

Statement of Jim Bogart, Grower-Shipper Association of Central California

House Committee on Government Reform

Subcommittee on Energy Policy, Natural Resources and Regulatory Affairs

Field Hearing on “Problems Facing the Specialty Crop Industry”

December 12, 2003

Salinas, California

Mr. Chairman, thank you for this opportunity to testify on behalf of the Grower-Shipper Association of Central California to discuss federal agricultural policy with regard to specialty crops. We want to provide a warm welcome to you and the other distinguished members of Congress and Congressional staff on your visit to Monterey, California.

There is no better place than right here in Salinas to discuss specialty crop issues. We are very proud that our growers and shippers have been able to provide the most affordable, abundant and safe supply of fruits, vegetables and other specialty crops available anywhere in the world for the American public. Monterey County, with over \$2.8 billion in agricultural output in 2001, produces many specialty crops which are an important component of a healthy diet.

It is commendable of members of Congress to come here to Salinas because today our ability to continue producing the most affordable, safe, and abundant supply of nutritious specialty crops is in jeopardy. We face many challenges in order to remain competitive in global markets. For that reason, the Grower-Shipper Association of Central California strongly supports the Specialty Crop Competitiveness Act of 2003 (H.R. 3242), as it will address many of

the problems facing our industry. We want to particularly commend you, Mr. Chairman, and also Representatives Dooley, Farr, Cardoza, and others who have cosponsored this bill, for your leadership on this legislation.

Today, I want to focus on some of the challenges our growers and shippers face in the area of international trade.

Specialty crop growers in California have long known that expanding exports is critical to maintaining a competitive edge in global markets. However, in recent years, the balance of trade for U.S. fruit and vegetable exports vs. imports has not been positive, as we have seen our exports remain stagnant while imports have steadily increased (see attached statistics).

Our growers and shippers have been disappointed with their inability to gain access to international markets in recent years. The Uruguay Round trade agreement of 1995 was supposed to lay the ground work for market access for our specialty crop exports. The two primary components of this agreement that benefit specialty crops are the Dispute Settlement and Sanitary and Phytosanitary (SPS) mechanisms. While there have been a few bright spots within our industry in efforts to expand exports under the Uruguay Round, for the most part our growers continue to find access to foreign markets blocked by trade barriers.

There are several key reasons that U.S. specialty crop growers have been frustrated in their efforts to increase exports. First, we continue to face dozens of SPS trade barriers in many foreign markets, many of which are based on very questionable scientific data. For example, Japan, which is a very large potential market for specialty crop exports, has been notorious for using questionable SPS barriers to block entry of our products.

Another major issue is that our growers continue to face competition from heavily subsidized growers in foreign countries. The European Union is the largest problem in this

regard, providing \$11 billion in subsidies per year to its fruit and vegetable industries. As you can imagine, it is extremely difficult for our growers, who do not participate in the USDA subsidy programs, to compete against foreign growers who receive generous financial assistance from their government.

Another area of concern is that many of the bilateral free trade agreements that have been enacted in recent years are with countries that do not have substantial markets or per capita income needed to purchase high-value specialty crop products. If federal trade policy wants to provide for increased specialty crop exports, we need to negotiate trade agreements with countries that have larger markets for our products, such as the Asian Pacific Rim nations.

Current developments in international trade threaten to pose even more challenges for specialty crop growers. Most notably, the trade sanctions which the European Union are threatening to levy in trade disputes will directly impact many specialty crops grown here in Monterey County. Our trading partners recognize that specialty crops are very important, and we will always be vulnerable to retaliation measures. These disputes must be resolved promptly in an amicable manner in order to avoid a trade war which could devastate our existing exports.

We do have a few success stories to tell about federal efforts to address the international trade problems our growers face today. For example, Congress approved funding for the Agricultural Research Service to conduct research for controlled atmosphere shipping that has great promise for enabling us to overcome SPS trade barriers in some export markets. I would like to thank Congressman Farr for his work on the Appropriations Committee to bring this project to fruition.

However, as the challenges that our growers face continue to increase, so too must the efforts of the federal government to enact policies that meet the needs of specialty crop growers.

Our federal agriculture policy must do more to address this problem of a lack of foreign market access for our exports.

Fortunately, H.R. 3242 will enhance existing programs and establish new initiatives that will provide growers with the tools and technologies needed to expand exports and remain competitive. The bill includes increased funding for the Technical Assistance for Specialty Crops program, it will direct APHIS to focus more of its resources on processing export petitions, and it will enhance the Supplier Credit Guarantee Program. With these provisions and others, this legislation will assist our growers in boosting exports, and ultimately will enable our industry to remain competitive in global markets.

Mr. Chairman, again I want to thank you for this opportunity and commend you for your efforts to improve federal policies for specialty crops.