

**Senate Finance Sub-Committee on Trade – Statement Regarding the Trans Pacific Partnership and Expanding U.S. Agricultural Trade to the Pacific Rim**

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Chairman Wyden, Ranking Member Thune, and Members of the Sub-Committee, I am Steve Crider, International Sales Manager for Amy's Kitchen. I am engaged in the export of high value, organic foods and have been employed developing this type of business for past 26 years, including nine while based in Japan. In my current role with Amy's Kitchen – a manufacturer of frozen and processed organic meals, pizza, and soup – I am responsible for international market development in Canada, the Middle East and Pacific Rim and Asian. I also actively serve as Amy's liaison to the organic industry as well as on policy and governmental affairs. Amy's Kitchen is a long standing member of the Organic Trade Association where I serve on OTA's International Committee - working on such issues as organic equivalency and reduction of technical barriers to trade.

Thank you for the opportunity to provide testimony regarding policies to increase trade with the Pacific-Rim as part of the Trans Pacific Partnership (TPP) agreement.

Being active on the front lines of sales, in a rapidly changing business environment, it is clear to most observers that the Pacific Rim regional economy is extremely dynamic and poised for growth. The region's population is increasing in sheer numbers and economic size – as well as in their citizen's expectation of a higher standard of living. In order to meet the dietary demand of these populations, US agricultural exports will have many opportunities and advantages - if we can better understand, communicate and deliver to these potential customers. There is a very important and active role government can play in assisting US companies to compete and succeed in these regions. We in the organic realm benefit from this general rising tide of consumers who demand higher quality food, avoid certain product traits such as genetically engineer ingredients, and seek out safe, delicious meals for their families.

The passage of the Organic Foods Production Act in 1990 was a seminal event, setting the organic sector on a trajectory of growth that has lasted even through this protracted recession. In 1990, U.S. organic sales were estimated to total \$1 billion. Today, it is a 28 billion-dollar-a-year industry, with over 6 billion dollars a year in farm gate sales. Sales grew by 20% a year for over a decade, and, despite the worst recession in modern times, still grew by almost 6% in 2009. American families increasingly are choosing organic despite the tough economy, and latest reports monitoring the natural and organic food industry indicate sales have picked up since the down turn experienced in 2008 through 2010. We are seeing this same general trend at Amy's Kitchen, domestically AND internationally.

Amy's Kitchen is based on the US west coast, with manufacturing facilities in California and Oregon. Our success both nationally and internationally is predicated on some very basic tenets and a commitment to producing, in our own factories, the highest quality, most delicious foods using organic and natural ingredients. Together our two production facilities employ over 2000 people in the creation, sales and administration of our product line, supplying over 250 organic food products to US and global markets. Like many others in the organic food sector, our business continues to grow at pace far exceeding national averages.

Export markets play an increasingly important part of this growth at Amy's. We have added new, well paying jobs in our company to support this expanding growth and market demand including new positions in sales, customer service, logistics, purchasing, technical services & documentation fulfillment needs – not to mention the added production staff hours and employees who manufacture container loads of our frozen, valued-added meals, pizza, and other organic offerings. The same is true with our domestic growth here in the U.S.. Today, organic food products such as Amy's Kitchen can be found not only in natural food commercial settings – but in such mainstream retailers as Wal-Mart, Safeway, Costco, Kroger, and Target. This trend in organic food being able to reach a more mainstream, conventional retail setting and consumer demand is being replicated worldwide.

Our appeal today before this committee is for Congress to continue the support of key programs and components that have nurtured and helped promote all U.S agricultural exports - especially now at this critical juncture where American foods have both a great opportunity for expansion and broadened consumer appeal in the most important market at our doorstep, the Pacific Rim.

The National Organic Program (NOP) inside USDA is by far the most important and critical program for continued growth and success of the U.S. organic food industry.

The NOP, and the organic certification which carries the imprimatur of the US government via the accredited certifiers, establishes the strength and credibility of our product claim and enhances consumer confidence here at home and especially in global markets.

Here is our top request:

Maintain the strength and extended the capacity of this key USDA team at the National Organic Program. Let us build on the successful negotiations for organic equivalency we accomplished with Canada and most recently the EU. This historic achievement will reap huge benefits to American food exports for generations to come. Asia and the Pac Rim are now poised to follow suite in this trend of reduced barriers to organic market entry and expansion. We believe that the U.S. government negotiators will continue to be smart, far-sighted and fair in upcoming organic trade negotiations. Transparency and equivalency in international organic standards “ ‘tis an outcome devoutly to be wished”.

Secondly, we ask Congress, USTR and USDA to continue to press for the reduction of import duties and tariffs on US Agricultural products, which makes them more expensive and prohibitively priced for international consumers. Amy's Kitchen is often hit with tariffs that range from 17 to 30 per cent just in import duties alone at the port of entry. Reducing these tariffs in government to government trade agreements is crucial to expanded growth of US agricultural products.

Thirdly, continue with the cross governmental collaboration and increased efficiency of the agencies and programs that support all small and medium sized businesses in their export efforts. Expand the criteria for participation so that more and larger companies can engage. If we are to meet the aggressive goals for US agricultural exports as outlined in the National Export Initiative (NEI), we need more and larger players participating in market access and export development programs. Amy's Kitchen has benefited directly from participation in the Foreign Agricultural Service Market Access Programs developed for Europe, Mexico & the Caribbean as well as South America, the Middle East and the Asia/Pacific Rim regions. Loss of funding for these programs will severely curtail our company's ability to succeed - and many others like us - who rely on the reports, contacts and introductions; market tours and overviews; and the keen independent, unbiased information the FAS provides in an extremely cost effective manner. Likewise, matching funds programs make it possible for many companies to participate in key trade shows. These marketing events showcase the diversity of American food products to international export/import traders, resulting in millions of dollars of new and incremental sales. Simply put, from global demand come export sales, which drive more production here at home.

Production in the case of Amy's Kitchen consists of the making organic foods from scratch in our two West coast facilities. We procure the majority of our organic ingredients from local sources within a 500 mile radius of these plants. Importantly, Senator Thune and other distinguished colleagues from the mid west, Amy's also sources hundreds of tons of key organic ingredients including organic soy, corn, beans and pulses, wheat flour, and other grains from America's breadbasket. This in turn supports an ever expanding network of organic farm producers in rural communities.

Organic farming is the fastest growing segment of US Agriculture. Equally important, organic farming is also attracting the highest rate of new and young farmers into agricultural production where they are sustained by the higher prices these certified agricultural products command - and the quality of life afforded on the farm by using these practices. Thus we can draw a direct link to the increased business generated by export trade in organic foods and the revitalization of our rural economy and agricultural communities.

Lastly, I want to express to the committee that OTA is proud to be the official Organic Cooperator in USDA's Market Access Program, Emerging Markets Program and Technical Assistance for Specialty Crops programs. These export promotion and trade barrier reduction

programs offer great value and are an excellent return on investment to our industry and the U.S. economy.

Amy's Kitchen organic foods are creating opportunities worldwide as more consumers look for healthy, tasty AND convenient food choices. With your help and support, Amy's will continue to expand into foreign markets. Our company's growth shows no signs of slowing down and we look forward to contributing our part in doubling US exports - further showcasing the diversity of American agriculture.