



**National Grain and Feed Association  
North American Export Grain Association**  
1400 Crystal Drive, Suite 260, Arlington, VA, 22202  
Phone: 202-289-0873 (NGFA); 202-682-4030 (NAEGA)

**Joint Statement for USTR Public Hearing  
on Negotiating Objectives Regarding  
Modernization of NAFTA**

**June 27, 2017**

Good morning. My name is Randy Gordon. I am president of the National Grain and Feed Association. My remarks today are presented on behalf of the NGFA and the North American Export Grain Association, with which we are co-located and have a strategic alliance.

NGFA, established in 1896, consists of more than 1,000 grain, feed, processing, milling, exporting and other grain-related companies that operate more than 7,000 facilities nationwide, and handle more than 70 percent of the U.S. grain and oilseed crop. NGFA also consists of 34 affiliated State and Regional Grain and Feed Associations.

Meanwhile, NAEGA, established in 1912, consists of private and publicly owned companies and farmer-owned cooperatives involved in and providing services to the bulk grain and oilseed exporting industry.

NGFA- and NAEGA-member companies ship and support the vast majority of U.S. grain and oilseed exports.

NGFA and NAEGA are members of the North American Market Working Group of the U.S. Food and Agriculture Dialogue for Trade, and associate ourselves with its overarching statement submitted to the docket. NAEGA and the North American Meat Institute co-chair the overall Dialogue effort.

We commend the Administration for conducting this forum to allow for stakeholder input and recommendations on NAFTA negotiating objectives and trade facilitation measures important to food and ag, as well as other sectors of the U.S. economy.

We wish to take this opportunity to highlight several overarching recommendations contained in our June 12<sup>th</sup> joint statement on NAFTA negotiating objectives:

First, we cannot overemphasize how important the North American market and integrated supply chain are to U.S. agriculture and the U.S. economy. Total U.S. agricultural exports to Mexico and Canada have more than quadrupled since NAFTA took effect 23 years ago. Canada

and Mexico, respectively, are the second and third largest markets for U.S. food and agricultural products – Mexico #2 in volume and Canada #2 in value. But the economic benefits of the market access and tariff and quota eliminations brought about under NAFTA transcend our sector. The U.S. food and agriculture sector supports more than 15 million full-time U.S. jobs, most of those in the non-farm sector. Every \$1 in U.S. ag exports generates another \$1.27 in U.S. economic activity. Further, the U.S. food and agriculture sector represents America's largest – constituting 12 percent of all U.S. manufacturing jobs.

Given the importance of this trade to the U.S. economy and job creation, our principal recommendation is to preserve and build upon all current market access and tariff concessions achieved for U.S. food and agriculture in the current NAFTA while using this as an opportunity to modernize the accord to address the challenges of 21st century global trade. First and foremost, it is important – as Ambassador Lighthizer succinctly puts it – to “Do No Harm to U.S. Agriculture.”

Let me briefly offer several ways NAFTA can be modernized to even further enhance cross-border food and agriculture trade.

First is to reduce non-tariff trade barriers that can result when export shipments are detained by customs officials at the border, which can result in expensive delays and even rejection without transparent reasons or scientific justification. To reduce this risk, we urge including within NAFTA a “Rapid Response Mechanism” (RRM) to require customs and plant protection authorities to notify the importer or exporter of record within three days of any risks detected, as well as the results of the initial assessment and any risk-management measures that may be necessary. Further, an RRM should mandate an expedited review process, at the request of the importer or exporter of record, that is completed within 15 days and provides the information necessary to begin the process of resolving the stalled export shipment. A properly functioning RRM will increase reliability, reduce risk premiums and avert costly demurrage and trade inefficiencies associated with detentions of shipments. Modernizing NAFTA provides an opportunity to pursue clear and transparent timelines for disclosure and resolution of adverse import checks that prevent or delay shipments.

Second, a modernized NAFTA should include enhanced sanitary and phytosanitary rules, address technical barriers to trade by adopting risk-assessment and risk-management procedures that are based upon reasonably available and relevant scientific data and that are no more

trade-restrictive than required. It also should enable and encourage innovation in information technologies to improve logistics (such as e-phyto certificates and other inspection documents) that will facilitate efficient trade.

Third, NAFTA should include provisions to maximize regulatory consistency and cooperation within North America. Where appropriate, such as agricultural biotechnology and plant breeding innovation, that includes mutual recognition of each country's science- and risk-based food, feed and plant health safety standards and regulatory systems. There also are several possible tools to that may help facilitate this process – including the Regulatory Cooperation Council, technical committees and cooperative technical consultative bodies – *provided* the objectives of these bodies are updated to focus on achieving trade facilitation and removal of bureaucratic impediments to trade.

To conclude, NGFA and NAECA again thank you for the opportunity to express these views, and look forward to being fully engaged and constructive participants as the U.S. government works to modernize NAFTA in ways that further strengthen and expand trade within North American and globally.