



National Grain and Feed
Association



North American Export
Grain Association

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January 13, 2012

The Honorable Ron Kirk
U.S. Trade Representative
Office of the U.S. Trade Representative
600 17th Street, N.W.
Washington, DC 20508

Re: *Japan's Expression of Interest in the Trans-Pacific Partnership Trade Negotiations; Docket: USTR-2011-0018*

Dear Ambassador Kirk:

Thank you for your leadership and interest in further assessing Japan's expression of interest in participating in the Trans-Pacific Partnership Trade Negotiations (TPP).

The TPP negotiations represent a great opportunity to support U.S. economic growth and job creation through trade and investment with Asian-Pacific countries, as well with our North American trading partners. The North American Export Grain Association (NAEGA) and National Grain and Feed Association (NGFA) look forward to working with all stakeholders to deploy a TPP that reduces or eliminates impediments to exporting grains, oilseeds, processed grain products and other agricultural products from the United States to countries around the globe, including Japan.

Both NAEGA and the NGFA, which jointly submit this statement in response to the notice published in the December 7, 2011 *Federal Register*, have a strong tradition of supporting free trade. Established in 1896, the NGFA is comprised of more than 1,050 member companies involved in grain-handling, feed manufacturing, grain milling and processing, and grain exporting that operate in excess of 7,000 facilities and handle more than 70 percent of the U.S. grain and oilseed crop. NAEGA consists of private and publicly owned companies and farmer-owned cooperatives that are involved in and provide services to the bulk grain and oilseed exporting industry. NAEGA's mission is to promote and sustain the development of commercial export of grains and oilseeds, and their primary products.

The Japan-U.S. grain and oilseed trade relationship is impressive and critically important to U.S. agriculture's profitability. Japan's consumers rely on imports for 60 percent of their food, a volume valued at \$50 billion per year. Japan is heavily import-dependent when it comes to grains (other than rice), oilseeds and oilseed products. Japan is among the largest and most reliable importers of U.S. agricultural commodities and the United States usually has a very high

market share – typically 90 percent for corn, 55 percent for wheat and 80 percent for soybeans. Japan is the world’s largest corn importer and the United States is its largest feed grain supplier, providing more than 80 percent of its market share. Japan also is the third largest U.S. export market for grain sorghum, an important market for corn co-products, and by far the largest U.S. export market for barley, accounting for 60 percent of total exports.

Japan’s participation in TPP provides for the potential to reduce agricultural tariffs and other significant trade barriers that could provide enhanced food security and economic benefits to both the United States and Japan. Japan’s participation in the trade agreement also would provide for strong incentive for additional economies to join and enjoy the benefits of a more open international market.

We strongly urge that provisions be incorporated into the TPP that: 1) prohibit export embargos; 2) encourage economic growth in all participating countries’ economies, including Japan’s; and 3) recognize that Japan can be a leader on critical elements of an Innovative Technologies Working Group (ITWP) during 2012.

Specifically concerning Japan’s participation in TPP, NAEGA and the NGFA suggest that the United States work to include the following elements in the TPP:

1. Establish provisions to enhance food security and predictability of supply. An agreement that prohibits TPP parties from instituting export embargoes and other export-restrictive measures logically should be welcomed by Japan and other agriculture-product import-dependent TPP economies. Likewise, we believe agreement on mechanisms to resolve in a timely manner disputed regulatory actions taken against export shipments and to forestall actions that would prevent the discharge of vessel shipments should be incorporated in the TPP.
2. Consider appropriate graduated timelines and mechanisms to enable countries like Japan, which in the past have relied upon tariffs and import management, to continue their revitalization of agricultural economies and transition to a more open trading environment consistent with reductions in such tariffs and other import controls.
3. Incorporate provisions to increase and facilitate trade in agricultural products produced with new technologies, such as agricultural biotechnology. Japan’s expertise and leadership in the innovation and regulation of important advancements like crop biotechnology would be extremely useful as countries strive to achieve a greater degree of standardization and compatibility of regulation across borders. To achieve this goal, we previously have joined with other U.S. agriculture stakeholders to propose establishment of an “Innovative Technology Working Group” as part of TPP negotiations. We believe Japan would be a major positive contributor to such an effort to develop common, predictable, science-based and risk-proportionate technical measures that would facilitate the use of important new agricultural-production technologies, bio-based ingredients, green chemicals, and second- and third-generation biofuels.

The Japanese market represents perhaps the greatest opportunity to spur U.S. economic growth from the agricultural sector. Given that every \$1 billion in agricultural exports supports 9,000 jobs – including those for U.S. transportation workers, food processors, packers, longshoremen, and sales and marketing. As such, we look forward to working with USTR to facilitate and implement Japan's full participation in the TPP.

Ultimately, we anticipate that a successful TPP outcome will contribute to a comprehensive agreement that provides for gains in the provision of food safety and security, grain and oilseed product quality, and necessary protection of plant health, while providing for vibrant agriculture economies. Further, we encourage completing a Trans-Pacific Partnership in 2012 that adds Canada, Japan and Mexico by mid-year 2012.

Thank you for your consideration of our comments. We look forward to any opportunity to support the timely completion of TPP.

Sincerely,



Randy Gordon
Vice President, Communications
and Government Relations
National Grain and Feed Association



Gary Martin
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