



Statement of the American Farm Bureau Federation

**TO THE UNITED STATES HOUSE OF REPRESENTATIVES
COMMITTEE ON WAYS AND MEANS TRADE SUBCOMMITTEE
HEARING ON:**

**“MODERNIZATION OF THE NORTH AMERICAN FREE TRADE
AGREEMENT”**

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Presented By:

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Board of Directors, American Farm Bureau Federation

American Farm Bureau Federation Trade Advisory Committee

My name is Steve Nelson and I am President of the Nebraska Farm Bureau Federation (NEFB) and serve on the Board of Directors of the American Farm Bureau Federation (AFBF). I am a member of the American Farm Bureau Trade Advisory Committee as well as the newly formed Nebraska Governor's Council for International Relations. I am testifying today on behalf of the American Farm Bureau Federation.

The American Farm Bureau Federation is pleased to offer our objectives for the North American Free Trade Agreement (NAFTA) negotiations. AFBF and NEFB submitted comments on June 12 addressing the negotiating objectives for NAFTA.

Existing trade agreements have proven successful in reducing tariffs and tearing down non-tariff trade barriers that hinder U.S. farmers' and ranchers' competitiveness and prevent us from taking advantage of consumer demand for high-quality U.S. food and agricultural products throughout the world.

NAFTA has been overwhelmingly beneficial for the vast majority of farmers, ranchers and associated businesses in the United States, Canada and Mexico. U.S. farmers and ranchers across the nation have benefited from an increase in annual exports to Mexico and Canada from \$8.9 billion in 1993 to \$38.1 billion in 2016. Nebraska exported more than \$2.4 billion worth of products to both Mexico and Canada in 2016 with agricultural products making up \$1.5 billion—more than half—of that total. Mexico alone is Nebraska's second-largest trading partner with \$1.3 billion dollars' worth of agricultural products being exported there, which supported nearly 1,200 Nebraska jobs.

Despite the clear and numerous benefits, there are reasons to update and reform NAFTA from agriculture's perspective. While the sector as a whole has seen substantial benefit, there are individual commodities that have faced challenges. With Mexico, tomatoes and other fruits, vegetables, and sugar all have experienced issues. There also are challenges for dairy, specialty and row crops, wheat, lumber, and wine with Canada.

We believe negotiations should at best eliminate, and at worst, reduce, longstanding Canadian tariff barriers to dairy, poultry and eggs, as well as the relatively recent barriers to ultra-filtered milk exports. U.S. agricultural exports to Canada would grow if greater competition were allowed.

Remedies for our produce growers need to be strengthened. A timely trade dispute resolution process should be added that takes into account the perishability, seasonality and regional production of fruit, vegetable and horticultural products.

While there clearly are several areas where the NAFTA agreement could be modernized to improve trade in agricultural goods, it is critical that the modernization effort recognize and build upon the strong gains achieved by U.S. agriculture through tariff eliminations, the recognition of equivalency of numerous regulatory issues, and the development of integrated supply chains that have arisen due to the NAFTA agreement.

Trade agreements also provide the highest standard of trade rules, allowing the United States and its partners to be global leaders in setting the foundation to establish market-driven and science-based terms of trade and dispute resolution that will directly benefit the U.S. food and agriculture industry.

We support adding to the NAFTA agreement the sanitary and phytosanitary (SPS) language negotiated as part of the Trans Pacific Partnership (TPP), which would strengthen the existing WTO SPS commitments.

We strongly support the inclusion of a rapid response tool, which will help to resolve shipment-specific issues. Cooperative Technical Consultations would allow agencies to find science-based solutions to SPS issues in a timely manner, which is particularly beneficial to growers of perishable products.

In addition to the TPP SPS text, we recommend some additional and significant provisions on Geographical Indicators (GI) and biotechnology that would ensure that the revised NAFTA agreement could be used as a model for future U.S. trade agreements.

We support the inclusion of the TPP text in order to preserve U.S. market access opportunities for common-name products. The misuse of GIs is a constant and significant threat to maintaining and growing sales of high value U.S. products within the markets of our NAFTA partners and in markets worldwide.

We support adding to NAFTA a new chapter on biotechnology. Under a modernized NAFTA, the U.S. government would 1) enter into a mutual recognition agreement on the safety determination of biotech crops intended for food and feed, and 2) develop a consistent approach to managing low-level presence of products that have undergone a complete safety assessment and are approved for use in third countries but not yet approved by a NAFTA member.

We oppose erecting new barriers to agricultural trade through NAFTA, including adding mandatory country of origin labeling for beef and pork products.

Trade in goods consists of not only final consumer products, but also intermediate inputs and raw materials as firms reorganize their activities around regional markets for both inputs and outputs, spurred in part by greater foreign direct investment.

This integration enables agricultural producers and consumers in the region to benefit more fully from their relative strengths and to respond more efficiently to changing economic conditions. The creation of a larger, single market has given producers access to cheaper supplies of inputs, which allows U.S. producers to be more price competitive domestically and abroad.

U.S. agriculture depends on a growing international economy that provides opportunities for farmers and ranchers to sell their products. Modernization of NAFTA will help expand market opportunities for U.S. and Nebraska agriculture.

Thank you for the opportunity to testify today.