



Written Testimony given by Cindy Smith
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Before the House Ways and Means Trade Subcommittee
Regarding the Miscellaneous Tariff Bill
October 25, 2017

Thank you Chairman Reichert and Ranking Member Pascrell for the opportunity to come before the Committee today to speak to you regarding the Miscellaneous Tariff Bill (MTB) on behalf of the Gowan Company. I am Cindy Smith, the Agricultural Relations Director for Gowan USA. I have worked in the Gowan companies for about 18 years in a variety of roles. It is my honor to be able to speak with you today about Gowan and why we believe passage of the Miscellaneous Tariff Bill is critical for our business and for agriculture and manufacturing in the United States to remain competitive and successful.

Gowan Company is part of a group of companies headquartered in the agricultural community of Yuma, Arizona. As you might know, Yuma is the source of nearly all of the lettuce grown in the United States during the winter months. Gowan is the only basic manufacturer and distributor of crop protection products in the United States that remains owned by a single family. The Gowan companies include:

- Gowan USA – sales, product development and marketing people that sell Gowan products;
- Gowan Milling – a state of the art manufacturing facility in Yuma that formulates many crop protection products. Gowan products make up about 10% of Gowan Milling's business. The vast majority of Gowan Milling's business is toll manufacturing for other companies like BASF and DuPont;
- The Dune Companies (based in Yuma, Imperial Valley and Salinas) – retail operations that sell crop inputs to growers. They have certified pest control advisors that walk fields and make recommendations for growers;
- Gowan Seed – sales, product development and marketing personnel that focus primarily on vegetable seed.

Jon Jessen started the first of the companies over 55 years ago after returning from military service in Korea. The business started with Jon walking fields making pest control recommendations to growers and has now grown into several businesses that provide a variety of inputs to US growers (seed, fertilizer and crop protection products). Through our marketing companies, we develop, register and sell crop protection products around the world. The Gowan companies now employ more than 700 people in the United States with a payroll that exceeds \$50 million. Approximately half of the 700 jobs are in Yuma, Arizona. Gowan Milling itself employs about 300 of the 700 jobs and has become a major employer in Yuma. The MTB will help us to be competitive and keep all these wonderful people employed and successful. Jon Jessen remains active in the business as the Chairman of the Board and his daughter Juli Jessen is our Chief Executive Officer. Other family members are also active in the business.



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Gowan develops, registers and supplies crop protection products, such as herbicides, fungicides, insecticides and biologicals to farmers across the United States. Our business model is to acquire, develop and maintain products critical to agricultural production. We invest most of our profits right back into the business to improve existing products or bring new ones to the market. We primarily serve specialty crop markets (fruits, nuts and vegetables). US specialty crop growers typically do not have access to as many crop protection products as growers of larger row crops like corn and soybeans. The specialty crop markets are smaller so not all crop protection companies focus on those markets. Affordable access to our products is critical for US specialty crop growers and this is where a dependable MTB process is extremely helpful in allowing us to remain cost competitive.

Gowan is clearly not the largest crop protection company in the United States but as a small, family-owned business, access to cost competitive materials is critical to our ability to compete and be successful. To serve our customers we buy active ingredients, have products manufactured by contract manufacturers in the United States, and source some of our products outside the United States. To be competitive we have developed strategic relationships with suppliers and vendors who are able to supply our needs in a timely and cost efficient manner. Because not all of the raw materials needed are produced in the United States, we have found that the Miscellaneous Tariff Bill process is extremely helpful in reducing our overall costs and improving our global competitiveness. Gowan is very pleased that the new Miscellaneous Tariff Bill process will regularly and predictably update the Harmonized Tariff Schedule to suspend or reduce duties on active ingredients and other products that we import because they are not available in the United States. This new process will bring enhanced certainty to our long-range planning and product development processes.

For our own business and for that of our customers, international trade is an essential component of our livelihoods. For this reason, we have a keen interest in the efforts to remove tariffs on active ingredients and other products that we import. The active ingredients for which we are seeking tariff relief are not used as they are imported – they cannot be – they have to undergo further manufacturing, which occurs at Gowan Milling or another contract manufacturer.

I appreciate the opportunity to provide input to the Committee today. I look forward to working closely with you and your staff as you consider the Miscellaneous Tariff Bill and to answering any questions you may have for me. Thank you.