

Testimony

on behalf of the

Montana Stockgrowers Association Inc.

with regard to

Russia's Accession to the WTO

submitted to the

United States Senate Committee on Finance

The Honorable Max Baucus, Chairman

submitted by

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President

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March 15, 2012
Washington, D.C.

Good morning Chairman Baucus and members of the committee. Thank you for the opportunity to speak to you on behalf of the members of the Montana Stockgrowers Association (MSGA) regarding our point of view on Russia's accession to the World Trade Organization (WTO). My name is Watty Taylor and I am a rancher from Kirby, Montana. I currently serve as the President of the Montana Stockgrowers Association, one of the nation's oldest and most historically significant cattle ranching organizations, established in 1884. I, along with my wife and three sons, operate a commercial Hereford and Angus cow/calf operation on 30,000 acres in southeastern Montana. Ranching has been a vital part of my family's heritage for many years.

96 percent of the world's population lives outside the borders of the United States. We must have access to the additional demand for beef from consumers that live outside the U.S. if we hope to remain successful. Russia was the U.S.'s fifth largest export market for beef in 2011. We can now achieve a significant increase in our exports to Russia, thanks to the provisions of Russia's WTO accession agreement. These provisions include a large, country-specific beef quota and lower tariffs for "high quality beef." This will be greatly beneficial to my family's ranch, if Congress passes PNTR legislation. I am confident that we can provide a significant amount of "High Quality Beef" as that is defined by the agreement. Montana is leading the way to produce large volumes of USDA quality grade "choice" and "prime" cuts of beef. We have a reputation for raising superior cattle genetics that perform in many different kinds of harsh environments. Our hearty northern tier ranch-level certified calves will meet the demand for "High Quality." It is also exciting that Montana is currently exporting several thousand head of our superior cattle to Russia to help establish a more vibrant domestic beef industry. The possibilities are endless. In fact, Montana ranchers are currently living and working in Russia to establish Western style cattle ranching enterprises.

While Russia is a tremendous opportunity for our beef, we need to ensure that we don't run the risk of facing unscientific restrictions. Montana's ranchers have always appreciated the efforts by Chairman Baucus to move us towards trade agreements that are based on sound science and international standards. In particular, ensuring that Russia lives up to its WTO commitments on Sanitary and Phytosanitary (SPS) standards along with other technical issues for beef is crucial. Without PNTR, we will not be able to enforce these commitments.

Recognizing international science-based standards is very important. It not only creates less market volatility but it also encourages the safest and most prudent production practices. Issues that are of the most important to ranchers with regards to Russia include:

- Tetracycline: We encourage the adoption of the Codex standard for tetracycline residues in beef.
- Beta Agonists: We encourage the adoption of standards for beta agonist residues in beef that are based on scientific risk assessments, conducted according to internationally recognized methods.
- Bacterial Parameters: We encourage the adoption of science-based standards for bacterial contamination in the unfortunate event that beef becomes contaminated with bacteria such as Salmonella or Lysteria.
- Sanctions Policy: Once Russia has adopted science-based standards, we encourage them to implement a risk-based sanctions policy for U.S. beef shipments that do not comply with those standards.
- Veterinary Equivalence: We encourage the use of the planned 2012 meat plant audits by the Russia veterinary service to make a determination of the equivalence of the U.S. meat inspection system.
- USDA Food Safety Inspection Service (FSIS) as the Competent Authority: We encourage the recognition of FSIS as the competent veterinary authority of the United States. This includes recognizing FSIS's authority to approve and suspend U.S. beef establishments for export to Russia.

In addition, we need to ensure that Russia fully implements the tariff and quota concessions they have agreed to make on beef. Extending Permanent Normal Trade Relations to Russia will give us the means to enforce those concessions, and give Montana's family ranchers the momentum we need to benefit our rural ranching economy at home. Exports create jobs. Our competitiveness depends on profitability and attracting the next generation of ranchers back into the business. Our ranch families' livelihoods depend on exports which are our most dynamic and vibrant opportunities for long-term sustainability. I appreciate the opportunity that I have been granted to present my testimony today and I look forward to working with you throughout the course of this process to secure Permanent Normal Trade Relations with Russia. I am happy to answer any questions that you may have. Thank You.