to thank all of you for your testimony. This Committee is now adjourned.

[Whereupon, at 11:49, the subcommittee was adjourned.]

[Member Questions for the Record](#)

Public Submissions for the Record

[American Farm Bureau Federation 061114TR](#)

[California Dairies, Inc. 061114TR](#)

[Corn Refiners Association 061114TR](#)

[European Union 061114TR](#)

[Express Association of America 061114TR](#)

[Humane Society International and World Animal Protection 061114TR](#)

[National Farmers Union 061114TR](#)

[National Milk Producers Federation 061114TR](#)

[National Oilseed Processors Association 061114TR](#)

[National Pork Producers Council 061114TR .pdf](#)

[Stewart and Stewart 061114TR](#)