

Opening Statement of Senator John Thune

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The Asia Pacific: Trade Opportunities for Agriculture and Food Producers from the Great Plains to the Pacific Northwest

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I want to start by thanking Subcommittee Chairman Wyden for holding this hearing and all of the witnesses for taking the time to testify. Our hearing today is an opportunity to highlight the American success story that is our nation's growing agricultural exports and the jobs they support here at home. The nations of the Asia Pacific region are vital to this success story and will become even more important in the coming years.

Consider just a few statistics. Last year American agricultural exports reached a record level of nearly \$138 billion, with demand in Asia a key component of this success. China is today the largest export market for U.S. agriculture, with agricultural exports to China totaling nearly \$20 billion and supporting 160,000 American jobs. Our agricultural exports to China have grown more than tenfold over the past decade, increasing from \$1.9 billion in 2001 to \$19.9 billion in 2011. In 2010, the U.S. enjoyed a trade surplus in agricultural with China of over \$14 billion.

However, the success story for U.S. agriculture in Asia is not just about China. America's exports of agricultural products to South Korea have more than doubled in the past ten years, reaching sales of \$6.7 billion in 2011. The nations of Southeast Asia - such as Malaysia, Indonesia and Vietnam - have more than tripled their imports of U.S. agricultural products over the last ten years. In 2011 these nations consumed \$9.6 billion worth of American agricultural exports.

In South Dakota we understand the importance of opening new markets to our home grown products. South Dakota's agricultural exports were \$2.4 billion in 2010, supporting roughly 20,000 jobs on and off the farm. These exports sales are a very meaningful part of South Dakota's farm economy, which had total cash receipts of \$7.7 billion in 2010.

Later today we will hear from Paul Casper, President of the South Dakota Soybean Association. Soybeans and corn, in particular, have been drivers of South Dakota's export economy and Asian nations such as China have been at the forefront of this growth. In 2011, over \$12 billion of high-quality U.S. soybeans were shipped to China. This represented roughly 50 percent of U.S. soybean exports and 25 percent of the entire U.S. soybean harvest. Driven in large part by

Chinese demand, South Dakota's exports of soybeans have grown rapidly, from \$340 million in 2006 to over \$1 billion in 2010. While China was the largest purchaser of U.S. soybeans, another Asian economy – Japan – was the 3rd largest purchaser, with imports of \$1.2 billion last year. And Japan remains the world's single largest importer of feed grains and the number one importer of U.S. corn.

Yet while U.S. agricultural trade with Asia has been a success story, we know that challenges remain. Our beef exporters, for example, still face unjustified sanitary and phytosanitary (SPS) barriers in nations such as China, Taiwan and Japan. And while China is the top export market for U.S. soybeans, their regulatory approval process for commodities containing biotechnology traits has been slow and cumbersome, leaving room for substantial improvements. Additionally, America's poultry exports to China continue to be stymied by high tariffs imposed in 2010.

Given the growing middle class in Asian nations such as China, Thailand and Vietnam, a successful conclusion to the Trans-Pacific Partnership Agreement is incredibly important to the future of America's agricultural exports. Yet I find it troubling that the Administration has not yet requested an extension of Trade Promotion Authority, which expired in 2007. Trade Promotion Authority is essential to not only bring the TPP negotiations to a successful conclusion, but also to initiate new free trade negotiations. While I commend the Administration for its work on the TPP agreement, it is disappointing that more than three years into the Obama Administration, TPP is the only new trade agreement being pursued by the Administration. It is unfortunate that this President has not yet seen fit to ask for the trade authority granted to Presidents of both parties since 1974.

Clearly, America cannot continue to lead the world in high-quality agricultural exports unless we continue to open new markets in Asia, a region that includes some of the world's fastest-growing economies and that accounts for more than 40 percent of global trade. I look forward to continuing to work with the Administration on a successful conclusion to the Trans-Pacific Partnership and I am hopeful that this Administration will become more aggressive when it comes to opening up new markets to American exports, not just in Asia but around the globe.

Again, thank you to all the witnesses for appearing today and I look forward to hearing your testimonies.