



**NATIONAL  
CORN GROWERS  
ASSOCIATION**

**National Corn Growers Association  
Statement by  
Mr. Rick Tolman, CEO  
To The  
United State House of Representatives  
Committee on Agriculture  
Regarding  
The Review of Pending Free Trade Agreements**

**May 12, 2011**

Chairman Lucas, Ranking Member Peterson and members of the committee, thank you for the opportunity to testify about the pending free trade agreements and their importance to the agriculture sector. My name is Rick Tolman, and I am the Chief Executive Officer for the National Corn Growers Association (NCGA). NCGA was founded in 1957 and represents over 35,000 dues-paying corn growers. NCGA and its affiliated state associations work together to help protect and advance corn growers' interests.

NCGA members have much to gain from ratification of free trade agreements with Korea, Colombia and Panama. Beyond increasing domestic and international demand for corn, passing free trade agreements also benefits our customers in the livestock and poultry industries. Developing new markets for our country's agricultural products will help our sector lead the nation in economic growth and international competitiveness.

NCGA supports a consistent U.S. trade policy so that corn and corn products are not disadvantaged for the benefit of another sector. In finalizing the pending agreements, NCGA emphasizes the need to eliminate sanitary and phytosanitary barriers that are not based on the unique science of agriculture products derived from biotechnology.

**U.S. Corn Production and Export Demand**

The United States is the largest corn producer and exporter in the world, and exports of corn and corn products are essential to producer income. During the 2009-10 marketing year, the United States exported 50.4 million metric tons of corn worldwide. Corn co-products such as distiller's dried grains (DDGS) represent a growing export market for domestic producers. In marketing year 2010, the United States exported over eight million metric tons of DDGS.

**WWW.NCGA.COM**

**NATIONAL OFFICE  
632 Cepi Dr.  
Chesterfield, MO 63005  
(636) 733-9004  
Fax: (636) 733-9005**

**WASHINGTON, DC OFFICE  
122 C Street NW, Suite 510  
Washington, DC 20001-2109  
(202) 628-7001  
Fax: (202) 628-1933**

Production growth and consistency make the United States both a reliable supplier of grain and a steadfast advocate for new export markets for corn and livestock products. Despite numerous weather issues from 2008 to 2010, U.S. corn growers produced over 12 billion bushels of corn annually. Mother Nature has ensured that this year is also off to a challenging start. However, the rebounds witnessed in previous years indicate growers' ability to harvest a record crop.

### U.S Corn Supply and Demand

(mil bushel)	2007-08	2008-09	2009-10	2010-11
Carry-in	1,304	1,624	1,673	1,708
Average Yield	151	153.9	165	152.8
Production	13,038	12,092	13,092	12,447
Supply	14,362	13,729	14,773	14,169
Feed & Residual	5,913	5,246	5,242	5,200
Ethanol	3,049	3,677	4,474	4,922
FSI	1,338	1,276	1,365	1,390
Export	2,437	1,858	1,985	2,000
Carry-out	1,624	1,673	1,708	658

*Source: USDA World Agricultural Supply and Demand Estimates (WASDE)*

### Corn Sales to Korea

The Republic of Korea (Korea) boasts a \$1 trillion economy and 49 million consumers. Based on these statistics alone, corn growers understand that Korea is a market we cannot afford to ignore. More importantly, Korea is a market we cannot afford to lose to our largest competitors. On May 4, 2011, Korea's National Assembly ratified its free trade agreement with the European Union. Additionally, we know that Korea is in negotiations with U.S. competitors including Canada, Australia and China.

The U.S. share of agricultural imports to Korea stood at nearly 30 percent in 2010. The U.S. Department of Agriculture's Foreign Agricultural Service (USDA FAS) warns that if the United States fails to implement the U.S.-Korea Trade Agreement (KORUS), that share will certainly decline.

Korea is the United States' third largest corn market, and it is a potentially important market for corn co-products such as DDGS. In marketing year 2009-2010, Korea imported over seven million metric tons of corn from the United States. The flow of corn into Korea is affected by a myriad of factors, and Korea remains one of our more volatile export markets.

### Marketing Year (September-August)

	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10
MT	2,100,515	5,585,993	4,042,566	8,555,974	5,195,554	7,075,479
Bushels	82,692,774	219,908,574	159,147,161	336,830,362	204,537,828	278,546,446

Under KORUS, Korea's imports of U.S. corn for feed are guaranteed to enter at zero duty immediately. Although Korea currently imports large quantities of feed corn at zero tariff under its autonomous quota, Korea can legally discontinue this zero autonomous tariff at any time and

revert to the World Trade Organization (WTO) tariff of five percent for the first 6.1 million tons, and 328 percent for any imports above this quantity. KORUS is critical to corn growers because the tariff will be fixed at zero percent. This is the certainty growers desire to ensure robust, reliable export markets.

The growth in corn-based ethanol production has led to increased production of DDGS. This high protein feed is a direct co-product of the ethanol industry. In 2009-2010, Korea imported 351,389 metric tons of DDGS from the United States. While relatively small in volume, imports are growing, and there is significant potential for increased use in feed rations. Korea's WTO bound rate for DDGS is 6.6 percent. Once more, KORUS provides immediate duty-free access for DDGS into the Korean market.

Allowing greater market access can alleviate volatility and, more importantly, open the Korean market to meat imports. Only a decade ago, the United States exported 44,000 metric tons of pork to Korea. Today that number is zero. Ratifying KORUS will translate into significant increases in pork, beef and other livestock product exports. Such increases in market access not only help NCGA members who raise livestock, but also enhance total demand for corn and DDGS domestically.

### **Corn Sales to Colombia**

Colombia is traditionally one of the top ten export markets for U.S. corn. During marketing year 2007-2008, the United States exported 114 million bushels of corn to Colombia, with an estimated value of nearly \$627 million. Unfortunately, U.S. corn exports declined dramatically during the 2009-2010 marketing year. Only 36 million bushels of corn were exported to Colombia during that time, valued at \$152 million. The decline in exports reflected a loss of \$475 million to the U.S. economy.

#### **Marketing Year (September-August)**

	2004-5	2005-6	2006-7	2007-8	2008-9	2009-10
MT	1,932,544	2,597,611	3,148,527	2,902,893	1,234,651	912,954
Bushels	76,080,116	102,262,379	123,950,761	114,280,677	48,605,564	35,941,043

Under the U.S.-Colombia Trade Promotion Agreement (Colombia TPA), U.S. corn producers would gain immediate access to the Colombian market for 2.1 million metric tons of corn at zero percent duty. Over the course of the 12 year phase out for corn's 25 percent over-quota base tariff, the rate would be reduced each year by two percent, while the volume of the tariff rate quota would increase by five percent, compounded annually.

Currently, Colombia is importing corn from U.S. competitors including Argentina, Brazil, Paraguay and the majority of Mercosur members because of an import duty preference. We cannot afford to watch important export markets slip away, particularly to our largest competitors in the region, Brazil and Argentina. Failure to implement a trade agreement with Colombia will place U.S. corn producers at a competitive disadvantage in the world market.

## **Corn Sales to Panama**

The U.S.-Panama Trade Promotion Agreement (Panama TPA) stands to level the playing field between U.S. and Panamanian exports. U.S. grain tariffs into Panama can be as high as 90 percent, while nearly all Panamanian exports enter the United States duty free under the Caribbean Basin Initiative passed by Congress in 1983.

According to USDA FAS, under the agreement Panama will establish a 298,700 ton duty free preferential tariff rate quota for corn. The over-quota rate tariff will be eliminated in 15 years, with no reduction in the first five years.

Corn exports to Panama peaked in 2007 and have since dropped 20 percent. In 2010, U.S. share of Panama's agricultural imports stood at 48 percent. Similar to the Colombia TPA, if the United States fails to capture the opportunities presented in the Panama TPA, our share of Panama's agricultural imports will plummet.

## **Value-Added Products**

U.S. corn markets are directly impacted by increased exports of value-added products such as meat. To put this into perspective, it takes approximately 79 bushels of corn to produce one metric ton of poultry, under a 2:1 conversion ratio of corn to white and/or dark meat. Likewise, it takes approximately 232 bushels of corn to make one metric ton of pork. As referenced in the section discussing corn sales in Korea, the loss of 44,000 metric tons of pork in the Korean market affects 10 million bushels of corn.

From a corn grower's perspective, the pending trade agreements will result in benefits far beyond increasing international markets for U.S. corn. NCGA recognizes any opportunity to increase access to downstream, value-added products as a benefit to the U.S. economy.

## **Conclusion**

NCGA respectfully requests that the members of this Committee and others in Congress support the pending trade agreements with Korea, Colombia and Panama. Our members want to preserve current export markets, increase exports of DDGS and significantly increase demand for corn through opportunities in value-added corn products.

NCGA remains committed to the development and maintenance of fair and open global trade policies. We appreciate efforts by U.S. trade negotiators to increase meaningful and achievable access to foreign markets. Moreover, U.S. corn producers stand ready to develop and provide corn products to meet the demands of modern global consumption.



## **S. Richard (Rick) Tolman NCGA Chief Executive Officer**

Rick Tolman serves as chief executive officer of the National Corn Growers Association (NCGA), a farmer-led trade association with offices in St. Louis and Washington.

Tolman joined NCGA in September 2000. He previously served as executive director for the U.S. Grains Council, a non-profit organization that promotes the use of U.S. barley, corn, sorghum and related products worldwide. In addition, Tolman has served as marketing planning manager for the Advanced Harvesting Systems Group at International Harvester Company, market research analyst for the Gehl Company, an equipment manufacturer, and a graduate research assistant at Purdue University.

Tolman serves on the Board of the Waterways Council, Inc., and recently finished a term on the Executive Committee of the Field to Market Sustainability Group. In addition, he chaired the temporary Steering Committee that formed the new U.S. Farmers and Ranchers Alliance, has served on the USDA Agricultural Trade Advisory Committee for grains and oilseeds and as Chairman for the Midwest Area River Coalition. Tolman is a member of the Society of Industrial Leaders and is an expert on agriculture for the Gerson Lehrman Group Councils. He also has served as a guest researcher with the Japan Science and Technology Agency.

Tolman was recognized as the 2008 Agribusiness Leader of the Year by the National Agri-Marketing Association. The award honors outstanding leaders in agribusiness, education, government service or other agribusiness related areas who exemplify excellence in agribusiness by their significant contributions to the industry.

Tolman is a graduate of Brigham Young University and received his master's degree in agricultural economics from Purdue University. He and his wife, Linda, have five children and reside in Ballwin, Mo.

Founded in 1957, the National Corn Growers Association represents approximately 35,000 dues-paying corn growers and the interests of more than 300,000 farmers who contribute through corn checkoff programs in their states. NCGA and its 48 affiliated state associations and checkoff organizations work together to help protect and advance corn growers' interests.

**Committee on Agriculture  
U.S. House of Representatives  
Required Witness Disclosure Form**

House Rules\* require nongovernmental witnesses to disclose the amount and source of Federal grants received since October 1, 2008.

Name: Stephen Richard Tolman

Organization you represent (if any): National Corn Growers Association

1. Please list any federal grants or contracts (including subgrants and subcontracts) you have received since October 1, 2008, as well as the source and the amount of each grant or contract. House Rules do **NOT** require disclosure of federal payments to individuals, such as Social Security or Medicare benefits, farm program payments, or assistance to agricultural producers:

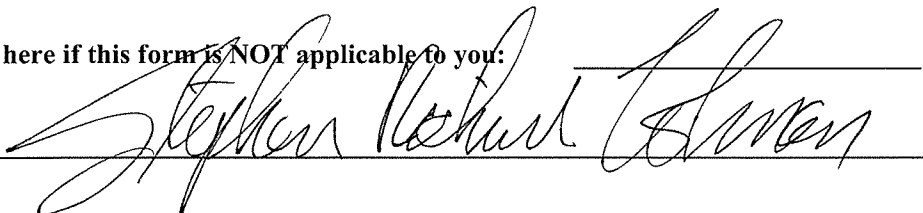
Source: \_\_\_\_\_ Amount: \_\_\_\_\_

Source: \_\_\_\_\_ Amount: \_\_\_\_\_

2. If you are appearing on behalf of an organization, please list any federal grants or contracts (including subgrants and subcontracts) the organization has received since October 1, 2008, as well as the source and the amount of each grant or contract:

Source: DE-FG36-04G014216 Ediesel: Amount: \$982,000  
Diesel additive production from ethanol and biodiesel co-products

Please check here if this form is **NOT** applicable to you: \_\_\_\_\_

Signature: 

\* Rule XI, clause 2(g)(4) of the U.S. House of Representatives provides: *Each committee shall, to the greatest extent practicable, require witnesses who appear before it to submit in advance written statements of proposed testimony and to limit their initial presentations to the committee to brief summaries thereof. In the case of a witness appearing in a nongovernmental capacity, a written statement of proposed testimony shall include a curriculum vitae and a disclosure of the amount and source (by agency and program) of each Federal grant (or subgrant thereof) or contract (or subcontract thereof) received during the current fiscal year or either of the two previous fiscal years by the witness or by any entity represented by the witness.*

**PLEASE ATTACH DISCLOSURE FORM TO EACH COPY OF TESTIMONY.**