

**TESTIMONY OF AMBASSADOR ISLAM SIDDIQUI  
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BEFORE THE SENATE COMMITTEE ON FINANCE  
SUBCOMMITTEE ON INTERNATIONAL TRADE, CUSTOMS, AND GLOBAL  
COMPETITIVENESS  
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ON: TOWARDS THE ASIA PACIFIC:  
OPPORTUNITY FOR AGRICULTURE AND FOOD PRODUCERS FROM THE  
GREAT PLAINS TO THE PACIFIC NORTHWEST**

Thank you, Mr. Chairman, Ranking Member Thune, and Members of the Senate Finance Subcommittee on International Trade, Customs, and Global Competitiveness, for inviting me to testify today.

It is my pleasure to be here with my colleagues, Under Secretary of State Robert Hormats and USDA Deputy Under Secretary for Farm and Foreign Agricultural Services Darci Vetter. The strong and enduring partnership that we have forged with our colleagues at USDA, State, Commerce, EPA and FDA is an essential component in effectively addressing the trade barriers we encounter.

It is quite fitting that this hearing is focused on opportunities for exporting agricultural products to the Asia Pacific. This region includes some of the world's most dynamic economies, representing more than 40% of global trade. It is a key destination for U.S. manufactured goods, agricultural products, and services – last year accounting for over 60% of total U.S. goods exports and nearly 75% of our total agricultural exports.

As you know, President Obama's National Export Initiative goal is to double U.S. exports by the end of 2014. Last year U.S. agricultural exports set a new record, reaching \$137 billion. We could not have achieved this level of exports without the strong performance in key markets in the Asia Pacific region. Those positive results are the product of many years of joint efforts by the U.S. government to negotiate improved market access and by U.S. agricultural exporters taking advantage of opportunities to export additional products.

A good example of this dynamic can be seen clearly in the dramatic increase in agricultural exports to China since its accession to the WTO. Over the last 10 years, China has moved up from being the United States' sixth largest export market for agricultural products to the second largest market.

The U.S. Trade Representative's (USTR) office will continue to prioritize the Asia Pacific region as we move forward with President Obama's ambitious trade agenda. We focus both on creating new market openings for our exporters and addressing trade barriers, including numerous sanitary and phytosanitary (SPS) measures, which do not appear to be consistent with WTO rules.

As you know, our historic trade agreement with Korea entered into force on March 15. To ensure that the agreement continues to operate smoothly, we are closely monitoring implementation. This agreement has created significant opportunities for U.S. farmers and ranchers. On day-one of the agreement, two-thirds of our agricultural exports entering Korea became duty-free. It is estimated that the U.S.-Korea trade agreement will result in an additional \$1.9 billion of agricultural exports annually upon full implementation.

In just these first few weeks, Korea has moved promptly to begin allocating the new tariff rate quotas (TRQs) that were established as part of the agreement, providing important new, duty-free access for a range of U.S. products including dairy, food grade soybeans, corn starch, potatoes, and honey.

In the case of several products, the full year TRQ amounts have already been put into the hands of Korean importers, with allocations for other products expected in the coming weeks.

As provided for under the agreement, we will be working with our Korean partners to set up and schedule meetings of the Committee on Agricultural Trade and the Committee on Sanitary and Phytosanitary Matters. We believe these new committees will be useful additional mechanisms for dialogue with Korea in addressing our market access priorities.

Regarding beef, the agreement will progressively reduce tariffs on our beef exports (40% before March 15, and currently at 37.3%) to zero in 15 years, enabling America's beef producers to build on the significant growth of exports to Korea – which reached \$686 million in 2011, a one-year increase of 32.5% in value. Korea is our fourth largest market for beef exports and this trend of robust sales is continuing into 2012.

As Ambassador Kirk indicated last year, we will request consultations to discuss full application of the U.S.-Korea Beef Protocol. Further opening of Korea's beef market, consistent with science and international standards, remains an important priority.

The Administration is also moving full speed ahead in the Trans-Pacific Partnership (TPP) negotiations. Building on the broad outlines announced last November, we are seeking to conclude a landmark TPP agreement this year. The TPP is an historic endeavor that embodies the Obama Administration's vision for the American economy, the future of trade, and the United States' central role in the Asia-Pacific.

The TPP holds the prospect of unlocking significant new opportunities for increasing exports that support higher-paying jobs here at home. It also represents a tremendous opportunity for creating future opportunities for our agricultural exporters.

Negotiation of the TPP is an enormous undertaking, not only for the combined size of the economies participating, but also for the scope and ambition of the agreement itself. For example, in the case of the SPS chapter of the agreement we are aiming to gain new commitments that would improve transparency around the development of SPS regulations and strengthen the science and risk analysis disciplines to support a SPS measure.

The Obama Administration's goal is to conclude an agreement that positions U.S. farmers, ranchers, workers, and businesses to compete successfully in the Asia-Pacific region. The advances made in the TPP agreement can serve as a model for future trade pacts. Already, other countries have publicly expressed interest in participating in this high-standard agreement, notably Canada, Mexico, and Japan. In a short time, the TPP initiative has the potential to become the primary platform for regional economic integration in the Asia Pacific.

In addition to negotiating new agreements, USTR is devoting significant time and resources to enforcing our existing agreements—making sure other countries are upholding their WTO obligations and living up to the commitments they have made to the United States. Trade enforcement has been a priority for President Obama, and we will continue to aggressively challenge the kinds of unfair trade practices we fight fiercely every day.

Accordingly, I would like to review some of the trade issues we have resolved during the past year in the Asia Pacific region, and to also highlight some of the major issues that continue to confront us in 2012.

### U.S. Pork to China

The Administration pressed China to remove the ban on U.S. swine and pork products that it put in place in 2009 based on unwarranted concerns that they could spread H1N1 influenza. In response to U.S. engagement, China agreed in October 2009 to reopen its market to pork, and in March 2011, to allow imports of all U.S. hogs certified by USDA to be free from the H1N1 virus. As a result, in 2011, exports of pork and pork products to China were a record \$713 million, and U.S. live swine exports to China reached \$8.5 million by the end of 2011.

### Cherries, Citrus, and Blueberries to Korea

USTR, USDA, and EPA have worked to convince Korea to address unwarranted technical based restrictions on imports of on U.S. cherries, citrus, and blueberries.

USDA and EPA worked closely with Korean officials to establish maximum residue levels for pesticides that do not pose a health risk, and as a result of the Administration's efforts, in 2011, Korea agreed to open its market for U.S. cherries and citrus products that do not contain pesticides in excess of those levels. Korea also agreed to open its market for blueberries from the state of Oregon in time for the 2012 growing season.

With developments like these, combined with new agricultural market access gains secured through the recent entry-into-force of the U.S.-Korea trade agreement, we expect a meaningful increase in U.S. exports of these products to Korea in the months and years ahead.

### Japan Pesticide Standards

In 2011, we also worked successfully with Japan to identify maximum residue levels (MRLs) of certain pesticides on U.S. citrus, strawberries, cherries, and celery.

The Administration's efforts included extensive coordination and data sharing between U.S. and Japanese regulatory authorities. As a result, Japan has set MRLs for these pesticides that will help increase U.S. exports of citrus, strawberries, cherries, and celery, which reached \$779 million in 2011.

### Poultry Market Access

During 2011, we successfully urged China and Taiwan to lift unwarranted import restrictions on U.S. poultry and poultry products. As a result of the Administration's efforts, Taiwan took significant steps to reopen its market to U.S. poultry due to earlier avian influenza concerns. China also removed restrictions on poultry imports from two U.S. states it had imposed due to concerns over avian influenza.

### Beef to Japan and China

Now, let me focus on beef market access issues in Japan and China. As you are aware, our priority objective continues to be market access that is based on science, consistent with international standards, and commercially viable.

The United States is encouraged that Japan continues to move forward with its process of reassessing its BSE measures by submitting questions in December 2011 to the Food Safety Commission (FSC). This is an important step that puts Japan on a path to addressing the longstanding issue of U.S. beef trade with Japan and should provide important new access for U.S. beef exporters.

Likewise, we are working to open market access for U.S. beef and beef products in China and are doing everything we can to find common ground on product scope and other related issues. Deputy Under Secretary Darci Vetter, USDA Under Secretary Michael Scuse and I recently visited China and met with our Chinese counterparts where we jointly reaffirmed our commitment made in November 2011 to increase technical engagement on beef.

We hope that technical discussions this spring will position us for more fruitful progress on the beef issue going forward.

#### Russia WTO

And finally Mr. Chairman, let me turn to another key issue I feel is critical to U.S. agricultural exports. Russia's accession to the World Trade Organization has been a subject I have been particularly invested in during my time at USTR.

As many of you here today know, Russia was formally invited join the WTO during the Ministerial Conference on December 16 in Geneva, and is expected to ratify its accession package this summer.

Russia imports huge quantities of agricultural products from around the world, with U.S. agricultural exports to Russia in 2011 totaling \$1.24 billion. But before the prospect of their accession to the WTO, we had very few tools in our enforcement toolbox to ensure that our domestic producers were able to compete on a level playing field in the Russian market.

Under the terms of its accession, Russia has committed to comply with the Agreement on Sanitary and Phytosanitary Measures from "day one" of its WTO Membership. Having Russia bound by these rules, and having a mechanism to enforce those rules, will allow U.S. exporters to make full use of the commitments secured by our negotiators.

However, to reap the full benefits of Russia's WTO Membership, Congress will need to terminate application of the Jackson-Vanik amendment and extend permanent normal trade relations status to Russia. We look forward to working with you, Mr. Chairmen, members of this committee, and your colleagues in the House and Senate, to end the application of Jackson-Vanik to Russia in order to ensure that American exporters will enjoy the same benefits of Russia's WTO membership as will our international competitors.

In closing, I would like to emphasize USTR's strong commitment to ensuring that the United States plays a leading role in the economic integration of the Asia Pacific region. Our focus at USTR remains on enforcing existing trade agreements, negotiating new agreements, and leveling the playing field for our farmers and ranchers, thus ensuring greater prosperity for American agriculture and for the entire American economy.