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Chairman Grassley, Ranking Member Wyden, and Members of the Finance Committee, thank you for giving me the opportunity to testify today on the importance of USMCA to the agriculture economy. My name is Jim Collins, and I am CEO of Corteva Agriscience.

First, I would like to congratulate Chairman Grassley on his recent Washington International Trade Association “American Leadership Award”; the award is well-deserved for your leadership in fighting for international trade throughout your time in Congress.

As you may know, Corteva Agriscience became an independent public company on June first. Formed from the Agriculture Division of DowDuPont, Corteva is the only remaining and largest U.S. based, publicly traded, pure-play company, solely dedicated to agriculture. I am honored to share the views of our 20,000 Corteva employees and our more than 400,000 customers – the American farmers. They are our partners and their success is our success.

While our company is new, we come from a legacy of more than 200 years of agriculture. Corteva combines the strengths of DuPont Pioneer, DuPont Crop Protection and Dow AgroSciences – and centuries of scientific innovation. Corteva provides the latest in seed, crop protection solutions and digital technology to farmers. Corteva’s heritage has informed our commitment to enrich the lives of those who produce and those who consume, ensuring progress for generations to come.

I personally began working in agriculture about 35 years ago. I’m proud to work in an industry that is so productive, it not only feeds our own country, but hundreds of
millions of people around the world. We strengthen global food security while supporting economic development and job creation in rural America.

With this in mind, I’m here today to address the critical need to pass the United States-Mexico-Canada Agreement to support employment and economic growth in farming communities across the United States. USMCA features disciplines critical to Corteva: not only preserved market access, but protection of biotechnology innovation and intellectual property and enhanced sanitary/phytosanitary standards.

We salute the administration in its modernization of NAFTA, obviously necessary after 25 years. Millions of American jobs depend on trade with Canada and Mexico, by far the largest export markets for the United States. According to a 2019 Business Roundtable study, international trade supports 39 million jobs across America, 12 million of those jobs from trade with Mexico and Canada.

The NAFTA agreement was signed into law in 1993. Since then, U.S. trade with Mexico has increased fivefold in nominal terms, while trade with the rest of the world has only tripled. Corn exports increased sevenfold, with Mexico the top buyer of U.S. corn. Three-way trade quadrupled, creating a powerful engine for economic growth. Rather than offshoring to Asia, critical supply chains have been able to remain in North America, enhancing our nation’s ability to compete.

The required U.S. International Trade Commission analysis indicates the market access provisions of USMCA would increase total U.S. agricultural and food exports by $435 million. And when all provisions of USMCA are considered, the impact could be more than $2 billion. This difference comes primarily from the certainty created by USMCA. Markets abhor uncertainty. While USMCA provides significant direct benefits
to U.S. agriculture and other sectors relative to NAFTA, importantly, it also reduces the likelihood that trade disputes will worsen and disrupt trading relationships.

Corteva supports USMCA as a tool to stabilize markets, further expand and modernize North American trade and increase grower and consumer access to innovation. We believe promoting open trade is crucial, especially as agriculture is in a time of transition and increased demands. Our customers feel intense pressures from weather, pests, unprotected intellectual property, and the need to grow global food supplies for a surging middle class in emerging markets. Yet, we are living and working in a time of great opportunity. As we discuss USMCA today, I’d like to focus on three reasons why USMCA is so important. First, for farmers, second for U.S. agroscience, and third for protecting our future.

Let me begin by sharing USMCA’s impact on farmers, because they are the reason Corteva exists today.

Farmers have relied on an integrated North American market for more than 25 years and have flourished under enhanced access to the Canadian and Mexican markets. NAFTA boosted U.S. agricultural exports to North America by 350 percent over the life of this agreement. Canada and Mexico buy nearly $45 billion in agricultural products annually from the United States, making them our first and second largest agricultural export markets, respectively.

In all of our conversations with farmers, they stress trade as one of the key elements needed for their success. I just attended a meeting of the American Farm Bureau Federation, and I heard this message loud and clear. Corteva’s deep
understanding of American agriculture comes from constant conversations with farmers and our partners and stakeholders all along the food value chain.

We are also talking to the National Corn Growers Association and the American Soybean Association that are actively working to ensure they have new markets to sell their products. No one understands the imperative around preserving robust export markets as much as farmers. In recent years, we’ve seen the impact that weather and markets have had on our agricultural producers. Some crops have hit new price lows, other crops languish in warehouses or silos due to ongoing global trade tensions. While I hear that farmers appreciate the aid packages, what they truly want are new markets and the free flow of trade.

In listening to our partners in rural America, we hear from farmers such as Andrew and Heidi Pulk in Wannaska, Minnesota.

Andrew and Heidi are first-generation farmers. We absolutely need young farmers like the Pulks, as many of our farmers are nearing retirement.

The Pulks have an entrepreneurial spirit, like most farmers. When they began farming, they did what any good business owner does – they analyzed what they could best produce for the strongest market. They correctly saw an opportunity with soybeans in China and invested in the seeds, crop protection products and infrastructure needed to meet Chinese demand. However, because of the trade challenges between the U.S. and China – something completely beyond their control – the Pulks have been forced to search for new market opportunities. Our very own North American competitiveness zone was crucial to the Pulks continuing down their path as first-generation farmers. Last year, they sold their entire corn crop to buyers in Canada.
Passing USMCA will ensure that farmers like the Pulks can thrive with the certainty of North American market access and of fixed rules of the road in today’s dynamic export-focused farm economy. That’s good for all of us, as the Pulks represent the face of farming today and in the future.

Second, I will address the impact of USMCA on Corteva and U.S. agroindustry. As you know, U.S. farmers navigate uncertainty every day. Will it rain? Will a new pest emerge? As the world’s leading seed and crop protection solutions provider – and the only one headquartered in the U.S. – these are questions that keep Corteva and me personally up at night. We want to get ahead of these problems and ensure farmers’ success.

Right now, rural communities need Washington to provide stability. USMCA passage can be a key building block in creating that stability during a challenging time for our customers. The American farmer wants to know where he or she can sell and what export markets want. That’s why securing USMCA and other trade agreements, such as those under negotiation with China, Europe and Japan, must be a priority. As Chairman Grassley stated so well in June’s hearing, “Japan and the EU haven’t been sitting still. They’ve been closing trade deals with other countries over the last two years. As a result, our farmers and businesses are losing market share to competitors with preferential access. We need to secure strong agreements so we can restore a level playing field.”

With a level playing field, Corteva has the ability to innovate and help U.S. agriculture become even stronger. Supporting farmers and agricultural markets benefits society as a whole. The farmer does not operate in isolation, but is the epicenter of an
ecosystem, connected to countless communities, industries and businesses. At 12 percent, the food and agriculture industry is responsible for the largest segment of U.S. manufacturing jobs. So it is clear - when farmers win, our nation prospers and we all win.

Corteva not only fuels rural America, but also has many customers in Mexico and Canada. About half of Corteva’s business is conducted within North America. We believe USMCA is a strong and advanced trade agreement that rebalances our trading relationships with Canada and Mexico in the context of the modern era.

The United States is the largest market for seed in the world and is also the largest seed exporter. Without competitive seed exports, the United States would lose $1.7 billion in sales annually. Mexico and Canada are our two largest export markets and vital trading partners, representing $600 million in annual exports.

Some of the most persistent barriers in agricultural trade are phytosanitary barriers, rather than tariffs. The gold standard regulatory and sanitary/phytosanitary disciplines of USMCA ensure that stakeholders have the opportunity to provide meaningful input into rulemaking processes in North America, as well as significant advanced notice before new rules go into effect to allow farmers to adjust accordingly.

Why are clear rules so important? Seed varieties can cross six international borders before being commercialized. This movement is critical to bring the highest quality seed to producers and requires consistent phytosanitary regulations. For example, each truck of commodity grain seed is worth upward of $50,000. If that truck is rejected at the U.S.-Mexico border because of surprise or inconsistent phytosanitary regulations, it costs the company $3,000 in return shipping charges, in addition to the
loss of income from the truck in question. Rejected and delayed shipments cause quality reductions and dissatisfied customers in not only present-day but future losses, counted in the millions of dollars.

Corteva’s seed and crop protection products represent decades of in-house and collaborative research and development, meaning the intellectual property rights protection provided by USMCA for our innovations is crucial. By most accounts, these changes are estimated to increase U.S. trade. The Corteva scientific team is particularly excited about the biotechnology protections afforded by USMCA. We believe the United States should pursue similar biotechnology provisions in future trade agreements to continue to promote agricultural innovation.

To illustrate, plant breeders must use the most precise and efficient breeding methods available. Breeders specializing in vegetable seed breeding varieties want high-quality produce with innate resistance to devastating plant diseases. In just a few seasons, a disease can evolve and destroy a previously disease-resistant variety. Therefore, plant breeders must always stay one step ahead, developing new varieties faster than diseases can evolve. To be effective, plant breeders must work in a consistent and science-based policy environment such as that provided by USMCA. This supports investment and biotech breakthroughs, equipping farmers with the latest methods and techniques to safeguard human and animal health, secure our food supply, and protect the environment. Through USMCA, North America can be the world leader in biotechnology innovation as it binds our three countries under a common goal of innovation and respect for the conditions needed to bring the lab to the marketplace.
Lastly, I want to address how USMCA can support agriculture’s future in America and beyond. While my testimony has largely focused on the United States, it is important to also acknowledge the future global implications of USMCA. Corteva is based here – in Iowa, Indiana and Delaware, but we have a global reach. Farmers also compete internationally. We need synchronicity in the rules featured in U.S. trade agreements, and we must expand the web of U.S. trade agreements globally to keep our industry moving forward.

We usually focus on the gains from tariff reductions and stable rules provided in free trade agreements. These are certainly easy to quantify, and I’ve tried to do that with you today. But we sometimes forget that the institutions and relationships created by trade agreements can help solve problems before they become intractable trade barriers or disputes.

Through the 25-plus years of NAFTA, North America became more integrated economically, but our governments also established broad and deep relationships among our officials. Sometimes a frank discussion between trusted interlocutors is worth its weight in gold. During the months of USMCA’s negotiation, we saw the importance of that trust. We must not only pass USMCA to protect the North American competitiveness zone, but we must replicate this exercise going forward in our other pending trade negotiations.

I fully understand that fears linked to globalization and automation – with trade agreements as a scapegoat – can dominate the headlines, but we must have the courage to continue to open markets for American farmers and businesses.
Thank you again for the opportunity to address the Committee and discuss the importance of swiftly passing USMCA for the benefit of American farmers, U.S. businesses such as Corteva, and the future of agriculture and trade. I want to express my gratitude for this Committee’s active engagement in supporting policies that promote farming, agriculture and trade. I will be pleased to answer questions you may have or supply additional information for the record.